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Customers have long complained about the major Internet Service Providers — philosophically, as with their opposition to net neutrality, and practically, in terms of prices, hidden fees, and often-shoddy customer support.

But a San Francisco-based startup thinks it can capitalize on that latent frustration by allowing anyone to set themselves up as their own ISP, turning them into small business owners.

Necto — which recently raised a \$1.5 million seed investment from the prestigious Y Combinator startup program, among others — says that it handles the hard, technical parts of setting up an ISP. You pay up front for the industrial-grade wireless networking equipment, and Necto handles the technical problems of connecting that network to the existing internet backbone. In other words, Necto does the technical work that AT&T and Comcast usually do.

"That's the problem we're seeing, there's not enough individual last mile networks delivering broadband to individual homes," Necto co-founder Ben Huang told Business Insider. "Comcast, AT&T, they have all the power because they own the last-mile networks — that last piece between wholesale and the individual is controlled by the large telecom incumbents. We want to increase the infrastructure that can service this last mile network."

Fixed wireless networks, like the kind Necto is using here, aren't anything new. They've been used by a number of nonprofits for community-supported internet services away from areas where traditional ISPs operate. AT&T even has its own fixed wireless network service.

But Necto says it's different because of its business model. Rather than charge customers for the service directly, the startup is searching for so-called operators to run private-label ISPs. Those operators are responsible for the up-front cost of the equipment, attracting customers, setting pricing, and everything else that goes with running a small business. They just pay a service fee to Necto for the software and services that keep the network running. And the company takes a cut of the revenue when customers start joining.

"We take some of the harder pieces of starting an ISP, mainly network engineering, and we handle that as a service for your operators. So we take the complicated piece out of the picture and we let them go and get customers and concentrate on building a good business and profit," co-founder Adam Montgomery said.

Necto was accepted into the winter 2018 class of YCombinator. And while the startup has a small service operational in the Bayview/Hunter's Point neighborhood of San Francisco, Necto hopes to recruit more operators in places where there are few options for ISPs. Plus, despite the repeal of the FCC's net neutrality rules, a Necto-powered ISP would be under no obligation to charge customers more for accessing certain content, which could be a competitive edge.

The startup opened up applications for its first batch of operators last month, Montgomery said, and Necto has already received hundreds of applications. Apartment or office building owners are prime candidates to become operators because they can become the ISP for all of their tenants and pocket the extra cash.

Contractors in the home services industry are also on Necto's mind, because it could give them a recurring revenue source even when business is slow. Montgomery previously worked for a HVAC and plumbing company in Florida and said he knows first hand what it's like to work in an industry without recurring revenue.

The company recommends that operators have up to \$25,000 in available capital to invest, which can be obtained through a small business loan if operators don't have the money up front. That may seem high, but laying fiber and managing a working ISP usually costs more than hundreds or even millions of dollars, Huang said.

"The reason we're for-profit is because I've seen fixed wireless networks grow to a certain size and they stay there or they start deteriorating," Huang said. "The problem is, if you're not a business, no one is actually responsible for the network. It becomes more of a garage project instead of a way to actually solve a problem." -

Business Insider

