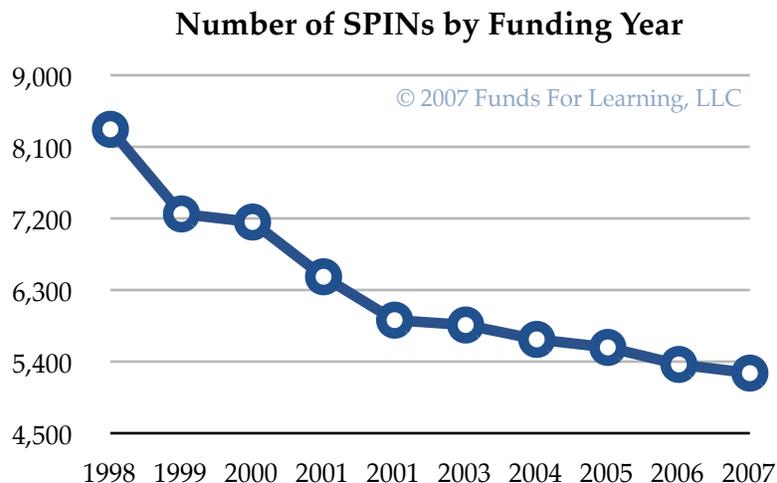


Surveying the E-rate Service Provider Landscape

The number of service providers participating in the E-rate program has declined steadily since the beginning of the program. The program's first year saw 8,337 unique SPINs featured on funding requests. For Funding Year 2007, that number has dropped to 5,272.

This chart shows the number of SPINs featured on Funding Requests each year since the inception of the program:



From funding years 2005 to 2007, there was a decrease in the total number of SPINs on requests of 323.

But this number doesn't tell the full story. An analysis by Funds For Learning shows that of the 5,595 SPINs used in 2005, only 4,057 were featured on at least one funding request in 2007. And 1,215 'new' SPINs appeared in 2007 over 2005.

G L O S S A R Y

SPIN - *Service Provider Identification Number*. This is a number that is assigned by the E-rate program administrator to identify a particular service provider.

FRN - *Funding Request Number*. This is a unique number assigned to a request for E-rate discounts.

Consolidation of SPINs

In many instances where a SPIN was featured on 10 or more funding requests in 2005, it appears that the SPIN represented a company which experienced a merger or acquisition; in which case a single SPIN was then used in 2007. For those SPINs which were featured on just a few funding requests, it appears that the company is not participating in the E-rate program in 2007--either because of business closure or not winning procurement competitions for E-rate eligible services.

In other situations, companies modified business practices and began using one SPIN when it had used several in the past. It is not uncommon for a large company to have a separate SPIN for each operating

unit or geographic area. In once instance, a large company which sells Internal Connections hardware used two distinct SPINs in 2005, but is now operating with just one SPIN in 2007.

Changes in Key Metrics

With a smaller number of SPINs in use over the last two years, many key metrics have increased. The following table compares some key metrics from Funding Year 2005 to Funding Year 2007:

METRIC	FUNDING YEAR 2005	FUNDING YEAR 2007
Number of SPINs	5,595	5,272
Average Funding Request	\$27,538	\$30,334
Average Amount Requested per SPIN	\$628,030	\$714,297
Average Requests per SPIN	22.8	23.6

About Funds For Learning

Funds For Learning, LLC (FFL) is an E-rate compliance firm specializing in guiding E-rate applicants and service providers through the complex and ever-changing E-rate regulatory process. With 10 years of experience in providing professional advice and assistance relating to the E-rate program, Funds For Learning exists to provide high-quality solutions for the needs of E-rate stakeholders. FFL has developed an award-winning online tool, E-rate Manager, designed to help E-rate stakeholders manage their E-rate interests.