CCSA CONNECT 2018

20:20 Vision for 2020
Executive Interviews

BROADBAND SUCCESS PARTNERS

17 September 2018

Broadband Success Partners

Introducing the Research

Goal Capture and share the perspectives, insights and plans of a cross-section of CCSA members.

Approach Interviewed executives from 12 service providers in July and August.

Agenda

1. Opportunities & Challenges
    - Residential Services
    - Commercial Services
2. Plans & Priorities
3. CRTC
4. Our Perspective

Residential Opportunities

TV	**Network / Fiber**
• Deliver best broadband for best streaming experience • Integrate Netflix • Offer competitive OTT portal • Integrate IPTV (X1-type) middleware	• It’s everything. Monetize it. • Future proof with all fiber • Overbuild costly coax with fiber due to weather • Secure government funds to serve remote areas
Services	**Customer Experience**
• Deliver managed WiFi in home • Evolve into Smart Home with security integrated	• Deliver great experience from the start • Educate customers so not blamed for everything

Residential Challenges

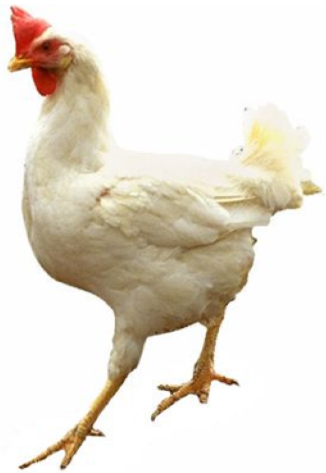
Residential Challenges

- Programmer market power means they can drive programming costs and terms
- Millennials only pay for what they want: sports, live events, news
- Cord-Cutting: increases as online content improves
- Too small to add Netflix app. Yet, house their hardware.
- Prospect of cable TV delivered OTT by others
- Subscription piracy
- BYOD expected to accelerate
- Pole Access: 2 years for permit & cost. Need as deploy more fiber.
- New competition: municipalities laying own fiber

Commercial

Opportunities

- Started with FTTB using government economic development funds
- Deliver fiber where you can. Get as close as you can. Then, go last mile with optimal tech / cost option. Example: wireless in mine.
- Fiber drives uptick in use of phone, managed WiFi
- Troubleshoot WiFi right to the client
- Offer web hosting, hosted PBX, WiFi installation, SD-WAN, Office 365
- IoT aka IoC: Respiration Monitoring



Challenges

- Last mile. Geo limitations. Not all customers pay for network extension.
- As crank up residential speeds, difficult to charge premium price to business next door.
- Marketing challenge. Limits on lit building tactics. Direct mail only.
- Fierce competition

Plans & Priorities

- **Deepen Fiber Penetration / Expand Infrastructure**
  - FTTH going gangbusters. Match competition on price and beat with bandwidth.
  - Connect existing communities
  - Grow network into new towns: organically and through acquisition
  - Expand opportunistically – find pockets for fiber (where competition is not)
  - Secure government funds to subsidize network expansion

- **Enhance the Network:** implement redundancy to/from the Internet.

- **Increase Market Share**: grow base. Beyond current footprint.

- **Increase Wallet Share**: service penetration. Mine existing customers.

Plans & Priorities

- **Launch New Products.** IPTV. VOD platform. Public WiFi. Smart Home & Security. Services that run on the Internet in order to maximize use of broadband.
- **Enhance Existing Products.** Exemplary Internet. Faster speeds: 250mbps today – 500mbps by 2020. 1gig for business as needed.
- **Improve Customer Support & Service.** Reliable and timely installs.
- **For Cooperatives, Demonstrate Community Support**

TV Plans & Priorities

- Contain programming cost
- Reverse decreasing profit margin & Minimize subscriber losses
  - Revamp channel line-up to give customers what they want and achieve better margins.
  - Shift to Skinny Basic + a la carte options.
  - Offer $10/$15 Extra Skinny package with only off-air channels, free to the operator, and accessible on any digital TV with no equipment.
- Reduce cost of TV set top boxes (via IPTV) and cost of installation

TV Plans & Priorities

- Grow revenue with full range of services:
  VOD, IPTV Aggregator (e.g. Roku, Tivo)
- Convert to a decent VOD platform
- Find an OTT play to sell services outside service area
- Deliver community channels thru own OTT platform
- Embrace BYOD to watch anywhere, anytime.

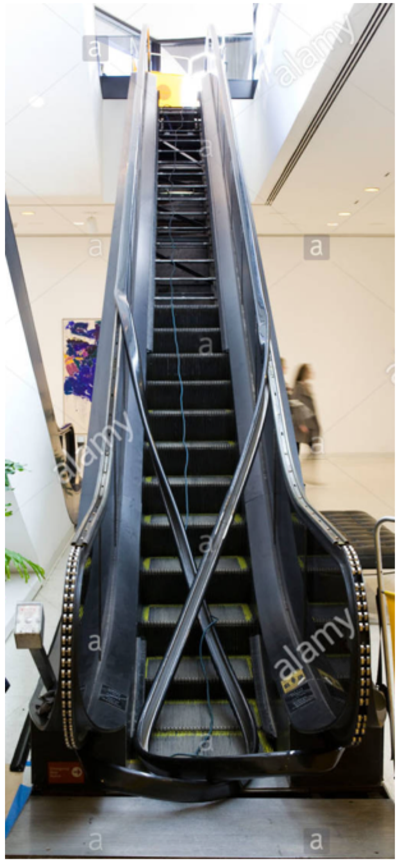
How can the CRTC help?

- Add “teeth” to Wholesale Code of Conduct
- Review and rationalize 9(1)(h) obligations
- Faster arbitration & mediation with programmers
- Ensure broadband funds go where they matter most
- If goal is to have rural area competition, changes needed
- Allow us to have MVNOs to extend coverage to remote areas
- Need to enact rules that consider small vs. large operator differences
- Look at Google as a threat

Some quotable quotes

- *“As a cooperative, we take a longer term perspective.”*
- *“We’re a community-owned service provider. Our customers support us and are far less likely to cut the cord.”*
- *“Voice search engines will change everything: ‘Where can I watch Hill Street Blues?’”*

- *“Where do you get off the obsolescence escalator?”*

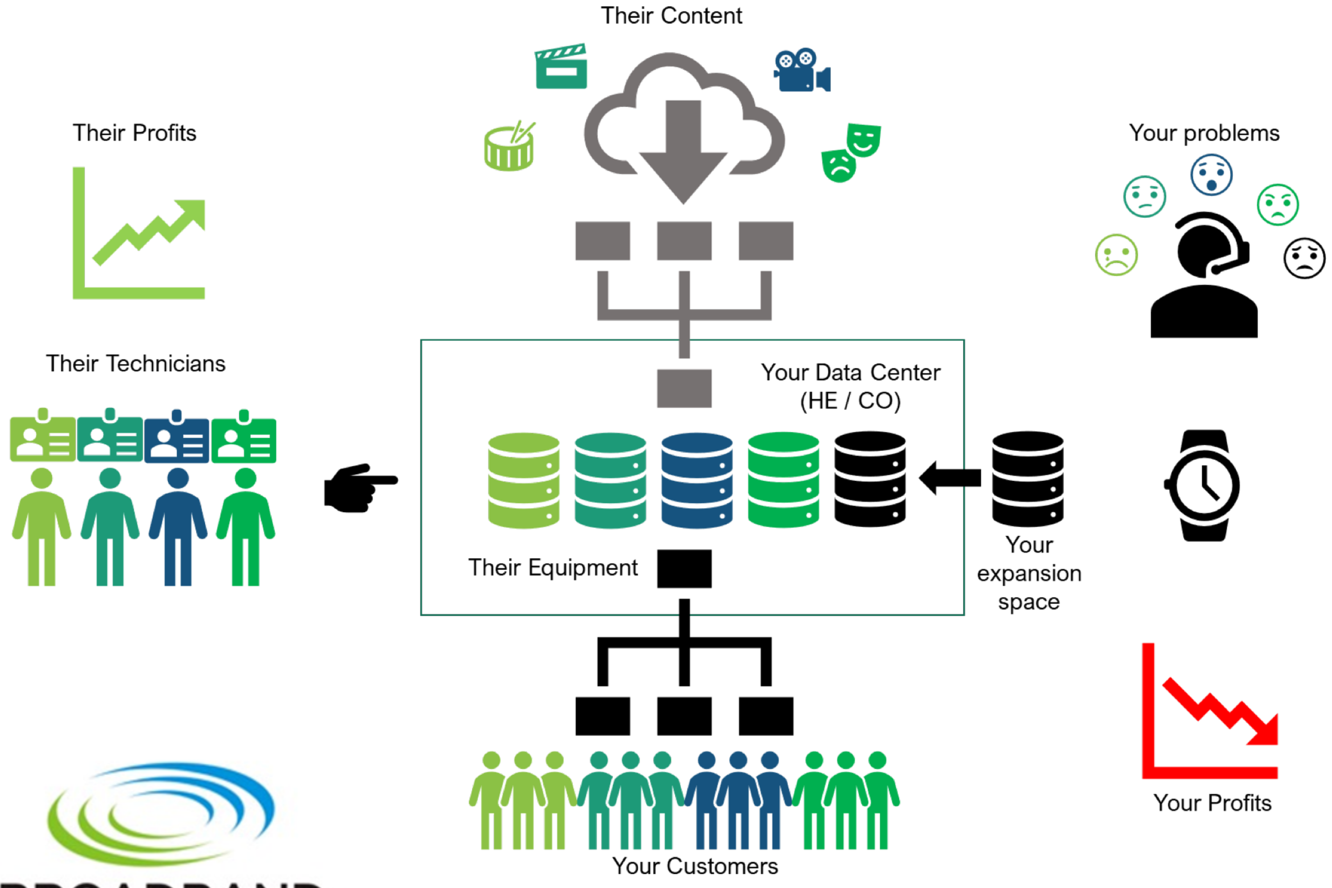


Thank you

… & our perspective

Present Mode of Operation

- Subscription & advertising revenue is lucrative for programmers
- Non-operator personnel installs technology in HEs at operator expense
- Space, Power and OPEX erodes budget
- Quality issues are confusing and construed as the operators fault regardless of cause
- Cord cutting and shaving is a byproduct of direct customer relationships putting pressure on growth
- Burden placed on ISP for speed and capacity at lower cost per bit



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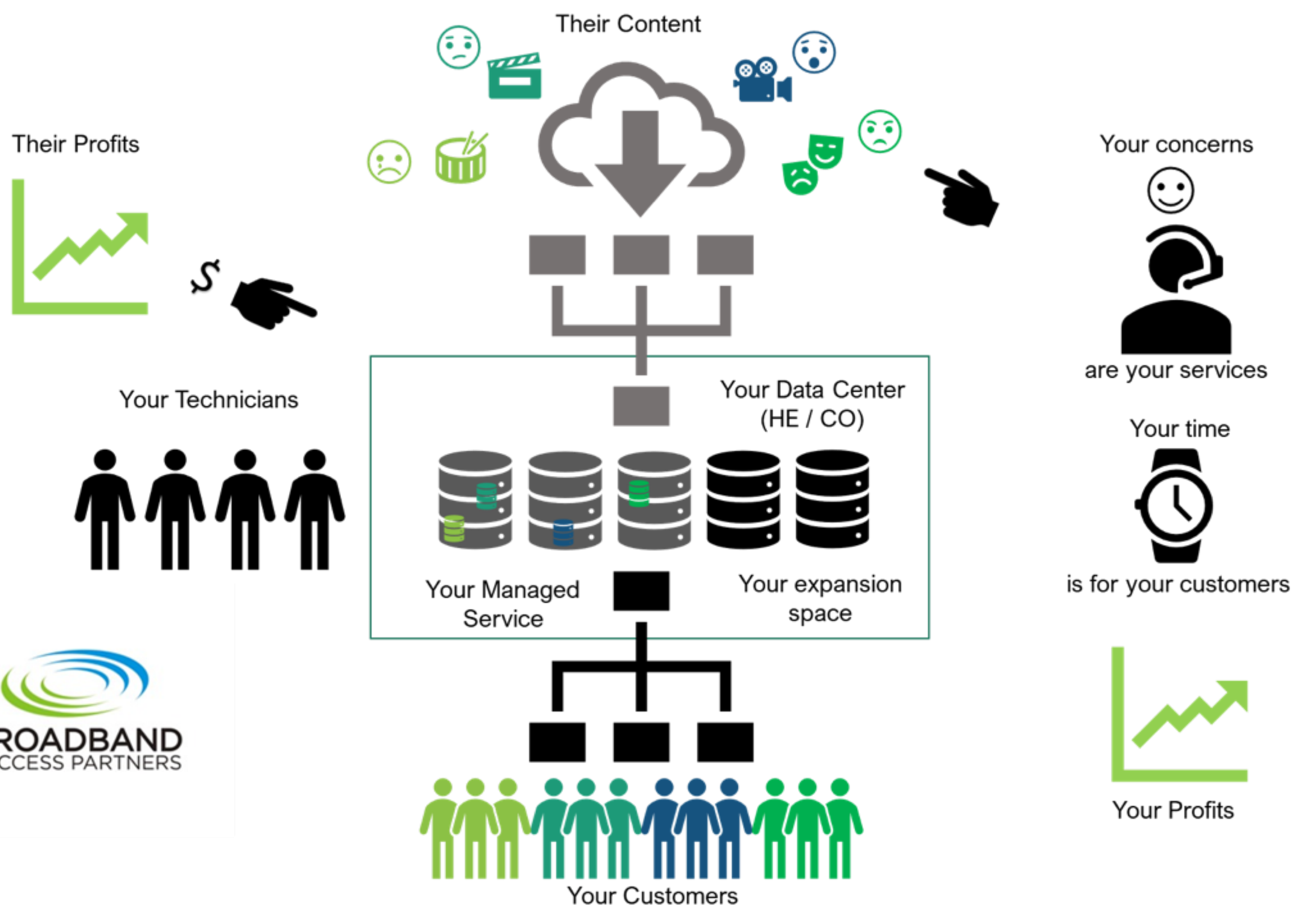
Future Mode of Operation

- Content owner can focus on subscription and advertising growth and lease distribution services from operator
- Operator staff installs equipment in HE as managed service - simplifying maintenance and support
- Space, Power and CAPEX are optimized into virtualized environment mitigating opportunity cost for operators
- Quality issues are remediated to the root cause
- Direct customer relationships handle customer service issues not related to ISP
- ISP can invest in speed, capacity, network integrity and quality of experience



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