

# What's Next for Cable Business Services

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March 7<sup>th</sup>, 2018

## Moderator



**Alan Breznick**  
Contributing Analyst Heavy  
Reading

## Presenter



**David Strauss**  
Principal  
Broadband Success  
Partners

# Today's Presenters

## Presenter



**Dan Templin**  
Senior Vice President  
Mediacom Business

## Presenter



**Brian Hoekelman**  
Vice President Product &  
Business Intelligence,  
WOW

## Presenter



**Cate McNaught**  
Emerging Applications  
Market Development  
Manager, Carrier Networks  
Corning Optical  
Communications LLC

## Presenter



**Glenn Calafati**  
Global Marketing Director  
Ciena

# Today's Agenda

- Overview of cable business services market
- Growth of business services market
- The Big Picture
- Market segments
- Network architecture
- Products
- Competition
- Customer satisfaction
- Panel discussion
- Audience Q&A

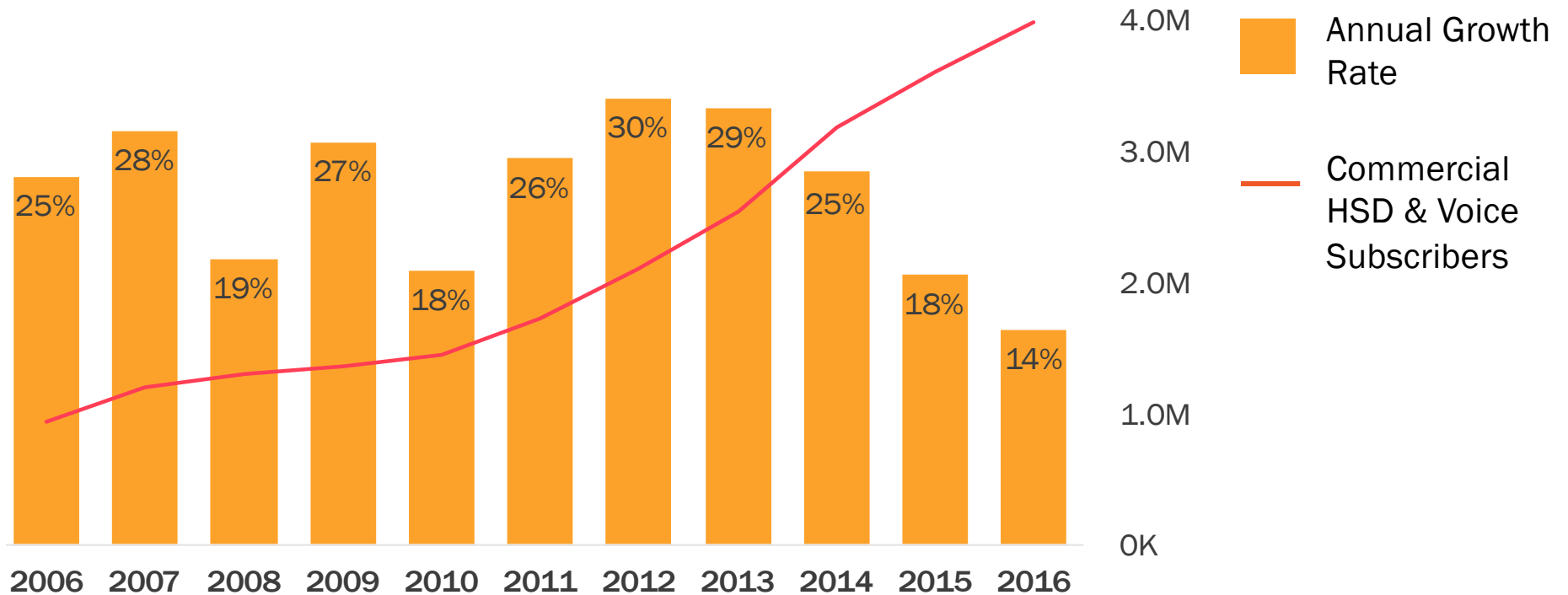
# Breaking Down the Commercial Market

	Employee Range	Firms		Locations	
		#	%	#	%
Small Business	1 - 19	4,465,341	88.3%	4,512,437	67.3%
Mid Market	20 - 499	572,123	11.3%	1,016,500	15.2%
Enterprise	500 +	20,570	0.4%	1,174,596	17.5%
<b>Total</b>		<b>5,058,034</b>	<b>100%</b>	<b>6,703,533</b>	<b>100%</b>

Source: CMG Group

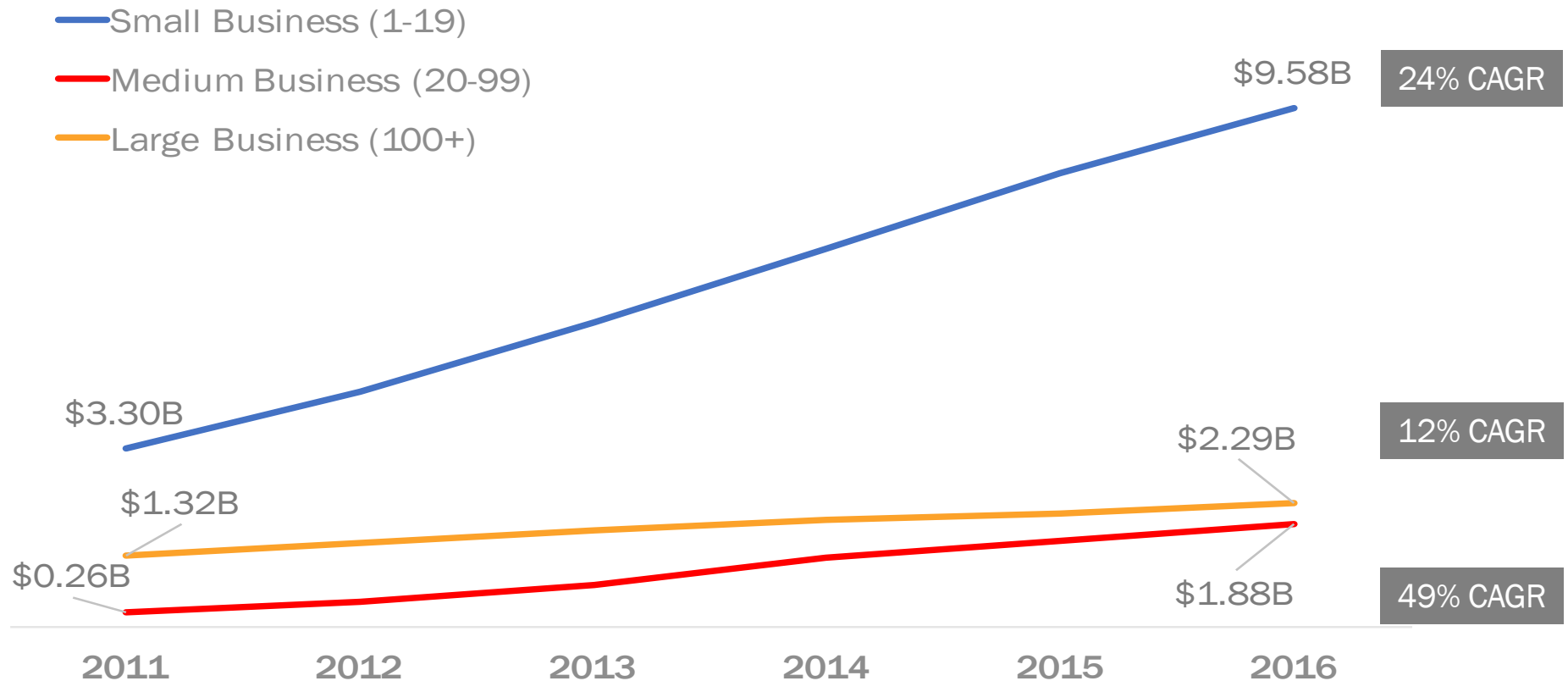
# U.S. MSO Commercial Customer Growth

MSO Commercial Subscriber Growth 2006 - 2016



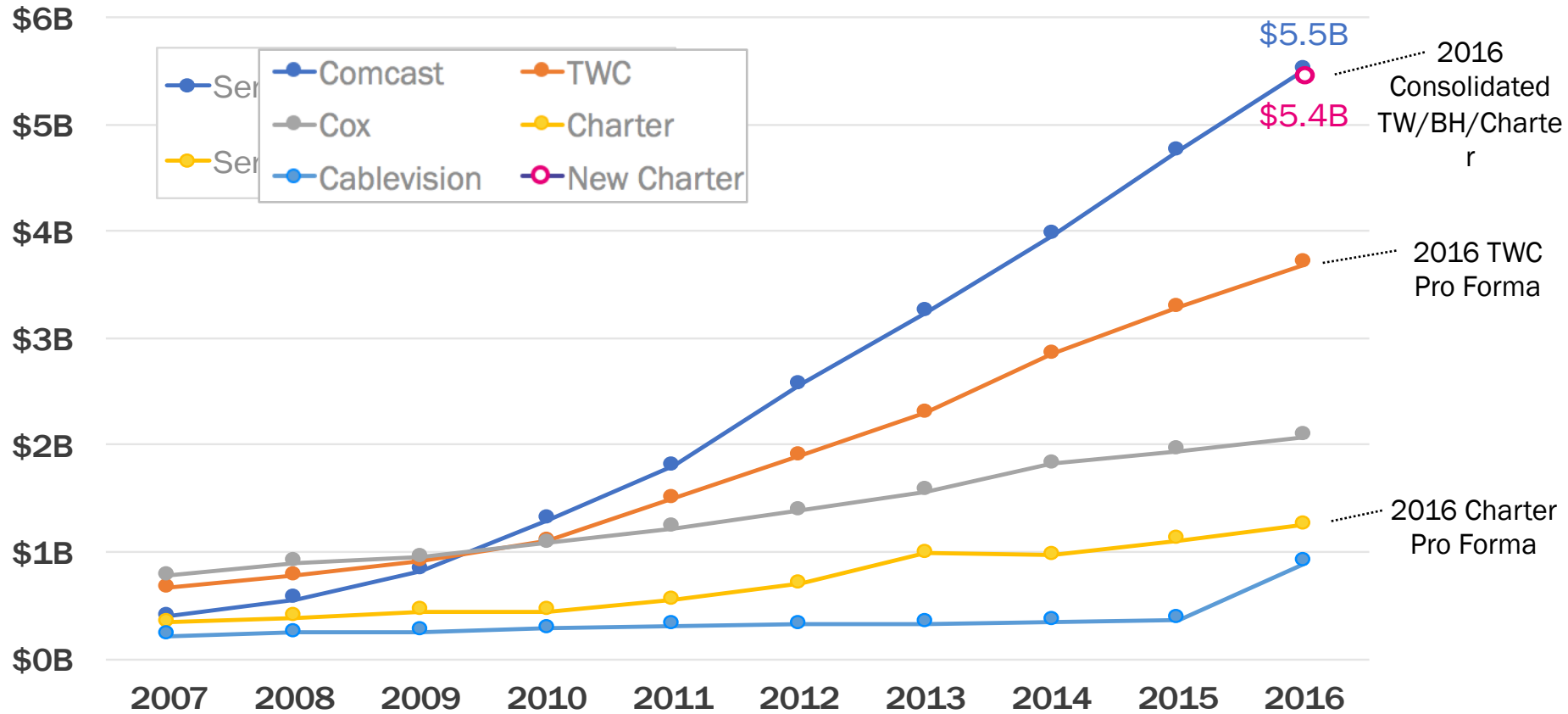
Source: SNL Kagan

# Commercial Cable Revenue Segment Growth 2011 - 2016



Source: SNL Kagan

# Top 5 US MSOs Commercial Revenues 2007-2016



Source: SNL Kagan

# Top 7 US MSOs Commercial Revenues 2017

MSO	Q1 2017	Q2 2017	Q3 2017	Year-to-Date	Projected Full Year
<b>Comcast</b>	\$1.49 billion	\$1.53 billion	\$1.58 billion	\$4.60 billion	<b>\$6.20 billion</b>
<b>Charter Communications</b>	\$1.44 billion	\$1.47 billion	\$1.48 billion	\$4.40 billion	<b>\$5.90 billion</b>
<b>Cox Communications</b>	\$570 million*	\$595 million*	\$615 million*	\$1.78 billion*	<b>\$2.40 billion*</b>
<b>Altice USA</b>	\$319.3 million	\$323.9 million	\$324.8 million	\$968.3 million	<b>\$1.30 billion</b>
<b>Mediacom Communications</b>	\$60.0 million	\$62.2 million	\$63.1 million	\$185.3 million	<b>\$250 million</b>
<b>WOW</b>	\$39.2 million	\$39.3 million	\$39.2 million	\$117.7 million	<b>\$157 million</b>
<b>CableOne</b>	\$27.0 million	\$32.5 million	\$35.2 million	\$94.7 million	<b>\$132 million</b>

\*Heavy Reading estimate



# **What's Next for Cable Business Services**



**BROADBAND**  
SUCCESS PARTNERS

March 7, 2018

# Introduction

**Goal** Capture and share service provider insights, opportunities and challenges in cable business services.

**Approach** Interviewed 12 business services executives from 8 MSOs and over-builders.

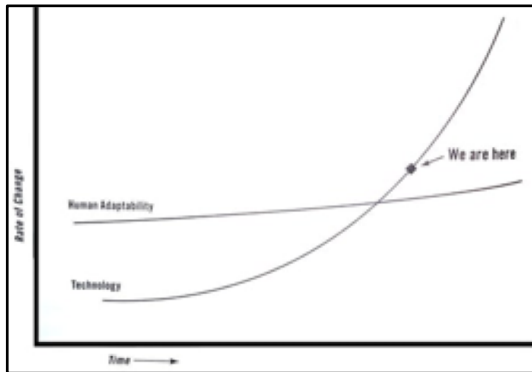


1. *The Big Picture*
2. *Markets*
3. *Network*
4. *Products*
5. *Competition*
6. *Customer Satisfaction*

# The Big Picture



$\Delta$  technology >  
human adaptability



IoT, **Big Data**, AI



- Cord-cutting
- Spend & staff carefully
- Everything to everyone
- Silos inhibit solutions

# Markets



## Enterprise

- With dynamic market changes in areas such as VNF, don't build for today
  - **Design and deploy for the future**
- With 3.1, DOCSIS is credible and compelling up market

## SMB

- Low end of commercial market captured
- Great opportunity in smaller areas where share is low and competition is inferior
- Need to evolve beyond triple play

# Network

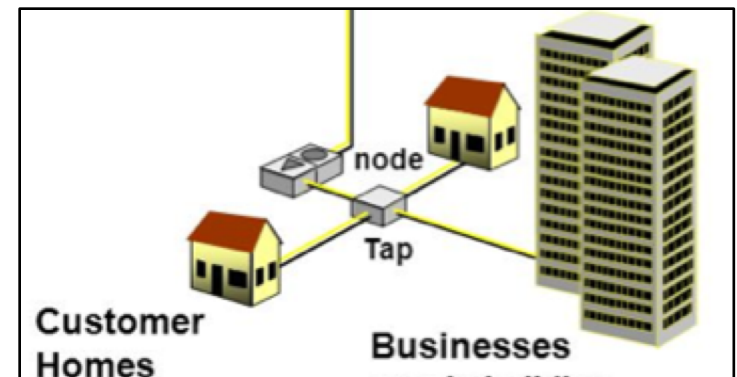
## Reach

- Expand it. Radically transform Type 2 ops.
  - Renewed interest due to SD-WAN
  - Past exchange attempts unsuccessful
- Build it and they will come







## Architecture

- Shift to disruptive design will pay dividends long term
- Node + 0 for commercial & residential coax customers



# Product

- Capitalize on Ethernet with strong SLAs
- Overcome commoditization
- “Shiny Object”  Product Lifecycle
- Selectively Virtualize
- Selectively Automate
- Compress Time to Market   

# Competition

## 1. Incumbent (I)LEC

- Distracted
- Neglected SMB; refocused
- Enterprise-focused
- Struggling to protect MPLS

## 2. Fiber / Facilities-based CLEC Focused high-bandwidth builds

## 3. Niche Players – Wireless, Microwave. Possible disrupters.

### **Bottom-line**

We must be at top of our game!



A Verizon Company



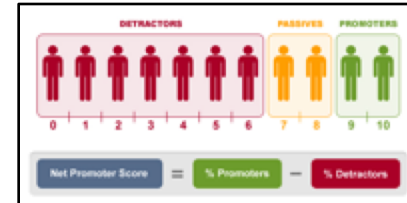
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- Small software-derived companies
- Nimble over-builders
- Small SD-WAN providers

# Customer Satisfaction

- Net Promoter Score (NPS)



- Feel-good metric. Soft.

- Repeat calls, truck rolls, churn rate

- After every tech incident, customer contacted

- Customer satisfaction surveyed annually

- Customer Experience

- 1<sup>st</sup> questions in internal meetings:

How will customers react? Will they be happy?





## Audience Poll

What do you see as the biggest business services challenge for the cable industry?

1. Cord-cutting by residential customers
2. Incorporating new technologies like virtualization
3. Fending off small, more nimble rivals
4. Measuring customer satisfaction accurately
5. Rolling out new products and services

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