



# The Double Play Could Be Great, But Be Careful!

By Bryan Rader ■ *Media Works*

During the recent Broadband Properties conference in Denver, it was apparent that there are numerous private cable providers expanding into the Internet business, as well as many data providers getting into the video business.

I think this is a very good sign. After all, there has been much written about the positive effects from offering a "double play" (video plus data). It creates greater customer loyalty, better opportunities to cross-sell, and you can promote various bundles of new services.

And, most importantly, the real estate owner wants his video provider to be in the broadband business, and doesn't mind his broadband provider offering a video solution. Added services can only help us expand our industry's share of the pie.

So this "product extension" occurring in our market is a very good trend for all of us, right?

Yes it is, but we can't move on to the next topic so quickly. The video business and the data business are very distinct product categories. And as providers expand into a second market, they must be careful to recognize these differences, and acknowledge that they need to be prepared.

As a video provider first, my company began its foray into broadband by signing marketing agreements with third-parties (who don't exist today). We were never comfortable with this plan or approach, but were afraid to put capital behind a business we knew nothing about. Yet within a year, we were without the third-party guys and were attempting it on our own.

The first thing we learned is that the computer and the TV set are two very different appliances to the customer.

If cable goes out during the big game, the subscriber is very angry. You dispatch a tech, he visits the property, checks the customer's home, and quickly restores service before the third quarter.

In the data business, the unhappy subscriber complains because he can't surf the net fast enough. He can't run his work-from-home business without his connection. His speed is so slow that it is not worth the extra money to roam the net at dial-up speeds. And fixing these problems do not always get resolved with a twenty minute site visit from a tech. You may be re-designing your network, adding connectivity or re-balancing your plant, which can take days, or even weeks to resolve.

And whoever had to deal with

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worms and viruses and Spam blockers and content filters? And training cable techs to never touch computers without the customer present is a challenge when they are used to grabbing onto every wire and button on the TV set without batting an eye.

The point is, it was a difficult challenge to move my company from a video only provider to a "double play" provider. It took a lot of time, training, failure and education for all of us. I applaud the PCOs that are venturing into this market. You are wise to expand your offerings. But be smart about this move. This is a very different business with different revenue opportunities, cost issues, marketing and promotion needs and customer service expectations.

There are also many data providers now considering the expansion into

video. So much easier, right? All you guys do is pipe a bunch of programming channels into the customer's house, and everybody takes HBO, right?

Well, it's not that simple. The video business is equally challenging as a new market to open. It has its own set of difficulties in terms of customizing the right package, pricing it accordingly, bundling various features, and servicing the subscriber. You are not competing with dial-up AOL; you are competing with satellite guys with exclusive sports packages.

Now that we are in both businesses, I can conclude that they are both unique and challenging and full of different kinds of problems and opportunities. It is great to leverage off your

core business and expand into a second product—you will find that it can only strengthen your relationship with your client and your end-user. And if done right, it will certainly add to your bottom line.

But be cautious of your entry into the "double play" too. If you're not careful, the double play could kill the start of a good rally. ■

## About the Author

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