

A Wild Wireless Way to Win

Why should MSOs steal our lunch? PCOs should combine to offer a mobile service.

By Bryan Rader ■ *MediaWorks*

I have a business plan idea. Not just for me, or for you, but for our whole industry.

Our primary competition – the giant franchise cable operators – have made no secret of their intentions to add a wireless component to their bundle. Time-Warner, Comcast, and other large providers are looking at ways to include wireless, likely on a resale basis from one of the current wireless heavyweights such as Sprint or T-Mobile. After all, their future largest competitors – SBC (through Cingular Wireless) and Verizon (with Verizon Wireless) both already have wireless plays to throw into the bundle.

Is this a smart idea? Didn't Comcast at one time own, and later sell, a wireless company called Comcast Cellular? Why would they go into it again?

The conventional thinking for the MSOs is two-fold. One, the wireless product allows them to capture one more service in the bundle, even if it doesn't use their current infrastructure. And it is a product surely to be part of the RBOCs bundle. Two, a wireless component opens up all kinds of possibilities for VOIP or broadband users when they leave home using new technologies such as WiMAX.

Rogers Went Wireless

One operator has already begun. Rogers Communications is a large Canadian franchise cable operator that is also Canada's largest wireless operator with 5.8 million customers and a 37 percent market share. Rogers wants to make wireless an extension of its three core applications.

According to Dave Neale, Vice President of Product Development for Rogers

Wireless, "VoIP calls (the fastest growing part of the bundle) inside the home can be simply transmitted to a cell phone once a user leaves the house." Now Rogers earns revenue when its cable customer is traveling and wants to access the Internet or make a wireless call.

Cox officials believe they can offer the same thing and thereby reduce churn and increase average revenue per customer by expanding the bundle. Customers will be more likely to select providers who offer bundles that are specifically tailored to them.

Even Time-Warner's CEO Glenn Britt said recently at the opening session of the SCTE's Cable-Tec Expo that the industry was looking at how it might enter the wireless business – through JVs or through buying spectrum on its own and developing services.

Back to my business plan idea.

Let's look at the typical apartment resident today – younger, mobile, and not raised on MaBell. Wireless only households jumped by 25 percent last year according to Forrester Research, by just under a million households. Today, 6 percent of all U.S. households (and by the Census definition, dorm rooms are households) are already wireless-only, meaning they do not have a wireline from BellSouth, SBC or their regional provider. I'll bet being wireless is disproportionately higher among younger, mobile apartment residents.

PCOs Must Combine on Wireless

So our industry should do something. And I don't think any of us can do it alone. In the FCC's Competition Report, private operators are listed as hav-

ing 1.5 million subscribers. I would bet over three-fourths of our cable customers also have wireless service with various providers. And if each user averages 300 minutes a month, our market segment generates a whopping 350 million plus minutes a month spread among Cingular, Verizon, Sprint and others.

Now what if we created a "Mobile" brand for our industry and resold minutes to all of our customers, as part of our bundle? Wouldn't we be accomplishing the same goals as the large franchise operators who are looking to expand the bundle, generate more revenue and increase loyalty? Absolutely.

But none of us likely can do it alone. A coalition of PCOs from around the country could pull their resources together to create a new "national wireless brand" tailored to our customers. Virgin Wireless is a great example of this; Virgin simply slapped its brand name on Sprint's network and is re-selling Sprint's minutes. ESPN is now doing the same thing with a new phone offering as well.

It would be a healthy debate to discuss this new product among our industry's participants – a product that could possibly give us a leg up in this ever-changing competitive world.

A world that now looks like it will include wireless. ♦

About the Author

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