

Marketing to End-Users



Selling broadband to new homeowners. Left to right: Mike Powers, Greenfield Communications; William Belben, Verizon; Scott Leslie, Primevision Communications; George Taylor, Smart City Telecom; Scott DeGarmo, BBP.

FTTH is not necessarily an option any more; it's table stakes. BBP President and CEO Scott DeGarmo moderated a high-powered panel that discussed how broadband's benefits can be sold to developers and homebuyers. On the panel:

- Mike Powers, president of Greenfield Communications, a provider of turnkey FTTH solutions; in 2005 he had two active projects, now has a dozen active and 40 under contract;
- William Belben, director of Verizon OSP engineering;
- Scott Leslie, president of Primevision Communications, which partners with advanced FTTH builders in master-planned communities and MDUs;
- George Taylor of Smart City Telecom, the incumbent ILEC in the Lake Buena Vista Area; he wrote national standards for all cable in US.

Taylor: Every community is different, and every developer is different.

Leslie: We believe the same company that puts network infrastructure in should be *a* (not "*the*") service provider. Two or three years ago it was about money, now it is about differentiation for my community. We concentrate on developments of 1000 to 2000 or more homes, even small cities. We're bullish about FTTH, not HFC.

Belben: Verizon looked at many architectures. We see a decrease in landline use so we needed to do something and FTTH technology matured. We're now past the debate about the suitability; the issue now is how fast we can build it.

DeGarmo: *Have you seen any changes in expectations?*

Powers: Families come through the sales center and the teenager asks about

the fiber; they expect fast speed, and new applications to push down the pipe. We just signed with Vudu for downloaded movies.

DeGarmo: *Is fiber an amenity like granite countertops?*

Powers: The whole homebuying experience is that they decide on geography, size, price, then the details. Fiber and granite are both details.

Belben: Once you have something that is the best, they can't go back. People moving from FiOS communities demand fiber.

Leslie: Agreed, and not only on the TV side. Internet speeds are going through the roof. IPTV is by far superior, people are just blown away. All these applications changed the paradigm, like Wal-Mart did for retail. Verizon is helping blaze the way for us.

Q. What would it take for you to introduce new applications like teleconferencing?

A. Smart City has a department that focuses on new apps and feeds back information to architects. More and more, people are coming up with new niche technologies and they want to get them into the marketplace to increase the value to the community.

Taylor: I took the project manager and went shopping for a home. The salesperson tried to sell us a home; video and telephony were all part of the package. Her pitch was based on those services. Some customers have six or seven HDTVs.

DeGarmo: *What would it take for you to introduce new applications like teleconferencing?*

Belden: We're working on all of that. Widgets, multiroom DVRs, the whole organization is looking – telemedicine, distance learning.

Leslie: Active adults want a panic button; for \$15 you can hook it up to outside lights to turn them on when you call ADT. Money is less important. Telemedicine is going to be huge. The bathroom is about to be wired, one room that is becoming very important.

DeGarmo: *There's a very successful master-planned community near here, Celebration, selling 5,500 units a year; everything you see in there is Smart City's.*

Taylor: Smart City has a department that focuses on new apps and feeds back information to architects. More and more, people are coming up with new niche technologies and they want to get them into the marketplace to increase the value to the community.

DeGarmo: *What's the most significant FTTH legal regulatory change?*

Belben: The [2003] FCC unbundling ruling was major reason we jumped in; now statewide franchising is the issue. By end of this year we will be offering

triple play services in 75 percent of the FiOS footprint.

Taylor: IP is still unregulated, nothing is firm.

Leslie: If you think you can skirt franchising by fancy easements, beware. Our market is not about cheating. Albuquerque wants us to build up the whole place; it is the toughest regulatory environment in the country.

DeGarmo: *What are the key influencers?*

Leslie: When you executive-sell, you need to get to understand who they trust, buy from, take advice from.

DeGarmo: *The project management question: How do you run a project like this?*

Taylor: Very critical question. Think of it as program management. At Smart City all project managers have to be DMP [Digital Media Platform] certified. People want to make changes; critical decisions must be made on site – think fast, move fast.

Leslie: You can't outsource that function. My partner knows what a developer has to do; he was a developer.

DeGarmo: *How do you insure in new projects that there is uniformity of structured wiring in the new home?*

Leslie: We have a spec we give a developer and we check to see compliance. Ours is 20 pages. Not overly dramatic. It is like covenants. It is an attachment to the contract with the builder.

Taylor: Have eyes on site to keep mistakes from damaging the fiber.

Leslie: If problems are within the homebuyer warranty, we link with the provider; otherwise we do it ourselves.

Powers: We're a licensed low-voltage contractor. We have to meet with trenchers and so forth to get a relationship to keep those issues on table. We have the Greenfield School, where we teach fusion splices – all personnel are brought through the same training and they have to have social skills, time-management skills, too. It takes us six months to get someone where they need to be.

DeGarmo: *Have you ever throttled salespeople back if you don't have the resources to build?*

Belben: We track our contractors on damages they cause; too many and they are gone.

DeGarmo: *What is the most important piece of advice for developers who want fiber?*

Belben: Come to us early.

Powers: Make sure you allow others in the same trench. We're in four projects where Verizon is in. At the end of the day, the homeowner will win.

DeGarmo: *Is fiber right for every community?*

Taylor: Right now, it is not right for every community. In small, rural, spread-out communities, video may be by satellite. In more dense, metro areas, fiber is right.