Independent Cable NEWS

Serving Independent
Cable Operating Companies

October 2011

ACA Urges FCC To Prevent Gatekeepers From Impeding Access To Rural Broadband

The American Cable Association has called on the FCC to take firm action against public and private entities that impede broadband deployment by demanding excessive fees to access rights of way or taking unacceptably long amounts of time to process necessary forms and applications, causing delays and adding substantially to costs.

"The need for an FCC response is crucial because ACA members have identified many restrictions, delays, excessive fees and competitively discriminatory policies imposed by private and public entities when seeking to extend service to new communities," ACA chief Matt Polka said. "ACA members face real problems that the FCC needs to address, including unfair, unreasonable and discriminatory treatment at the hands of inhospitable gatekeepers."

ACA filed comments with the FCC to highlight numerous barriers facing independent companies that either prevent or significantly increase the cost of broadband deployment in rural communities. In its comments, ACA included sworn declarations from its members that illustrated many of the impediments that small and medium-sized providers are facing in attempting to connect hometown America to the fastest broadband services available.

ACA's comments underscored the need for FCC intervention because ACA members lack the financial scale to absorb excessive fees or the time needed to accommodate the dilatory tactics of private and government actors that exercise monopoly control over rights of way as well as highway and railroad crossings.

"ACA members are particularly vulnerable to unfair, unreasonable and discriminatory treatment because they are generally smaller companies without access to armies of attorneys and consultants to assist in their navigation of the patchwork of requirements necessary to install high-speed broadband lines to new communities and provide competitive broadband alternatives for American consumers," Polka said.

By way of example, Sierra Nevada Communications is seeking to provide high-speed, wireline broadband service to the 5,000 residents of Long Barn, Cold Springs and Pinecrest/Strawberry, towns in or bordering California's Stanislaus National Forest. SNC is unable to provide high-speed broadband Internet service in these areas without approval by the U.S. Forest Service. SNC's application has been pending approval for seven years.

Although federal law allows states and localities to manage the public rights of way and receive fair and reasonable compensation, ACA said the FCC should adopt a rule that deems fees unreasonable to the extent they exceed amounts that would recover administrative or other specifically identifiable costs. ❑

Broadcasters Demonstrate Fuzzy Math Skills

The American Cable Association issued the following statement in response to misleading and inaccurate statistics that broadcasters have been providing the media about the impact of retransmission consent on consumers:

"Contrary to NAB's own self-serving statistics, an SNL Kagan study said retransmission consent fees are expected to reach $3.6 billion by 2017, double the current level. LIN TV itself reported a 50% increase in 'digital revenues.' Here's what LIN's President & CEO Vincent L. Sadusky said in July: 'We are pleased to report 5% revenue growth, which was driven by our 50% increase in digital revenues. Our growth in digital is a result of our interactive strategy and ability to secure higher retransmission fees from pay television service providers, which offset the slow economic recovery…'

"Glad to see that in these current difficult economic times, Mediacom cable TV customers being held hostage by LIN TV are helping to subsidize LIN TV's economic recovery.

"Finally, NAB needs to get its math right, because the simple truth according to another recent study is that higher marginal programming costs lead to higher prices for consumers..." ❑

Inside

Fitting the Bill for Smaller Operators

A Q&A with Great Lakes Data System's President Garrick Russell

GLDS has been around for about 30 years. How did the company start and how has it evolved to a company that offers billing and subscriber management solutions for the smaller, independent operators worldwide?

Garrick Russell: GLDS was founded in 1980 by experienced cable operators who needed billing and subscriber management software for their own cable systems. As it turned out, other operators also needed a solution for billing, inventory, workforce management and addressable authorization. Over the years, our product offerings have grown and expanded to include some of the industry's most sophisticated and cost-effective solutions available. Our goal has always been to give smaller operators the tools they need to compete, profitably.

How do you go from a company that was at one time only focused on the N. American market to all the different markets you're in now?

Russell: Most of our growth is due to our large base of satisfied customers. We've installed software solutions throughout the United States, and in more than 40 countries worldwide. Cable operators talk – and when they do, they say very flattering things about GLDS. Word of mouth (as well as our willingness to go wherever customers need us) has helped us to grow from a domestic base that includes offices in California and Wisconsin. We also have a European office with support staff that helps us serve customers worldwide.

What is the average size of your operator customers and do you see that number changing? Will GLDS always be focused on the smaller cable operators? Why?

Russell: Our average customer serves about 10,000 subscribers – but we provide software and services to systems ranging from startup stage to over 200,000 subscribers. In recent years, many of our new customers have been larger operators, primarily because the software has become as mature as the larger vendor offerings on the market today, but at a much lower cost. Larger operators like to save money, too! We remain committed to smaller operators as well, and have used cloud-based offerings to provide low-cost solutions to broadband systems of all sizes.

What's the primary mode of delivering your products (SaaS or hosted)?

Russell: A majority of our installations are in-house solutions, because our flagship product WinCable and its associated modules are easily managed on standard PC or Linux servers. It doesn't take a large I.T. staff and a bunch of high-cost database administrators to run our applications. Larger systems tend to have the infrastructure they need already in place, and can save money by installing in-house. They also like the control of managing their own systems. Operators who don't have much I.T. in place can also save money by letting us host their billing and authorization functions. These cloud-based installations allow operators to access WinCable via the Internet either from a browser or from a lite desktop client.

How do you differentiate your products, compared to other billing and subscriber management solutions?

Russell: GLDS is unlike any of its competitors. We were founded by, and are comprised primarily of, experienced broadband professionals. This means we speak the same language as our clients. Secondly, we LISTEN to our clients. They're down in the trenches, and many are leading experts in the industry. Their needs factor prominently into our product development roadmaps and software enhancements. Finally, we have the technical genius (outstanding software developers and account managers) who can translate customer requirements into elegant solutions – more quickly and more affordably than any of our competitors.

How do your products compare to the larger billing and subscriber management systems like AMDOCS, Convergys, CSG, etc.?

Russell: Our platform is significantly less cumbersome, and our architecture is newer. GLDS has always been more affordable than comparable solutions, and frequently first to market with new interfaces and features, including web-based customer self care, real-time authorization and (most recently) fully integrated workforce management by cell phone. We do differ in scale; some of our larger competitors serve systems of more than 300,000 subscribers per database. That's currently at the upper limits of scale for us. Honestly, we don't do everything the most expensive solutions do, but we also don't charge customers for bundled features they don't need. Our customer service is much more "hands on" … and we're able to provide help with best practices, from broadband professionals with an average of 10 years of experience and from a broad base of hundreds of customers. Our services also set us apart; we don't outsource tech support so issues are resolved much more quickly and efficiently, and always with a smile. We genuinely care about our customers, and we make sure they know that.

One of our clients summed it up perfectly – "GLDS offers all of the functionality we need … at half the cost of the big service bureaus. And they treat us better."

Given GLDS' long history in customer data management for cable operators, what has been the biggest change in this space in your opinion?

Russell: The speed at which new technology is introduced and adopted by operators has increased by leaps and bounds; so has the extent to which our clients rely on us to meet those needs. A few months ago, TV Everywhere was reserved for tier-one operators only. Now we're ready to deploy new solutions to meet those needs.

Has the economic downturn had an impact on operators' decisions about what type of billing system to work with?

Russell: Operators are more keenly aware of the need to cut costs, and we definitely help them do that. More often, however, GLDS is the vendor of choice because of the benefits our products offer. We're not a preferred solution simply because we can save money for our clients. It's often the draw of better technology and better service that brings new customers to our door. I think savvy business owners and management want to save money and increase revenues regardless of the economic environment. That's probably why we've seen steady growth for nearly two decades, in every business climate.

What trends do you see taking shape in customer data management right now, and what are your operator customers asking for to meet these changing demands?

Russell: Multiscreen content authorization will be significant for the smaller operators, along with the introduction of cost-effective Over-the-Top (OTT) and VOD solutions. I suspect we'll see continued demand for adaptable solutions that can incorporate new devices and new methods of generating revenue as quickly as possible – and that's something we're very good at. Our customers are asking for first-to-market solutions that will give them an edge against THEIR competitors, and we're nimble and creative enough to keep doing that. It's a challenge we love.

Congratulations on your promotion to president of GLDS earlier this year! How long have you been with GLDS and what's your background?

Russell: I started with GLDS in 2003 helping build broad partner relationships. So much of what we do depends on seamless integration with industry partners that these relationships have been absolutely critical in helping operators navigate new technologies and attract the revenue that comes with them.

Prior to GLDS, I spent a few years helping to bring automated provisioning and OSS to the cable television industry and then another six years with CableData and DST Innovis before that. It was there that I really gained an appreciation for the value of more cost-effective and flexible billing and subscriber management systems.

What are your near and long-terms plans for the company?

Russell: The short answer here is that we're constantly looking for ways to help operators generate more revenue and yet spend less doing it. To that end, we expect to invest considerable resources ensuring that our customers are poised to take advantage of multiscreen (TV Everywhere) and OTT services. When it comes to multiscreen, it's do or die for the smaller operators. Responding to this, GLDS will soon announce solutions that will allow them to manage the required authentication for multiscreen. While smaller operators have suffered from a lack of affordable VOD solutions, recent advancements in the monetization of OTT suggests that operators can now offer IP-based VOD – and make money at it. GLDS is working closely with several key vendors in this space and we expect to announce solutions in early Q3.

GLDS recently announced the availability of a fully integrated field management solution, WinForce Tech. By giving technicians the ability to manage all of their work from a smartphone or tablet, technicians are empowered to do more with less and deliver better customer service at the same time.

Given GLDS' reputation for tier-one functionality without the tier-one price, you can expect that we'll be making several more product announcements that introduce new ways to help operators increase revenues and cut costs.

With the appeal of growing functionality, combined with lower operating costs, I expect you'll see GLDS become more and more popular with a solid tier-three customer base. Deep broadband video DNA means that those new to the market, or introducing broadband into emerging markets, will find GLDS brings a solid track record of empowering multi-play, and now multiscreen technologies. ❑

About Garrick Russell

Garrick Russell joined GLDS in 2003 and has been responsible for the daily operations of the company since 2006. He has more than 15 years' experience in billing, subscriber management, customer care and provisioning for major cable and telecommunications vendors such as AMDOCS, Alopa Networks, and Jacobs Rimell. Garrick has a Bachelor's Degree in Business Management and an MBA.

He can be reached at 800.882.7950 or email garrick@glds.com. *On the Web, visit* http://www.glds.com/

Independent Cable NEWS

October 2011 Vol. XIX - No. 10

Robert A. Searle — *Editor & Publisher* — rsearle@searlepub.com
Phone: 303-730-3006 — Fax: 303-797-0276

Roderick Robles — *Associate Publisher* — rrobles@searlepub.com
Phone: 805-683-2831

Online independentcable.com

Independent Cable News is published by Searle Publishing Co., Inc. POSTMASTER: Send change service requested notices to Independent Cable News, 40 West Littleton Blvd. #210-110, Littleton, CO 80120.

Subscriptions: Free to members of ACA and NCTC.

Printed by Hall Commercial Printing, Topeka, Kansas

Regaining Video Momentum: HD, IP Migration and the Independent Operator

By Joseph D. Nucara, P. Eng, M.B.A.
Co-Founder & CEO, Adara Technologies, Inc.

Independent operators looking to increase their HD lineups and migrate toward IP-based video need solutions that address their particular circumstances.

Popular demand for high definition television (HDTV) and the need to migrate to Internet protocol (IP) delivery of video pose severe network and business challenges, especially for service providers with constrained resources.

Tier 1 operators can bring their large scale and many talents to bear in meeting HD demand and transitioning to an IP-based infrastructure that better enables content portability and monetization. Those challenges, however, threaten the existence of Tier 2s, 3s and 4s in the video space. The approaches adopted by large MSOs—analog reclamation, switched digital video (SDV) and now custom-built bridges to the IPTV future—are simply not optimized for small-scale operations.

What small and independent service providers need are solutions that address their circumstances. One approach that is reviving their prospects leverages the bandwidth efficiencies of SDV, but within a hosted and managed context. Requiring as few as eight 6 MHz quadrature amplitude modulation (QAM) channels, it offers unprecedented flexibility. For instance, it breaks a historical paradigm in allowing Motorola set-top boxes and conditional access system (CAS) to coexist with Cisco set-tops and CAS with SDV.

Combined with Web-connected set-tops, next-generation graphical user interfaces (GUIs), video-on-demand (VOD) and end-user financing, this solution also promises an efficient migration to IP-based video delivery.

Drivers and trends

Amidst ongoing debates over video strategy is a hard constant: Americans are spending more time watching more video on all devices than ever before. According to Nielsen, both overall TV viewership and Internet video streaming in Q1 2011 increased over the previous year. Each of these trends has its drivers.

What accounts for television's enduring appeal? Along with content and convenience, HDTV is one factor. With HDTV sets in two-thirds of all homes, HD technology has "crossed the chasm" to mass adoption. Online viewing behavior is tied to demographics, yet it also overlaps with the larger trend of consumers' wanting to view any content, anywhere, at any time and on any device.

How have video service providers interacted with these trends? Given HD's growing popularity, satellite companies, cable operators and telcos have invested in various ways to deliver greater quantities of bandwidth-intensive HD signals. North American cable operators have taken two major approaches: SDV and analog reclamation. Several North American MSOs, mostly large, have used SDV to increase usable last-mile spectrum. While a few small operators have reclaimed spectrum via digital terminal adapters (DTAs), Comcast made that approach famous by scaling it across its national footprint.

As for online video, service providers have abetted that trend with ever faster downstream data rates and "TV Everywhere" initiatives. To leverage the efficiencies of IP infrastructure, incorporate over-the-top (OTT) video into their business models and satisfy consumer demand for flexibility, mobility and choice, large MSOs are also planning for IPTV. Roadmaps include increasingly dense QAM platforms, SDV and new residential gateways.

Small operator dilemma

For small operators, especially those serving lower-income markets, the need to respond to competitive video threats is urgent.

These markets are fluid. A mid-2011 study from Leichtman Research Group (LRG) reported that 13 percent of multi-channel video subscribers with household incomes under $50,000 were likely to switch from their current provider within the next six months. Consumers who want the best return on their big-screen investment are likely to turn to providers with the most eye-pleasing HD content.

The LRG study also indicated that 9 percent of multi-channel video subscribers with incomes under $30,000 were likely to disconnect and not subscribe to any TV service. With free over-the-air (even HD) programming and content from online aggregators such as Netflix and Hulu, many budget-cutting consumers could cut the "cord" and get by with an antenna and a broadband connection.

About the Author

Joseph D. Nucara is Chief Executive Officer of Adara Technologies, Inc. of Toronto. His industry experience spans 20 countries on 4 continents; he was formerly Vice President, Worldwide Marketing for the Broadband Networks division of Philips Electronics and prior to that was head of Augat Canada Inc. He holds an Executive M.B.A. degree from Richard Ivey School of Business at The University of Western Ontario and is a Professional Engineer with a Mechanical Engineering degree from the University of Waterloo.

The dilemma for those operators serving these markets is that the bandwidth-enhancing techniques adopted by large MSOs have not translated well. The reputation of SDV as a costly and complicated set of technologies has endured. With independent operators lacking both scale and 'white coat' video engineering expertise, it has remained a non-starter in these markets.

The all-digital strategy of reclaiming 300 MHz of spectrum once devoted to analog signals involves deploying DTAs to each TV set in each household. Comcast endorsed this approach, but it nonetheless requires time, effort and considerable upfront capital. And it has limits: DTAs are by design dumb devices—no interactive program guide (IPG), no VOD, limited security. They afford no transition to an IP future. And, unfortunately, 300 MHz of spectrum goes only so far.

At a gathering of National Cable Television Cooperative (NCTC) members in 2009, one operator outlined his reasons for deploying DTAs and progress to date. Two years later that same operator reported that while monthly revenue per customer was up, it was up only slightly compared to the massive costs and customer disruption and he had doubts about the overall effectiveness of this strategy.

The hosted SDV alternative

The drawbacks of DTAs become all the more obvious when they are compared with another approach that until recently was largely unknown.

In May 2011, Adara Technologies announced that Cable Cable, a small Ontario-based operator that had deployed its hosted and managed SDV solution two years earlier, had quadrupled its number of digital subscribers. It also had seen a corresponding increase in average revenue per unit (ARPU). The operator's HD channels also increased from 25 to 100.

This solution, which Adara developed in collaboration with Cisco, has raised the level of the independent operator's game. "Our video service now rivals that of the largest Tier 1 operators in metro areas in North America, and we easily have the best product available in our area," Cable Cable General Manager Michael Fiorini said in a statement.

What Adara enables is SDV's virtual expansion of capacity, surpassing that of analog reclamation, but without the limits or costs of DTAs or the complexity of traditional SDV.

"We are so glad we didn't pursue analog reclamation using DTAs," Fiorini said. "That alone would have cost us millions of dollars with a lot of pain and customer disruption over, at least, a two year rollout. Instead, this solution cost us a small fraction of that, and we were live in four months."

As for SDV, the Cable Cable team realized that a hosted approach simplifies the equation. "Normally, SDV is a complicated technology to deploy and operate for a small operator," Fiorini said. "This implementation was as easy and transparent to our customers as flicking a switch."

Adara-Cisco, SDV, and set-tops

So who is Adara Technologies? What about its relationship with Cisco? Is SDV the only technology it promotes? And how does it all work?

Formed in 2006 by two industry veterans as a private corporation headquartered in Toronto, Adara soon thereafter began partnering with Cisco on a series of solutions, with SDV being only one of several.

The first hosted and managed solution, launched in 2007, covered digital television. Then came SDV in 2008, VOD in 2009 and IPTV—along with Cisco's web-connected hybrid radio frequency (RF) and IP set-top boxes—in 2010. This year Adara is working on a "TV Everywhere" solution. Next year it plans to add Cisco's Videoscape revolutionary next-generation IPTV platform to its portfolio of hosted and managed video solutions.

It is a broad offering, and the success of Cable Cable suggests that the SDV solution is timely indeed. But as few as eight QAM channels on a 550 MHz plant devoted to SDV can be an immediate launching pad for IPTV, i.e. an entire switched channel line-up with additional services, including VOD.

Moreover, the flexibility of this hosted solution, which requires a link ranging from 1-2 Mbps to 10-15 Mbps for a secure virtual private network to Adara's hosting facility in Toronto, is unprecedented:

- Analog video is retained, obviating the need to deploy DTAs at each TV within each household.
- Legacy Motorola set-tops receive the digital tier served by Motorola video headend equipment.
- Cisco set-tops receive the SDV/IPTV tier, served by the hosted Cisco video control system and local session resource managers and edge QAM devices.

Preloaded with SDV client software, the Cisco 4600 and 8600 (with DVR) class MPEG-2/4 set-tops will additionally include Cisco's Reference TV Navigator (RTN) middleware and UI once general market release is announced by Cisco (expected early 2012). Deployed upon request, these hybrid set-tops are financed directly by the end user.

Conclusion

The IT and media worlds are rapidly adopting services that rely upon local clients and remote processing. While the hosted model could benefit multi-channel video operators of all sizes, independent operators who have been without options that fit their circumstances have most to gain.

Combined with advanced video networking and consumer premise equipment, a solution based on that model can address the major challenges facing Tier 2, 3 and 4 service providers, enabling them to gain a sustainable competitive advantage. ❑

For more informarion on Adara, visit: www.adara-tech.com.