

PRIME INSIGHT + FOCUS

*Designed for telecom directors and managers
in product, market, sales and channel management*

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CES Highlights

I've just returned from CES and wanted to share my thoughts with you. What I saw this year with regard to BMMA's (www.bmma.us) part of the business mainly affirmed much of what is conventional wisdom within BMMA circles.

As we have discussed previously on hot topic calls, BMMA's Fall Workshop, and ResearchFirst's 2013 Broadband seminar, that **OTT is growing exponentially** and some traditional content providers are trying to get ahead of it, but I think most will fail and they will be playing catch

up. There are, and will be, too many new aggressive players entering the market and the traditional old dogs will suffer from not being able to learn new tricks quickly enough. Evidence of OTT's legitimacy and acceptance was indicated on the January 9th MSN Money program where cable TV was one of 10 recommended products NOT to buy in 2014. They cited it to be completely unnecessary with Xbox, Roku, Hulu and Netflix available in the market for a lot less money. Unfortunately for our members, they also recommended not buying landlines, but again we have been dealing with that product's decline since 2002.

Homes and cars continue to get smarter and more connected. CPE manufacturers are pushing more Wi-Fi expansion and coverage. SPs and auto manufacturers

are sponsoring many development and app conferences to accelerate smart/connected car products. As an example, Tesla announced January 9th that they and Audi had signed a deal with AT&T for AT&T to provide wireless "Connected Car" service to their cars using their 3G & 4G LTE networks. This includes navigation, internet radio, engine diagnostics, and web browsing among other apps.

TV screens are getting still bigger with increased resolution, as well as developing curves. Yes, the screens are curved, evidently for better peripheral viewing. All the while prices continue to drop as screen sizes grow. There continues to be overlap in various TVs and other video/smart/entertainment devices, which I think will continue because different people come at video

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Mark Your Calendars

Join us for these upcoming events:

BMMA January Hot Topic Call

Executives Perspectives on Broadband
Alcatel-Lucent - Bell Canada - Synacor
January 28, 2014

BMMA February Hot Topic Call

Broadband Operational Issues
Discussion Lead: CenturyLink
Wednesday, February 29, 2014

BMMA 2014 Annual Meeting

Scottsdale, AZ
March 3 - 4, 2014

ResearchFirst Broadband 2014

Scottsdale, AZ
March 5 - 7, 2014

Telco Sales Channels 2014

Scottsdale, AZ
April 2 - 4, 2014

Visit our website for details:

www.researchfirst.com

CES continued

content from different directions. This thought first came to me in 2010 when I observed one of our client's customers [for whom we were doing a process improvement project] perform a HSI activation and registration using a Xbox. The young man said he didn't even plan to have a PC at home.

A couple of "buzz creating" products were the affordable 3D printer and wearable devices such as the Dick Tracy phone / watch from the comic books or the smart glasses that may have heads up displays or be able to take photos. When speaking about affordable 3D printers, figures I heard were in the \$1,200-\$1,300 range. With regard to wearable devices, it seems manufacturers like Google, Sony, and Samsung are getting closer to product launches although product announcements may have taken place over a year ago. As an example, Google first confirmed their Google Glass project in April 2012, but we have yet to see them in the marketplace although Google has given devices to developers for them to do their thing. While these products are not exactly in our product set, they are interesting. An interesting factoid reported by retail sales trackers

is that in 2013, smartphone and tablet market sales surpassed traditional consumer electronic devices for the first time in the history of consumer electronics with shipments exceeding 1 billion units. While this is a notable milestone, it was suggested that consumer electronics as a total market will see a slight decrease in revenues for 2014.



So, that sums up my CES observations except for two people who were so engrossed with their smartphone texting that one young man texted himself into a column and another texted himself off a small ramp; but of course this was not new for 2014.

Ellis Hill

RFI President

BMMA Executive Director

Office: 228-207-3216

Mobile: 205-995-8866

ellis@researchfirst.com

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3Q 2013 Major Broadband Provider In-Service

Broadband Service Provider	2013			
	2Q In Service	3Q In Service	3Q Gain	3Q % Gain
Major Telco HSI				
AT&T	16,453,000	16,427,000	(26,000)	-0.2%
Verizon	8,939,000	8,995,000	56,000	0.6%
CenturyLink	5,909,000	5,942,000	33,000	0.6%
Frontier	1,812,100	1,838,915	26,815	1.5%
Windstream	1,352,500	1,343,400	(9,100)	-0.7%
FairPoint	332,620	330,698	(1,922)	-0.6%
Cincinnati Bell	261,700	265,600	3,900	1.5%
TDS Telecom	243,000	257,100	14,100	5.8%
Consolidated Communications	251,306	252,516	1,210	0.5%
Hawaiian Telecom	109,721	110,402	681	0.6%
Total US	35,663,947	35,762,631	98,684	0.3%
Bell Canada	2,121,075	2,157,713	36,638	1.7%
TELUS	1,355,000	1,374,000	19,000	1.4%
Bell Aliant	933,352	944,914	11,562	1.2%
SaskTel *	198,000	199,000	1,000	0.5%
MTS	200,000	204,748	4,748	2.4%
Total Canada	4,807,427	4,880,375	72,948	1.5%
Total Telco	40,471,374	40,643,006	171,632	0.4%
Major Cable				
Comcast	19,986,000	20,283,000	297,000	1.5%
Time Warner Cable	11,559,000	11,550,000	(9,000)	-0.1%
Charter	4,447,000	4,535,000	88,000	2.0%
Cox *	4,078,218	4,083,763	5,545	0.1%
Cablevision	2,787,000	2,774,000	(13,000)	-0.5%
Bright House *	1,493,261	1,502,220	8,960	0.6%
Suddenlink	1,017,200	1,039,100	21,900	2.2%
Mediacom	949,000	956,000	7,000	0.7%
Total US	46,316,678	46,723,083	406,405	0.9%
Rogers	1,930,000	1,948,000	18,000	0.9%
Shaw	1,879,942	1,890,506	10,564	0.6%
Videotron	1,395,400	1,408,200	12,800	0.9%
Cogeco	650,325	661,337	11,012	1.7%
Total Canada	3,925,667	3,960,043	34,376	0.9%
Total Cable	50,242,345	50,683,126	440,781	0.9%
NEW: Satellite Broadband				
dishNET	310,000	385,000	75,000	24.2%

Sources: Quarterly reports, Cable DataCom News and ResearchFirst, Inc. research.

* Estimated.

RFI 2014 Seminars

ResearchFirst's 2014 *Telco* marketing and sales seminars will be held at the **Zona Hotel & Suites** in Scottsdale, AZ.

Our events are designed for Telco Directors, Product and Marketing Managers, Sales Channel Managers and their vendors. Our interactive sessions will include presentations and roundtables covering success stories and best practices, new applications and services, converged services, loyalty and churn-reduction strategies, traditional and alternate channels, competitive overviews and strategies, and much more...

The BMMA 2014 Annual Meeting
March 3 - 4, 2014

The Annual Meeting will cover our industry benchmarking report, roundtable

discussions on current hot topics related to broadband services marketing and product development in addition to the presentation of Best in Class Awards and election of our 2014 Board of Directors. Non-members may inquire about attending as a "guest". www.bmma.us/events

RFI's Broadband Services 2014 Seminar
March 5 - 7, 2014

This event will cover the state of the broadband industry, recent product and marketing success stories, competitive trends, IPTV, value added services, customer support challenges and opportunities, new revenue opportunities, retention initiatives, and other relevant industry information as well as the all important networking that helps match needs with solutions.

Telco Sales Channels 2014 Seminar
April 2 - 4, 2014

This event will address traditional inbound sales channels as well as alternate channels including retail, e-channels, door-to-door,

outbound telemarketing, aggregators, social networking, and affinity programs. Providers will share best practices, successful sales programs, training programs, sales compensation and recruitment strategies, and other creative and tactical ideas for sales and call center management.

For information on all of our events, visit www.researchfirst.com.

Sponsorship and speaking opportunities are available for all events. Please contact me to discuss.

We look forward to seeing you this spring!

Ellis Hill
RFI President
BMMA Executive Director
Office: 228-207-3216
Mobile: 205-995-8866
ellis@researchfirst.com

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Executive Director: ResearchFirst, Inc.



ResearchFirst, Inc.

Ellis D. Hill, President
ResearchFirst, Inc.
O: 228-207-3216
M: 205-995-8866
ellis@researchfirst.com
www.researchfirst.com