



COMPETITION

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MAKE LIKE THE CIA AND GATHER INTELLIGENCE

WATCHFUL CABLE MARKETERS CAN USE THE TELCOS' AGGRESSIVENESS IN THE MARKET TO THEIR ADVANTAGE.

The big telcos' rollouts of FiOS (Verizon) and Lightspeed (AT&T) networks will offer much more to watch than hundreds of channels—there will also be information that supplies vital raw material for MSO competitive intelligence.

THINGS TO WATCH AS THE TELCOS RAMP UP

- 1 Local front-line cable system feedback
- 2 Equipment & systems purchases
- 3 Telco product offerings
- 4 Content deals

The telcos are betting big on competing with cable in terms of capacity, quality of service, price and features—in short, across the board. Obviously tracking their direction and progress is of strategic interest to cable. But, monitoring the telcos involves extracting usable intelligence from a wide variety of sources well beyond clipping PR announcements or tracking the telcos' public campaigns to circumvent local franchising.

For example, one of the most valuable sources of competitive intelligence will be feedback from local cable systems that face FiOS or Lightspeed on the front lines.

The questions to ask aren't rocket science: Why did former cable subscribers cancel cable to get the telco service? What cable products, features, service delivery attributes and marketing messages

were most effective in retaining subscribers? How could the front-line cable systems become more competitive?

In 1991, AT&T (the real one, not SBC-renamed) was caught flat-footed by an MCI viral marketing initiative called "Friends and Family" because AT&T lacked the flexibility in its billing system to respond quickly. This cautionary tale highlights the potential value to be gained by analyzing telco equipment and systems purchases. When the telcos announce deals with back-office systems suppliers, cable OSS/BSS specialists could help to identify these systems' capabilities and limitations. Cable engineers can comment on implications of the telcos' network and terminal equipment choices.

FiOS and Lightspeed products are the net results of the telcos' installed networks and systems, content deals, marketing strategies and financial targets. How these factors are balanced can be instructive. Perhaps the telcos are temporarily sacrificing financial return in order to capture market share, or they are exploiting particular back-office capabilities, or coming up against limitations in their networks or systems. Such information will have competitive value for cable marketers.

MSOs are pursuing their own multiproduct strategies rather than waiting to see what the telcos will do. Nevertheless, keeping a close watch on the telcos will help cable avoid nasty surprises. ■■■