



# PRIME INSIGHT + FOCUS

Vol. 4, 2008

## MARK YOUR CALENDARS...

### RFC's 2008 – 2009 EVENTS

... designed for telecom directors and their managers in product, market, sales and channel management.

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#### Alternate Channels Workshop

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#### Small / Medium Business Workshop

October 28-29, 2008

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## Alternate Channels Workshop

BY ANNA GIBSON

Back by popular demand! RFC is pleased to announce a fall workshop specifically for Alternate Channels. The workshop will be held October 21-23<sup>rd</sup> in Denver Colorado.

This will be a fabulous opportunity to get together with peers from all the major Telcos to discuss a wide range of sales channels that are different from the traditional in and outbound.

You will learn what's going on with retail stores, the web channel, community developer markets, 3<sup>rd</sup> party relationships, door to door sales and much more. In addition, other alternate markets will be discussed which includes the mover market, technician referral programs, cus-

tommer referral programs and many other alternate channel innovations. This workshop will be in roundtable format, giving all attendees an opportunity to participate.

For more information and registration, please go to [www.researchfirst.com](http://www.researchfirst.com) and click on Alternate Channels Workshop.

Don't miss out!

**Anna Gibson**, RFC Vice President  
480 283-0495  
[anna@researchfirst.com](mailto:anna@researchfirst.com)

## Small / Medium Business Telco Survey

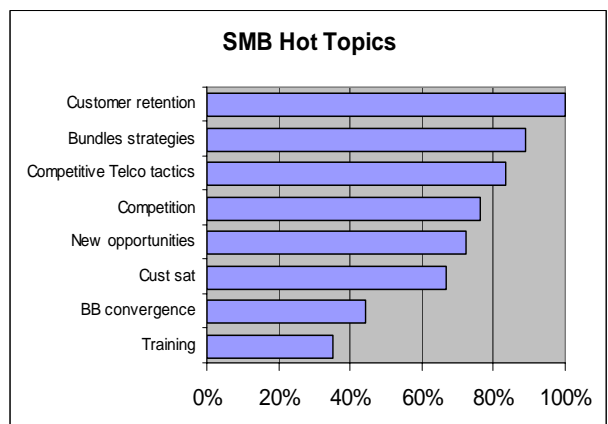
BY ELLIS D HILL

Eighteen SMB Telco Managers or Directors responded to Research First's survey regarding the SMB market. The chart below shows the top eight responses to the question regarding their most important topics. The responses indicate the percentages that were marked "Very Important" on a 5 point scale.

Another question was, "Where are the opportunities with the SMB market?" Responses fell into three main categories: 1) the expansion of e-commerce and increasing self-serve solutions; 2) adding new products and features such as web

portals, wireless & wireline integration, EVDO, LTE, data storage, and IP based solutions; and 3) studying the customer to determine the businesses' needs

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# The Residential Gateway - Heart of the Digital Home

By Stephen Vincent, Thomson

In the rapidly changing North American market place we are seeing service providers increasingly compete with each other to offer the full range of services to their subscribers. As an example the recent T-Mobile@home service positioned the once cell phone operator as an over the top provider of landline replacement services, and a recent announcement by AT&T to enter the home support market acknowledges the complexity and range of devices connected and supported by consumers today. These and other providers are aiming to enable, and support the media ecosystem, which is now a desirable part of the digital home, especially with the increased use of HD flat screen TVs, broadband Internet connections, advanced mobile phones, and a new range of multimedia devices. In this environment of multiple play services, broadband operators need agile and sophisticated network technologies and attention-getting products that exploit them.

We consider the residential gateway to be at the heart of this home networking ecosystem and the key to telecommuting, telecommunications and interactive audiovisual entertainment and fully customizable triple- and quad-play services.

As the digital lifestyle establishes itself, consumer demands are becoming increasingly sophisticated and operator challenges all the more complex. Services delivered must meet high levels of innovation, quality and availability whilst at the same time attaining high levels of security, respecting privacy and integrity. The residential gateway must deliver the intelligence, the flexibility and the scalability required by the multitude of activities now carried out in the digital home and office. Furthermore, as home networks experience remarkable growth, the residential gateway has assumed an even more important role as the point of entry for new home networking applications.

**What features and underlying technologies make the residential gateway the service delivery platform of choice for the digital home?**

## Media and Content Sharing Functionality

The inclusion of USB ports in all platforms serves to broaden the scope of home networking applications such as printer and

content sharing, webcam control and display. These peripherals are able to make their services available, and use content from other home network device by use of DLNA (Digital Living Network Alliance).

## Ease of Management and Deployment

Operators should seek gateways that are fully compatible with the technical standard TR-069 for remote management making it easier to deploy, manage and upgrade services as they come on stream. Some vendors also offer wizards as a standard feature across all gateway platforms, which make setting up a home network as easy as clicking a button.

## Quality of Service and Security

As newer, richer content, such as voice-over IP (VoIP), video and peer-to-peer (P2P) applications, relies more on fast, efficient and secure delivery for successful transmission, Quality of Service and security have become all the more important. Residential gateways need to feature best-in-class QoS and security engines for multi-service handling the alleviation of security vulnerabilities and inaccuracies and provide the necessary tools to help troubleshoot end user problems.

## Wireless Content Distribution

For operators to be able to win new and retain existing customers, they need to be able to deliver the compelling content not just to the front door but also to be able to move enriched services around the home in the most cost-effective and least disruptive manner. Wireless enables operators to do just that, giving users the mobility to move around within the coverage area and still be connected to the network. For the home user, wireless has become popular due to its ease of installation and location freedom. The latest wireless DSL gateways provide unparalleled wireless performance and functionality in the digital home and office thanks to 802.11n ensuring not only lightning-fast content delivery but also the possibility to offer entirely new services such as the distribution of HD video throughout the home. Doing this with a multi SSID configuration allows the gateways to carry the different traffic types on separate WiFi networks and even allow



The flagship Thomson's VoIP gateway portfolio is the TG797 slim design, which represents the smallest-VoIP service gateway in the world.

spare bandwidth which can then be made available to Open WiFi / Hotspot customers

## Feature-rich VoIP

VoIP offers new services and cost savings both for operators and subscribers. For operators, voice is an integral part of a suite of services that, when bundled together, can offer exciting new capabilities and significant revenue opportunities. In addition to the functionalities common across all platforms, Thomson's range of VoIP gateways comprise integrated DECT technology for feature-rich voice communications: advanced features include HD Sound for superb audio quality and multi-line and multi-number support. The integration of these two technologies into a single device enables the service provider to offer not just a landline replacement service, but to extend the offering to include services such as Network Address book, Visual Voicemail and Info Feeds tailored to individual handsets and end users.

## Customization & Logistics

In the battle for the digital home, operators need to be able to distinguish their offering from those of their competitors. This not only applies in terms of the services deployed but also their brand and visual identity. Enabling operators to do so through simple housing customization with custom inlays on standard design for all customers and a full service pack of dedicated customization on packaging,

*(Continued on page 6)*

# Training – Getting Value or Just Feeding Another Beast?

BY DON YAGER, AFNI, INC.

Unless you are in the business of providing training services, you generally are not getting paid to deliver training. Or if you are, it is at a significantly reduced rate in preparation for getting people to reach a performance level that provides service and, finally, generates revenue. You need to be sure that you are getting value from your internal/external training provider to the point of elevating performance, increasing profits, and satisfying your clients.

Typically training is linear in nature, meaning, we train on *things*: company information, systems, products, services, customer care, sales, quality standards, and the list goes on and on. Traditionally this path follows a focus, is measured based on retained knowledge, and results in training that lasts longer than it should, draining profits and therefore viewed as a cost of doing business. The adage “the more tools you have in your tool box, the better prepared you will be to do a job” instead results in lost tools and confused technicians. The fallacy lies in a belief that more knowledge and time will produce more results; however, this usually ends up in failure. The root of this failure is found in an “activity” approach to training, instead of solid business practices, performance, and results.

The goal of training is to bring a person to standard of proficiency by practice and instruction – most training programs emphasize knowledge and do not do enough to develop competencies and skills. Your training programs have to define upfront what your employees must be able

to DO – skills vital to meeting objectives: yours, your clients, and your customers. In order to derive performance your training must define specific competencies, levels of proficiency, and then bundle these into measurable objectives. Keep in mind that you are not training systems, products, and procedures, but you are training people to resolve your customer’s issues and all the while doing so efficiently and at a level of service that retains your customers.

So, how can you tell if your training provider is adding value or is a consuming beast? Do your training providers:

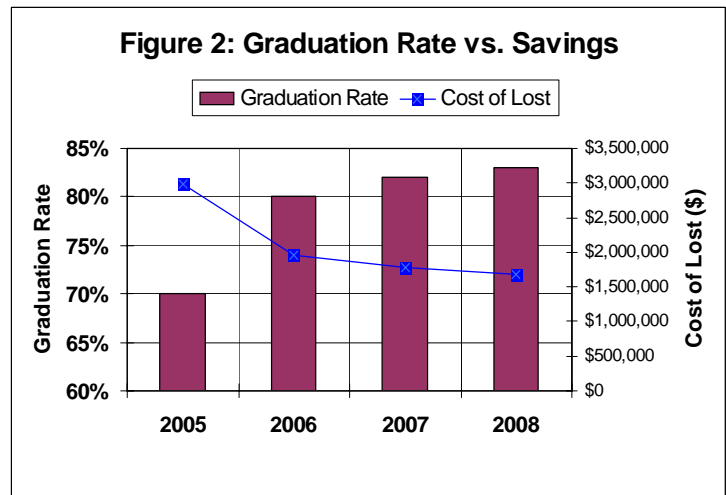
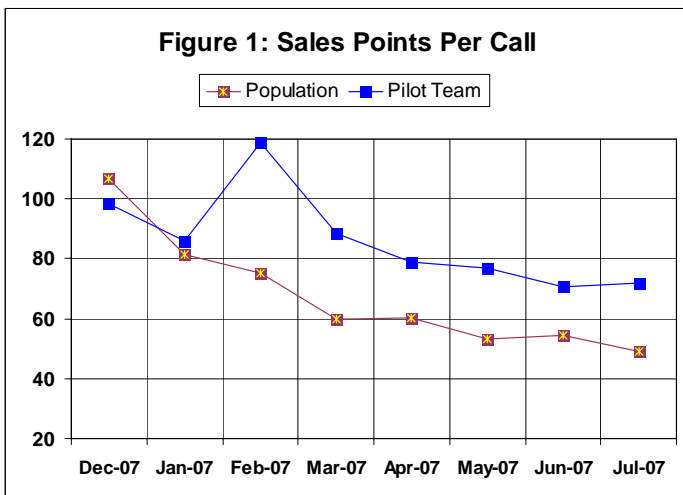
- Run their operation as a business and ensure delivered “services” are linked to your business objectives - measuring returns and results?
- Have documentation of all competencies and skills necessary to successfully accomplish all tasks of the job?
- Ensure that participants are assessed on their level of task or knowledge proficiency?
- Deliver training in a method that is appropriate for the skills and tasks to be performed on the job?
- Incorporate effective CBT (computer-based training) and other self-directed learning methodologies?
- Use an approach that builds off learners’ experiences, points directly to application, and is performance-based?
- Identify to learners how successful performance will be achieved prior to completion?

- Measure performance of graduates on the job immediately after training and at periodic intervals?
- Let learners know UP FRONT the plan for training, what they should be able to DO after the lesson, where the competency fits in, how they will be measured, and the relative importance of the lesson?
- Thread new/changing information into current training courses rather than just keep “piling it on”?
- Allow learners tons of practice putting all their competencies together in an environment that models the real job?
- Provide training, coaching, and certification for their training and development staff?

Certainly there is a lot more to getting the most out of your training investment; consider this a primer. It is important to know where you stand and to measure the value your training is providing. Challenge your training resources to deliver employee performance to previously unimaginable levels and to do so in a manner that focuses on performance, not activity; competency, not games. Training is not the hub of the wheel; your customers are. Training is merely some of the spokes. If those spokes are not strong, your business will not be able to meet the rigors of the terrain a demanding customer requires.

**Two case studies:**

Figure 1 is a sales-based project where the *(Continued on page 6)*



# Second Quarter 2008 Broadband Sales Tumble

By Stan Romero

A great deal of press has been around the second quarter 2008 broadband sales results. However, most of that has emphasized the fact that MSOs significantly out-gained Telcos. In this article we will look deeper and consider what actually did happen and, if it is a major shift in consumer behavior, what should we be doing about it.

The first thing we notice when we look at the **chart on page 5** is that some Telcos and some MSOs saw a larger percentage growth than others. We also notice that some Telcos gained a higher percentage than any of the MSOs. Furthermore, the larger Telcos generally saw the smaller gains on a percentage basis. Some of this may be attributable to the fact that the more rural companies may have seen less intense competition, but some is also attributable to the smaller Telcos continuing to be more active in their markets during the second quarter.

If we compare this quarter to previous quarters, we also see that Telcos had much smaller gains in total last quarter than any other quarter since before 2002. Second quarters are often fairly soft, but in Q2 2008, Telcos saw only 25% of their Q1 2008 gain. The second quarter 2008 gain (270,000) was just one third of the second quarter 2007 gains, which at that time was the worst quarter in several years.

For the MSOs, although their second quarter was good compared with the Telcos, it was still the worst quarter they've had since before 2003 except for Q2 '07 where they saw a gain of only 518,000 compared with the Telco gain of 822,000 that quarter.

From a percentage perspective, Telcos out-gained MSOs from 2004 through all of 2006. In 2007, Telcos still had larger percentage gains every quarter except the third. Of course, this was the period when Telcos were really playing catch-up since MSOs started that period with 60% more subscribers. By the end of 2007, Telcos had made up a lot of ground, with the MSOs only having 12% more subscribers (53% market share of the over 69 million subscribers). In 2008, however, MSOs have

resurged, out-gaining Telcos 3.5% vs. 3.3% in Q1 and now 2.0% vs. just 0.8% in Q2.

The economy likely had a great deal to do with the second quarter results since both Telcos and Cablecos had the worst quarterly gains in years. Some companies overcame the economic impact through better offers, promotions, etc. In addition, economic conditions are not as bad in some geographic areas as it is in others.

Another important factor is where the broadband product is in its life cycle in different areas. Market saturation is likely playing a role in the overall declining broadband growth in North America. If we look at a larger, worldwide perspective, those countries that have historically been the leaders in broadband penetration (Korea, Denmark, Netherlands, etc.) seem to be leveling off at about 30-35% penetration according to the Organisation for Economic Co-operation and Development (OECD). On this measurement, the US and Canada are at 23% and 27% respectively – approaching the 30% level. The high-penetration countries are not seeing the highest growth figures now. In 2007, Korea grew at about 1.4%, Denmark at 3% and the Netherlands at about 3.4%. In comparison, the US grew at about 3.1% and Canada at about 3.0%.

Some countries that are at about the same penetration as the US and Canada are still growing at a much higher rate. Germany, which is at 24% penetration, grew at 6.8% last year, and Ireland which is at 27% penetration grew at a 7% rate. So, higher growth rates are still possible. We should note that Germany is over 90% DSL and Ireland is over 70% DSL.

According to Internet World Stats, 71% of the US population uses the internet and 66% of Canadians. If only 23% and 27% have broadband access, that leaves a sizeable market that still needs to be sold on the value of home-based broadband access.

What should North American Telcos be doing to tap into this remaining growth potential? We have seen that MSOs are now using Telco bundling strategies

successfully and are continuing to use promotional discounts to get customers on board. They also continue to promote the idea that Cable broadband is faster than Telco DSL. Telcos obviously need to continue their bundle offerings and promote the inclusion of wireless, which many MSOs don't yet promote in theirs. Use this competitive advantage while you still have it and promote your trusted wireless brands. We have proven over and over again that promotional discounts do work so use them aggressively. Although promotional discounts can create problems like increased churn, increased calls to customer service and customer dissatisfaction, we have found ways to minimize these issues - like better communications with the customer, end-of-promotion offers, etc. And speaking of communication, let's tell everyone how Telco broadband is better than cable in both customer communications and public media.

We will discuss these issues and get input from our members on what they have learned about what things impacted the Q2 results and successful responses at our BMMA Fall Workshop later this month. Join us September 23-25, 2008 in Ottawa to provide your input and hear what your peers have found to work so we can make the rest of 2008 results something we will be talking about in a very positive way.

*Note: All BB Statistics quoted in this article, except those attributable to the OECD are based on the companies included in the accompanying Broadband Service Provider chart.*

For more information on the BMMA visit [www.bmma.us](http://www.bmma.us) or contact me directly.

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## 2Q'08 Major Provider Broadband In Service

Broadband Service Provider	2008		
	2Q In Service	2Q Gain	2Q % Gain
<b>Major Telco DSL</b>			
AT&T	14,693,000	46,000	0.3%
Verizon	8,330,000	54,000	0.7%
Qwest	2,732,000	31,000	1.1%
Embarq	1,364,000	24,000	1.8%
Windstream	934,300	23,300	2.6%
Frontier	559,345	16,325	3.0%
CenturyTel	607,000	21,000	3.6%
FairPoint	294,412	(1,166)	-0.4%
Cincinnati Bell	229,200	1,300	0.6%
TDS Telecom	164,100	9,300	6.0%
<b>Total US</b>	<b>29,907,357</b>	<b>225,059</b>	<b>0.8%</b>
<b>Major Cable</b>			
Bell Canada	2,013,000	(1,000)	0.0%
TELUS	1,064,100	23,600	2.3%
Bell Aliant	726,441	15,348	2.2%
SaskTel *	172,517	2,819	1.7%
MTS Allstream	172,795	3,000	1.8%
<b>Total Canada</b>	<b>4,148,853</b>	<b>43,767</b>	<b>1.1%</b>
<b>Total Telco</b>	<b>34,056,210</b>	<b>268,826</b>	<b>0.8%</b>
<b>Major Cable</b>			
Comcast	14,357,000	279,000	2.0%
Time Warner	8,412,000	208,000	2.5%
Cox *	3,941,415	67,803	1.8%
Charter	2,787,300	19,100	0.7%
Cablevision	2,395,000	52,000	2.2%
Bright House *	1,197,717	23,485	2.0%
Mediacom	702,000	14,000	2.0%
Insight	424,600	12,400	3.0%
<b>Total US</b>	<b>34,217,031</b>	<b>675,788</b>	<b>2.0%</b>
Shaw	1,541,177	23,185	1.5%
Rogers	1,534,000	24,000	1.6%
Videotron	989,000	23,900	2.5%
Cogeco	464,668	8,480	1.9%
<b>Total Canada</b>	<b>4,528,845</b>	<b>79,565</b>	<b>1.8%</b>
<b>Total Cable</b>	<b>38,745,876</b>	<b>755,353</b>	<b>2.0%</b>

Sources: The companies, Cable DataCom News and Research First Consulting Inc. research.

\* Estimated

## Digital Home

*(Continued from page 2)*

documentation, etc. is an example of how operators can distinguish themselves from the rest of the field.

While the features described here are critical to providing the full range of services to the home, individual operators have to map out their service roadmaps and tie that to a development plan that allows them to offer and support these to their customers, by working with trusted partners.

*This guest article was provided by **Stephen Vincent, General Manager for the North American Gateway Business for Thomson.***

*As world leader in Customer Premises Equipment, Thomson has developed a comprehensive home networking ecosystem, which enables network operators to deliver the best broadband experience to their subscribers.*

Steve may be reached at 404-929-4986 or [stephen.vincent@thomson.net](mailto:stephen.vincent@thomson.net).



## Training

*(Continued from page 3)*

population trained following a mandated client-provided modular approach. The pilot group was re-trained in a competency/performance-based sales model that was threaded throughout their training and included training for the team's coach on how to support/coach these skills. The team sustains results today and is outperforming the population by 128% on average. The population is currently being retrained. Population size is 175 FTE, pilot size is 18 FTE.

**Figure 2** (see p. 3) reflects the graduation rates after implementing competency-based approaches, training instructors in the use of this approach, and implementing classroom procedures that reflect the production call center environment. Graduation rates have continued to increase and are an aggregate of multiple programs ranging in training length from 8 days to 5.5 weeks. The average annual number trained is 5,000.

*This guest article was written by **Don Yager, Director of Performance Development Group for Afni, Inc.** Afni, Inc. spans the United States delivering contact center solutions and receivables management services to the nation's leading companies. For more than 70 years we've been committed to becoming business partners with our clients—and treating their customers as if they were our own.*

Don may be reached at 309.831.3091 or [donyager@afni.com](mailto:donyager@afni.com)



## SMB Survey

*(Continued from page 1)*

such as increasing productivity or reducing costs and then creating solutions to help the customer with those needs.

These topics and more will be addressed at Research First's **Small/Medium Business Workshop** scheduled October 27 - 29<sup>th</sup> at the Clearwater Hilton in Clearwater, FL. [Check our website for details.](#)

*Ellis Hill, RFC President, founded RFC in 1987 after 12 years at BellSouth.*

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