

Independent Cable

Serving Independent
Cable Operating Companies

April 2008

NEWS

ACA Requests Dual Carriage Relief

Small Cable Operators Need DTV Exemptions

In a filing with the Federal Communications Commission on March 3, the American Cable Association asked the Commission to exempt small cable systems from dual-carriage rules set to take effect February 17, 2009. Current FCC rules require all cable providers to carry both the analog and digital broadcast signals of commercial must-carry stations, straining the system capacity and budget of many of ACA's members.

Smaller, independent cable providers particularly do not have the system capacity to comply with this regulation, the resources to devote to technology upgrades, or the subscriber numbers to warrant dual carriage. The Commission previously said it would "entertain" waiver requests for smaller systems — 552 MHz or lower — on an *ad hoc* basis; however, the expense and uncertainty of the waiver process is problem-

atic for many of ACA's members.

"The FCC must-carry waiver process is costly and burdensome for small cable operators and needs to be replaced with outright exemptions," said ACA President and CEO Matthew M. Polka.

"Clearly the FCC understands there is a need for a must-carry exemption for small operators, or they would not have created a waiver process in the first place. Unfortunately, it costs time and a lot of money to qualify for that waiver, both of which these operators do not have. It would save the Commission time and significantly reduce the burden on these operators, sometimes serving as few as 100 subscribers, if the FCC cuts the red tape and adopts an exemption."

In the filing, the ACA specifically requested an exemption from the obligation to provide must-carry signals in digital format for (i) systems serving 5,000 or fewer subscribers, or (ii) systems with less than 552 MHz of capacity. ACA cited the significant financial and capacity burdens the dual-carriage requirement would place on systems serving small and rural markets, and the added flexibility that an exemption would offer these cable systems to direct resources and capacity to providing consumers with broadband and other advanced services.

NAB Confused By 'Big' vs 'Small' Cable Operators

In a statement on March 4, NAB Executive VP Dennis Wharton said, "Cable operators can't have it both ways. They cannot make grandiose claims of spending billions on digital upgrades, while

(Continued on page 3)

Inside

ACA Speaks Out On Competition In The Sports Marketplace	3
ACA Comments On Liberty/DirecTV Merger	3
Buckeye Fights Signal Theft, Grows Revenues, Subscribers	4
A Billing System vs A Billing Methodology	8
How Metrocast Launched Voice In Mid-Tier Markets	14
Cable Business Directory	19

Brophy, Campbell Join ACA Executive Committee

The Board of the American Cable Association has elected cable veterans Martin Brophy, president and owner of Shen-Heights Television, and Kirby Campbell, vice chairman of Armstrong, to its Executive Committee. Both represent independent cable operators that have been providing telecommunications services to families in rural and smaller communities for more than 50 years.

"My family has been in the cable TV business since 1951. So when I talk about the impact of regulations on consumers, I'm talking about my friends, neighbors and family members. I look forward to working on ACA's Executive Committee to prompt regulatory reform that will better serve their best interests," said Brophy, who was inducted into the Cable Pioneers in 1996.

"The current regulatory environment is hostile toward independent companies that have dedicated themselves to providing advanced broadband services. As the voice of independent cable, ACA has its work cut out for it, and I'm honored to have the opportunity to serve on ACA's Executive Committee during this critical time," stated Campbell, whose company was founded in 1946.

"ACA could not ask for two more passionate advocates than Martin Brophy and Kirby Campbell. I congratulate them on their election to ACA's Executive Committee," stated ACA Chairman Patrick Knorr. □

The Difference Between A Billing System And A Billing Methodology

For small and mid-sized companies the stakes are higher than ever. Then again, so are the rewards.

By Colleen Fischvogt,
Marketing Specialist, Element Customer Care

If you are 5,000 subscribers today and plan on being 5,000 subscribers next year, this article is not for you.

If you already have 65% of the houses passed in your franchise area with 60% high speed data penetration and 25% phone penetration, then this article is not for you.

If you are a small or mid-size cable company and are looking to grow your subscribers and revenue, keep reading.

When most small and mid-sized companies think of a billing system they think about a glorified accounting package that gets a bill from your office to your subscribers. A Tier 1 billing system is NOT simply software. It is a collection of processes and software that have been developed over a long period of time to support the largest companies in our industry.

An effective and efficient billing system becomes the cornerstone to a solid financial foundation. It is ready for you to grow in regards to the number of subscribers or the services you offer. It is also the center of your data. It holds information on your subscribers, where they live, the equipment they have, technicians' notes as well as the call history details.

For decades, most of the major phone and cable companies have outsourced their billing operations to third party billing service bureaus.

As we all know, as cable companies have rolled out new service offerings — such as triple and quadruple play packages and advanced features such as video-on-demand and mobile video — their billing operations have rapidly become more complex.

The decision to outsource the billing function is most often driven by a need to reduce operating costs, but in reality, a better billing system is a competitive advantage.

What Is A Tier 1 Billing Solution?

As mentioned earlier, a Tier 1 billing solution is an entire set of billing systems and processes that are utilized by large franchise and satellite companies, i.e. Time Warner, Comcast, Charter, Dish Network, DirecTV, etc. A Tier 1 vendor generally is one of the largest and most well known in its field — often enjoying national or international recognition and acceptance.

A Tier 1 billing solution has been tested and proven. You and your subscribers are not the guinea pig.

Top 10 Reasons To Choose A Tier 1 Billing Solution

1. Research and Development budget equaling millions of dollars annually
2. Future proof your organization
3. Round-the-clock/24x7 customer care for your subscribers
4. Convergence solutions to bring new services to market quickly.
5. Robust reporting to give you the data to make better business decisions
6. Proven, pre-integrated solutions to eliminate risk, cost and installation
7. Reduce operating costs and adopt economies of scales
8. Scalable technology
9. Ability to make statements into personalized marketing tools
10. Workforce management

Research And Development

A Tier 1 billing provider will typically spend 10% to 15% of their annual revenue on research and development. This is \$40 million dollars + for each of the largest providers in our industry! As a small or mid-sized cable company you don't have a budget for mistakes. You don't have a budget for billing experiments. You need the system to work day one. With a Tier 1 billing system the probability is great that a larger company has already proven any solution you are considering for your business. They have gone through the expensive initial development process and you are simply able to enjoy the fruits of their labor.

In addition, a Tier 1 billing system will take the time to determine the most efficient way for a particular process to work. For example, what is the absolute fastest way to take a triple-play order? Millions of dollars have been spent on this question alone.

Future Proof Your Organization

Tier 1 products touch more than 90 million North American customers and balance billions in client accounts receivable to the penny each month. They have a reputation for unsurpassed

quality in its service offerings. The reality is that because these systems are used everyday in some of the largest cable and satellite operations their commitment to quality is constant. They have been around for years and are going to be around for many more. The software is regularly updated and there are plenty of resources available for questions.

Round-the-Clock Coverage

In today's fast paced world, 24/7 is becoming the standard. Your subscribers demand it and you have to deliver it. Each client interaction, whether it is for technical support, billing or sales requires whomever answers the phone to know quite a bit about your business and, in many cases, the various previous interactions with that particular subscriber.

A Tier 1 billing solution incorporates what customer service has to do in the meticulous design of the user interface. They make sure that your customer service representative is able to treat each of your subscribers personally, quickly and accurately.

Convergence

When you need to introduce new types of services, flexible pricing plans, and creative offers, a Tier 1 billing provider offers proven solutions that help you bring them to market quickly. These solutions are designed to support convergence from the ground up. When you work with a Tier 1 billing partner, you can easily enter new lines of business with confidence while leveraging your existing billing and customer care investment and infrastructure. As you read this you can be sure that somewhere out there one of the mega-franchise operators is testing an interface between the newest greatest product you haven't heard of yet and their Tier 1 billing system. Maybe the product won't sell. Maybe it will. The benefit for you as a small or mid-sized operator is that if you decide the product will sell you can be reasonably confident that the interface is already built.

Multiple Forms Of Accurate Reporting

Over a Tier 1 billing provider's history effective reports have been developed by many of the most successful cable and satellite operators. You need a solution that enables you to monitor and track subscriber behavior in order to conduct analyses that will allow you to better serve your subscribers.

Your billing solution should include many standard reports as well as the ability to conduct ad hoc reporting and analysis such as general or detailed operational analyses to report critical performance information. These reports will allow you to concentrate on how to use such data to make informed decisions.

Proven, Pre-Integrated Solutions

Because Tier 1 billing systems work with larger operators, solutions are extensively tested before they are released to market. In addition, because the Tier 1 provider has the capacity to support millions of cable customers nationwide, the ancillary products have been designed to equally scale within these parameters. In short, what you need works.

Cost Savings

The issue of total cost of ownership of a customer care and billing system is a critical element in managing overall costs. Economies of scale represent one of the most important elements in managing these costs. While economies of scale in pricing can be experienced with packaged billing solutions, they are not usually experienced until the software manages a very large number of end customers.

In contrast, a Tier 1's outsourced solution manages and invoices millions of subscribers every month. As a result, these providers already experience significant economies of scale in its outsourced billing operations.

Scalable Technology

Tier 1 billing providers think in terms of millions. They want you to be successful and to grow to your maximum capabilities. Because of this their entire systems are designed to scale to 100 million+ subscribers. With a Tier 1 solution, you simply don't have to worry about hitting a wall with any part of your solution.

Marketing Tools

As a communications provider you already know that the monthly statement is one of the most consistent channels you have to communicate with your customers. It is also the opportunity to begin a real conversation with your customers; a tool that can help improve revenue, decrease customer care costs, and increase up- and cross-selling of new services.

When you outsource your billing, the vendor needs to process each statement, billing insert, letter and notice according to strident quality and accuracy standards. They should offer statement and invoice design, formatting and printing; archival services, customer letter creation, marketing services, online view and past-due notices.

Workforce Management

A Tier 1 billing system solution has the capability to automate your workforce management. Because these providers support tens of thousands of technicians and thousands of dispatchers, they have the tools you need to maximize your truck rolls and measure your performance. With these tools you are able to tell your customers the exact time their technician will arrive and mean it.

The tools of a Tier 1 billing solution are just manifestations of the best practices and processes that have been developed over years and based on millions upon millions of subscriber interactions.

The expectations of our subscribers are already being set by the competition. By using a Tier 1 billing system you are able to level the playing field and at least have access to the same tools and methodologies they have.

Making It Work: Tips For Choosing A Tier 1 Billing Partner

Whatever course of action you choose to take be sure that he solution meets your business requirements tactically and

strategically. If you choose to outsource your billing services, make maximum reuse of solutions already developed and expertise by industry leaders this will help you avoid reinventing the wheel in-house and get you up and running quickly.

Therefore, there are many factors to consider when choosing a billing partner. Here are a few:

1. The billing vendor must have specific domain knowledge necessary to be an effective extension of your organization. Key questions to ask are: What expertise is the vendor bringing to the deal? Do they have expertise in the cable

industry? Within their cable expertise, are they experts within specific business segments — such as digital versus satellite?

2. The billing vendor's product has to be designed for the task. What are the products that will deliver the flexibility and pricing models? Is it the best product available to deliver those capabilities? Also, consider the risks involved, like whose product is it? Is the vendor the outsourcer, or is the outsourcer dealing with someone else's product?

3. The billing organization's system capabilities and business practices must be aligned with business goals. Different vendors have different strengths and weaknesses. Cable providers should ask questions such as: What intellectual capital does the vendor offer? What do their offerings look like? Is their organization able to align with my business?

4. Your new billing vendor should offer flexibility in its own outsourcing business model. To structure a deal that will work requires flexibility: What scope and expertise will the service provider utilize? How do you work out a deal that optimizes the strengths of your cable organization with those of the supplier?

5. Is the vendor in question a Tier 1 service provider? Does it perform with Tier 1 reliability and scalability to comfortably support millions of subscribers? Can it be installed to serve a large provider with low cost hardware to support most service providers' requirements?

6. Am I able to get support for my billing system from a team of experts at whatever time the support is needed?

About The Author

Colleen Fischvogt is the Marketing Specialist at Element Customer Care, the Durham, NC-based company that offers billing services, tech support and a customer service call center. Element's partnership with CSG Systems gives its clients access to CSG's combination of solutions, services and expertise to improve operational efficiencies and deliver a quality customer experience in a competitive marketplace. Element handles the billing and customer care functions for small and mid-sized service providers with the same CSG solutions used by tier-1 telecom providers.

Element, powered by CSG Systems, has been named "Preferred Billing and Customer Care Provider" for the NCTC. As of early 2008, Element supports over 100,000 cable and internet customers as well as over 300,000 hotel rooms, and has nearly 250 employees and full-time contractors. You can contact Colleen Fischvogt at cfischvogt@elementcare.com.

One-Net
the
**Newest, Most Advanced
EAS Encoder/Decoder
on the Market**

- Drop in Replacement for any Vendors EAS Encoder/Decoder
- 2 RU / internal Radios and CG
- IP Based - No Special PC Software
- Easy to Set-up and Operate
- Decoder Only Option

ME MONROE ELECTRONICS

800 821 6001
www.monroe-electronics.com
eas@monroe-electronics.com

More Technology ... Less Money

ComSer-CO Inc.

**YOUR SOURCE FOR
CATV/BROADBAND SUPPLIES**

**We Buy and Sell:
New, Overstock, Surplus, Refurbished**

- Distribution Amplifiers, Line Extenders
- Fiber Optics, Lasers, Receivers, Nodes, Enclosures
- Construction, Taps & Passives, Connectors
- Headend, Analog, Digital

**New Equipment & Refurbished Gear
In Stock, Fast Delivery, Call Today!**

For more information call
800-391-1412 • 719-481-1350
or visit www.comser-co.com.