

A woman in profile is shown interacting with a smart display mounted on a wall. The display shows a circular interface with a waveform. The background is a blue-tinted image of a woman with a network overlay of dots and lines.

Don't let your cord be the next one cut

Why diversifying services is safer than
a broadband-only strategy

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A network diagram graphic in the top-left corner, consisting of a complex web of white lines connecting various circular nodes of different sizes and colors (white, grey, blue) on a dark blue background.

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Introduction

The trend toward companies becoming broadband-only providers poses some dangers, as these providers put their proverbial eggs in one basket. But, by diversifying services—as you build on and expand outward from your broadband backbone—you can escape the next wave of cord cutting and help ensure customers stay with you for years to come.

I. The rise of broadband-only homes and providers

Over the past decade, as more consumers cut the cord and abandon both phone and cable services, the number of broadband-only homes—i.e., homes in which the residents' only telecommunications service is internet—has been on the rise. Nielsen [tracked the percentage of broadband-only homes](#) in the United States every year from September 2014 to September 2022, and in that period saw that percentage rise from 2.5% to 33.2%.

In this regard, the broadband industry has followed consumer patterns. The trend among long-time broadband services providers (BSPs) in the past decade has been toward eliminating video service and downplaying voice so they can focus solely on internet. At the same time, electric utilities and municipalities that launch their own networks often only offer internet to their customers.

Voice service went into steep decline after the advent of cell phones and smart phones, as clearly shown in a [recent graphic from Statista](#). Sometime in 2015,

the number of adults with a cell phone and no landline surpassed the percentage of adults who still had a landline. As early as 2007, BSPs responded to the trend by offering standalone internet service.

Similarly, as making video service profitable proved more and more challenging—while video streaming services like Netflix, Hulu, and Prime Video were on the rise—BSPs began abandoning video, too. These days, it's common to read articles (like [this one](#)) about telecom providers discontinuing their video service. Given the unpopularity of voice and the challenges of video, it seems to make sense for BSPs, electric utilities, and municipalities to become (or launch as) broadband-only providers.

But that's not the whole story.

II. How the competitive landscape is changing

Unfortunately, having broadband as your sole offering can be detrimental to the long-term viability of your company. Why? National wireless providers like Verizon and T-Mobile are making aggressive plays for home internet service, boasting of 5G fixed wireless home internet with—as a recent Verizon ad puts it—“no messy wires” and “no drilling” into walls.

And consumers are noticing. In a May [PC Magazine article](#), which named the Readers' Choice winners for broadband internet, Verizon's and T-Mobile's fixed wireless home internet services were both rated higher for customer satisfaction than Frontier, Spectrum, CenturyLink, and Cox.

A [study](#) earlier this year from Leichtman Research Group, Inc. revealed that fixed wireless services accounted for 90% of new broadband subscribers in 2022, representing 3.17 million of the new 3.5 million subscribers last year. That's a huge gain for fixed wireless—more than four times the number of subscribers they added in 2021.

T-Mobile is expanding into rural markets, where the reach of their fixed wireless home internet is growing every quarter. Their target of 20% market share by 2025—in the 775 small markets they have identified—is within reach. In a [recent webinar](#), T-Mobile CEO Mike Sievert said that 40% of T-Mobile's new home internet subscribers come from rural markets.

The rise of fixed wireless presents a real threat to companies offering traditional internet service.

As the availability of 5G technology becomes more widespread—especially in underserved or unserved rural areas—the competitive risk to wired internet incumbents will multiply. If broadband internet is your only (or your primary) service offering, there could be danger ahead.

II. Services to help you diversify and keep customers

When customers have more services with you, they're stickier—they stay around longer because you're giving them more value. It's more difficult to leave you when a competitor comes calling with a compelling broadband only offer. Your company can take full advantage of that broadband connection to the home or business by offering a suite of products that rely on the broadband backbone. Here's a sampling of those products.

Streaming video services are becoming more popular, especially as consumers realize that—by giving up traditional TV service—they may have lost access to local channels. Some companies that have discontinued their video service have found they lose broadband customers as well (as many as 30% of their customers, according to [one source](#)). Established, developed services like [Live Streaming](#) enable providers to offer a streaming video option to their customers. With 75% of people who have a local video service bundling that service with internet (according to the

[2022 Rural Video and Broadband Study](#)), it's an ideal solution for BSPs, electric utilities, and municipalities that already provide internet.

Hosted voice, also known as VoIP, was once primarily a business offering but is now moving to the residential market, too. The global VoIP market has been [growing](#) for years, and providers are taking advantage of high-speed broadband lines to offer crystal-clear phone connections that rival traditional landline telephone service. Hosted voice is well-suited to home offices and telecommuting, as well as traditional business settings. It offers a suite of additional features that people count on in our modern, connected world, like find me/follow me services that can route calls to a mobile phone, and features people expect like voicemail and caller ID.

Managed IT services allow broadband providers to be embedded in companies in far deeper and more meaningful ways than merely providing internet service.

Managed IT is a powerful business-to-business offering that lets you lend your technological expertise to companies in the area. Typically, Managed IT involves setting up local networks, offering cloud services, providing a higher level of service and support, and in doing so proving yourself an indispensable part of a business' infrastructure. Managed IT may also include managed security services, which provide monitoring and protection against cybersecurity threats, viruses, and hacking. According to a [recent 451 Research report](#), 38% of companies are currently using managed security services, and many more plan to use them in the future.

Security monitoring for both homes and businesses can be offered via a broadband connection, and it's an increasingly popular service. [A LendingTree article](#) from earlier this year reported that 51% of American homeowners use a security system, with people ages 27 to 42 leading those numbers at 72%. Broadband can power state-of-the-art video surveillance that lets people check in on their homes and businesses via a smartphone, or remote automation systems that put home controls at your customers' fingertips.

At the same time, with a wired connection to your headquarters, you're able to offer 24/7 monitoring at a relatively low cost to your company. Security monitoring has the added benefit of being in line with your company's values, as it helps keep communities safer.

Managed WiFi remains a powerful opportunity for BSPs. Managed WiFi, as an add-on to internet services, allows you to monitor your customers' WiFi networks and ensure that their connections are strong and that their equipment—which you provide—is up to date. In doing so, you keep your customers loyal because they rely on you not only for their internet connection, but for the smooth WiFi they use constantly. In our [2023 Rural Video and Broadband Study](#), we found that 35% of rural broadband customers have Managed WiFi, and more than half of those customers (56%) credit it with improving their internet quality. Meanwhile, 36% of customers who don't have Managed WiFi are interested in the service.

IV. Summary

Many of the services mentioned above have been part of the telecommunications landscape for years, but as much of the industry moved toward a broadband-only focus, these services may have lost sales and marketing efforts. With the advent of powerful connections fast enough to run many applications simultaneously, broadband providers—whether traditional BSPs, electric utilities, or municipalities—can and should offer and market these services to enhance their internet product and competitive position. The addition of value to the internet pipe creates winning combinations to both improve customer experience and revenues for your organization. In combination with your company's superior customer service, these value-added features build customer loyalty while defending against the numerous competitors becoming ever more prevalent in rural markets.

As you consider how to diversify, choosing the right partner is critical. Innovative Systems is an enterprise software solution

enabling independent service providers to deliver advanced network services. Innovative Systems core products include eLation™, a market-leading Billing & Operations Support System (BSS/OSS), InnoStream Multi-Generation TV (MG-TV), a streaming video solution suite, and APMax™, a hardware and software Voice over IP platform.

If you need a partner that can help you provide a suite of services and operate more efficiently while you do it, Innovative Systems would love to talk with you.

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