

Clear Choice for Voice – Cable Telephony Moves to the Cloud

By Kevin Mitchell
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Voice remains an important part of the cable service portfolio, but the economic model needs fixing. The answer lies in the cloud.

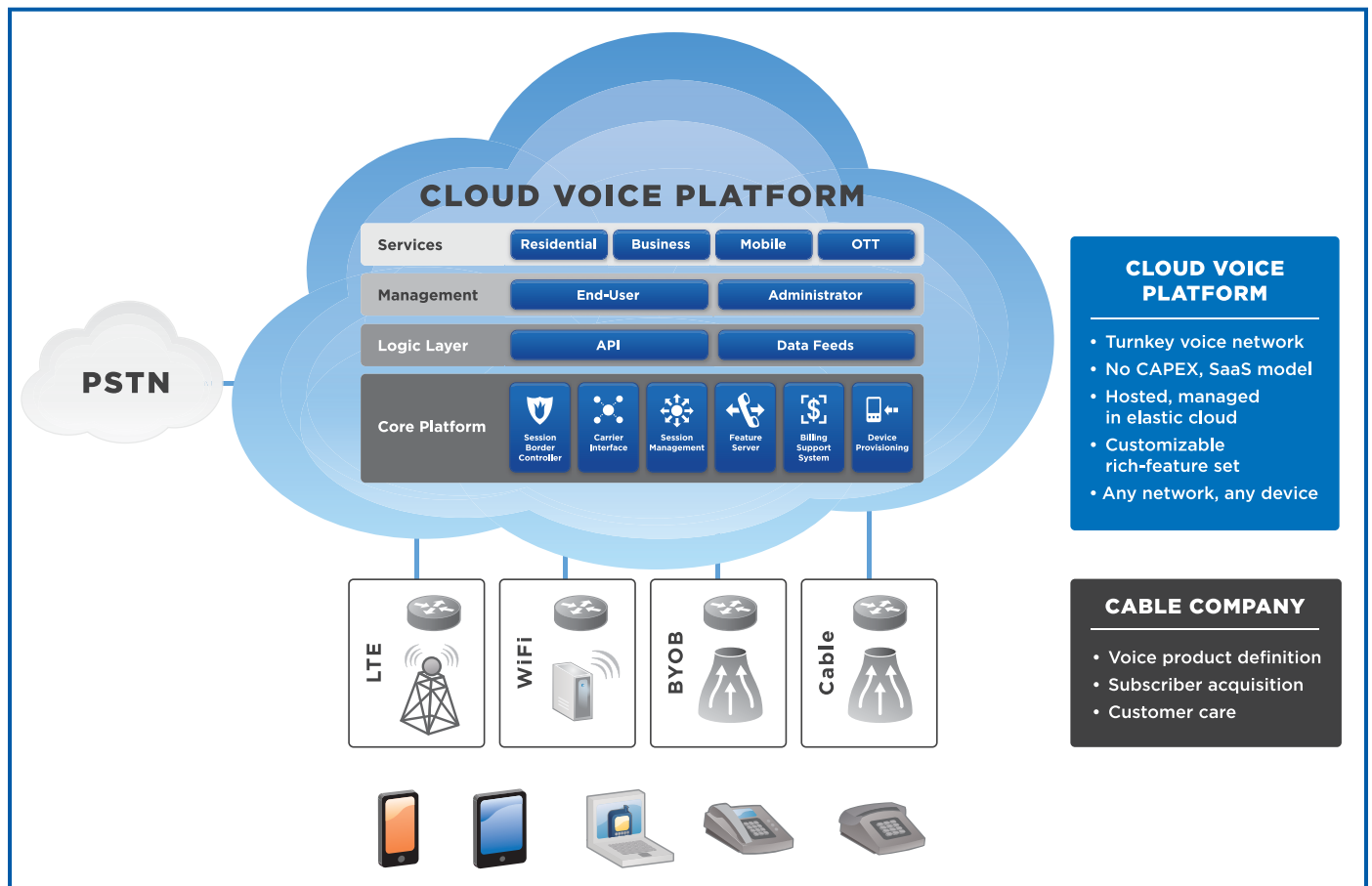
While the fixed line voice market is in

making up 70% of all subscription revenues in that year.

It's clear that to capture consumer spending cable service providers need to continue to include voice in their

voice must be in line with that reality.

One of the main challenges is that while revenue is not growing, the underlying hard and opportunity costs are. Whether the solution is in-house net-



decline, it is still a massive market, totaling nearly \$80 billion in North America last year. And residential cord cutting is slowing; Gartner projects that the residential churn is projected to be under 0.5% on an annual basis going forward. Further, service bundles have become the dominant subscription type. According to a November 2013 report from Digital TV Research, triple-play subscription revenues will dominate and grow to \$144 billion in 2018 globally,

offers. But given the challenging market dynamics—including competition and communication usage changes due to OTT options, social media and fixed-mobile substitution—that have resulted in ARPU pressure, voice needs to be delivered in the lowest cost, least risky way possible to assure profitability. Voice is becoming a check-list feature that is part of a multi-technology service bundle versus a standalone subscription service. So the cost to deliver

works or a hosted wholesale solution, the costs to build, maintain and upgrade these solutions is out of synch with today's market realities. The CAPEX and OPEX required is resulting in a questionable business case. Also, the cost and resource focus on running a voice network prevents cable providers from executing on other strategic initiatives with high impact potential.

The decision on next generation cable VoIP solutions is looming. As voice net-

works (whether in-house or outsourced), are aging and entering their second decade, parts of those solutions or the entire infrastructure will soon need to be replaced. The question is: with what?

As consumers and businesses have found, the solution lies in embracing the cloud. Not just as the type of service they deliver, but also as the service delivery method for communication services. That new service delivery option is the cloud voice platform, which is emerging as the way forward for next generation voice services.

This new solution is not building something cloud-like using vendors' latest software-centric offerings nor is it the old-school, old-iron based reseller and white label programs. Instead, it is a cloud-based wholesale solution that means all the technology is provided, managed and hosted, leaving the cable provider to manage the voice business and not the VoIP technology.

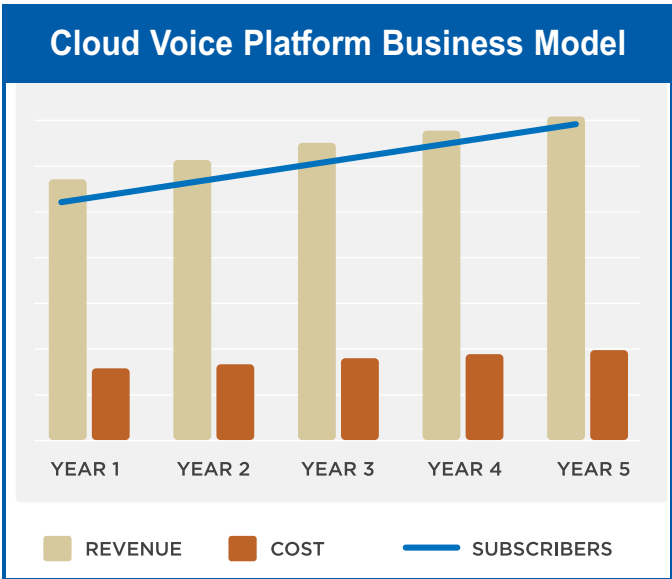
Embracing this new cloud revolution means that cable providers can take advantage of the pay-as-you-grow SaaS model, which eliminates CAPEX and significantly improves the business case for VoIP services. It means leveraging all the network function virtualization (NFV), platform as a service (PaaS) and cloud elasticity, without the significant capital investment and organizational distraction of building the next network on the latest technology. It means a rapid, easy, low-risk way to expand footprint or launch new services such as business UC, OTT and VoWiFi services. What it boils down to: reduced total cost of ownership, accelerated time to revenue and the ability to focus on growth

instead of building and managing a voice network.

While the technology is hosted, the voice business is not just "in the cloud." With extensive APIs and back office integration capabilities cloud voice platforms are an extension of how service providers manage and monetize their networks. The tools to define and package services, provision subscribers and provide customer care are part of the solution. With these APIs cable companies can also find new ways to drive out manual processes through automation, which reduces error, facilitates growth and further drives down operational costs.

The cable provider gets a success-based, zero-CAPEX SaaS model that aligns with its revenue streams. The end customer gets the same reliable, high quality and feature-rich service. The product and marketing staff at the MSO makes the voice cash cow more profitable and continues to have cutting-edge VoIP services in their portfolio. The engineering and operations groups end up with more capital expenditures and resources to fund other projects.

Market dynamics and the realities of today's aging networks mean that cable providers need to consider new options



for voice service delivery. The move to IP is not the simple answer; it's not just the latest and greatest technology that matter, but also a transformation of the business model for voice. Cloud voice platforms provide that answer with a future-proof technology solution that is easier to manage, less expensive, and more scalable than traditional infrastructure approaches. □

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Previously Kevin led service provider product and solution marketing at Acme Packet, and helped drive greater awareness and success of the company's portfolio of products and solutions. His entry into the telecommunications industry was with Infonetics Research where he served as Principal Analyst focusing on IP routers and next generation voice. Kevin obtained his bachelor degree in marketing and philosophy from Boston College. You can reach Kevin at kmitchell@alianza.com.

