

Broadband Becoming a Commodity, Social Service — What Now?

Operators Can Super-Bundle Streaming Services and Advertise Broadband on Multi-Screen IPTV to Supercharge Broadband Growth Again

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The broadband market isn't what it was just a few years ago. First, the market is now 90% saturated and flat. Second, regulatory pressures continue to mount in the form of Title II / Net Neutrality Orders, burdensome strings attached to BEAD funding, Digital Discrimination Rules, low-income broadband pricing laws, a proposed ban on bulk-billing, and more. Third, with multiple ISPs now present or emerging in virtually every market, competition is fierce and customer acquisition costs are skyrocketing. For Operators, this means low (or negative) broadband growth, decreasing pricing, increasing costs, and decreasing margins and EBITDA. In fact, in the past four consecutive quarters, Operators have lost broadband customers with Tier 1s losing 186,000 subscribers in Q1-2024 alone. These market realities have many Operators concerned that their beloved Broadband businesses are now racing toward commodity status or even worse, a social service.

But perhaps there's a perfect storm brewing in the *video* market that can help Operators brighten this lackluster broadband market forecast. Today's 400+ paid streaming services have an unsustainable business model. With high churn and skyrocketing customer acquisition costs, customers are not sticking around long enough to even break even on the \$100s or \$1000s it costs to acquire each of them. To solve this, streamers have been experimenting with price hikes, password-sharing crackdowns, lower-priced ad-tiers and major cost cuts in original programming. But results have been discouraging with the average consumer monthly spend on streaming decreasing 23%, the bulk of advertising dollars going to social media, and 25% of subscribers cancelling 3 or more services in the past two years. Prime Video, for example, lost 3% of subscribers in Q1-2024 after adopting ads and, while Netflix initially added 1 million subscribers in 2023, their viewing hours actually decreased 17% and churn has increased since last year. The best solutions, streamers are finding, are distribution agreements with

ISPs, creating a fortuitous opportunity for Operators to integrate streaming services into a new super-bundle to differentiate against their growing number of broadband-only competitors. Earlier this year, for example, Charter added Disney+ Basic to its Select package and signed a new deal to offer BET+ and Paramount+, while Comcast launched a new bundle that includes Apple TV+, Netflix, and Peacock.

In fact, in this new age of broadband, the *primary* role of super-bundled multi-screen video services must be to protect and grow *broadband* market share. To do so successfully, the Operator's IPTV solution partner must deliver features and business models that align to this new reality, such as easy access and search of linear TV, DVR and VOD content, as well as hundreds of streaming sources including Netflix, Disney+, Prime Video and YouTube, initially leveraging consumers' own streaming subscriptions. Further, enabling multiscreen advertising and promotion of Operator *broadband* services and branding within the Operator's own IPTV app is essential in a saturated and highly competitive broadband market for minimizing customer acquisition costs, reducing churn, and protecting and growing broadband market share and EBITDA. ■



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Figure 1: Streaming Services Curated in Operator Multiscreen IPTV App



Figure 2: Broadband Internet Service Advertised on Every UI Screen of Provider IP Video App



myCatapuTVe® App-based IP Video Solution screenshot courtesy of Adara Technologies Inc.