Residential Managed Wi-Fi from Tier 2–3 Cable Operators

Executive Insights

BROADBAND SUCCESS PARTNERS

Sponsored by

Calix

13 November 2020

Residential Managed Wi-Fi
from Tier 2-3 Cable Operators

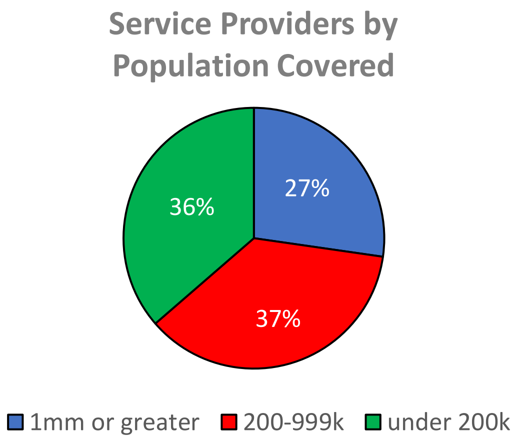
Introduction

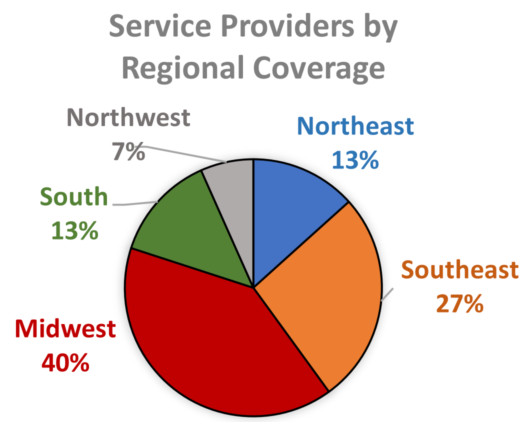
"Wi-Fi is the Internet. The Internet is Wi-Fi." So said one of the cable executives we recently interviewed. This captures how consumers view their in-home experience. It's this perception that shapes the consumer-operator relationship: the customer satisfaction level, the inbound call frequency, etc. Given this reality, operators strive to deliver the best possible Wi-Fi experience for their customers. They don't it alone. They work closely with hardware and software vendors – often one in same.

Regarding residential managed Wi-Fi service from cable operators, the focus is often on the Tier 1 MSOs – namely Comcast, Charter, Cox and Altice. It's equally important to understand the strategies and tactics of the Tier 2-3 operators. Where are they in the solution life cycle? Which benefits are most valuable to them and their customers? With whom are they partnering to deliver this solution and why?

Research Methodology

We interviewed executives at eleven Tier 2-3 service providers during Q4 2020. As shown below, diverse perspectives in terms of operator size and geography were captured. Those with population coverage of 1mm or greater, identified as "large mid-sized operators" in this report are ranked between #6 and #15 among U.S. residential cable internet providers according to BroadbandNow. Those in the 200k to 999k coverage segment, named as "small mid-sized operators," rank between #16 and #35. Those with population coverage below 200k and ranked below #35 are labeled as "small operators."



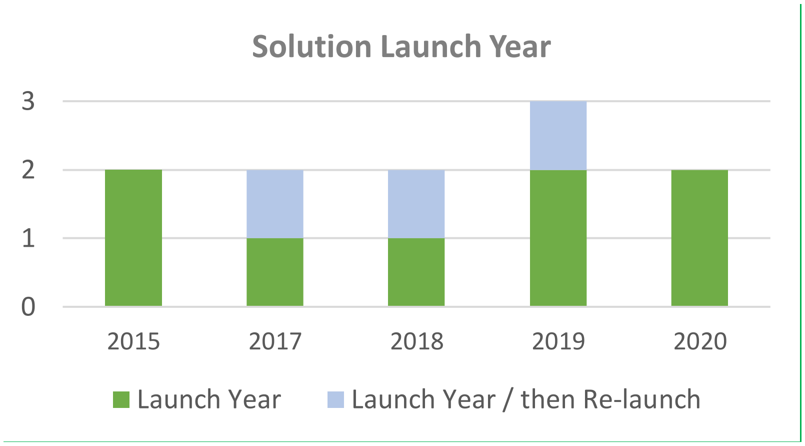


Residential Managed Wi- Fi Defined

To level-set, we started each interview with this definition: Residential Managed Wi-Fi is a remote maintenance and support model for home Wi-Fi networks. Managed Wi-Fi for the home allows consumers and their service providers to remotely troubleshoot and improve network performance, utilizing cloud-based monitoring and administrative tools.

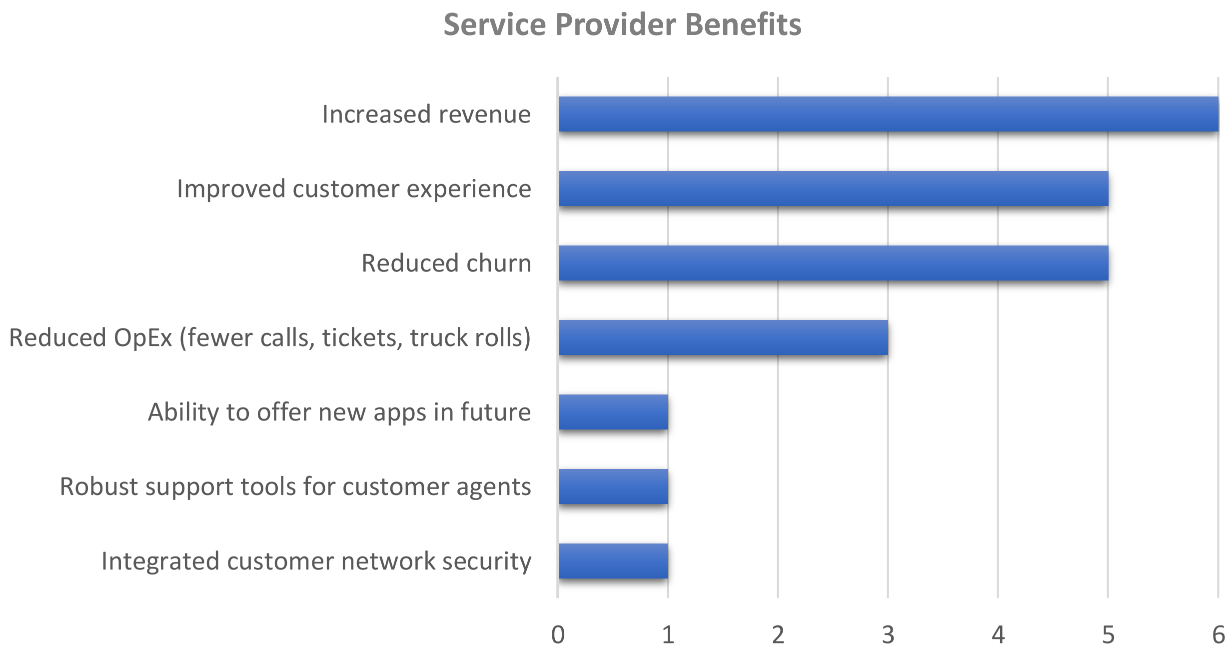
Introduction of Residential Managed Wi-Fi

Ten of the eleven service providers we interviewed have already launched their Residential Managed Wi-Fi Solution and one provider will do so by year end. Two operators introduced their solution five years ago while five operators did so last year or this year. Dissatisfied with their initial vendor partner, three operators replaced their original solution or will do shortly. Two of these three operators are amongst the smallest we interviewed.



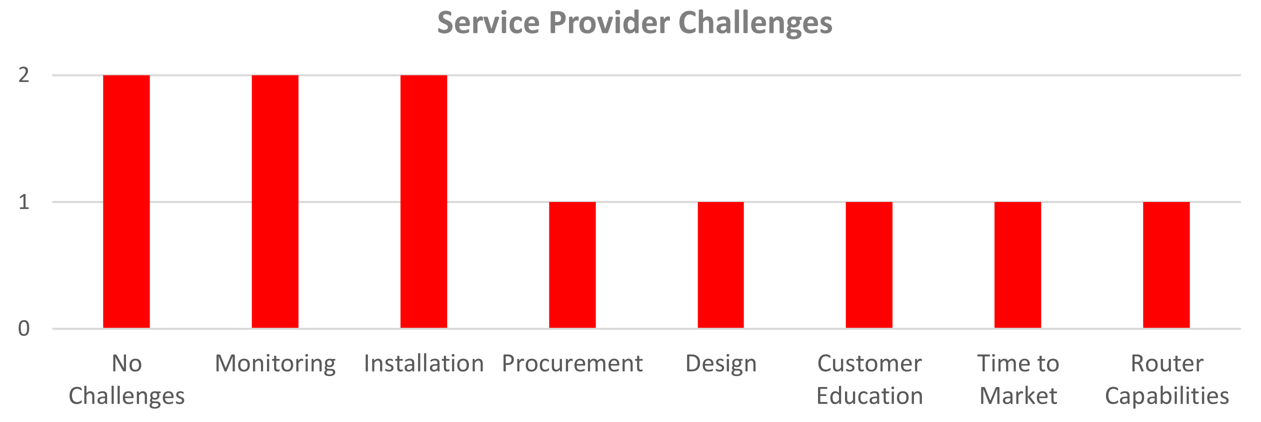
Service Provider Benefits

When asked about the benefits they've realized by offering a residential managed Wi-Fi solution, the executives cited Improved Increased Revenue, Improved Customer Experience, and Reduced Churn as the most important. Reduced Churn due to this solution is particularly valued by small mid-sized operators – chosen by 75%. Interviewees were asked to select two benefits.



Service Provider Challenges

As you can see here, a variety of challenges have stood in the way of most of the operators fully realizing these benefits. Though, two indicated that they haven't experienced any challenges.



The monitoring challenge was described in several ways. For example, the Wi-Fi vendor with its own systems is not integrated with the operator's HSD monitoring system. One executive from a small mid-sized operator said he would like to receive a quality-of-service score in order to proactively help customers. This would be helpful in situations such as when the quality of a customer's service degrades due to a neighbor getting service or when customers move pods after initially installed by a technician.

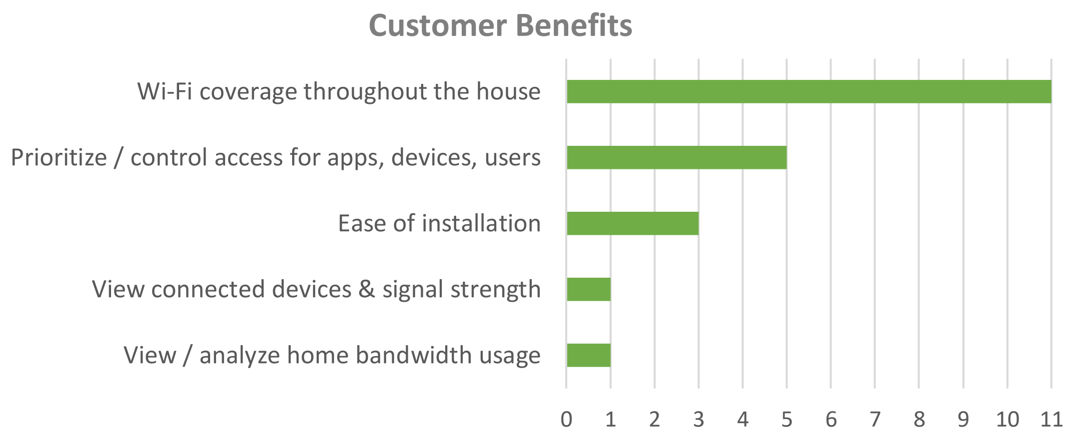
Installation issues differ depending upon using a self-install or technician-enabled approach. For the former, there are coverage risks if the customers places pods incorrectly. One executive was especially vocal in his self-install displeasure viewing it as a "big waste of resources." That same executive now takes a "concierge approach" by having technicians fully walk each home to place pods properly and explain the portal. But reliance on technicians isn't without installation challenges – particularly during a pandemic. The installation model preference doesn't vary by provider size with a mix in each segment.

In terms of Customer Education, one small mid-sized operator branded their solution "Wall-to-Wall Wi-Fi" - creating an unrealistic expectation undermined by spotty performance in some areas of homes. This resulted in both reactive and proactive customer education. One small operator executive cited Time to Market because of issues around operationalizing the product set and training.

As for Router Capabilities challenge, this is because it's standalone hardware with Airties plugged in – driving up the cost per customer by as much as $100. This comment comes from one of the small operators planning to relaunch their solution with another vendor partner.

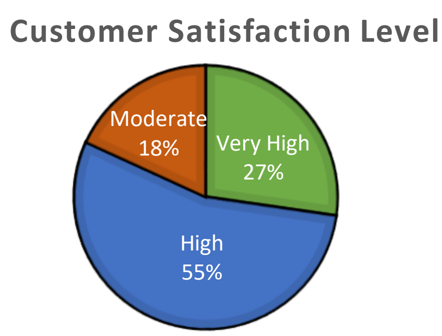
Customer Benefits

Next we asked **"**Which of these features are most important to your customers? Not surprisingly, every executive said "Wi-Fi Coverage Throughout The House" is important. Almost half noted that their customers value having the Ability to Prioritize and Control Access for Specific Applications, Devices and Users. One small operator who serves the Bible Belt noted that their customers especially value having parental controls. Interviewees were asked to select two benefits.



Level of Customer Satisfaction & Improvement Actions

As you see in the chart below, over 80% of those interviewed view their customers' satisfaction with their solution as either high or very high. The two executives who gave it a moderate grade say they will be re-launching their solution with another vendor soon. The satisfaction level is mixed within each of the three size segments.



The reasons given for very high / high ratings along with a few improvement areas are:

- In-home coverage is high. We generously place beacons when walking the entire house.
- Our managed Wi-Fi solution (over a separate device) provides a better customer experience
- It's a plug & play solution
- Customer application is evolved
- No customer complaints. But it isn't easy to install and lacks management control features.
- Customers don't disconnect. However it's still not easy enough to install according to our techs.
- Customers are reporting satisfaction. Yet, we can do a better job of explaining app features.

While most of these ratings are based on anecdotal evidence, two operators measure solution-specific customer satisfaction. One small mid-sized operator surveys customers at the 7-day, 30-day and 90-day mark following installation. A mid-sized operator indicated that they capture solution-specific NPSs. Another executive said they will start to measure the managed Wi-Fi customer experience in 2021.

Even though customers are generally very satisfied, there's still room for improvement. Here are the steps cited by some of the executives:

- Design and implement smarter self-healing networks; currently researching advanced options.
- Integrate monitoring which would drive quicker resolution (e.g. single screen for CSRs).
- Improve the installation experience (in conjunction with CableLabs).
- Introduce a customer application (coming from the vendor).

Other Issues

Several executives opined about a one-box versus a two-box solution. According to an executive at one small mid-sized operator, his experience with one vendor "revealed the flaw of a single-box solution. Wi-Fi specs change rapidly while those for a basic modem do not." The preference for a two-box solution, particularly in the PON world, was voiced by others. For example, another executive did not like embedded Wi-Fi on PON tech - requiring reliance on an element managing system. "There's a risk of the modem getting hot and interfering with the Wi-Fi chip set."

Another vendor-related issue which surfaced is the view that several suppliers offer excellent hardware which others have the best software. As such, some service providers have lobbied for vendor partnerships to deliver optimized solutions. This trend evolves further with Wi-Fi 6. As one executive at a large mid-sized operator stated "the hardware purchased and used could be independent of the software. By decoupling, you can put better software in boxes and not rely on the less desirable all-in-one offerings." Another executive also touted the expected advantages: "With Wi-Fi 6 and AX next year, we can improve the customer experience even more."

Key Take-Aways

1. Ten of the eleven operators have already launched their Residential Managed Wi-Fi Solution and one provider will do so by year end. Three have re-launched their offering with another vendor or plan to do so shortly.

2. Majority cited "Increased Revenue," "Improved Customer Experience," and "Reduced Churn" as the most important provider benefits of a residential managed Wi-Fi solution.

3. Primary challenge of delivering a residential managed Wi-Fi solution varied from one operator to the next – with "Monitoring" and "Installation" each chosen by two operators.

4. "Wi-Fi Coverage Throughout The House" and the "Ability to Prioritize and Control Access for Applications, Devices and Users" are viewed as the two most important customer benefits.

5. Over 80% view their customers' satisfaction with the solution as either high or very high.