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WHAT THE INDUSTRY READS FIRST

## Fiber Forward: Operators Grapple with Supply, Labor Issues and More

The **Fiber Broadband Association's** Fiber Connect conference kicked off this week, with a lively exhibit floor (we hear vendors had to be turned away) and a full slate of sessions and networking as operators embark on a historical amount of fiber projects fueled in part by government funding.

There's a lot to work through as fiber upgrades ramp up. Supply chain shortages are the norm, impacting everything from bucket trucks to underground plant vaults.

"We planned ahead and have like a year's worth of fiber sitting in warehouses or on order, but construction trucks have especially been very hard to come by," **MCTV** President *Katherine Gessner* said during a **Cablefax** pre-conference session produced in conjunction with **ACA Connects**. "We had a vendor of some type of plastic enclosure—I'm not exactly sure which one—but the vendor said your rates are going to double for these things. So, we found somebody to design our own. We have to get a little creative at times to make sure we can keep that supply chain moving."

At one point, **Cable One** had trouble completing locates—those painted markings on the ground indicating the locations of underground utilities. "The reason we couldn't get locates done wasn't because of a direct COVID issue, but it was because they couldn't make the cans that the paint went into fast enough to meet the demand. It hits us in surprising ways," said *Ken Johnson*, Cable One SVP of Technology Services. "The other thing

that we found is volume or size matters. Somebody's always bigger. We're getting called and told, 'Sorry, **AT&T** and **Verizon** wants your **Juniper** routers, it's going to be 18 months now for you to get yours.' And we ordered them a year ago."

There's another shortage on most operators' minds these days: labor. It's not just manpower, but also know-how. "We have installers of cable plant. They know a little bit about fiber. But we have to get them trained over from cable to fiber, and through **SCTE** or **NCTI** and a couple of different training programs, we're looking at getting them trained in advance of a problem," said *Chad Lawson*, Broadband Operations Manager for **Murray Electric System** of Kentucky.

It's not just getting folks up to speed on fiber though. "One of the things that's different now that was unexpected for us is that our HFC expertise is aging out," said *Johnson*. "Those guys are leaving and getting new workers to replace them is harder. People want to do fiber. But when you talk to them about traditional cable plant, they're like nah, that's boring, that's not exciting, that's yesterday."

**SCTE** CTO *Chris Bastian* said he's hearing these sorts of concerns from telecom companies everywhere, including outside North America. "There was a conference last month in Germany, and it's across Europe and Asia as well. There's a huge challenge ahead of us. We're hearing estimates just for the U.S. of the need over the next three years for between 400,000 to 800,000 new employees to come into the industry to fulfill all this construction that's taking place," he said.

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“There’s a lot of discussion within the industry over how are we going to recruit and train the new employees. But then also, how do you retain and retrain the existing employees.”

On Monday, the Fiber Broadband Association announced it would be expanding its Optical Telecom Installation Certification Path program across North America following a successful pilot course that launched in March. FBA is expanding the program across 25 states that have expressed interest and working with high schools, trade schools, colleges, the U.S. Department of Labor, state workforce development programs and veterans’ programs. The association sold out its first OpTIC Path “Train the Trainer” course at Fiber Connect 2022, with participation from colleges, contractors, telcos and electric co-ops.

All of this raises another important question: if you build it, will they come? Some operators are completely replacing their HFC network with FTTH—but do consumers care? “Our biggest challenge is going to be to get the customer to switch over. If they’re perfectly happy with HFC plant, why do something different? We’re going to price it the same to make that easier, but I can imagine there will be several times we’ll go to the neighborhood to kill HFC plant and people will not follow through with whatever steps and they’ll be in the dark and will call and complain,” said Lawson, with Murray Electric planning to abandon its HFC plant to avoid paying rent on both.

MCTV has essentially overbuilt itself with FTTH, but it’s going slow on switching customers over. One issue is that a lot of customers have equipment in their homes that isn’t going to work on IPTV. “In some areas, we’re continuing to use the HFC plant for TV. Customers might end up with two drops to the home. They have fiber for internet and coax for TV,” Gessner said.

#### USING FIBER TO SUPPORT HFC NETWORKS

Providers exist that want to abandon their HFC plant when they move to fiber-to-the-home services, but just as many exist that are trying to extend the life of that plant while considering where and when to install fiber. A Fiber Connect panel Monday made it clear that even if you don’t plan on making those changes to your network makeup tomorrow, the time to develop a plan is now. “Many operators want to look at maybe just the technical or just the financial. You’re setting yourself up for complete analysis paralysis, if that’s the way you’re going into it,” **CCI Systems** VP, Business Development *Todd Gingrass* said. “You have to look at all these different pieces and you have to have all the input from all parts of your staff.” The panel also stressed the importance of an incremental approach to your plans for the HFC plant and fiber builds. There is still a lot of life left in the HFC plant of many operators, and there may be places where fiber-to-the-premises isn’t needed. “Maybe this year, we go fiber deep with fiber closer, increasing

the reliability of the network. Then after fiber deep, we can start looking at doing some remote PHY, and now we’ve got fiber really close to the customer,” **SCTE** Executive Director, Education and L&D Sales *Steve Harris* said. “Keep your options open and really understand the customer because you might be solving for something that’s just not there.” *Nathan Weber*, VP of Engineering for **Vantage Point Solutions**, an engineering and consulting firm, added that it is important to consider how large the fiber is that you’re putting deep into your network. When you think about the long-term implications, he said it is important to think about supporting your HFC network now while also sizing the fiber build appropriately for an eventual full fiber transition.

#### MOFFETT NATHANSON COVERING STARRY

**MoffettNathanson** initiated coverage of **Starry** Monday with a “Buy” rating and a target price of \$11. In a note, the firm noted that Starry’s technology works as advertised and the business is structured in such a way that should allow it to be profitable even if penetration levels within its markets remain low. But it is running out of capital following its acquisition by **FirstMark Horizon Acquisition Corp.** The good news is that investment in broadband companies is at a peak, but a network that can provide returns on that investment isn’t built overnight. “At the time of this writing, the market’s enthusiasm for competitive network builders is as fevered as it has been at any time since the late 1990s. Once again, most of those are wired. But there are networks of all stripes that investors are falling over themselves to fund,” *MoffettNathanson* wrote. “After a deep dive into their business plans and prospects, one is reminded just how patient one must be when investing in network businesses.”

#### FIBER CONNECT NOTEBOOK

**Fiber Connect** opened with a lot of talk about the opportunity and potential potholes for the billions in federal dollars being distributed over the coming years for broadband distribution, affordability and accessibility. The goal is to connect the entire country, but much of that relies on the accuracy of the unserved and served locations listed on **FCC’s** revamped broadband availability maps to debut this fall. At a Monday panel, **CostQuest Associations** President/CEO *Jim Stegeman* said his team is wrapping up the first version of the national location fabric that the FCC will overlay with location data from providers to create the first draft of the revamped maps. “I suspect the fabric that’s being developed is going to be a surprise to a lot of folks in identifying the number of unserved and underserved locations that are in urban and suburban areas,” **USDA** Undersecretary for Rural Development *Xochitl Torres Small* said. “That’s going to be one of the challenges, figuring out a way to stretch the money to make

sure that we are touching all of these locations and not just the rural ones, which of course also needs attention.” – Fiber Connect marked the first appearance on the conference scene for **ACA Connects** incoming CEO *Grant Spellmeyer*. He moderated a panel featuring ACA Connects SVP, Government Affairs *Ross Lieberman*, outgoing ACA Connects CEO *Matt Polka* and **Kelly, Drye & Warren** partner *Tom Cohen*. Cohen posited that while there are low-income households that are struggling to afford broadband, the price of a broadband connection has been consistently declining for years. He sees adoption as a larger issue that requires additional focus, and Spellmeyer believes there are some in the White House that are using the guise of affordability in the BEAD program to move policy closer to rate regulation than it has ever been before. The BEAD program requires subgrantees to offer high speed tiers at a low cost to all middle-class households that may not benefit from the Affordable Connectivity Program or other subsidies.

#### DISCOVERY, COMEDY CENTRAL TOP BETA SURVEY

**Discovery Channel** and **Comedy Central** rank among the top major basic cable nets with high interest among non-subscribers to pay TV, according to **Beta Research**. Beta surveyed 1,390 multichannel subscribers and a sub-sample of 610 non-subscribers to cable TV (including cordcutters), with respondents ranking their interest in networks on a scale of 1 to 5 where “5” means “very interested” and “1” means “not at all interested.” Some 37% of respondents said they were highly interested in Discovery and Comedy Central. Non-subscribers who are heavy streamers ranked **FX** (43%), Discovery and Comedy Central as the nets they are most interested in. Female non-subscribers listed **Food Network** (37%), **Lifetime** (37%) and **Disney Channel** (37%) as the networks they were most interested in, while male non-subs gave top marks to Discovery (41%) and **History** (41%).

#### CREATIVITY REIGNS WHEN MARKETING FIBER

Operators are rushing to deploy faster speed tiers with qualities like low latency, and some are choosing fiber as the delivery method. But when they introduce those products to the market, more and more of them are choosing to do it under a new name. **Frankfort Plant Board**, a municipal utility, launched its fiber product earlier this year and introduced it as NEXTBAND, powered by FPB. “When you’ve got something new that you’re offering, you don’t want to say this is the same, it’s just more speeds,” Frankfort Plant Board Director, Marketing & Communications *Cathy Lindsey* said during a pre-conference session Sunday. “You really want to focus on the new shiny thing that everybody wants because that’s how you’re going to sell it. That’s how you build anticipation and people really get excited.” **Blue Ridge Communications** is also differentiating its fiber product with a new name, Symmetry Fiber. It announced plans to build the FTTH network in September and wanted to capitalize on the benefits of fiber, including the symmetrical speeds it offers, in its messaging to new and existing customers. But that’s not the right

fit for every operator, especially those that are in a state of internal change. “Some of our larger members are acquiring other companies, so they have marketing issues or problems within... they’re looking at a way to consolidate and have one unified message within,” **ACA Connects** EVP/COO *John Higginbotham* said. Blue Ridge still hasn’t broken ground on the project. That should happen any day now, but issues remain thanks to supply chain and labor shortages. “We were doing a line extension in one of our areas and the contractors that we had were there for a week. The following week, they just left because another cable operator offered them more money,” Blue Ridge Director, Government and Public Affairs *Joe Lorah* said. While the logistical problems are being worked out, Lindsey and Lorah are continuing their efforts to build goodwill in the communities they serve. Blue Ridge, for example, runs local channels that offer news, sports and event coverage. They’re expensive to run, but get surprisingly high levels of viewership. FPB also operates a TV studio and Frankfort residents view it as a way to connect with local officials and other members of their community. “We cover all the live sports for our local high schools and they get that from the Frankfort Plant Board. People appreciate that,” Lindsey said. “It’s making more of a presence in the community.”

#### PROGRAMMING

**Hallmark Channel** greenlit “Ride,” a rodeo-themed family drama set to debut in primetime next year. – **HBO Max** renewed *Rose Matafeo* comedy “Starstruck” for a third season. – “The Record with Greta Van Susteren” will debut on **Newsmax** Tuesday at 6pm ET.

#### DOING GOOD

**DirectTV** is celebrating its 28th birthday this week with employee volunteer event “We Care.” Hundreds of employees will volunteer in their cities and towns throughout the week, culminating on DirectTV’s actual birthday, Friday, June 17. Volunteer activities include engaging with local Ronald McDonald House Charities Chapters in 10 markets, serving meals, refreshing playrooms and creating care packages for families staying at the house while children receive care. – **NAB** is doubling down on its support of Ukraine, launching a campaign highlighting the children impacted by the war. Running from June 20-July 4, the association is encouraging broadcast radio and television stations to air English- and Spanish-language PSAs encouraging viewers to donate to UNICEF relief efforts. All proceeds will support UNICEF’s emergency response and humanitarian work in Ukraine and neighboring countries.

#### PEOPLE

**Disney Branded Television** promoted *Meredith Roberts* to EVP, TV Animation, Disney Branded Television. Roberts was most recently SVP/GM of Television Animation, Disney Branded Television. Previously, she was Disneytoon Studios GM. – **Netflix** appointed *Ken Barker* as its Principal Accounting Officer, effective June 27. Barker joins from **Electronic Arts**, where he most recently was SVP, Finance. He’ll split accounting duties with CFO *Spencer Neumann*.