


Enabling 2-Way Services For Rural Subscribers



How using wireless technology to provide 2-Way services, such as High Speed Internet, can help retain subscribers in rural areas while increasing the value of your system

.....

Enabling 2-Way Services For Rural Subscribers

How using wireless technology to provide 2-Way services, such as High Speed Internet, can help retain subscribers in rural areas while increasing the value of your systems

The Target Market - Rural Subscriber loss continues to grow

DBS. C-Band. Even telcos are now competitors to cable companies. Now these competitors are moving out of the urban areas and into the rural municipalities forcing cable companies to deal with a new reality.

The reality is cable companies must provide matching functionality such as digital television and Internet access in order to compete. Subscribers are turning to alternative technologies at an alarming pace.

While satellite companies incur little noticeable additional cost in providing this functionality, cable operators face the daunting prospect of running expensive fibre optic cable to rural areas. The cost of such projects is understandably a concern, yet with the ever-increasing loss of subscribers; (Figure 1.1) can cable companies afford to wait?

According to the latest data, 22.6% of all multi-channel video subscribers now obtain this programming from a source other than their local cable company.¹

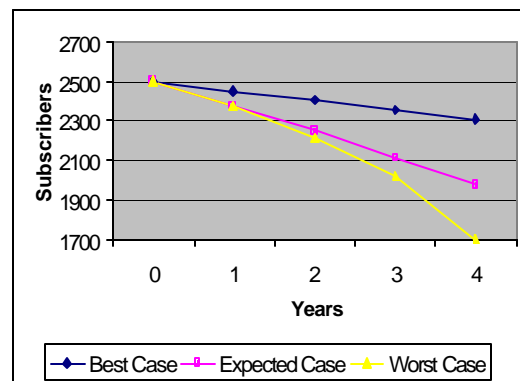


Figure 1.1

This chart illustrates the urgency to protect against rural subscriber loss

Based on an average subscriber loss of 5% per year

¹ NCTA Cable & Telecommunications Industry Overview 2001

Market Characteristics – Competing For High Value Subscribers

As cable operators experience a shrinking subscriber base they also experience a loss of revenue. However, more importantly, the subscribers they lose are moving towards service providers that offer increased functionality. Simply put, these subscribers **are willing to spend their disposable income** for new services. Services that until recently, traditional cable companies have been unable to provide.

The loss of subscribers is a major blow to the revenue stream of cable companies, as these subscribers typically represent the highest spending demographic. It is these same

subscribers, who are willing to spend money on extra services such as digital cable and high speed internet access, that are the most desired customers.

Why is it these same subscribers are the ones most local cable companies are losing? It is because subscribers want more services and are willing to go elsewhere to get them. As more and more services become available from features such as digital television and the Internet, more and more subscribers will demand these services. It is these customers that will generate the majority of the revenue and profits for cable companies over the next 5 - 10 years.

Infrastructure Evaluation - Are Current Technologies Adequate?

One-way wireless transmission systems have been used throughout the cable industry for many years. Primarily as a centralized access for satellite feeds, microwave is also used to broadcast the cable signal from centralized urban plants to smaller rural plants.

The problem one-way cable companies now face is competing with the services a 2-Way service provider has to offer. Can a cable company compete against emerging 2-Way service providers using a traditional one-way link?

The answer, quite simply is no. Bandwidth use will increase; not decrease and user interaction will increase with it. High speed Internet access and emerging interactive television technologies are expected to dominate the next decade.

The only real question is. "Who will provide your customers with 2-Way interactive services?"

You? ... or your Competitors?

The Solution - Becoming a 2-Way Service Provider

You can provide 2-Way services quickly, economically and reliably. This not only allows you to compete with other 2-Way service providers, it allows you to bring your customers into the next generation of value added services. Providing high speed Internet access and digital cable services will lead to customer loyalty resulting in increased revenues.

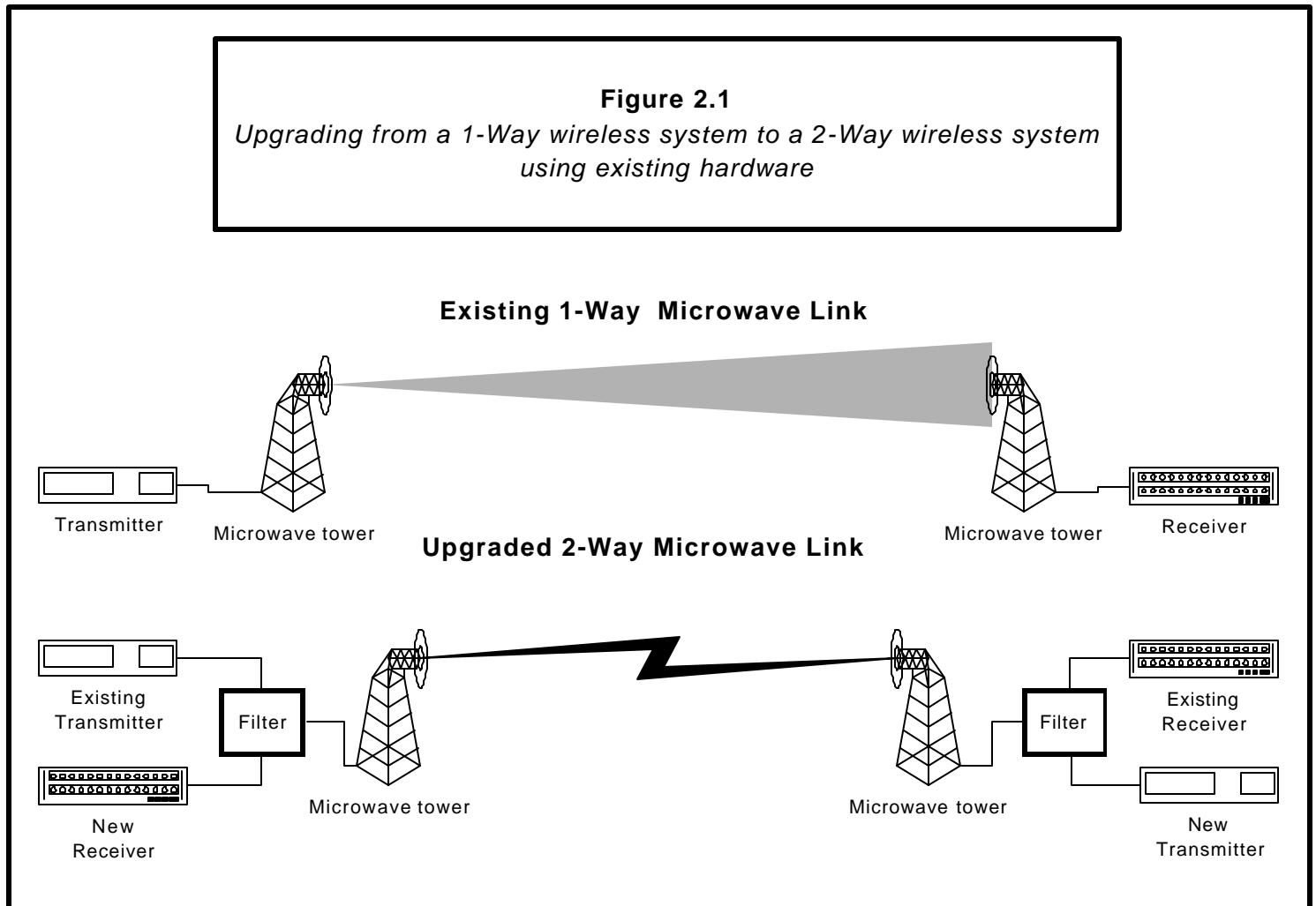
Becoming a 2-Way service provider does not have to be an expensive proposition, particularly if a microwave link is already in operation between your central head-end site and a remote site. By adding a simple filter network, and another transmitter or receiver to each end of the link (Figure 2.1), you can upgrade the services you now offer your

subscribers. This upgrade can be done at a fraction of the costs of installing fibre optics. Even if a microwave link is not in place, the cost of implementing a 2-Way microwave solution can be 30% (or less) of the cost of a fibre optics based solution.

Converting your cable service from one-way to 2-Way using wireless technology is not only cost effective, but timely. A 2-Way microwave link can be established in a matter of weeks, compared to the many months required to lay down fibre optic cable. This allows cable companies to compete with alternative technologies by offering 2-Way services immediately.

Figure 2.1

Upgrading from a 1-Way wireless system to a 2-Way wireless system using existing hardware



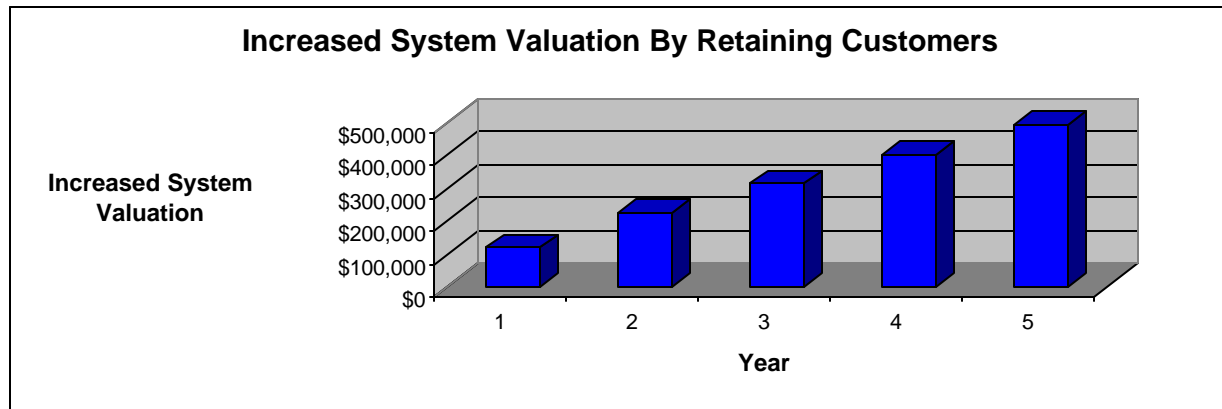
Conclusion – 2-Way Service Equals Increased Revenues and Higher System Valuation

By converting to a 2-Way solution, a cable company can increase the options available to their local subscribers. This will result in higher value customers, increased revenues, profits and system valuation.

By far the greatest advantage of converting to a 2-Way solution is the retention of existing subscribers. By providing the latest technologies to its customers, the local cable company can reduce the pressure that DBS has exerted on the target market. In short, **by converting to a 2-Way solution cable companies can offer more functionality versus their competition** thereby retaining existing subscribers and enrolling new customers. This expansion of subscribers then leads to

increased system valuation. (Figure 3.1) Evolving to a 2-Way service provider not only allows cable companies to react to the current threat from alternative service providers, but also represents a proactive approach to competing with telephone companies in the high speed Internet marketplace.

Using wireless technology to deliver the 2-Way solution to outlying remote sites is the most cost effective and time effective approach. With a 100% return-on-investment measured in months instead of years and the ability to exceed the offerings of competitors, it isn't a matter of 'how do we compete?' but rather 'how soon?'



*Assumes: 2000 Subscribers – Internet Penetration of 5% for the first year, rising to 21% in year 5
*Value of \$1300 per sub without 2-Way services and \$3000 after 2 way services

Emerging Technologies – A Look To The Future

No industry exists in a vacuum. The leaps in technology within the communications and multimedia delivery industry have been especially drastic and will continue to be so. As more advances are made in the areas of interactive television and Internet functionality, 2-Way services will become the standard.

The ability to order a movie 'on-demand' from your cable company or the functionality of a video-phone conversation over the Internet will be what drives subscribers over the next decade. These advances will happen. Companies that continue to develop their systems and their subscriber base with an eye to the future will be the companies that thrive and succeed.

Partner with AML Wireless Networks

AML Wireless Networks has a tool that can show cable companies how the investments they make today increase the value of their systems. By simply asking a few questions relating to subscribers and system size, AML Wireless Networks can show you the

benefits your company can expect by providing a 2-Way service for your subscribers. Simply contact AML Wireless at 1 800 663 7902 or visit us on the web at www.amlwireless.com/2way.

AML Wireless Networks

AML Wireless Networks, Inc. is a leading designer, manufacturer, and supplier of custom wireless broadband solutions to Cable Operators, TV Broadcasters, Governments and Universities. Since 1969 AML Wireless has been a world-leading supplier of these types of systems with applications in CATV, SMATV, MMDS, security, traffic control, education and remote court arraignment.

For over 30 years our products have served more than 60,000,000 subscribers worldwide with reliable, high quality signals. AML Wireless' product quality, reliability, ease of installation and a strong commitment to after sales support are industry trademarks.

As an innovator in the design and manufacture of wireless transmission systems, our technology continues to set the standard for wireless applications to meet the ever-changing needs of multimedia services providers. Our product family includes a complete line of analog and digital indoor and outdoor equipment with 2-Way capabilities. Multiple frequency plans are available for both point to point and point to multi-point applications.



Telephone Toll Free 1 800 663 7902
Email info@amlwireless.com
Visit us on the web at www.amlwireless.com