



NEW PARADIGM RESOURCES

NEW PARADIGM RESOURCES GROUP'S *CABLE BROADBAND & TELEPHONY REPORT*™ GIVES TRIPLE-PLAY EDGE TO CABLE COS.

New Video Features and VoIP Give Cable Industry Competitive Advantage, But Cable MSOs Must Expand Business Networks and Pin Down Wireless Strategy

CHICAGO, AUGUST 1, 2006 – As satellite TV providers make new inroads into the broadcast arena and telephone companies prepare to unleash triple play initiatives spearheaded by telco TV, traditional cable TV might appear to be a market under siege. But a report just issued by New Paradigm Resources Group shows the opposite may be true – today Cable MSOs have a much stronger core business than their competitors and are preparing this platform to launch a hit parade of video, voice and data offerings that will push upstart media barons down the charts in the years ahead.

NPRG's new *Cable Broadband & Telephony Report*™ - 2nd Edition reveals that cable MSOs are growing on all three fronts of triple play – video, voice and Internet access – creating a triple whammy for competitors in the telco and satellite TV arenas. Cable players are successfully defending their core TV business from satellite TV competitors, which have less diverse offerings. While telephone companies struggle to launch TV services that match what cable TV can offer, cable MSOs are raiding the telcos' core markets and winning customers with VoIP and cable modem services that equal telco voice and surpass DSL.

“Cable TV providers could well leverage today's commanding position in the marketplace into a nearly unassailable one if they stay on their current course,” said Terrence Barnich, President of NPRG. “Cable MSOs will make double-digit revenue gains in the voice and Internet arenas, and though growth in the core market will slow by the end of the decade, cable providers can maintain a solid lead over competitors by continuing to offer new features such as Video on Demand, Digital Video Recorders and interactive programming guides.”

The NPRG report finds two weaknesses in the cable sector: failure to penetrate the business marketplace or to adopt wireless strategies that position them to offer quadruple play services.

Craig Clausen, NPRG Senior Vice President and Chief Operating Officer, commented, “While cable MSOs have the most robust networks in residential neighborhoods, they have not made significant gains in the business arena, or made a serious play in wireless for either residential or business customers. The cable industry needs to extend its reach into the corporate arena, where it will find willing customers in search of innovative alternatives. Of equal importance, as the world goes wireless, cable providers must consider partnerships or acquisitions that give them a quadruple play option.”

Among the key findings of NPRG's *Cable Broadband & Telephony Report™ - 2nd Edition*:

- Cable Market Growth Will Set the Pace in Communications. Overall cable industry revenue will grow nearly 30 percent in five years, from \$61.1 billion in 2005 to \$79.3 billion in 2009.
- Cable Revenue Growth. Cable TV revenue growth will remain a solid core business, growing from an expected \$38.4 billion in 2005 to \$44.8 billion in 2008. In 2009, cable TV revenue will feel the first serious impact of competition from IPTV, declining slightly to \$42.6 billion. However, this attrition in the core cable TV market will be more than offset by gains in cable companies' cable modem and VoIP revenue.
- Cable Modem Growth. Cable modems should continue to keep pace with and exceed the capabilities of DSL, fueling a near doubling of growth from \$11.4 billion in 2005 to \$20.2 billion in 2009. Telcos' fiber to the home, the only potentially superior technology, will remain expensive and slow to deploy, and will not necessarily provide any competitive advantage over cable modems in meeting customers' high-speed data needs.
- Telephony Revenue. Although it is the smallest component of overall cable industry revenue, telephony will continue to make an important contribution, more than doubling from \$2.6 billion in 2005 to \$5.9 billion in 2009.

“In the last 10 years the cable industry has successfully transformed itself from a staid monopoly into a market leader that is already delivering on the vision of triple play, but they cannot afford to let success make them complacent,” said Richard G. Tomlinson, Executive Vice President at NPRG. “By fortifying their business district networks and adding wireless to their service bundles, cable providers could continue to enjoy the upper hand going into the next decade.”

The *Cable Broadband & Telephony Report™ - 2nd Edition* is available from NPRG for \$4,250 (additional copies are \$2,100). Site Licenses are also available. Order your hardcopy(s) or CD-ROM(s) by calling Rochelle Barnich at 312-980-7823 or via e-mail at rbarnich@nprg.com.

About New Paradigm Resources Group

New Paradigm Resources Group, Inc. (NPRG) is one of the nation's foremost management consulting and industry analysis firms focused on analyzing and explaining the converging telecommunications and information industries. NPRG's comprehensive industry analysis reports have been recognized for over a decade as the most authoritative, reliable resource evaluating the competitive telecom industry. Reports such as the *Competitive Carrier Report™*, the *Fixed Wireless Carrier Report™*, the *VoIP Report™*, the *Broadband Provider Report™*, the *Cable Broadband & Telephony Report™*, the *Competitive IOC Report™* and the *ILEC Report™* have been highly valued because of the scope and breadth of their useable data and information.

NPRG's consultative engagements, including forecasts, business plan and technology assessments, product and pricing models, are informed by rigorous methods of gathering and

analyzing street-level data. This methodology provides clients with real-world, here and now insights and analysis. NPRG was founded in 1993 and is headquartered in Chicago with offices in Glastonbury, CT and Houston, TX. Additional information about New Paradigm Resources Group is available on the Internet at www.nprg.com

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