

The Rest of SureWest Broadband's Story....

What really differentiates SureWest are some of the unique **sales and marketing programs** that they have. Still, like any other IOC deploying video, they face challenges. One of the biggest challenges is that the homes are not wired as they would like them to be. They are investigating ways that they can use the existing premise coax or unlicensed wireless to connect multiple televisions.

With their FTTH network, they are able to provide **10 Mb/s symmetric data**, which is probably the highest data rate offered in the U.S. For customers off their incumbent copper network, they have to limit this to 1 Mb/s symmetric to make room for two television channels. What they are finding is that they generally lead with high-speed data. Arcuri stated that **80% of the homes they serve take two services** and while **50%** take the full boat of **three services**.

It is their marketing and customer support that is giving them this great penetration. They found that selling three services over the phone is difficult to explain to prospects. The approach they have taken is unique in that they focus on in-home customer sales calls. This may sound pretty labor intensive, but they seem to have the system down to a science, as they **close 70% of the in-home sales calls** that they make.

John Kindrick, a SureWest sales instructor, explained to the CTA audience some of the techniques they use including:

- They take advantage of what seemed like an onerous franchise requirement to provide multiple notices to people letting them know that they will be constructing in their area by providing notices that are effectively pre-sales pitches for their service. This **softens the market** and encourages people to call them to make appointment to learn more about the new service.
- They are also finding that **word of mouth** works quite well in getting appointments.
- They do find that customers have a tendency to have sticker shock, unless they are **“educated”** by their representatives.
- Note, the representatives are **full-time SureWest employees** and they are part sales/part customer service. The employees are clearly well trained and know their product as well as that of the competitors.
- The sales person will walk a prospect through the SureWest product as well as show them a **comparison** of what they currently pay for services from multiple operators.
- They have a few simple packages. They show the value of the individual

components, then they provide a **discount** for the customer taking a bundle.

- They make appointments that **work for the prospect**, not SureWest. Their hours are 1 to 9 Monday through Friday. They also make appointments on Saturday.
- Another big challenge is ensuring the customer is home for their installation appointment.
- One of the hooks they use to lock-in customers is the **12 month contract**.
- They do charge for installations, but mostly to provide a **marketing value** to the installation. That way, when they provide installations at no charge, customers can see the value of the installation (e.g. a \$99 value at no charge).

A couple of other notes of interest:

- They support 4 televisions in Sacramento/Elk Grove (new areas built via FTTH). The copper configurations support two televisions per household.
- Their goal for FTTH is **\$1,200 per house**.
- They are finding the **maintenance to be much lower** with an all IP Video network, as compared to the WinFirst network which was FTTH for data and telephony and Hybrid Fiber Coax (HFC) for video services.
- Although most of the customers are not fully utilizing their 10 Mb/s pipes, Arcuri believes demand for bandwidth will grow, as indicated by his statement, “people will find a way to use the 10 Mb/s pipe.”
- Today, they have five (5) individual gigabit Ethernet connections to the Internet.
- He also believes there will be a number of vertical applications that were promised with ISDN – things like telemetry readings, video conferencing, etc. – will become **commercially feasible** with all IP Networks.
- SureWest has ported over **3,000 phone numbers** to their service since November.
- They will be adding some VOD channels. They plan on adding free access to **instructional channels**. Their motivation for the instructional channel is to reduce phone calls to their network operations center, reducing operating costs through customer education.
- SureWest’s ISP/CLEC subsidiary provides the data and video services. As such, they purchase the raw copper pair for \$24.95 per month from the SureWest ILEC.
- By the end of year, they plan on having High Definition.
- For their FTTH solution, they use Allied Telesyn NIDS (Network Interface Devices). These NIDS include **batteries for power back-up**. The batteries are remotely monitored.