



BY MAURY WRIGHT, EDITOR IN CHIEF

Triple-play update: Telcos falter; cable companies soar

I recently railed against marketers trying to ride the popularity of the term “triple play” in the column “Triple-play trickery: Beware the buzzword bandwagon” (*EDN*, Oct 12, 2006, pg 12, www.edn.com/article/CA6378086). “Triple play” refers to telecom carriers or cable companies offering a bundle of video, Internet, and phone services.

Thinking about that column and prompted by a flurry of news stories and quarterly-results reports, I decided to revisit the topic and look

at who is succeeding and failing. In North America, the current landscape is bleak for the telecom side. On the other hand, North America is the only global region with a broad cable deployment. If you are a designer who needs to pick a winner to make decisions on an upcoming product, you face a tough decision.

As I write this, Verizon has just announced quarterly results. The company did great in the mobile-phone-service sector. In fact, results were generally good, but analysts hammered the company on the performance of its FiOS (fiber-optic services) triple-play offering. Although Verizon is out in front among the telecom carriers in deploying a fiber-optic-based network that can deliver video, the deployment isn't matching analysts' expectations. The company isn't adding subscribers as fast as the analysts would like, customer-acquisition (marketing) costs are higher than expected, and the installation costs of the fiber plant are running high.

There are also technical issues with the FiOS deployment. Microsoft's software has been problematic. Hardware and software deliveries have been late. And the current FiOS deployment is

only an interim step. The current technology uses a video-overlay network—essentially a cablelike multicast architecture—whereas Verizon and other carriers ultimately plan to move to IP-TV (Internet Protocol TV), in which a converged network carries data, voice, and video packets. (See “100-Mbps broadband: how, why, when, and where?” *EDN*, July 7, 2006, pg 48, www.edn.com/article/CA6347250 for background information.)

But I give Verizon credit for aggressively moving forward. AT&T, in contrast, is struggling mightily with its U-verse trial in Texas. About the time the Verizon results hit, *USA Today* ran an article called “AT&T cable plan includes wireless” (www.usatoday.com/money/industries/telecom/2006-10-31-att-usat_x.htm), which revealed that AT&T has yet to offer HDTV (high-definition-TV)-resolution content through U-verse and that only 3000 subscribers have signed on. Now, AT&T is doing trials on true IPTV technology. And the company claims that it will be in 15 to 20 markets by the end of the year. But, with the calendar turned to November, I'm almost positive that scenario won't happen. I can only guess that the

AT&T article was the result of spin-doctoring. Read the story, and you'll learn that mobile service is somehow going to be AT&T's secret weapon in winning video customers.

Meanwhile, Time Warner (www.timewarner.com) also just announced results that the business press described as “soaring.” The press largely attributes this achievement to the company's success in going against the telecom carriers. And I just don't buy that the lack of a wireless-phone-services offering—a “quad play”—is going to derail the cable guys.

So, where do you place your bets? The uncertainty affects small companies to behemoths. In my blog post “Texas Instruments and Ikanos rev DSL chip offerings: Is anyone buying?” (www.edn.com/blog/150000015.html), I covered some exciting new VDSL2 ICs that could enable video delivery over copper phone lines. But neither company can point to significant deployment of VDSL2 chips. And deploying those chips in a sense future-proofs a network because the chips can support ADSL2/2+ services today and faster VDSL2 services tomorrow. Texas Instruments has yet to even announce a PON (passive-optical-network) chip, although I surely expect them to, given the company's success in other broadband technologies. I can only guess that TI is waiting for the technology to mature and that company officials don't feel like it is losing enough business to matter in early deployments. In fact, TI just entered the VDSL2 market.

The bad news here centers on the fact that converged networks should now be huge drivers of the tech industry. Designers working on everything from home-networking products to new software products would benefit. Here's hoping that the next quarter is brighter across the board. Triple play will be a global-tech driver, and the cable guys can't help in much of the world. **EDN**

Contact me at mgwright@edn.com.