

# Verizon's Marilyn O'Connell



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In markets where Verizon has deployed its FiOS fiber network, the company's FiOS TV service has an average penetration of 14 percent, the fastest of any product Verizon has ever launched. In Keller, Texas, where Verizon first deployed its television service, more than 30 percent of potential customers have subscribed since the service offer began more than six months ago. We interviewed Marilyn O'Connell, Verizon's senior vice president of video solutions, about the company's IPTV strategy.

**BB2.0: Making the shift from a voice provider to a video provider requires a major investment and significant operational changes. What is the primary reason Verizon entered the television market?**

O'Connell: We launched our fiber to the premises initiative in May 2004 as part of a strategy to retain voice customers and acquire a greater share of the broadband data market. We wanted to be able to offer our customers faster, higher-quality services than we could deliver over traditional copper wire. We knew that consumers were interested in bundled services, so it was logical to add video on top of that network.

**BB2.0: At that time, video was uncharted territory for Verizon.**

**Did you model your service after any existing pay-TV players?**

O'Connell: We are a big company and we do big things, so the only way it made sense for us to enter this market was to do it on a big scale. We looked at existing pure IPTV players, then looked at traditional cable as well as satellite TV providers, to see what was working in the market. There wasn't an example of a pure IPTV service that had reached the kind of mass market scale Verizon was interested in achieving. So we started with a hybrid of traditional broadcast and video on demand (VoD) services to get us into the market. The year after that, we began overlaying the video infrastructure for IPTV.

**BB2.0: What is Verizon's strategy for winning customers over to its FiOS TV service?**

O'Connell: We talked to customers and asked what they liked and didn't like about their current cable TV or satellite experience. The first thing we heard was that many of them felt they were overpaying for their service. Second, they didn't necessarily like the tiered channel structures they were being offered. And third, they thought the customer service experience could be better. The bottom line we learned is that you don't have to get fancy to get the customer's attention. Our expanded basic package has more than 200 channels: twice the number of channels of comparable cable packages, plus a VoD library and HDTV, all for under \$40.

Another market driver is that customers are buying larger format televisions, so they are even more concerned about picture quality. And customers are really disappointed when they spend all that money, only to have a lower-quality picture magnified. Many of those customers are willing to switch to a different service to get the quality picture they want for that big-screen TV.

**BB2.0: Currently, a customer ordering the FiOS TV service requires a visit by a specially trained technician, and four to six hours of installation and setup. How will Verizon scale and control costs as it offers the service to more markets?**

O'Connell: The first thing we're focusing on is customer acquisition. So far, Verizon has rolled out service to subscribers in seven states. Our goal is to achieve 20 to 25 percent market share in the communities we've targeted over the next five years. That acquisition and market penetration is key to getting our costs down and seeing the return on our investment.

Second, we have found that customers who feel they are getting a better value up front are likely to buy more services in the future. In the next couple of months, we'll be rolling out more advanced services such as Home Media Manager, which will include multi-room digital video recorder (DVR) service, so that customers can record programs in one room and view them on a TV in another room. The service will also include a

networked router that will look for photos and music files on the network—on the subscriber's computer—and allow them to view or listen using the television.

**BB2.0: What are some of the key things you're doing to ensure customers have a good experience with their FiOS TV service?**

O'Connell: Today, Verizon has a very hands-on experience with our customers. We handle the entire process from end-to-end. A technician goes out and spends several hours getting the service installed and makes sure everything is working and the customer knows how to use it. That has made a big difference in our adoption rates because we are ensuring that subscribers have a good initial experience with FiOS.

**BB2.0: Unlike basic cable television, IPTV multiplies the number of devices, applications and technologies involved in delivering the service, which makes service glitches more likely. What steps is Verizon taking to manage ongoing quality of service for its customers?**

O'Connell: We are already deploying some in-home remote monitoring tools that are helping Verizon keep costs down. In the near future, we'll be adding a broadband router capable of handling high-bandwidth applications that will allow us to detect and prevent many issues. We want to be able anticipate problems and fix them remotely. Ultimately, we don't want to have to roll a truck for a service issue, and customers don't want to have to stay home for a service technician to visit.

**BB2.0: What do you see as the primary gating factor to delivering FiOS TV on a mass market scale?**

O'Connell: Right now, the gating factor is getting the franchises approved in the markets where we already have our network deployed. We are rolling out the service very quickly in the seven states where Verizon has gained franchises, and our biggest challenge now is to continue that momentum. 

*Marilyn O'Connell, Verizon's senior vice president of video solutions, is responsible for the strategic direction, development and implementation of the company's FiOS TV product. Prior to her current position, O'Connell was senior vice president of broadband solutions at Verizon, where she led the development, deployment and customer experience management of products enabled by Verizon's fiber to the premises (FTTP) infrastructure.*



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