

Running the Numbers

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Usage-Based Billing Surpasses Flat Rate Billing

WHAT'S INTERESTING: OpenVault Broadband Insights reports usage-based broadband (UBB) plans have surpassed usage on flat rate broadband plans for the first time. Yes, UBB plans are more profitable for providers, but they carry network congestion challenges. With broadband growth slowing, yet capacity increasing, that may not be an immediate issue. But if usage doubles, in say five years, pricing on UBB plans may have to keep up with usage to forestall traffic slowdowns.

FLAT RATE BILLING (FRB), USAGE-BASED BILLING (UBB)
MONTHLY GB USAGE PER SUBSCRIBER

	Q1 2022	Q4 2022	Q1 2023
Avg FRB	545.9	599.3	555.5
Avg UBB	501.5	581.4	562.7
Avg total	513.8	586.7	560.5



SOURCE: OVB; UBB; FRB (FLAT RATE BILLING); UBB (USAGE-BASED BILLING)



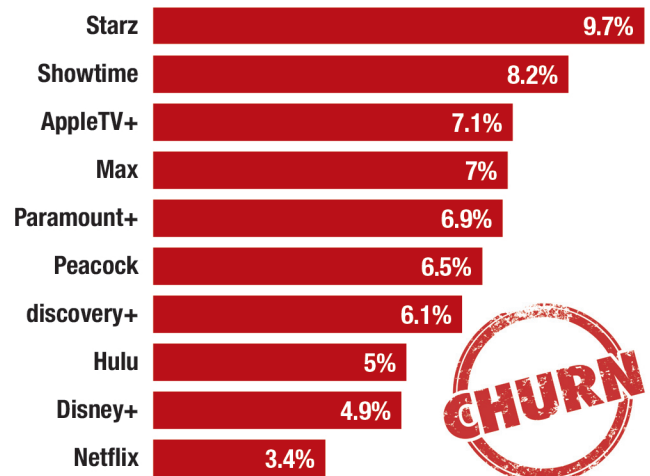
	2023	2024	2025	2026	2027
Fiber build	3.4M	4.4M	5.4M	6.4M	7.4M
Fiber net adds	125,000	225,000	350,000	425,000	450,000
Non fiber adds	-300,000	-275,000	-250,000	-200,000	-200,000
Total data adds	-175,000	-50,000	100,000	225,000	250,000
Fiber penetration	26%	27%	28%	31%	32%

SOURCE: LUMEN

Lumen Plans Aggressive Fiber Push

WHAT'S INTERESTING: The new management at Lumen has issued new fiber addition projections, based on a more than doubling of fiber homes passed from more than 3 million today to 7.4 million by 2027. The company expects a new positive broadband addition crossover point in 2025, with 350K fiber adds against 250K DSL losses. But that may be an uphill climb, not only because cable is rebuilding its networks, but many Lumen markets are under attack by Google Fiber, AT&T/BlackRock's Gigapower, Metronet, Ting, i3 and now T-Mobile Fiber, in addition to the FWA services of T-Mobile and Verizon.

AVERAGE MONTHLY CHURN DURING Q1 2023



SOURCE: ANTENNA

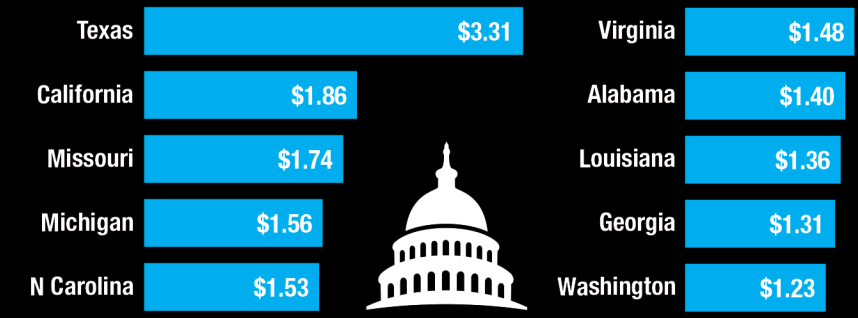
Streaming Churn Muddies Its Future

WHAT'S INTERESTING: Churn remains problematic for streaming services, with most streamers above 6%. And many of those streamers are eliminating portions of their library titles on their streaming platforms and cutting back on originals. Some executives say those moves won't impact churn, but that could well be a leap of faith. After all, those executives pontificated that library product was the key to reducing churn, to keep consumers happy while waiting for new originals to appear. Now both sets of content are being reduced in number.

BEAD Funding Is Out

WHAT'S INTERESTING: The NTIA has doled out \$42.5 billion in broadband funds with Texas leading the way at \$3.3 billion. Some 19 states topped the \$1 billion mark, and six of the top 10 states are in the south, with Michigan, Missouri, California and Washington the outliers. While some work could begin as late as the end of 2023, look for the build to run from 2024 even to 2027, which should help address some questions around labor supply, equipment and funding issues that surround the most challenging builds.

BROADBAND EQUITY, ACCESS, AND DEPLOYMENT (BEAD) PROGRAM
FUNDING (TOP 10 STATES, IN BILLIONS)



SOURCE: NTIA (IN MILLIONS)