Sustaining success in the digital era:
The new challenge for cable

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Executive Summary

The communication industry has made dramatic advances in the last five years, witnessing rapid adoption of the latest generation of connected devices and increasing investments in faster networks. At the same time, digital has transformed the consumer experience, bringing new expectations and different rules of engagement. Cable operators in Europe have led the change by shaping and meeting consumer needs with their high-speed communications services. This has helped them generate strong returns for shareholders.

Accenture found that three favorable factors drove this remarkable financial performance: speedier broadband services, a future-proof network technology and a more effective approach to service bundling. However, three challenges lie on the horizon for cable operators: competitive pressure from other industry players, consolidation in the industry and convergence of networks to provide a seamless experience for voice, data and video services. In this shifting environment, cable operators must adopt a whole new strategy to attract the new digital customer and keep them engaged and happy.

Based on our experience of working with some of the industry leaders, Accenture recommends a judicious mix of short-term as well as long-term strategies to drive a new wave of growth in services and solutions. In the short term, cable operators can create growth opportunities by digitizing customer interactions and by investing in a new wave of digital innovation. In the long term, operators must focus on becoming seamless and integrated, with convergence of services, platforms and screens, to drive greater customer engagement. This will help them expand their service portfolio and capture a new wave of opportunities in areas such as connected home, smart city services, M2M enablement and cloud services. The possibilities are truly endless and with the right strategies in place, cable operators can make most of these opportunities for a lucrative tomorrow.
service providers that are disrupting traditional business. Netflix, which was predominantly a DVD rental company in 2009, now has 37.7 million subscribers for its video streaming services.

At the same time, digital has transformed the consumer experience, bringing new expectations and different rules of engagement. It has become something of a cliché to say that the digital consumer wants a seamless and personalized user experience—consuming content at the time and place of their own choosing. But then, there is no denying the truth of that statement. The pace of digitization is truly jaw dropping. Every 60 seconds, netizens upload 600 videos and 7,000 photos, make 700,000 search enquiries and send 170 million emails. Mobile data traffic too continues to increase primarily driven by video consumption.

The European cable industry is no stranger to these changes. Like many others, it has been in a state of churn with disruptions hitting it from all sides. New generation of communications networks—fiber to cabinet, DocSIS 3.0, and 4G LTE—have been rolled out across Europe in the last five years. These networks offer faster speeds and improved consumer experience. On the flip side, Europe is going through the worst economic crisis of this century. Average household spend on communication services fell dramatically in real terms between 2008 and 2013. Take the United Kingdom for instance where the average monthly household spend fell from nearly £127 in 2008 to £117 in 2013.1

This report examines each of these developments disrupting the European cable industry and outlines the strategies that all companies will need to adopt to be future proof.

1 http://stakeholders.ofcom.org.uk/binaries/research/cmr/cm14/2014_UK_CMR.pdf
Connected devices

Home connected surveillance cameras:
To see a **17%** increase by 2020

TVs: **45%** of TVs shipped in 2014 were smart

Tablets: More than **30%** of EU-5 population now has at least one

Smart phones: Surpassed feature phone shipments for the first time in 2013

Wearable fitness monitors: Projected to rise by **28%** by 2020

Home connected surveillance cameras:
To see a **17%** increase by 2020

Connected data

Information created between the dawn of civilization and 2003 = Information every 2 years now

In the United Kingdom, mobile data traffic increased

110 Mb per customer in 2011

550 Mb per customer in 2014

In **60** seconds:

- 600 videos uploaded,
- 700,000 search enquiries,
- 140,000 tweets,
- 7,000 photos uploaded,
- 170 million e-mails sent,
- 170,000 Facebook updates

Connected consumers

Connected devices per person:

3 in 2014 ➔ 7 by 2020

87% want a more seamless experience

75% want more real-time personalized promotions delivered to their smartphones

New generation of services: Disruptors to traditional business

Faster speed, improved consumer experience

Netflix contributed to **35%** of peak internet traffic in the first half of 2014

New generation of communications networks across **Europe in the last 5 years**: Fiber to the cabinet, DocSIS 3.0 and 4G LTE

Netflix: From a DVD rental company in 2009 to **37.7 million** video streaming service subscribers by 2014 in the United States
CABLE OPERATORS ARE AT HOME IN THIS WORLD

To cope with the difficult economic conditions and dramatic technological evolution, several communication service providers adopted a reactive approach—adapting their service offering to the changes in the consumer demand. Other players proactively engaged with consumers in shaping their needs. Cable operators fall in the latter category, as they did extremely well in shaping consumer needs for their communication, media and entertainment services, and this has reflected in the total shareholder returns achieved by the cable industry till now.

In Europe, cable operators were particularly successful in generating demand and guiding consumers, and ensured a high average total shareholder return of 35 percent between 2010 and 2014. That’s approximately 24 percentage points higher than that achieved by satellite TV operators. We believe that this superior performance in total shareholder return is linked mainly to top-line revenue growth—a creditable 13.5 percent growth on a five-year compound annual growth rate (CAGR) basis, and more positive investor expectations on cable operators’ long-term competitive advantage that resulted in higher EV/EBITDA multiples as shown in Table 1.

But what has been driving this value creation? We believe that three favorable factors drove this remarkable financial performance.

**Superior broadband technology**

Average broadband speed of cable operators is 58 Mbit/s compared to telecom operators’ average broadband speeds of 27 Mbit/s due to technological superiority of Docsis 3.0. Furthermore, in Europe, nations with higher cable broadband coverage tend to perform better in European Commission’s Digital Agenda Scorecard, emphasizing technological superiority of cable broadband compared to copper-based broadband technologies such as DSL.

**Better infrastructure to sustain innovation**

The third advantage for cable operators has been a future-proof network technology that supported a lower incremental investment rate for every increase in bandwidth for broadband. In other words, the cable infrastructure requires lower investment to support higher bandwidth, allowing cable operators to offer a better viewing experience to customers and charge premium for their services.

**More effective approach to service bundling**

Cable operators have excelled at effectively selling triple- or quad-play service offering. For example, 52 percent of the cable operators’ customers in the United Kingdom, Spain, France, Germany, the Netherlands and Belgium avail triple-play offerings, compared with 22 percent of largest non-cable operator subscribers. Bundled services have helped cable operators generate higher average revenue per user (ARPU) as well as lower churn.

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2 Company annual reports, and Accenture analysis
3 Company annual reports, and Accenture research analysis
4 Accenture analysis and http://www.netindex.com/
5 European Union (EU) countries such as the Netherlands with very high cable networks penetration do well at EU level for superfast broadband coverage: https://ec.europa.eu/digital-agenda/en/news/scoreboard-2014-trends-european-broadband-markets-2014

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Figure 1. Five-year TRS CAGR (2010–2014)

<table>
<thead>
<tr>
<th></th>
<th>2010–2014 CAGR (%)</th>
</tr>
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<tbody>
<tr>
<td>European Satellite</td>
<td>10.6%</td>
</tr>
<tr>
<td>European Telecom</td>
<td>7.9%</td>
</tr>
<tr>
<td>European Cable</td>
<td>34.9%</td>
</tr>
</tbody>
</table>

Table 1. Comparison of revenue growth, and EV/EBITDA multiple

<table>
<thead>
<tr>
<th></th>
<th>Revenue growth</th>
<th>EV/EBITDA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cable TV operators</td>
<td>13.5%</td>
<td>12.3</td>
</tr>
<tr>
<td>Satellite TV operators</td>
<td>7.7%</td>
<td>9.3</td>
</tr>
<tr>
<td>Telecom operators</td>
<td>-1.1%</td>
<td>5.4</td>
</tr>
</tbody>
</table>

6 Accenture analysis based on the data from the latest annual reports of Liberty Global, BskyB, Vodafone Kabel Deutschland, T-Mobile Germany, ONO, Telefonica Spain, Ziggo, KPN, Telenet, Belgacom, Numericable, and Orange
But the Battle Lines have been Redrawn

Despite these early successes, the outlook for cable operators looks less than optimistic. While they enjoyed early-mover advantage from superior infrastructure (that allowed them to offer faster broadband and bundled services), the overall communication and technology landscape is changing at a much faster clip. Other industry players such as telecom operators and satellite TV providers too have worked hard to catch up and have played to their strengths to shape the industry to their advantage.

As the various players battle for control over the points of access to the consumer, cable operators are being challenged at three major fronts.

**Competition from telecom players**

Cable broadband superiority is under threat from telecom operators’ wide spread deployment of fiber to cabinet in their access networks. Telcos are also making significant investments in content to offer credible pay IPTV offering, directly threatening cable’s traditional services.

At the same time, Internet is emerging as a viable platform for broadcast quality content delivery: content providers are using Internet as a complement to their traditional distribution partners. In future, they can even bypass traditional pay-TV operators to reach their audience directly using IPTV. OTT players too are acquiring content to compete with pay-TV. HBO’s OTT service is a case in point.7 Technology innovations such as exponential broadband speeds are providing a strong advantage to OTT players as their content quality can now match that of pay-TV operators. After all, ultra HD first launched on Netflix in 2014.8

**Consolidation within the industry**

The intense competition between the players has triggered an increasing degree of consolidation, as horizontal and vertical integration can yield significant economies of scope and scale. Companies that integrate across the value chain can combine different infrastructure and technologies to serve consumers better and offer better options. As a result, the European communications industry is witnessing frenzied merger and acquisition (M&A) activity. More than US$25 billion was spent on M&A in Europe in 2015 compared with US$15 billion in 2011, a 70 percent increase.

This is changing the structure of the industry, as communications players are evolving their offering from triple play to quadplay. vertically consolidated firms can put pressure on competitors’ margin due to their new scale of operations. For example, in the United Kingdom, British Telecom (BT) will become a converged fixed and mobile player after the integration with EE (formerly Everything Everywhere). This will give it a sharp competitive edge not just from cost synergies (from the integration of network and IT infrastructures) but also allow it access to premium/exclusive content (that can be acquired through the funds released from cost savings), thus enriching its offering and customer experience. More importantly, the company will be able to offer a seamless experience between fixed and mobile services and enhanced quad-play offerings by integrating the fixed and mobile infrastructures.

**Convergence of technologies, infrastructure and services**

Technology innovations are rapidly bridging the last mile between the digital enterprise and the physical world. Broadcast, fixed, mobile and Wi-Fi networks are converging and becoming tightly integrated to provide a seamless, anytime, anywhere user experience for voice, data and video services. Multiple-play offerings are encouraging increased consumer uptake of bundled products, driving cable operators to rethink network strategy toward fully converged infrastructures.

The communication industry landscape is still evolving under pressure from these three factors and the battle lines between the players are being constantly redrawn. It isn't surprising then that the financial analysts’ outlook for cable operators is not as rosy as in the past.

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8 [http://blog.netflix.com/search/label/4K](http://blog.netflix.com/search/label/4K)
9 Analyst reports and research analysis
Meanwhile, Customers are Changing Too Fast for Comfort

Using a wide variety of channels and devices that allow anytime, anywhere content consumption, consumers rule the market. They are well informed, diverse, demanding, cost sensitive and value driven. They are also looking for a great experience. The digital consumers are now empowered with wider access to information and choices and are willing to change operators if their expectations aren’t met on their terms. In fact, with the average consumer projected to own more than seven connected devices per person by 2020 (up from just three in 2014), operators need to ensure seamless convergence not only in terms of networks but also devices and services.

The customer journey is no longer linear, but multidirectional, and the line between sales and service is blurring fast every day. In this shifting environment, cable operators must adopt a whole new strategy to attract the new digital consumer and keep them hooked and happy.

- More empowered
  - Consumers follow their unique requirements
  - Consumers self-service & demand multiple channels

- More knowledgeable
  - Internet accessibility
  - Online content and social networks

- More demanding
  - Redefinition of what value means
  - Time compressed consumers prioritize convenience

- More diverse
  - Globalization
  - Consumerization of IT

- Interactive
  - Engage in online dialogue and content sharing
  - Produce own content for personal use and online publishing

- On the move
  - Mobile purchase and consumption of content
  - Service anytime-anywhere
Dynamic
- Faster pace, more control
- Non-linear progression
- Effortless decisions and lower barriers

Accessible
- Voice and noise of others
- Content is anywhere, anytime from anyone
- Influencers, beyond companies’ control

Continuous
- Always ‘in the channel’
- Great array of choice, easy to come back to evaluation
- Entire experience matters

Nonstop-consumer experience model

- Expectation
- Promise
- Consider
- Evaluate
- Reality
- Delivery
- Use
- Purchase
- Discover

Openly accessible content & channels
Brand-controlled content & channels

Evaluation is now the focal point
Journeys are multi-directional
Delivering against promise is critical
Different segments, district behaviors
Seamless digital experience is vital
New Rules of Engagement

While market trends and technology innovations are posing significant challenges to the cable industry, they are also creating new growth opportunities. The best and the brightest in the cable industry are navigating these strong headwinds. Cable operators can overcome the lower expectations on future performance by seizing the value creation opportunities available in the new environment.

In our view, strategy for cable operators should span two main dimensions: short-term opportunities and long-term investments.

In the short term, cable companies can create opportunities for growth by digitizing customer interactions and by investing in a new wave of digital innovation. Operators need to integrate customer interactions across all digital touch points to gain a 360-degree view of the customer—their usage, service interactions, preferences and social behavior through a full suite of digital customer-facing tools/capabilities and fully integrated digital channels. They also need to leverage existing capabilities to target adjacent markets. We envisage four major opportunity areas for cable operators:

- Include HD and ultra HD in standard offering
- Offer OTT services for cord cutters
- New Rules of Engagement

Screens are getting bigger and better, making SD quality unacceptable for a high-quality viewing experience. Average TV screen size in Europe has increased from 24 inches in 2011 to 32 inches in 2014. Furthermore, more than 70 percent of consumers in the United Kingdom and the United States have HD-ready TV sets. Operators can benefit from making HD the default picture standard as it will improve customer loyalty, and fend off competition from OTT players. The real advantage stems from the fact that 70 percent of broadband connections in Europe are DSL based that tend to struggle to stream HD content alongside web browsing by other members of the households. Ultra HD is on the horizon as initial consumer uptake of devices is very encouraging. Cable operators should take first-mover advantage by offering HD as a default picture standard and ultra HD as a premium service. This will surely increase spectrum demand but adopting more efficient High Efficiency Video Coding (HEVC)-based video compression technologies would compensate for the higher demand for spectrum as illustrated in Table 2.

Currently, most cable operators use MPEG2 for SD content and H.264 for HD content. By adopting HEVC, cable operators could offer HD as default picture standard and Ultra HD for premium content.

### Table 2. Bandwidth requirements for SD, HD and ultra HD

<table>
<thead>
<tr>
<th>Bandwidth requirements in Mbit/s</th>
<th>SD (720x576)</th>
<th>HD (1920x1080)</th>
<th>Ultra HD (3840x2160)</th>
</tr>
</thead>
<tbody>
<tr>
<td>MPEG2</td>
<td>2–3</td>
<td>12–20</td>
<td>na</td>
</tr>
<tr>
<td>MPEG4 (H.264)</td>
<td>1–1.5</td>
<td>6–10</td>
<td>30–50</td>
</tr>
<tr>
<td>HEVC</td>
<td>0.5–0.75</td>
<td>3–5</td>
<td>15–25</td>
</tr>
</tbody>
</table>

10 http://stakeholders.ofcom.org.uk/binaries/research/cmr/cmr14/icmr/ICMR_3.pdf

### Include HD and ultra HD in standard offering

Screens are getting bigger and better, making SD quality unacceptable for a high-quality viewing experience. Average TV screen size in Europe has increased from 24 inches in 2011 to 32 inches in 2014. Furthermore, more than 70 percent of consumers in the United Kingdom and the United States have HD-ready TV sets. Operators can benefit from making HD the default picture standard as it will improve customer loyalty, and fend off competition from OTT players. The real advantage stems from the fact that 70 percent of broadband connections in Europe are DSL based that tend to struggle to stream HD content alongside web browsing by other members of the households. Ultra HD is on the horizon as initial consumer uptake of devices is very encouraging. Cable operators should take first-mover advantage by offering HD as a default picture standard and ultra HD as a premium service. This will surely increase spectrum demand but adopting more efficient High Efficiency Video Coding (HEVC)-based video compression technologies would compensate for the higher demand for spectrum as illustrated in Table 2.

### Offer OTT services for cord cutters

We recommend that cable operators invest in extending their foot print to ‘light’ pay-TV consumers and to cable cord cutters by offering their content through OTT services. This would allow them to target and acquire new customer demographics that can later be moved up to higher ARPU services. For instance, Sky’s OTT proposition in the United Kingdom—Now TV—helped increase its subscriber base by targeting pay light customers, and decrease customer churn. ‘If you can’t beat them, join them’ is the governing philosophy behind this strategy. OTT is here to stay and cable operators would do well to incorporate it within their own service bundles.
Offer Content Distribution Network (CDN) services to OTT players for premier video delivery

Currently, OTT players deliver their services through public CDNs, which use the Internet to connect their distributed servers and which are based on unicast streams from the CDN server to the end customer. This model is neither scalable nor economically sustainable for OTT providers when moving to Ultra HD, as the bandwidth requirement is 15–25 times higher than SD, and consequently, the cost of public CDNs would become prohibitive.

A CDN provided by communications players is much more cost effective than a public CDN from the OTT player’s point of view as it can offer multicast services along with Quality of Service (QoS) provision and local content caching. Moreover, operators’ deployed CDN can reduce the backhaul cost for bandwidth upgrades that cable operators would have to sustain otherwise to cope with the increasing OTT traffic.

As a result, CDNs can provide cable operators a value creation opportunity by charging OTT players for delivering traffic on their network and by reducing the cost of network upgrades. Many telecom operators (including BT, Telia Sonera, Verizon and others) have deployed their CDN to target content providers.

The European CDN market is estimated to be around $1 billion by 2019 (from $0.28 billion in 2013) and the percentage of global online video delivered by CDNs is expected to grow from 44 percent in 2013 to 68 percent in 2018.

Offer TV audience analytics service

Cable operators are uniquely positioned to leverage their digital network to offer audience analytics and digital ad insertion services to media agencies and advertisers. Traditional TV measurement systems, consisting of a few thousand household panels, are becoming obsolete as consumers are using multiple devices for content consumption while multi-tasking on second screens. Cable operators can offer new analytics services to capture consumers’ overall engagement across screens. For example, Sky is leveraging its existing subscribers to help advertisers and media agencies understand consumption patterns of their audience and then target them with tailored advertisements.

We estimate that the short-term opportunities outlined above have a value creation potential of US$2–3 billion in revenue growth over the next 2–3 years. More importantly, these initiatives would enable cable operators to successfully defend their turf from OTT players and other challengers while improving customer loyalty.

12 Unicast is a one-to-one connection between the server and each customer, and therefore, requires a high bandwidth when the number of users increases
13 Accenture analysis
14 Company websites on service offering to business customers
17 Accenture estimates based on market data

Figure 3. Traditional CDN offering is not sustainable for premium HD/UHD content delivery

Figure 4. Operator CDN offering can offer quality content and reduced costs for both operators and content providers
The Next Frontier: Long-term Strategies for Cable Operators

Cable operators have done well until now, moving fast to offer triple-play services (fixed television, telephony and broadband Internet) on the back of their robust fiber networks. The most innovative ones have already added wireless/mobile services to the mix to offer true quad-play (what we call 4P) services.

But the next wave of opportunity lies in the convergence of services, networks and screens. This will help operators expand their service portfolio to new areas and to evolve from 4P to 5+P players. We believe that by becoming fully converged and integrated players, cable operators will be best positioned to capture growth in new areas, where the expected growth is high and the attractive opportunities are becoming quite clearly defined. The prize: greater customer engagement and new revenue streams.

So, what is the next frontier for cable operators? We see new opportunities in three key areas:

‘In the home’
Opportunities that can make cable operators the ‘dominant’ players for the connected home. Imagine a situation where your TV and other connected devices are not only a source of a full-blown entertainment experience, but also help with health care, security, energy consumption, etc. As the lines between the digital and physical world blur faster than ever, a truly connected home could offer assisted living solutions for the elderly and the invalid—alarm and comprehensive living solutions, connected medicine dispensers, people tracking devices, semiclinical environments and telemedicine, among others. It could allow you to monitor the security of your home and to manage your appliances remotely. Cable operators can also combine the connected home services with a comprehensive cloud offering, in order to offer customized and managed solutions to their customers. The possibilities are endless.

‘Beyond the home’
Opportunities that can be addressed in the growing marked of connected cities. Smart cities are becoming a reality now and the number of machine-to-machine (M2M) applications is growing at an incredible pace. Cable operators can use their extensive and pervasive network infrastructure to enable many of the ‘smart’ services that will increasingly be offered. They can partner with governments to enable new services in areas such as alarms, monitors and CCTV for environment and public safety; culture/tourism; automated street lighting etc. Smart transport presents another addressable market, encompassing services like real-time traffic management, road tolls infrastructure, smart parking management and ticketing, and intelligent traffic lights.
‘For business’

Opportunities in the Business to Business (B2B) market. The high-speed broadband services offered by cable operators currently represent their core offering for the B2B market. However, cable operators have the wherewithal to enrich their B2B offering with a much wider set of solutions and become the one-stop shop for all communications and IT needs of the B2B segment, in particular for the SME market. They can also develop new solutions to provide businesses with enhanced virtual interaction capabilities with remotely located colleagues and customers.

The opportunities are truly exciting and full of possibilities. But the next question is what differentiating elements can cable operators bring to the game?

We believe that cable operators can successfully target these opportunities by leveraging some of their key assets and the distinctive competitive edge they enjoy:

- Thanks to their ability to establish a strong presence in customers’ homes and their commercial effectiveness in selling triple-play services, as described before, cable operators are now the ‘dominant’ player in customers’ premises. As a result, they are in strong position to further consolidate their position ‘in the home’ and to become the digital home integrator for all new emerging applications and services.

- Cable operators have a strong brand value in the consumer market, which can represent a significant asset in the B2B segment as well. In the ‘connected cities’ space, cable operators can play the role of enabler, by partnering with governments and other institutions. We believe that, in these partnerships, the brand recognition of cable operators can play a positive effect (such as a smart city service ‘powered by’ a cable operator).

- The extensive and highly reliable infrastructure that cable operators have in the metro area is another key enabler to provide the new services and applications described above. In B2B services in particular, the technologically advanced and reliable network of cable operators is a critical success factor, which can give them the right degree of credibility to successfully expand their B2B offering to new areas.
What is the size of the prize? We estimate that targeting these new areas would enable cable operators to reach an additional addressable market of £260 billion, as illustrated in Figure 5.18

New business models: Integrated interactions leveraging social data and cross-device tracking to offer a smooth consumer experience across networks and devices will require cable operators to look at multiple business models. Cable operators traditionally have limited experience in this space as their ‘comfort zone’, i.e., the customers’ home, did not require these capabilities to win in the market. As a result, they now have to evaluate alternate business models that will allow them to rapidly acquire the required skills.

Evolving continuously to match customer requirements will be the key for cable operators in the future. With the right focus on acquiring new capabilities and tapping technology advancements, they can make the most of these long-term opportunities and ensure a lucrative tomorrow.

18 Accenture analysis, and:
- IDC The Internet of Things Across Western European Vertical Markets: New Insights on Opportunities and Use Cases
- IDC Worldwide and Regional Internet of Things (IoT) 2014–2020 Forecast: A Virtuous Circle of Proven Value and Demand
- IDC Worldwide and Regional Internet of Things 2014–2020 Forecast Update by Technology Split
- IDC Worldwide Internet of Things Spending by Industry Sector 2014–2018 Forecast
- Parks Assoc CEA Smart Home Ecosystem
- Parks Assoc Report: Connected TV - Trends and Innovation
- Parks Assoc Report: Virtual Care- Technologies and Business Models
- GSMA: Vision of Smart Home The Role of Mobile in the Home of the Future, March 2012

19 Mobile Virtual Network Operator (MVNO) is a provider of mobile services which does not have mobile radio infrastructure. The MVNO has a wholesale agreement with a Mobile Network Operator (MNO) and uses the network of the MNO to provide mobile services. Different types of MVNO models exist. A ‘light’ MVNO is a pure reseller, i.e. sells MNO services under its own brand. A ‘full’ MVNO has its own core infrastructure, billing systems and customer services and, as a result, has a complete independence in service offering from the MNO, in terms of ownership of the customer, pricing and technical flexibility to create quad-play propositions.
Conclusion

Over the last five years, European cable operators have performed well in meeting consumer needs and this has helped them generate strong returns for shareholders. However, disruptions have happened both on the demand side, where customers’ behavior and expectations have undergone radical changes, and on the supply side, where the industry has transformed radically under pressures of competition, convergence and consolidation.

Full convergence of services, networks and screens, powered by the new digital world, is now a reality and cable operators have to act fast to retain their strong position in the market. They will have to develop a radically new ecosystem, where they do not just rely on existing assets and capabilities, but will have to build and manage a complex set of different business models. They will need to interact and team up with a broad set of partners to gain access to the new growing markets being opened up by the digital convergent era.

In our view, only with such a diversified approach—multiple business models, multiple partners—will cable operators be able to maintain a sharp competitive edge and stay relevant to digitally empowered consumers across Europe.
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