



LAKEDALE
COMMUNICATIONS

All This Talk About “New”

GM's Perspective

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MTA Office Managers Meeting

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All This Talk About “New”

Who am I?

- EVP of Lakedale Communications
 - Family owned since 1946
 - Closed the acquisition process with Iowa Telecom Services on July 18th 2008
 - In the middle of the integration process
- My Background
 - Plant construction, drops and splicing, business system installs, account executive, product management, MBA in Marketing and Strategic Management, Executive Vice President of Lakedale Communications

Agenda

- “New” Industry Trends
- “New” Business Models and Strategies
- “New” Marketing Strategies
- “New” Employees, Technologies, and Customers
- “New” Attitudes

Goals

- Make Obvious Observations (OO)
- Relay basic business concepts and strategies
 - Focus on Strategy and Marketing
 - How they relate to your industry
- Shift the entire RLEC paradigm
 - I'll just start with you



All this talk about “New”

SO??? What’s new in YOUR Industry?

- “New” Technologies
- “New” Companies via Mergers and Acquisitions
- “New” Employees and Customers
- “New” Regulatory Landscape

“There’s nothing new under the sun”

- Ecclesiastes

If there’s a “New Car Smell” is there a “New Industry Smell?”

(History) “New” Industry Trends

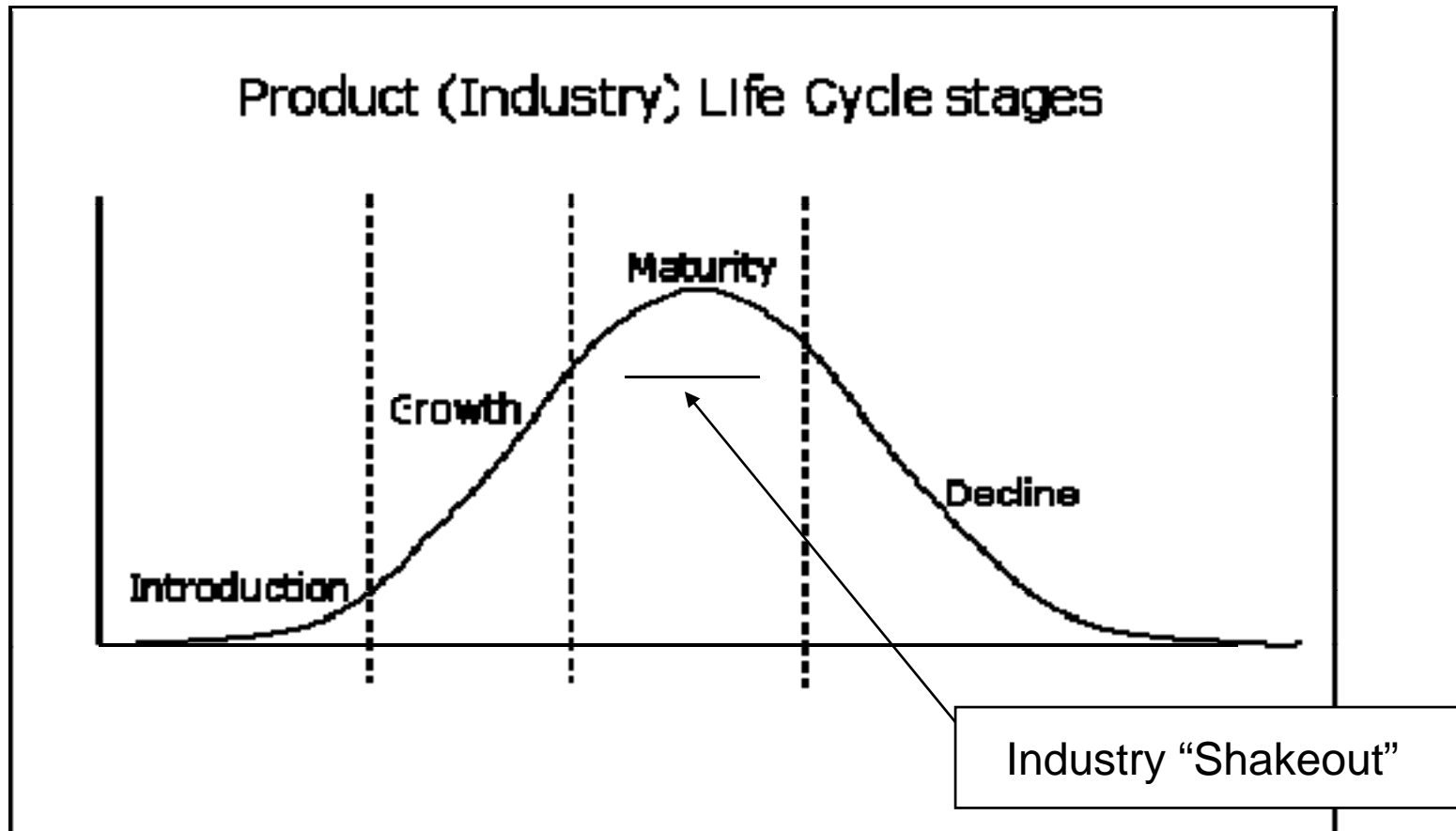
- We’re all Telephone Companies – what’s our business?
- Revenues come from 3 places in (roughly) equal quantities:
 - 1/3 from End User Customers (POTS)
 - 1/3 Other Carriers via access charges
 - 1/3 Universal Service Fund Support and pooling (NECA, USAC)
- The large upfront costs of building a network are not the barrier to entry....the regulators are!
- We are regulated so we do not have any competition but we are regulated so we cannot over charge/earn
- An access line provided only POTS - therefore every line generated roughly the same revenue from these sources

“New” Industry Trends

- Deregulation/Competition (OO)
- Invest in what’s growing, stem losses
 - What is trending downward?
 - What’s trending upward?
- Survey says!
 - (down) Access lines and long distance
 - (more down) Access revenues
 - (up) RPU
- An access line provides a different type of revenue



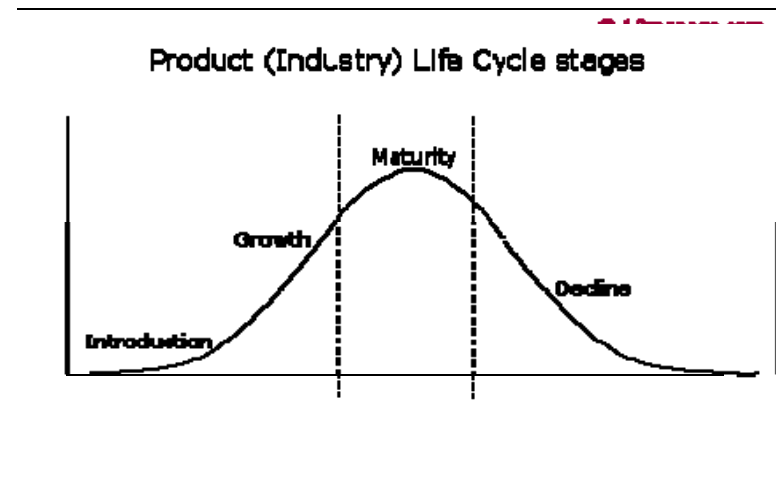
“New” Industry Trends





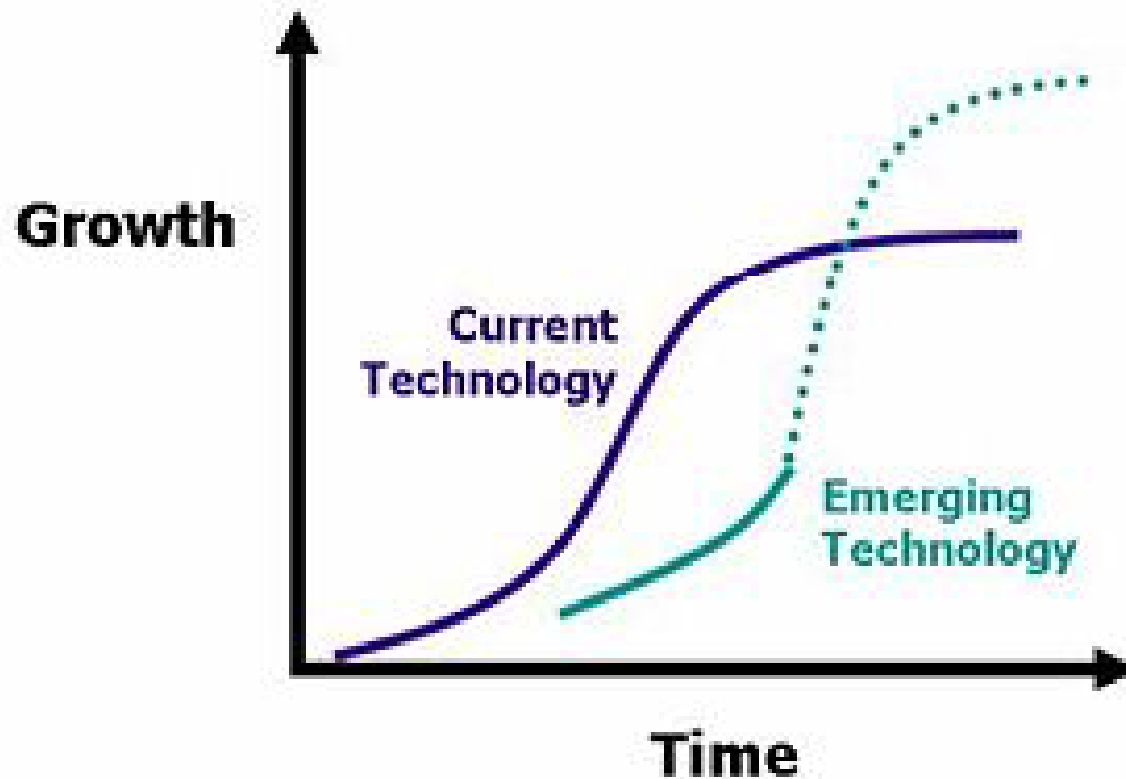
“New” Industry Trends

- Where is your company on that life cycle?
 - POTS
 - Internet
 - Video
 - Bundling
 - Wireless
 - Net adds are slowing down for internet and wireless companies.....market saturation?



“New” Industry Trends

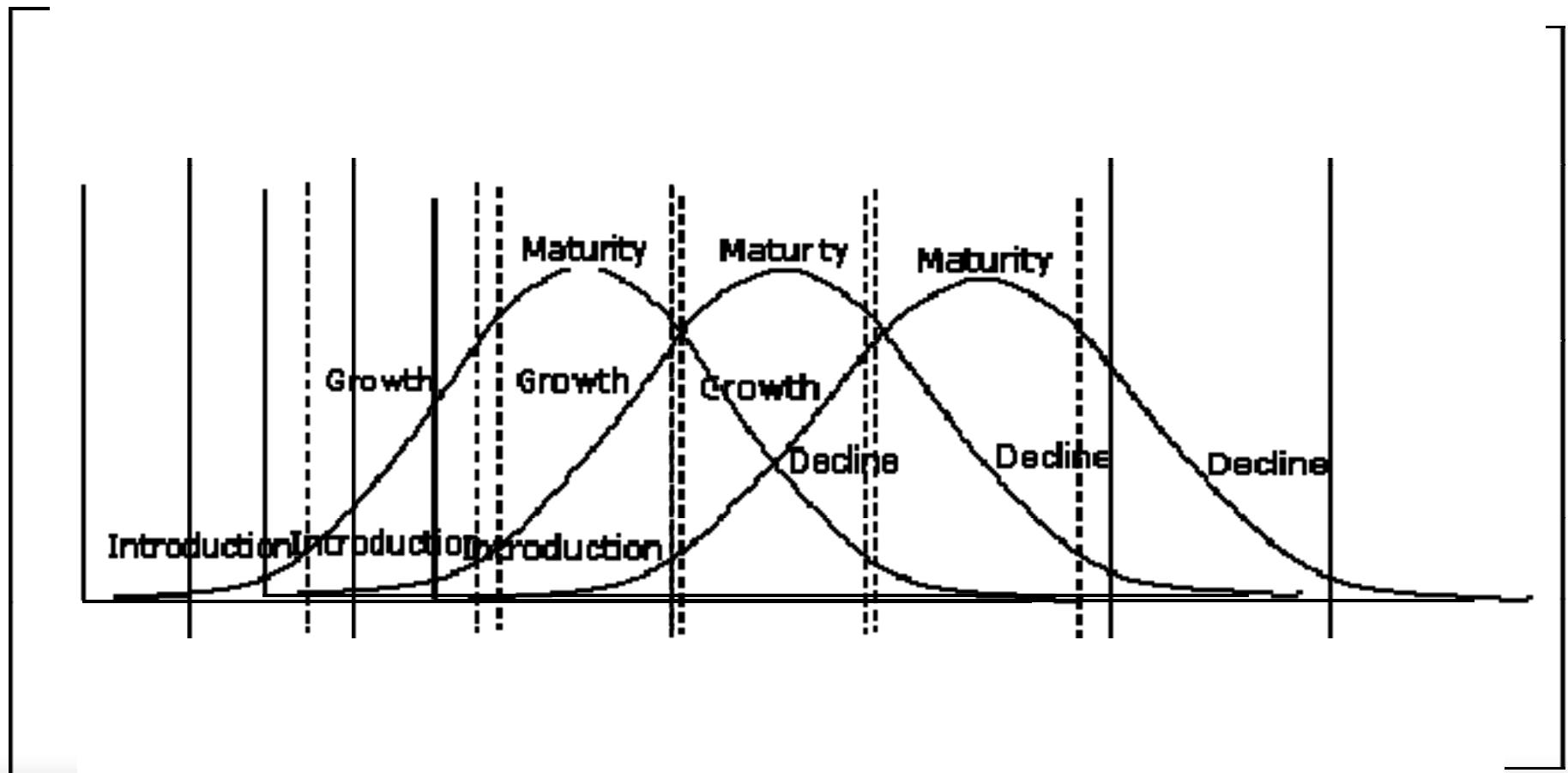
“Disruptive” Technologies (Clayton Christensen)





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“New” Industry Trends



“New” Business Strategies

Core Competencies and/or Differentiators

- 1) Provide consumer benefits
- 2) Is not easy for competitors to imitate
- 3) Can be leveraged widely to many products and markets

Discussion Examples:

- Wal-Mart
- Black and Decker
- Amazon
- Google
- Vonage

“New” Business Strategies

- What is YOUR core competency / competitive advantage?
 - What do you do that your competitor is unable or unwilling to do that gives you a sustainable advantage?

(don't feel bad if you don't have the answer)

Fine....

- I concede local presence if you concede what customer's are willing to pay for it is minimal and decreasing...something to keep in mind

“New” Industry Trends and “New” Business Strategies

- OO: Companies do not grow through cost reduction
- Where does growth come from?
 - Horizontal vs Vertical Growth
 - Organic vs Inorganic



To Outsource or Not to Outsource;that is the Question

- What are NOT your Core Competencies???
 - Marketing
 - Succession planning
 - Equipment
 - Plant construction
 - Installation
 - Internet Help Desk
 - Engineering
 - Switching
 - Software
 - Development
 - Customer Service calls
 - You name it
- What can you buy and what is the return on investment?
 - Sometimes “competing” is not a competency so your winning strategy is....
- Acquisition

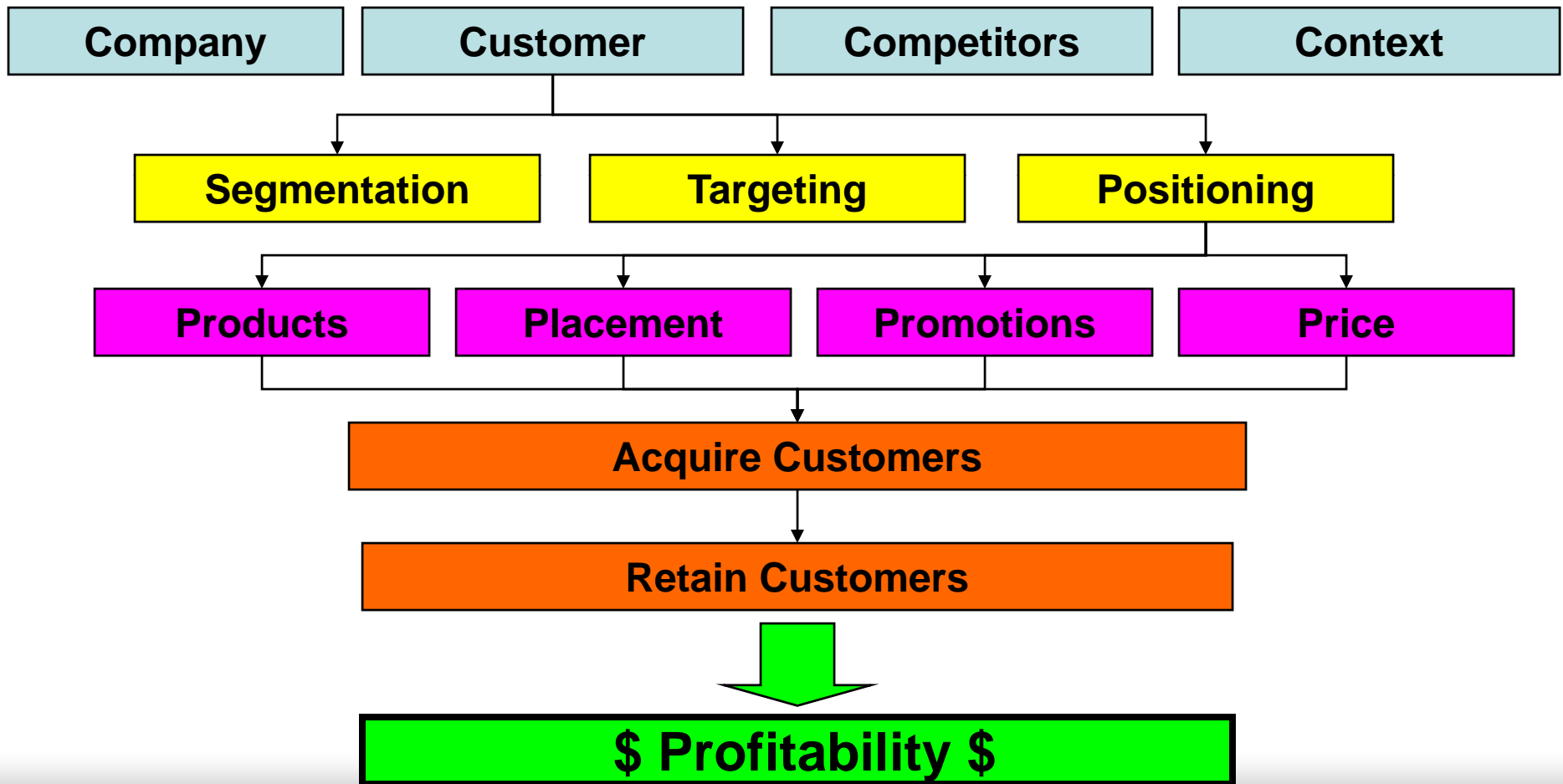
“New” Business Strategy

- M&A
 - Who’s strategy is to grow by acquisition?
 - American Broadband
 - TDS
 - Winstream
 - Iowa Telecom
 - Who’s strategy is to grow organically? (add products/RPU)
 - RLECs
 - AT&T (U-Verse)
 - Verizon (FiOS)
 - Cable companies?
 - Cellular companies?
 - Who’s strategy is a hybrid? (Partnerships)
 - Dish and DirectTV
 - Everyone already listed

“New” Marketing Strategies

- OO: Create a organic growth plan (aka Marketing Plan)
 - Budget
 - Set goals
 - Start simple, it will expand
 - Update quarterly
(confession)

“New” Marketing Strategies



“New” Marketing Strategies

- Segmentation
 - Each segment must differ with respect to
 - Willingness to Pay
 - Price Sensitivity
 - Segments must be:
 - Accessible/Addressable
 - Separable
 - Economically Viable (high attractiveness)
 - Good match with company’s capabilities

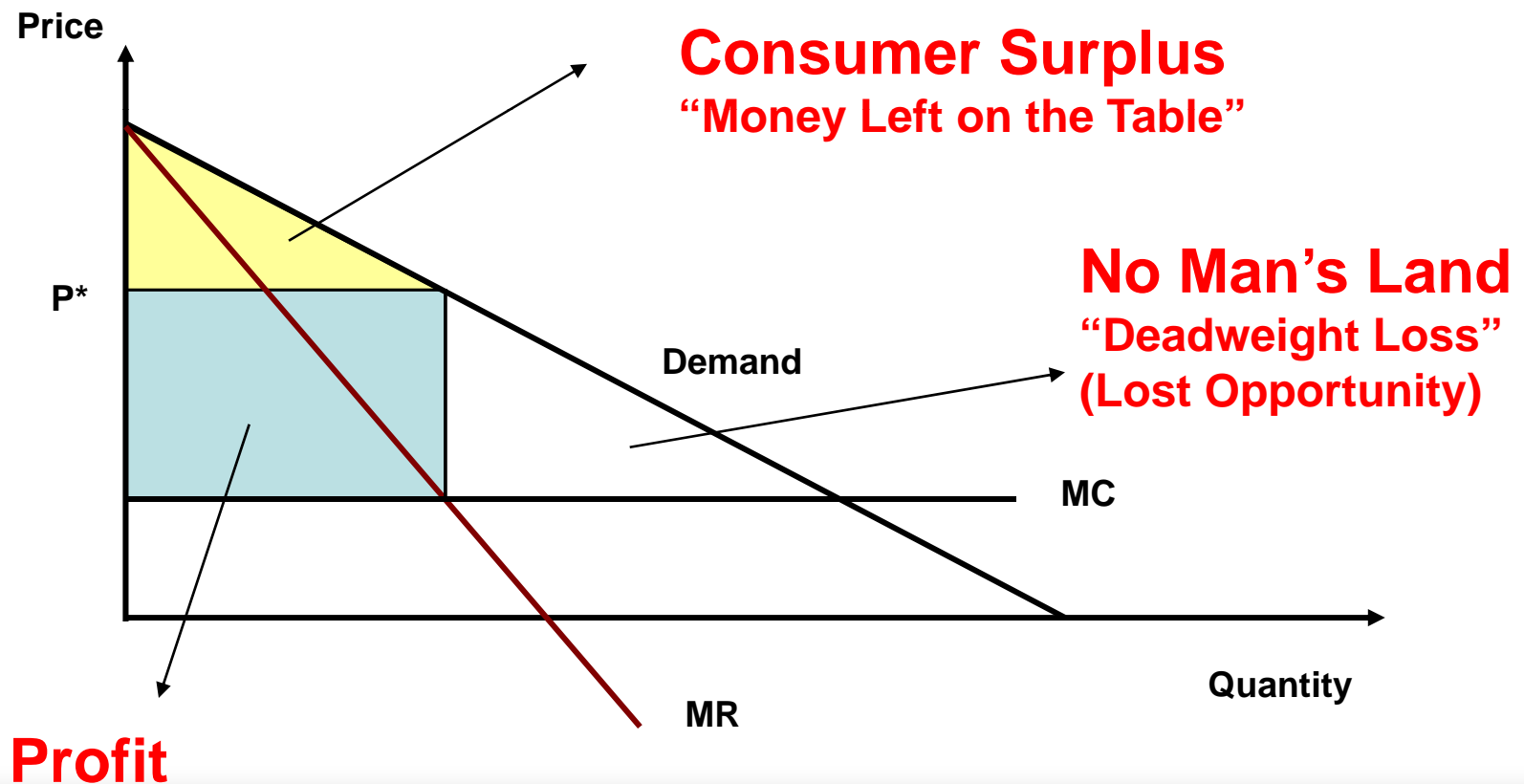
“New” Marketing Strategies

Example: Vertical Features

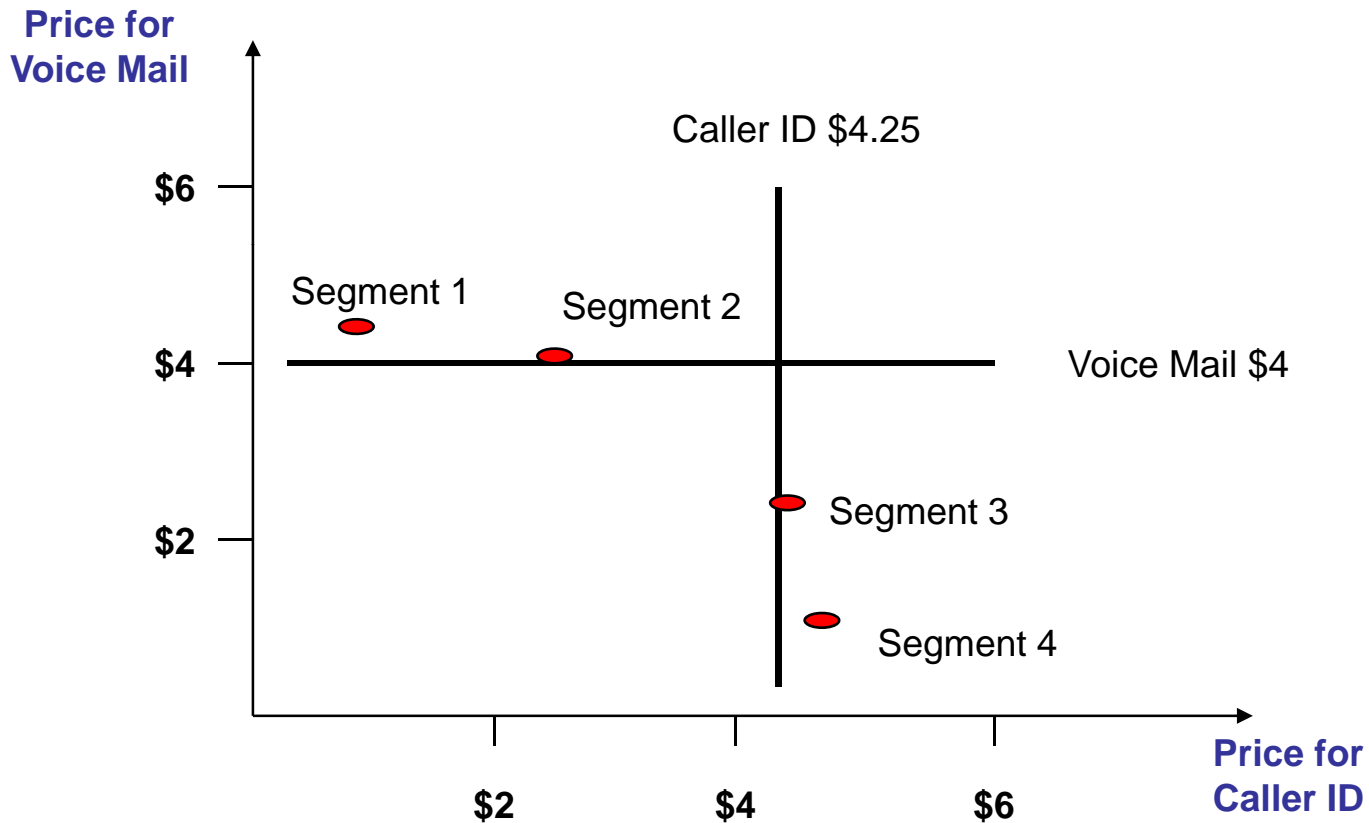
Segment	Size	Reservation Price for Voice Mail	Reservation Price for Caller ID	Reservation Price for Both
1	25%	\$4.50	\$0.75	\$5.25
2	25%	\$4.00	\$2.50	\$6.50
3	25%	\$2.25	\$4.25	\$6.50
4	25%	\$1.25	\$4.50	\$5.75

“New” Marketing Strategies

The Pricing Dilemma:



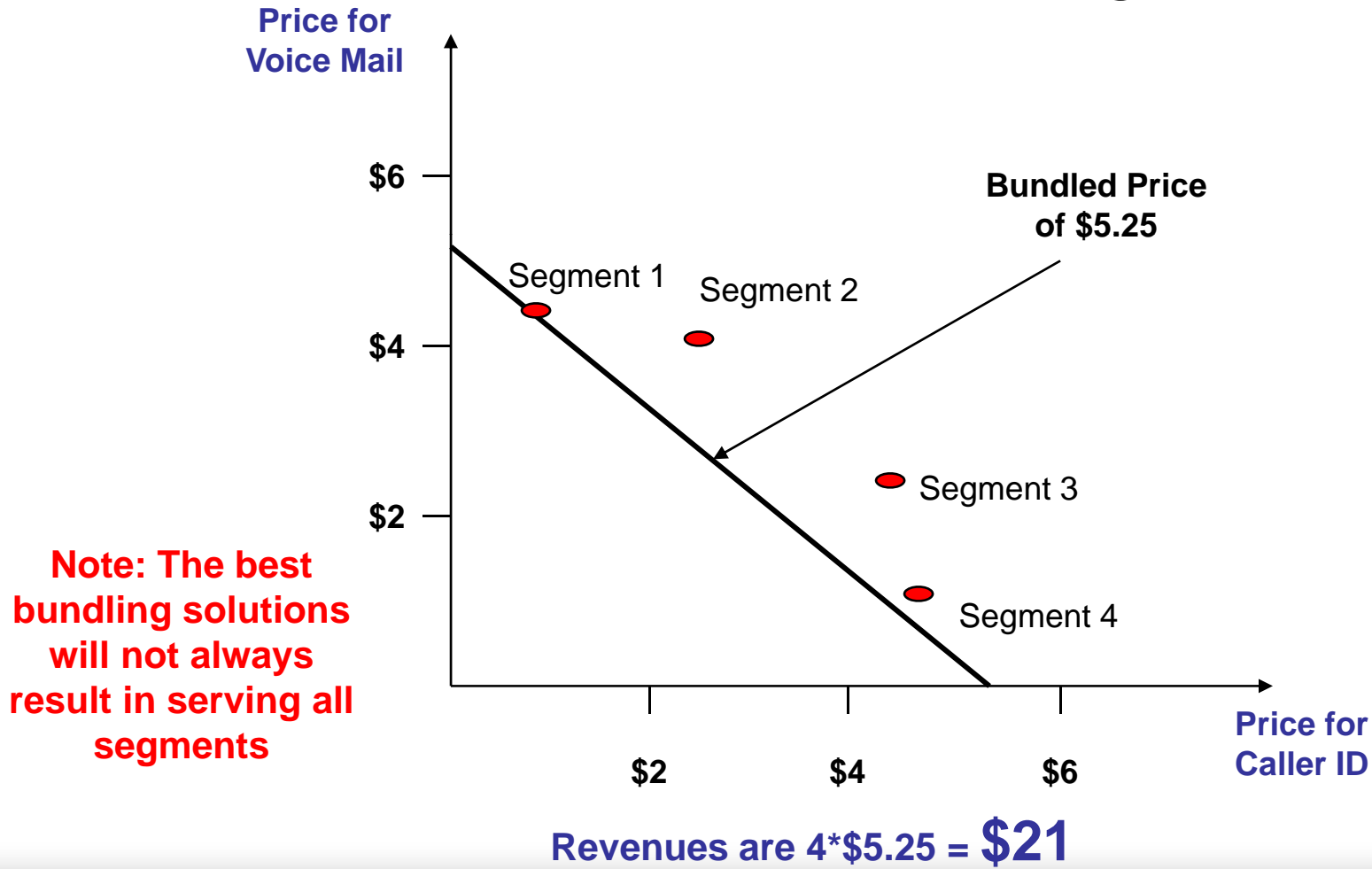
A la carte Pricing



Revenues are $(2 * \$4) + (2 * \$4.25) = \$16.50$



Bundled Pricing



“New” Management Techniques

OO:

- Price with information
- Set Goals
- SWOT analysis
- Project management
 - Departmental Template
- Budgeting



“New” Technology Trends

- Services
 - Internal technology
 - IVR and calling trees
 - Automatic Provisioning
 - Wireless
 - WiMax
 - EVDO and 3G wireless
 - Femtocells
 - FTTP
- “Over the Top” providers
 - Video: Hulu.com, iTunes, ABC.com, etc
 - Telephone: Skype and Vonage and MagicJack and and and....
 - Minimal initial investment = dime a dozen and high “competitor churn” (patent pending)
 - Internet: Wireless, Google, Clearwire,
 - T-Mobile @ Home

New employees

- Generational “Gaps”
 - Gaps are not “new”
 - Differences are an advantage
- Geeks and Early adopters
 - Get a kid that loves technology on your staff
- Employee Churn

Our “New” Industry

- Go into your job with your eyes wide open
- Is what we must do to compete and succeed really “new?”
 - Look at other industries and other companies
 - Benchmark
 - Gauge our Industry Life Cycle(s)
 - Monitor Disruptive Technologies
 - Differentiate from competitors
 - Recruit highly skilled and motivated future leaders
 - Set Goals and Corporate Strategies, then execute them with the proper tools and resources

Our “New” Industry

- Add a “new” level of sophistication to processes and strategies
- ADAPTthat is NOT ‘new’
 - Get over the shock of transition – enjoy the challenge!
 - No more gloom and doom – enjoy the challenge!
 - Compete – enjoy the challenge!
 - Let’s roll up our sleeves and get to work!