

# PURC Telecom Policy Roundtable

## Competitive Trends in the Telecommunications Industry in Florida

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# Trends in Florida Telecommunications Markets

◆ Wireline Markets

◆ Wireless

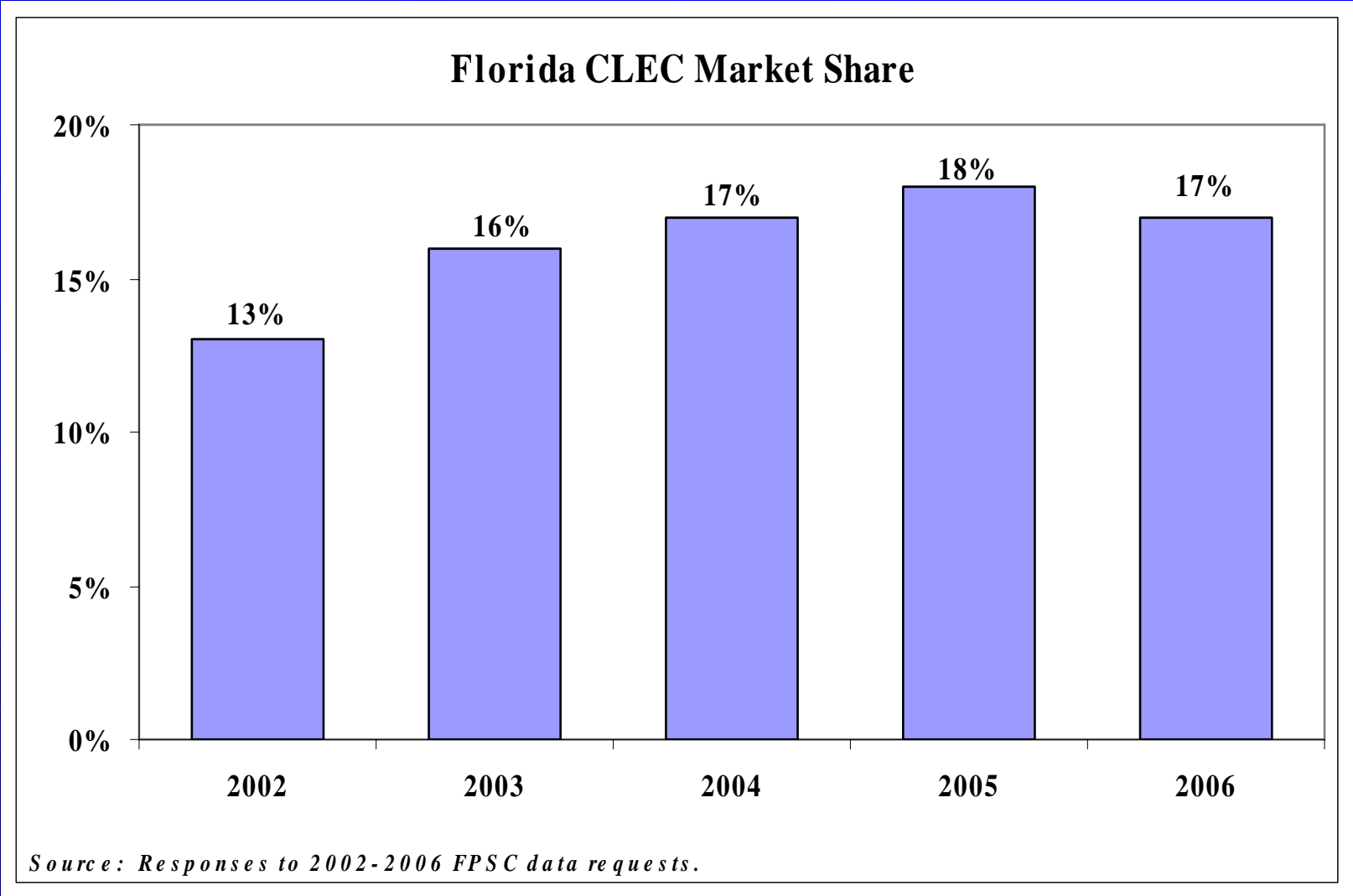
◆ VoIP

◆ Internet & High-speed Data Service

# Wireline Market -- Total

- ◆ Wireline competitive carriers account for 17% of total wireline access lines in 2005, a decrease of 1% from 2006.

Figure 1

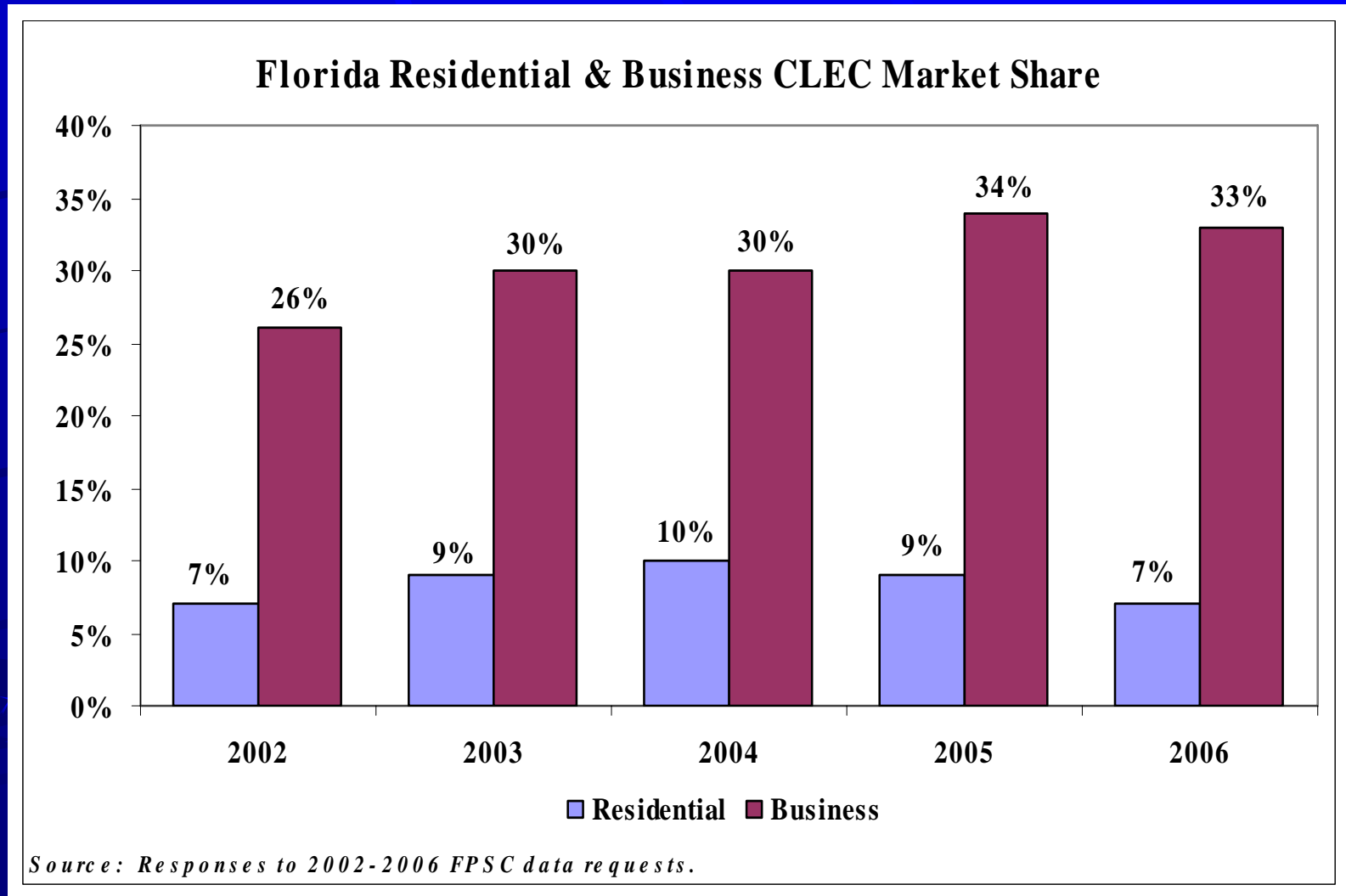


# Wireline Market

## *Residential vs. Business*

- ◆ Competitive carriers' residential market share decreased to 7% in 2006 from 9% in 2005 (a decline of 177,000 access lines).
- ◆ Business market share for competitors decreased to 33% in 2006, a decrease of 1% from 2005 (a decline of 39,000 access lines).

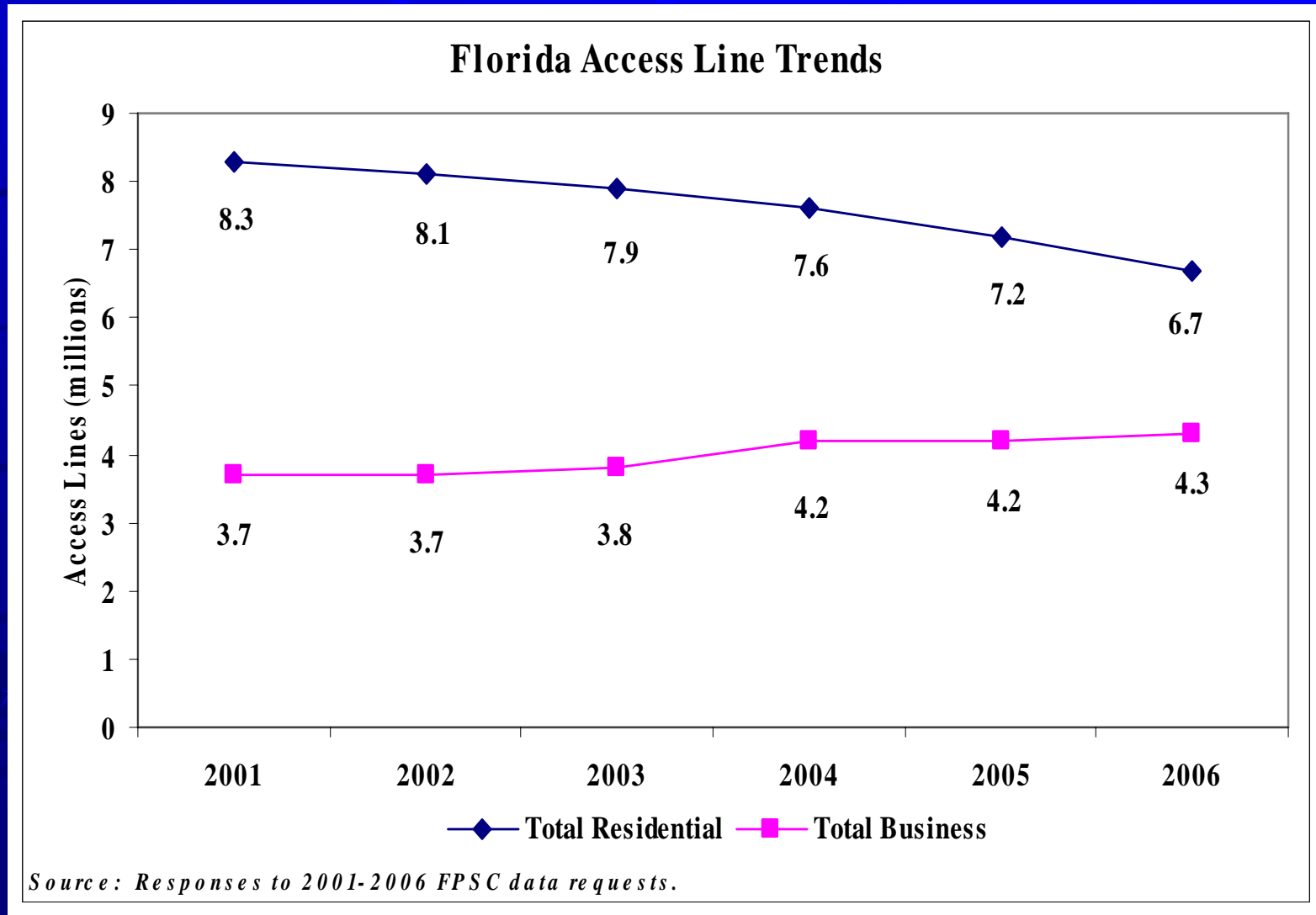
# Figure 2



# Wireline Market

- ◆ Total wireline access lines are declining.
- ◆ Total residential access lines are declining.
- ◆ Total business access lines continue to grow but at a slower rate than in 2005.

# Figure 3



# Wireline Access Line Loss

- ✦ Wireless substitution for primary and secondary lines

- Centers for Disease Control estimates wireless substitution at 6.7% as of June 2005.

- In-Stat survey results indicate 9.4% of wireless customers have wireless only telephone service.

# Wireline Access Line Loss

## ◆ VoIP

- Facilities-based providers (cable & CLECs)

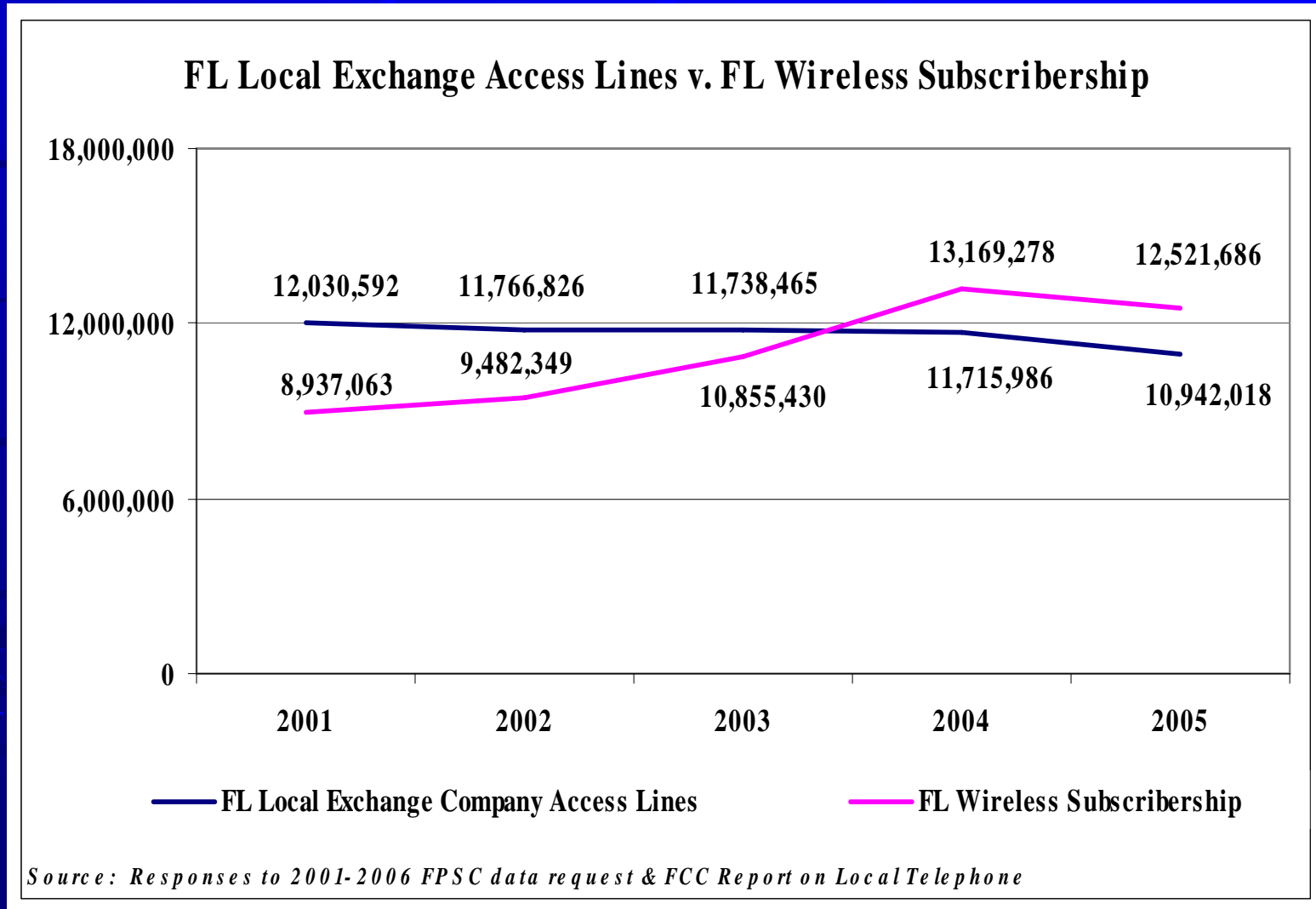
## ◆ High-speed Internet

- Over-the-top VoIP providers (Vonage, Packet8, Lingo, etc.)
- e-mail and instant messaging substitution

# Wireless vs. Wireline

- ◆ Number of wireless handsets in service (12.5 million as of December 2005) exceeds number of wireline access lines in Florida.
- ◆ In-Stat reports that as many as 15%-17% of wireless subscribers have two or more phones.

# Figure 4



# VoIP

- ◆ Over-the-top VoIP

- Vonage, Lingo, Packet8, etc.

- ◆ Facilities-based VoIP providers

- Cable companies

- CLEC providers

# VoIP

## ◆ National subscribership estimates

- TeleGeography estimates 6.9 million U.S. over-the-top and cable VoIP subscribers.
- Telephia estimates 2.9 million U.S. over-the-top VoIP subscribers by 2Q 2006.
- In-Stat estimates 4.4 million U.S. cable-based VoIP subscribers by year end 2006.

# VoIP

## ◆ Florida

- Bright House Networks reports 300,000 digital cable telephony subscribers
- FDN offers VoIP services to residential and business customers
- Comcast, Mediacom, Cox and other CLECs also offer VoIP digital voice service in some Florida service areas
- Vonage reported nearly 150,000 subscribers with Florida addresses as of September 1, 2006

# Broadband Market

## ◆ High-speed Internet Access

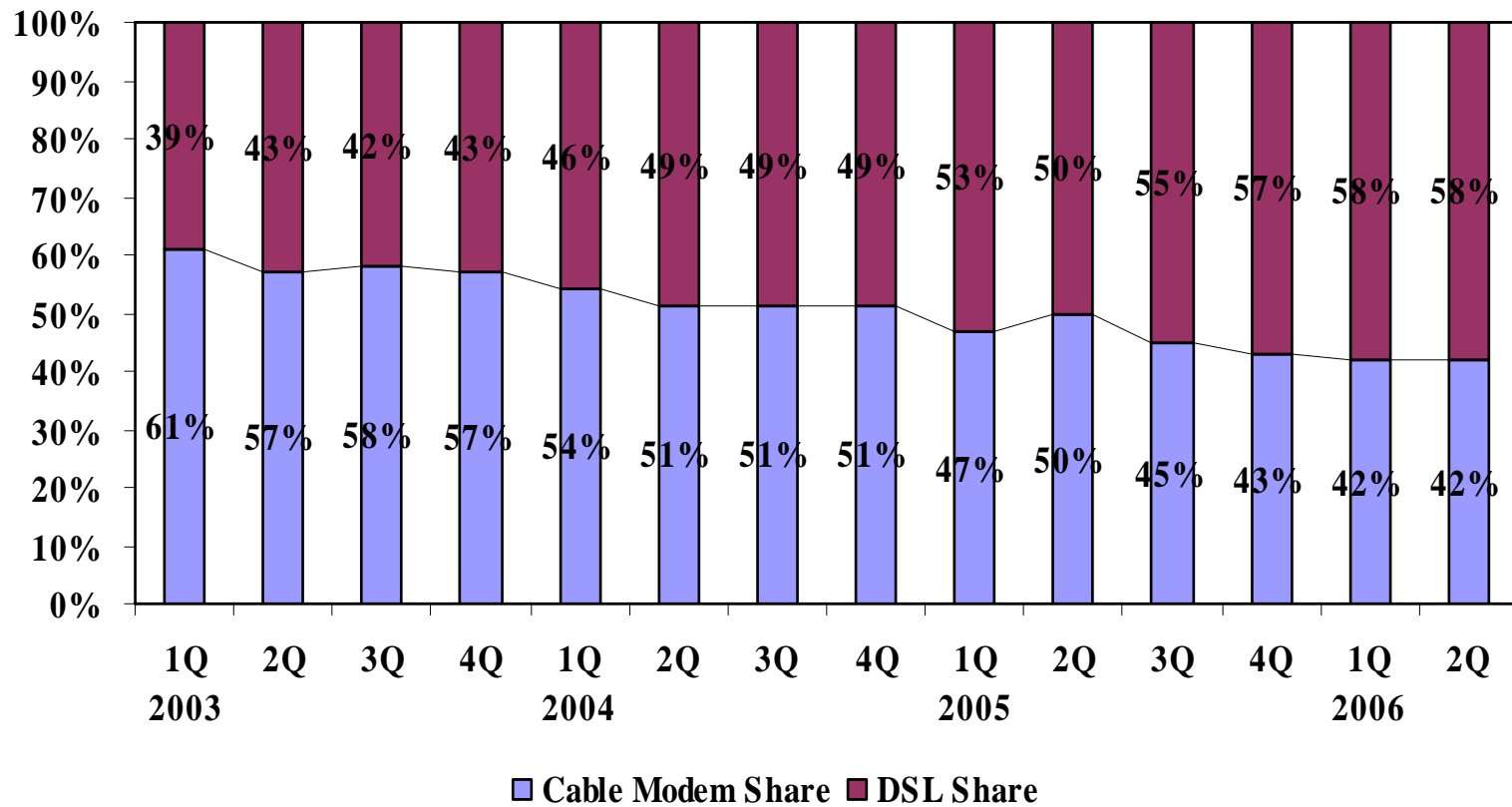
- Digital Subscriber Line (DSL)
- Cable Modem Service
- Wireless (Wi-Fi, Wi-Max, fixed wireless, satellite)
- Broadband Over Power Lines (BPL)

# Cable Modem vs. DSL

- ◆ DSL subscribership has a slight edge over cable modem subscribership with 58% of the combined market in Florida.
- ◆ Since 1Q 2005 DSL subscribership has equaled or exceeded cable modem subscribership in Florida.
- ◆ Cable modem and DSL account for 98% of the total residential broadband market in Florida.

Figure 5

DSL v. Cable Modem Market Share in Florida



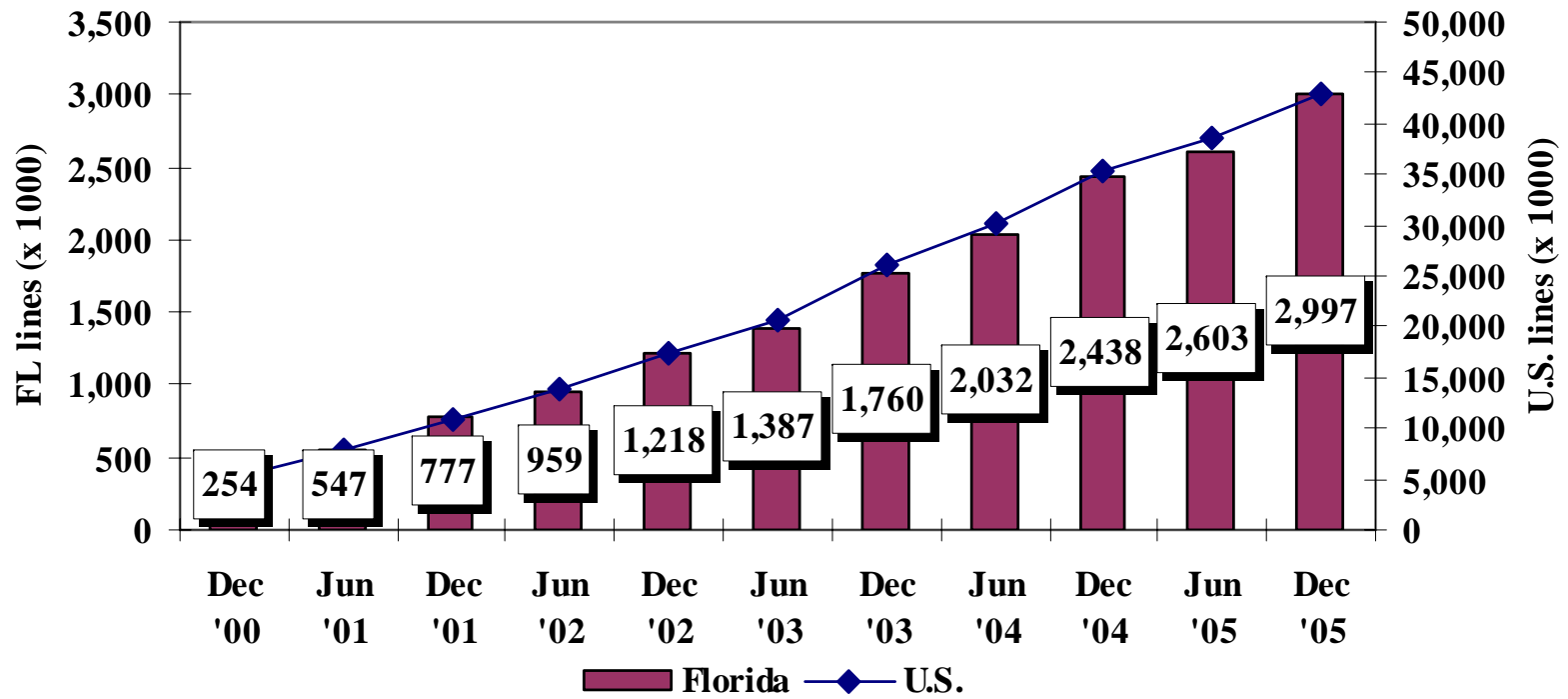
Source: BEBR Consumer Surveys on behalf of FPSC.

# High-speed Access Florida vs. U.S.

- ✦ Florida broadband subscription is consistent with national trend.
- ✦ Approximately 70% of Florida Internet subscribers have broadband access as of 2Q 2006.
- ✦ Approximately 27% of Florida residents do not have any type of Internet access in the home.

# Figure 6

## Florida and U.S. High-Speed Lines (Residential & Small Business)



Source: FCC Data on High-Speed Services, Table 13.

# Changing How We Communicate

- ◆ Persons vs. Places

- ◆ Mobility

- Voice
- Data

- ◆ E-mail and instant messages

- ◆ Demographic factors

- Age
- Gender
- Ethnic background

Questions?

