

DOCSIS 3.0: Coming Soon to a Cableco Near You

hope broadband competition in the New York City area is the wave of the future. The region, which is densely populated, has three Internet service providers vying for customers. And since [Time Warner Cable announced yesterday](#) that it will deploy DOCSIS 3.0 to the city, the area also will soon have competing super-fast broadband offerings from all three providers. Verizon touts its FiOS service there, and Cablevision already offers DOCSIS 3.0 and [just launched speeds of 101 Mbps to Long Island residents](#).

A lot has been written about the merits of Verizon's fiber to the home vs. AT&T's fiber to the node and U-verse services, but we haven't spent a lot of time on DOCSIS 3.0 deployments. Sure, it will provide ultrafast broadband, such as the 101 Mbps services that Cablevision is offering or the 50 Mbps that Comcast boasts. But for providers, the upgrade makes a tremendous amount of sense for business reasons beyond happy customers — so much so, that 45 percent of the country will have access to D3 rollouts by the end of this year, according to [data from research firm Pike & Fisher](#). (See chart for provider details.)

Given that the average residential customer doesn't currently need 50 Mbps down, and likely won't spend \$140 a month to get it, why are cable companies doing it? First off, the rollouts are cheap. Cablevision has said it costs it about **\$70 per home to deploy DOCSIS 3.0**. Tim McElgunn, chief analyst at Pike & Fisher, estimated that it generally costs about \$100 per home to deploy, or a few billion to upgrade across a cable company. Verizon is spending \$23 billion to deploy FiOS, and general estimates are that it costs about \$1,000 per home to deploy.

For a relatively small investment, cable providers get upgraded to a faster service that has benefits such as **IPv6 addressing capabilities**. They also can offer fiber-like speeds to business customers without spending **more money to deploy fiber**. Cable providers have seen growth in residential services stay relatively flat, so they're looking to business access and interactive advertising to grow. D3 doesn't really affect advertising, but it is an attractive offer to dangle in front of corporate users.

DOCSIS 3.0 Deployment Forecast - Year End 2009

	Total Homes Passed YE 2008 (Millions)	% HP by D3.0 YE 2008	% HP by D 3.0 YE 2009
Comcast	50.3	20%	65%
Time Warner	26.8	0%	12%
Charter	11.9	1%	25%
Cox	9.4	0%	57%
Cablevision	4.7	100%	100%
BrightHouse	3.9	5%	25%
Mediacom	2.9	0%	50%
Suddenlink	1.9	0%	25%
RCN	1.7	0%	15%
CableOne	1.4	0%	20%
Insight	1.3	0%	15%
Other	3.5	1%	20%
Total	120	13%	45%