

Getting Smart About Cable TV, Phone and Data Contracts

Why are some owners receiving a payment from their cable TV, phone and data providers while others are not? Why are some in costly litigation with the service provider?

The answer is simple: Some owners know how to take advantage of new opportunities in today's fast-changing telecommunications landscape, while others are still struggling to understand their basic rights and obligations with regard to cable TV contracts and services.

A bulk cable TV and/or data contract is usually one of the largest expenses in any given property's budget. For properties without bulk contracts, cable TV, voice and data services are both a challenging service issue for residents and a potential revenue source for the property owner. Therefore, it's important to analyze all options to help realize financial benefits while delivering the best possible service to residents.

A CHANGING MARKETPLACE

Clearly, the world of telecommunications is changing quickly. Across the country, broadcast TV stations have switched from analog to digital, rendering older sets obsolete. In addition, competitors are challenging dominant cable providers like Comcast and BrightHouse with new products and services, such as AT&T's U-verse broadband offering. Meanwhile, many smaller operators are facing financial difficulties in the national economic downturn.

As a result, now is an ideal time to re-examine current cable TV contracts (bulk or non-bulk service)—even if the expiration dates are still a few years away. Changes in the marketplace, technology and pricing are putting property

owners in a stronger position to bargain than was the case a few years ago. And if the original provider was acquired by one of the leaders, an owner is in an even stronger position: cable companies often prefer to negotiate a new contract in order to avoid any legal challenges.

Before beginning the contract negotiation process, take the time to learn as much as possible about the key issues involved in the telecommunication



contracts and service agreements. Here are some suggestions.

- Compare rate structures, program offerings and non-bulk contract opportunities. This is the starting point for choosing a provider, so it's important to get as much information as possible. Then compare the bulk rates offered to a property with those available to individual subscribers to see if there is a real

financial benefit. Communities without bulk contracts should compare revenue offerings from each cable and telecommunications provider.

- Check existing agreements and documents. Technology evolves far more quickly than the legal or regulatory environment. If a provider offers a bundled cable TV, broadband or voice package, be sure the contract can be signed. Many older documents only cover cable TV and may need to be amended.

- Determine the right contract length. Most providers prefer a long-term contract, giving them enough time to recover the cost of their technology investment in the property. The current provider may agree to a shorter term, but that's not necessarily the best choice. It is a misconception to expect cable TV, phone and data costs to fall in the future—especially as program-related expenses are actually rising faster than the cost-of-living index.

- Examine the automatic renewal clause. Take a look at the current contract to see when there is a "window" to cancel or renegotiate prior to an automatic renewal. When reviewing a new contract, preserve as many options as possible. Be sure there is a choice to cancel or renew in the future.

- Retain ownership of the wiring. While some telecommunication contracts state that the operator has

exclusive use of wiring, preserve your rights to each community's infrastructure. Otherwise, a new provider might have to install new wiring throughout the community—a costly proposition for all parties.

- Review the strength of the provider. It can be easy to forget that the contract just sets the legal framework for a relationship with the provider. Be

sure the provider will answer the phone when called and send out a repair truck when necessary. Just because a company promises great service during the contract negotiation period doesn't mean it is assured.

■ Consider satellite technology. Satellite services offer rate and program packages that are highly competitive with cable TV offerings. But be aware that it is a local franchisee—not the parent brand—that will sign the contract. That makes it imperative to review the franchisee's credentials carefully.

■ Protect/negotiate the community TV channel. When negotiating a new contract, ask about which community programming and content is allowed and how the community's own channel will be supported. Otherwise, a change in technology could disrupt the properties' cable TV programming and advertising revenue stream.

BUILD A SMART COMMUNITY

Finally, it is essential to think about the community as a whole before making any telecommunication-related decision. That's the essence of building a "smart community" for the 21st century. After all, the telecommunications infrastructure provides the core framework for all the community's technologies: the wired and wireless networks (including web portals), closed-circuit television (CCTV), security, energy management, wireless (wi-fi) services, cellular services and more.

The best time to take a look at the big picture is when new contracts are being negotiated—otherwise, important financial and service opportunities could be lost.

A smart community program should include:

■ Cellular. In addition to reviewing roof rights and existing cellular tower leases,

develop a strategy to allow residents to participate in discounts while generating rebates and/or revenues in exchange for a preferred marketing relationship. Also identify applications that can allow residents to remotely access various features on the properties at no additional cost.

■ Community Web Portals and/or Community TV Channels. In a digital world, a web portal can be the center of the universe, allowing management companies to effectively communicate with residents and prospects while creating an effective revenue-producing amenity. The portal will also form the basis for community-wide alerts and notifications and could become a significant advertising platform that results in revenues.

■ Technology Concierge. Review options for creating new amenities which improve the overall level of technical support for the properties by identifying national service providers that provide discounted services and premium rewards to residents. The programs may also include a rebate in exchange for a preferred marketing relationship.

■ Security, CCTV, Fire and Access Control. Review any current agreements and negotiate preferred rates and rebates, including creating operational efficiencies (e.g., reducing the number of phone lines), remote access to CCTV images and more.

■ Energy Savings or Going 'Green'. In multiple dwelling unit (MDU) environments, there are many opportunities to reduce the overall consumption of energy, including participation in utility rebate programs and more. Remote access to a resident's thermostat via the portal is a viable and relevant option to consider. **NN**

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