InterMedia’s New Services Indicative of Communications Revolution

By Wayne Vowell
The use of fiber optics enables the company to transmit more information at higher speeds with greater reliability. The communications industry is one of the fastest growing and most competitive. The environment is ever-changing, with new products and services showcasing the latest technology being launched at record rates. The boom has made it a great time to be a consumer.

InterMedia Partners, the 10th largest cable/communications provider in the nation, with operations primarily in the Southeast, is a prime example of this evolution in the industry. Since moving its operations headquarters to Nashville in 1996, InterMedia has been aggressive in its adoption and use of the latest technologies to provide a wide array of products and services to its customers.

Key to these innovations has been the upgrading of the basic cable system infrastructure from the old coaxial wire to a hybrid fiber-core architecture which is rich with fiber-optic cable. The use of fiber optics enables the company to transmit more information at higher speeds with greater reliability.

Fiber-optic technology uses very thin strands of glass to carry light signals. It can carry television signals greater distances than coaxial cable, while maintaining excellent picture quality. Customers notice immediate improvements in picture quality and channel capacity with fiber-optic cable. An upgraded system, rich in fiber optics, provides a platform for offering new high-tech services to customers.

To date, InterMedia has invested more than $170 million in Middle Tennessee (several million dollars in Murfreesboro) to upgrade its systems to fiber-optics. The company has taken the lead in the industry by utilizing the capabilities of its upgraded network by offering such new services as high-speed Internet access and digital television.

The company’s high-speed Internet product, InterMedia@Home, allows Internet users to navigate the World Wide Web at speeds up to 100 times faster than traditional telephone modems. Graphics, real-time audio, and video are no longer obstacles for InterMedia@Home users. Response from household users in Middle Tennessee has been enthusiastic, and the company has already begun to roll out the product in its other markets in Tennessee, the Carolinas, Kentucky, and Georgia. Plans to expand into the workplace with high-speed cable modem access to the Internet are also in the works.

The rebuilt system and fiber optics also have made it possible to begin implementing digital television service for Tennesseans. Called Idig, InterMedia’s digital television product provides viewers with up to 200 channels, interactive program guides, digital music, and cinema-like picture and sound. Idig also offers additional screens of premium movie channels, such as HBO and Cinemax, and up to 30 pay-per-view channels.

Today’s communications products and services have applications well beyond entertainment or simplifying communications. New technologies are already improving existing practices in the workplace. For example, InterMedia@Home is working with Middle Tennessee hospitals and doctors to be able to use the fiber-optic infrastructure for transferring X-rays and other medical records. Intermedia is also taking InterMedia@Home into Middle Tennessee schools, allowing teachers and students high-speed Internet access to great volumes of information. Teachers tell us the same files that previously took hours to download take only minutes with InterMedia@Home.

The future of communications is wide open. New products and services test and expand the limits of technology daily. Competition from telephone and satellite companies ensures that prices for new products will remain well within the average family budget.

Consumers, however, should recognize there are very real costs associated with the latest products and services. While competition keeps rates down, the ability to offer these products requires millions and millions of investment dollars. By increasing the number of products available, cable companies like InterMedia hope to keep individual product costs as low as possible. And, even more than infrastructure, the cost of programming continues to spiral ever upward.

Programming costs apply equal pressure on cable’s competitors, such as the satellite dish industry and the telephone company. When a movie channel features a recently released blockbuster, for example, it passes the costs of that movie on to its advertisers as well as to whatever industry is bringing the picture into the home. And those costs are, in turn, passed along until they reach the end user, the consumer.

The net effect of increased competition and increased costs of programming will likely continue to move the industry toward consolidation and clustering much as it has for the last four or five years. Larger companies offer the better economies of scale, greater negotiation leverage with program suppliers, and a better ability to fend off incursions from the competition. In the meantime, new products and services continue to roll out at mind-staggering rates, and the consumer is king.

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