TELECOMMUNICATIONS & DIGITAL INFRASTRUCTURE

ASYMMETRIC COMPETITION IN THE US BROADBAND MARKET

The US residential broadband market is in a state of dynamic change, shaped by intensifying competition and a paradigm shift in how value is created and captured.

DSL to Fiber-to-the-Home (FTTH) upgrades, upgraded hybrid fiber-coaxial (HFC) networks, 5G fixed wireless access (FWA), low-earth orbit (LEO) satellite networks, and aggressive FTTH overbuilders have all contributed to a more competitive landscape.

However, network technology and raw performance no longer dictate success. Instead, as multiple options become "good enough", customers are choosing value and convenience and sticking with providers that can deliver across services. Players leveraging fixed-mobile convergence (FMC) are beginning to define the frontier of broadband competition.

Cable companies are proving more resilient than expected as HFC upgrades cost a fraction of FTTH builds and can provide sufficient performance for most consumer use-cases in the foreseeable future. Further, major cable MSOs' high coverage of US homes combined with MVNO offerings across 100% of their footprint have positioned them well for driving FMC success.

Meanwhile, major telcos and mobile operators are pursuing convergence through FWA, consolidation, and capital-efficient footprint expansion via partnerships, joint ventures, and open-access models. FWA has been successful and achieves high customer satisfaction with value-focused offers and ease of purchase and setup. The long-term winners will be those that can drive FMC at scale in order to out-mix the competition by creating high-value, low-churn customer bases—regardless of the underlying access technology.

> Customers who have multiple service options are choosing value and convenience over technology.

Market Realities:

Competitive Intensity, HFC Upgrades, and Shifting Assumptions

Across our client base, one of the most consistent themes is the intensification of competition across multiple dimensions.

The rush toward FTTH deployment has led to a proliferation of overbuilders pursuing the same "white space" geographies. Often using similar build criteria, these players are flooding the same territories, creating market congestion and diluting returns.

Further, FTTH upgrades and overbuilds are, on average, behind schedule and over budget. This is due to a combination of labor cost inflation, permitting and make-ready challenges, and competition for a limited number of qualified subcontractors in any given market.

At the same time, major cable companies have been quietly upgrading networks along the DOCSIS 4.0 pathway and strengthening their competitiveness. In recent years, many have upgraded their HFC networks to deliver higher speeds and narrow the gap between upload and download speeds. Contrary to legacy perceptions, customers are not overly concerned with the underlying network technology. Their priorities remain performance, reliability, service quality, and value. With no pressing consumer use cases demanding symmetrical multi-gigabit service, advanced HFC networks are adequate for most customers for the foreseeable future.

The Rise of Fixed-Mobile Convergence

While network capabilities remain important, the most significant strategic shift lies in the growing importance of fixed-mobile convergence.

FMC is redefining market dynamics, customer expectations, and operator economics. But unlike traditional bundling strategies that merely package services for a discount, successful FMC strategies rely on data-driven base management, cross-selling, and retention-focused growth.

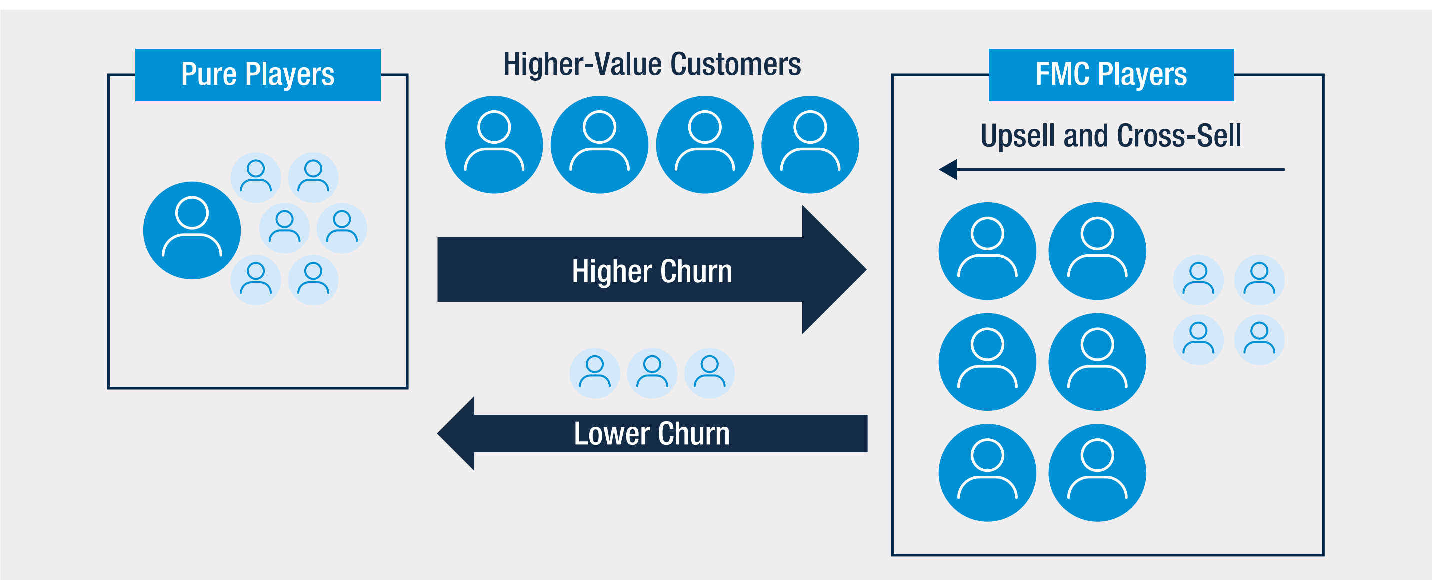
Empirical evidence from leading players shows that combining broadband and mobile services can reduce churn dramatically across both products. This has been true in markets across the world and is true today with leading players in the US. In an era where subscriber acquisition costs are high and market saturation is near, reducing churn is a critical lever for sustainable growth.

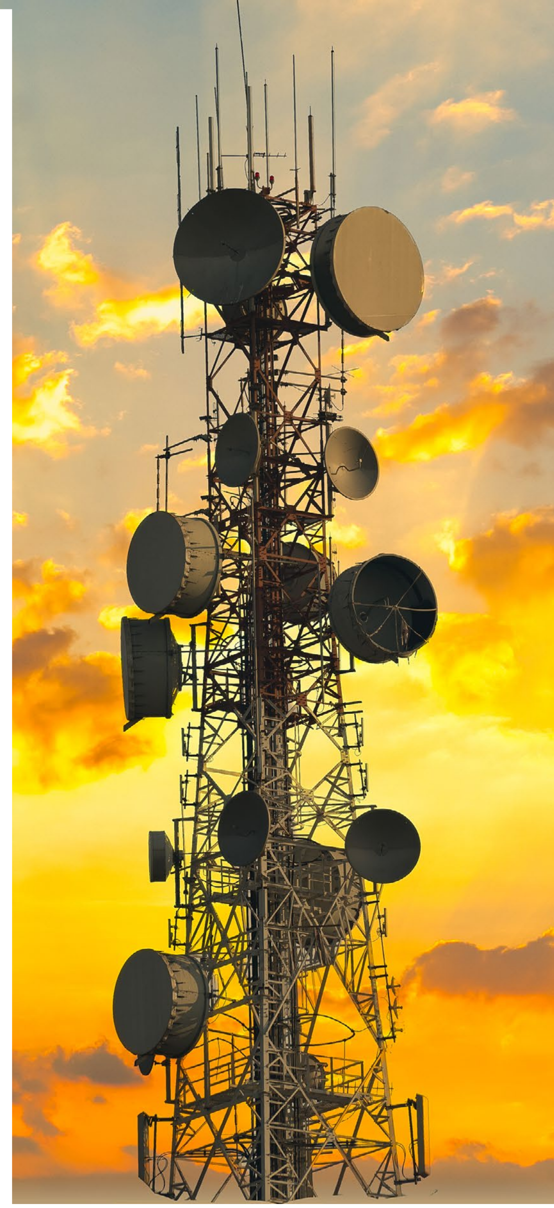
Over time, FMC players will gain a structural advantage by progressively "out-mixing" pure-play providers—that is, they accumulate a higher share of high-value customers. Converged customers have lower churn and higher average revenue per user (ARPU), making them more valuable and less likely to switch. Cross selling fixed services to mobile customers or mobile services to fixed broadband customers lowers customer acquisition costs. As the number of valuable switchers declines, FMC players make these customers more valuable by targeted upselling, price optimization, and new service offerings. Meanwhile, pure-play providers—lacking a converged offering—struggle to retain their most profitable customers and are increasingly left with a mix of lower-value, price-sensitive switchers. This asymmetry in customer value will create risk for players with large pure play customer bases.

All major cable MSOs and telcos are focusing on winning this convergence race. These dynamics are driving consolidation, partnerships, offers in the market, and aggressive cross-selling where there are available opportunities. Cable MSOs are optimizing their MVNO models, driving WiFi offload and building CBRS networks to lower network costs and get closer to owner economics. They are also consolidating through M&A and creative network services relationships to expand footprints where they can deliver FMC as a competitive weapon. Mobile operators are pursuing FWA and driving wireline footprint expansion through strategic acquisitions, innovative partnership and financing models such as joint ventures, tapping into open-access networks, and Netco–Servco partnerships.

Footprint expansion through partnership or financing models provides operators with flexibility to expand reach while lowering required CapEx and shifting early-year negative free cashflow from their balance sheets. These models also allow incumbents to test new deployment approaches outside the constraints of their core business, e.g., in areas with unionized labor or legacy systems.

> **Convergence is not just a strategy—it is the new operating model for broadband success.**





Strategic Responses Across the Ecosystem

For major MSOs, the priority is clear: deepen FMC integration, upsell and optimize pricing to drive revenue growth, and use CBRS to drive down MVNO costs. Footprint expansion via consolidation represents another avenue for growth.

Meanwhile, telcos and mobile operators are adapting their strategies to enhance their FMC positions. To maximize the value of the existing customer base, they are investing in customer base management and offering FWA where they don't have fixed infrastructure. To expand FMC opportunities and defend and grow their mobile share, they are investing in footprint expansion through acquisitions of fiber players, joint ventures, and partnerships. These moves aim to enhance convergence capabilities while maintaining capital efficiency.

Independent and private-equity-backed fiber (and other broadband) players are also evolving in multiple dimensions. First, many are revisiting their market selection frameworks to avoid multiple overbuilders and improve penetration and ROI forecasts. This includes adjusting their target penetration rates to account for cable upgrades and the rise of FWA from major mobile operators. Second, they are seeing the footprint expansion agenda of major mobile operators as a potentially lucrative exit option. Third, they are tapping into MVNO opportunities and NetCo–ServCo partnerships to drive growth through convergence and reap higher multiples at exit. This is particularly true given technology change and the rise of MVNEs to support lower cost MVNO launches. [See our article on MVNO business models here.[1]]

1 Rand Bailin and Moe Kelley, "Now Is the Time to Revisit MVNO Business Models," Alvarez & Marsal, May 27, 2025

Conclusion:

Winning Through Convergence

The nature of competition in US broadband has evolved. It is no longer just a race to deploy the fastest fiber or capture the most white space.

It is a battle for long-term customer ownership through smart, scalable, and economically viable convergence. Major telcos and wireless carriers are focused on driving FMC by cross-selling FWA in their mobile footprint and FTTH in their wireline footprint, while looking for capital efficient footprint expansion. Cable companies have lost subscribers but are proving resilient in the face of increased competition with upgrades and FMC.

The operators that will win the next phase are those that optimize network investment in terms of both technology and geography, understand the customer lifecycle deeply, manage churn proactively, and monetize across multiple products and services. Convergence is not just a strategy—it is the new operating model for broadband success.

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