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CAVALIER TAKES VIDEO LEAD

BY CAROL WILSON

Virginia residents are getting a first look at the latest in telco-provided video--and it isn't from Verizon.

Competitive services provider Cavalier Telephone next month will offer a 150-channel digital TV service, along with its high-speed Internet and voice offerings to about 150,000 homes in the Richmond, Va., area served by its network. Based on Paradyne DSLAMs (now owned by Zhone Technologies) it is deploying in 215 Verizon central offices that are connected to its IP backbone in the mid-Atlantic region, Cavalier is using ADSL2+ and new MPEG-4 compression technology to provide the video offering over leased UNE-L lines from Verizon.

"We took the convergence of MPEG-4 and ADSL2+ to go ahead and set up relationships to start delivering 100% digital product to combine with our voice and DSL products," said Andy Lobred, vice president of product management and marketing for Cavalier. "We are going to be launching the nation's first MPEG-4 deployment in December."

Cavalier chose Richmond for its first deployment "because we can control the deployment most effectively and gain the most intelligence," he said. The company will aggressively roll out service in its remaining areas in Norfolk, Baltimore, Philadelphia, Delaware and Northern Virginia by mid-2006, passing almost 2 million homes in the process.

"We are saying the service can reach homes with 2.5 mile radius from our CO," Lobred said. "The Richmond system is in trial right now, and we are working feverishly to get everything ready for deployment."

In addition to Paradyne/Zhone, the competitive carrier is working with Tut Systems for headend gear, Amino for set-top boxes and Kasenna for middleware. It is using ViewNow video-on-demand content and Secure Media for video encryption. Cavalier worked with the National Cable Television Cooperative, with local affiliates for their retransmission rights and with content providers directly to build its programming, Lobred said.

Cavalier isn't yet going head-to-head with Verizon where it has deployed FiOS. To date, Verizon is offering video only in its Texas deployments, where it has a statewide franchise. Cavalier is primarily competing with Comcast and Cox.

"We have a strong value proposition based on choice, flexibility and features," Lobred said. "We can save people more than \$550 a year."

Cavalier's triple play of voice, data and video costs \$95 a month for 150 digital channels of video and music, two set-top terminals, an Interactive Program Guide, unlimited local calling, 5-cent-a-minute long-distance calling, free long-distance to other Cavalier subscribers, 12 advanced calling features including voice mail and caller ID, and DSL service that includes advanced features such as pop-up blocker, three email addresses and a personal Web space.

The privately funded company is free cash flow and net income positive, Lobred added, based on current services provided to 200,000 residential and 35,000 business customers.

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