

IQ Fiber Gives Underserved Jacksonville, Florida, Market New Gigabit Hope

The competitive provider launches an effort to install new fiber-to-the-home services in Florida's underserved broadband market.

By Sean Buckley / *Broadband Communities*

Ted Schremp has plenty of experience being a broadband and telecom disruptor. He spent six years at Charter Communications, leading the marketing arm of the MSO's telephony division. Now, as CEO of IQ Fiber, he hopes to take on incumbent providers AT&T and Comcast with fiber-based broadband.



Ted Schremp

Headquartered in Jacksonville, Florida, IQ Fiber is bringing fiber-based internet to areas of Northeast Florida that currently do not have access to symmetrical broadband services.

IQ Fiber will begin construction on a 10 gigabit-capable fiber optic network throughout Atlantic Beach, Florida. Building on the fiber internet project is slated to start this spring.

After returning from a stint as CEO of LinkNet in Indonesia to the U.S., Schremp saw a different broadband market. "When I came back to the U.S., a lot of what was happening was big consolidation plays with Comcast trying to buy Time Warner Cable, and then Charter bought Time Warner," Schremp says.

More recently, the desire to equip more of the population with better broadband

and fiber services was highlighted by the COVID-19 pandemic. "During the past two years, there's been a lot more happening in the world of fiber," Schremp says. "It is interesting how it corresponded in some respects with COVID-19."

SERVING THE UNDERSERVED

Schremp started to work with private-equity players who wanted to acquire a set of network assets to use as a foundation on which to build. These types of deals are common in the broadband industry.

"There's been no shortage of deals where someone buys a brownfield telco or a cable operator and then edges out with fiber," Schremp says.

However, he says, there's a benefit to building a new fiber network from scratch. "There's a lot to be said for greenfield advantage," he notes. "The analogy I use is that [a brownfield project] is like a used car; you replace the engine, the transmission and put a new coat of paint on it, but it's still a used car."

A resident of the Jacksonville area for more than three years, he realized that service from the local incumbent providers – AT&T and Comcast – was not available everywhere in the community. They had some legacy DSL and cable systems.

“Here we are in this vibrant market with growth and great demographics, but there was a lack of viable modern broadband options,” Schremp says. “Having been in the business, I said, why don’t we build this thing out for Northeast Florida and run it out of Jacksonville.”

After it created a business plan, IQ Fiber got a lot of interest from the investment community, including SDC Capital Partners. Schremp cites two reasons: Northeast Florida has the proper dynamics for success and IQ Fiber has a team of tenured executives.

IQ Fiber will offer simple, month-to-month rates with no hidden fees, surcharges or surprise price increases. Its three service plans deliver symmetrical internet speeds between 250 and 1 Gbps and whole-home Wi-Fi service with a simple app to manage connections and settings.

The company has set an ambitious target – it plans to bring FTTH service networks initially to 60,000 homes in Jacksonville and it is starting a buildout in Atlantic Beach.

IQ Fiber is focused on rapidly expanding its residential fiber network across Clay, Duval, Nassau and St. Johns Counties, backed by strong capital funding partnerships.

“We have 60,000-plus homes we want to do in the first phase in partnership with SDC Capital,” Schremp says. “When we look at the broader four-county area of Northeast Florida, there are easily 300,000 homes, not to mention all the new home-build activity that’s happening.”

OVERCOMING SUPPLY, FLEET ISSUES

Supply chain issues have plagued many service providers’ FTTH rollouts, but IQ Fiber isn’t experiencing that problem yet. That’s because the service provider had proper agreements in place before the supply chain snarled.

“Part of having a tenured team is we have lots of relationships,” Schremp says. “We have been able to source conduit, fiber and electronics.”

But IQ Fiber isn’t without issues. “One of the big challenges we face is fleet, so getting trucks has been



Though IQ Fiber has had trouble sourcing trucks, it got creative and “secured good construction partnerships.”

challenging,” Schremp says. “We got creative and have been able to source vehicles, and we secured good construction partnerships.”

IQ Fiber’s build has mainly been underground. The provider prefers underground bodies for “longevity” reasons. “In this part of Florida, there’s no easy digging; it is sand or dirty sand and a little bit aerial here and there.”

COMPETITION’S RESPONSE

Given that FTTH is a disruptive broadband technology, one would think that incumbent providers would forge responses. But IQ Fiber has not seen any pushback, at least yet, from AT&T or Comcast.

“The incumbents have not responded specifically against us,” Schremp says. “We are firm believers in the superiority of fiber in terms of fiber broadband.”

Because IQ Fiber is essentially a greenfield provider, it can leverage the latest FTTH technology. The service provider is deploying an XGS-PON FTTH network. XGS-PON allows service providers to deliver 10 Gbps symmetrical services.

Service providers use XGS-PON to offer tiers ranging from 2 Gbps to 10 Gbps and other speeds.

XGS-PON also provides a path for providers, such as IQ Fiber, to migrate to 25G PON eventually. The next generation of PON could be used to address applications for enterprises and wholesale wireless backhaul.

Today, IQ Fiber and other service providers can use XGS-PON for most residential FTTH deployments. In a research note, Jeff Heynen, vice president of Dell’Oro Group, said that a provider can “add in 25G PON using the same equipment and ODN where it makes strategic sense.”

A LOCAL ADVANTAGE

Another critical focus of IQ Fiber is offering a local feel. Unlike a national provider that may station customer support in a different country, IQ Fiber customers can get answers from Florida-based staff. IQ Fiber is hiring more than 60 local management, field and support staff.

“We think it’s important to fill the gap that the incumbents have created,”

HOME-CONNECTED DEVICE ADOPTION GROWS

Consumer adoption of connected devices in the home continues to rise. According to Parks Associates research, internet households in the U.S. now own an average of 16 connected devices, up from 13 connected devices in 2021. Always-on broadband connectivity has become essential.

Elizabeth Parks, president of Parks Associates, said that although the “home network and broadband are the foundation of the connected home, ... [consumers] still have big concerns over data privacy and security.”

Schremp says. “We are a proudly local company, hiring people and investing in the community locally.”

He adds that having local resources can better support customers. “We engage with the customers and the municipalities,” Schremp says. “We are not some far-removed corporate entity focused on cost reduction, automation, and offshoring, which have taken their toll on the customer experience.”

ADDRESSING CUSTOMER IRRITANTS

Besides offering gigabit speeds on a new XGS-PON network, another advantage of being a greenfield player is that IQ

Fiber does not have to manage a legacy billing system.

This enables it to be more creative with its pricing and offerings. Today, the provider offers three main speed tiers: 250 Mbps for \$65 a month, 500 Mbps for \$75 a month, and 1 Gbps for \$85 a month.

“One reason we wanted to start from scratch is we did not inherit a legacy billing system that had all of its inherent limitations and issues,” Schremp says. “Our plans don’t include install fees, data caps, promotions – all the irritants to customers that we’ve designed out of our offering.”

IQ Fiber aims to simplify the

customer experience by offering subscription billing, meaning that a customer who buys 1 Gbps service for \$85 per month will be charged only that price.

IQ Fiber also includes complete home Wi-Fi service in the bill, alleviating another critical pain point that has been the ire of customers who purchase cable modem service.

“If you design simplicity into the process, it delights customers and reduces irritants, and also reduces costs,” Schremp says. “There’s no reason to call about a pro-rate when a pro-rate does not exist, and there’s no need to address rental fees because the equipment is included in the deal.”

DIVERSE HOME MIX

In addition to its focus on expanding its residential fiber network across Clay, Duval, Nassau and St. Johns Counties, IQ Fiber started deployments in Atlantic Beach and Jacksonville’s San Marco neighborhood.

Set to be completed later this year, the \$12.5 million Atlantic Beach project will begin this spring. The San Marco neighborhood deployment, which will cost \$8.4 million, started in March.

As IQ Fiber moves forward with its ambitious buildout plans, it will serve a diverse mix of homes. “The housing is largely single-family, with a mix of existing homes and small pockets of new developments,” Schremp says.

The initial focus will be on single-family, but the service provider will also build out to many MDU and commercial small to medium business (SMB) locations.

“We are engineering our build around residential, and longer-term expect to serve SMBs,” Schremp says. “MDU is a piece of that picture for us, but a lot of the MDU targets look like single-family in the sense that they will be garden-style and townhouse MDUs with fiber into the unit.”

IQ Fiber realizes that serving and installing services in existing MDUs isn’t always easy. It will use different technologies to make the MDU process work because every property has different needs.

XGS-PON SALES TO DRIVE FIBER BROADBAND EQUIPMENT REVENUE GROWTH

Deploying XGS-PON will help drive broadband access revenues over the next five years. According to recent research from Dell’Oro Group, PON equipment revenue is expected to grow from \$8.3 billion in 2021 to \$9.8 billion in 2026, mainly driven by XGS-PON deployments in North America; Europe, the Middle East and Africa; and Central and Latin America.

In addition to PON equipment, the research firm expects ongoing growth from cable broadband access equipment and for fixed-wireless CPE to increase from 2021 to 2026.

Led by shipments of 5G sub-6GHz and 5G millimeter wave units, fixed-wireless CPE revenues will reach \$2.8 billion by 2026. Researchers forecast that payment for cable distributed access equipment (virtual CCAP, remote PHY devices, and remote MAC PHY devices) will reach nearly \$900 million by 2024, and operators will increase their DOCSIS 4.0 deployments.

“Between national broadband plans, public subsidization and private equity, spending on broadband infrastructure will see sustained growth through 2024 and remain strong through 2026,” said Jeff Heynen, vice president of Dell’Oro Group, in a release.

“We expect to run into inside wiring challenges,” Schremp says. “We need to have everything in the toolkit, from Cat 5 to Wi-Fi, but our goal is to get symmetrical gig service to every unit.”

THE FOURTH UTILITY

Though IQ Fiber is still early in its buildout process in Florida, the communities it’s targeting are embracing it so far. The emergence of IQ Fiber and other new players reflects the reality that broadband is no longer a luxury but, like water and electricity, a necessity.

“We’re at a point where we believe broadband is the fourth utility,” Schremp says. “COVID-19 accelerated what was happening and got broadband on people’s radar because they were dealing with different forms of the digital divide, including adoption or availability.”

At the same time, the definition of broadband continues to evolve. Though

the FCC previously set 10 Mbps and later 25 Mbps as the definition of broadband, the dawn of applications such as Zoom has shown that this definition isn’t acceptable.

A key element of what people need with broadband is a symmetrical connection. People understand that a symmetrical link is now essential when their Zoom call times out.

“The definition of broadband has changed,” Schremp says. “The advent of Microsoft Teams and Zoom has made upstream more important.”

What also makes IQ Fiber and the community it serves attractive is that several submarine cables come into the Jacksonville area. Today, the Jacksonville CLS (JaxNAP) is now the cable landing station for the AMX-1 cable system and the Pacific Caribbean Cable System (PCCS). The CONFLUENCE-1 cable system lands at the Jacksonville CLS.

“We have three international cables that run to the Pacific and another that runs to Latin America, so there’s more internet infrastructure in Jacksonville than you might think,” Schremp says. “The analogy I use is we’re taking that same technology used for these submarine cables and putting them into individual residential homes.” ❖

*Sean Buckley is the editor-in-chief of **BROADBAND COMMUNITIES**. He can be reached at sean@bbcmag.com.*



ofs
A Furukawa Company

InvisiLight®

MAKE YOUR BUILDING SMART!

INVISILIGHT® SOLUTIONS
nearly invisible

AN OFS FTTx SOLUTION

Applying our Award-Winning Optical Fiber IN Your FTTx Application

InvisiLight MDU Solution
For traditional apartment buildings with indoor hallways

InvisiLight ILU Solution
Fiber in the living unit

InvisiLight Facade Solution
For outdoor pathways to the MDU unit

InvisiLight Drop Solution
One cable from outside to the ONT

Scan here to learn more!

www.ofsoptics.com

FURUKAWA ELECTRIC GROUP