

# ISE

ICT SOLUTIONS  
& EDUCATION

JANUARY/FEBRUARY 2022

## A Deal Born In Broadband

Executive Insights With

**Brightspeed Founding Leaders:**  
Bob Mudge, CEO; Chris Creager,  
CAO; And Tom Maguire, COO

Bob Mudge



Chris Creager



Tom Maguire



### ALSO INSIDE

- ISE's 2022 Annual Buyer's Guide
- ISE EXPO 2021 Contractor's Forum Highlights
- The \$65B Digital Divide Gordian Knot
- Adopt. Adapt. Accelerate.
- Let Go Or Be Dragged

# A Deal Born In Broadband

Executive Insights With

**Brightspeed Founding Leaders:**  
Bob Mudge, CEO; Chris Creager,  
CAO; And Tom Maguire, COO

Chris Creager



Bob Mudge



Tom Maguire



By Sharon Vollman, ISE

### Topic: How Did You Pull This Off?

**ISE:** Before we get into anything else, there is something that I am very curious about. How were you able to carry out this transaction, given all of the obstacles in 2020 and 2021?

**BOB MUDGE:** We had an amazing team of people scattered across the country who put in countless hours of hard work ... but none of this would have happened had it not been for technology.

Think about this: none of us were actually in the same place at any point in this -- most of us weren't even in the same state. As a result we had an amazing number of video conferences and passed a ton of data back and forth; thankfully everyone had a strong broadband connection.

This \$7.5B transaction shows what can be accomplished with a strong broadband network.

**TOM MAGUIRE:** It was a fantastic experience. We worked with people that I've never actually met face-to-face. Bob, Chris, and I have been in the same physical location only 2 times since we started working on this in early 2020. It's a good thing that we all had access to strong broadband. I used a FTTH connection in Florida and never missed a beat. This really helped drive our vision.

### Topic: Vision And Execution

**ISE:** Speaking of that, the Brightspeed vision statement says *Our vision is to accelerate the upgrade of copper to fiber optic technologies, bringing faster and more reliable Internet service to many rural markets traditionally underserved by broadband providers, while delivering best-in-class customer experience.* What drove you to launch Brightspeed now? And why?

**BOB MUDGE:** I was working with Apollo Global Management on an unrelated project, and they raised the notion of purchasing some ILEC assets. They immediately reached out to what we consider the best TMT consulting team at Altman Solon to study a number of options.

**TOM MAGUIRE:** As things began to focus a bit, Bob asked Chris and me if we were interested in joining the effort. Soon after, Apollo asked if any of us would be interested in sticking around to stand up the new business and manage the resulting carve-out. We agreed to do it under one condition: it was all of us or none of us. The rest, as they say, is history.

**BOB MUDGE:** Getting to do this again was such a compelling opportunity that we had to say "Yes!" We can't wait to create the excitement that accompanies growth for those Lumen employees who will be joining us.

**CHRIS CREAGER:** Our new fiber network will be very empowering to the communities that we'll serve. Customers need the sort of speeds and capabilities that we'll be offering for education, healthcare, and to drive growth for small businesses. We will also be well-positioned to support enterprise and wireless carriers.

**ISE:** What are the symmetrical speeds Brightspeed plans to offer? Share a few creative and out-of-the-box field solutions Brightspeed is employing to do that.

**TOM MAGUIRE:** We plan on offering Gig-speed plus, but it's not all about the speed; we are very focused on the customer's in-home experience because we think that's where the rubber meets the road.

It's been our experience that many customers don't really focus on the data speeds, but they are very aware of how things work (or don't) in their homes and places of business. This is why we're working with the best vendors to deliver both great speed AND the best in-home experience.

**CHRIS CREAGER:** Things have evolved greatly since we first rolled out Fios (the nation's first large-scale FTTH deployment) almost 20 years ago, and we want to leverage the best technology we can get. Case in point, we are looking at very promising technologies in the field, some of which have been seen in the pages of ISE magazine, that should allow us to be more efficient in terms of required investment and speed to market.

## Topic: Funding

**ISE:** Apollo Management is expected to invest approximately \$2B in this FTTH strategy. That's a hefty investment for a start-up. Congratulations!

**TOM MAGUIRE:** That's the funding they've committed. We are also looking to see if there are sources of additional funding so we can do even more.

**CHRIS CREAGER:** Apollo has committed funding to build fiber to nearly half of the homes and businesses in the footprint. To the extent there are other sources, we'd like to build even more. We believe in providing access to the best broadband for as many customers as possible.

**ISE:** When will the first few regions be live? What is the average take-rate expectation across those regions? How quickly do you expect a ROI associated with that \$2B investment?

**TOM MAGUIRE:** Regulatory approval is key. We cannot start offering service, or even building anything of significance, until we cross that hurdle. Think of it this way: if you were buying a house, would the owner allow you to remodel before the sale closed?

We're already working on plans to hit the ground running on Day 1, with plans to open our first consumer locations within a few months, but we have a long way to go. Fortunately, we have great partners at Lumen and in the vendor community, so we're well on our way to putting shovels in the ground as soon as we can.

**BOB MUDGE:** We are planning to close this deal around 3Q in 2022. As Tom said, the first step is to gain regulatory approvals and to fully stand up the portion of Lumen we are purchasing. We are challenging ourselves to begin placing fiber as soon as the deal closes. Apollo sees this as a long-term investment, and they are very patient and disciplined with their investments. I have no doubt that we will gain very strong market share.

## Topic: Growth And Balance

**ISE:** When a business is growing too rapidly, it can significantly increase the demands on each individual employee, and on your team as a whole. This can easily lead to stressed-out employees, low morale, and in-fighting. With Brightspeed's aggressive growth targets, how will you ensure that the passionate team members who signed on for this new adventure remain energized and pulling together?

**BOB MUDGE:** It's true that rapid growth can be stressful, but I believe that having a new sense of purpose, and the capital to deliver new products and services, will be exciting and energizing for the Lumen employee who will join us. We have said it since the beginning, and we mean it: **people matter**. We intend to celebrate our progress along the way and to ensure that our employees feel like active contributors to our mission as a company.

**TOM MAGUIRE:** If experience has taught us anything in this business, it's taught us that we will be successful only if our teams are. We realize that we need to keep everything in balance.

We have a great Chief Human Resources Officer, Colon McLean, to help with this. Interestingly, he's one of the non-telco folks on the team. (Yes, we know a few of those.) Colon brings a wealth of relevant experience from his tenure with Duke Energy, and understands the value we place on hiring and retaining talented, experienced people.

**CHRIS CREAGER:** In the short time since we announced the formation of Brightspeed, people have been proactively reaching out to us, and the feedback has been overwhelmingly positive. There is a feeling of excitement about being part of the initiation of a new company in this industry.

### Topic: Labor Challenges

**ISE:** In May 2021, Veriforce reported on a survey of telecom executives who were said to collectively employ more than 240,000 contractors. According to the study, the top challenge facing telecom companies is currently skilled workforce availability with 86% of company executives naming skilled labor as the top challenge facing the industry. What are your thoughts about this?

(Source: <http://www.rvallc.com>, Exceptional Market Research by RVA Market Research and Consulting)

**TOM MAGUIRE:** It's pretty clear that we're going to face headwinds, be they skilled labor, supplies, even vehicles, but we are taking steps to

mitigate these issues as much as we can. We've already begun talking to vendor partners to ensure that our needs and plans are clear. And we're already placing orders and securing capacity where we will need it.

**BOB MUDGE:** Our vendor partners certainly play a role in our success. Building trust with our incoming employees from Lumen is extremely important, too. We don't want to underestimate the impact on them of moving to a new company. I hope that by the time the deal closes, they feel excited about their future with Brightspeed, and they feel confident that this leadership team understands the

high-quality Internet. *Diversity* isn't a buzzword to us; we believe diversity promotes equity in the communities we serve.

### Topic: Deployment Partners

**ISE:** Utilizing contracting companies to execute your FTTP build requires a lot of trust. Since trust grows with time, it makes sense to leverage relationships you had as Verizon executives. That said, you don't want all of your fiber "eggs" in one basket. So, you may also be entering into entirely new contracting relationships. Share your thoughts about this.

“At the end of the day, I think people will find us to be a team that walks the talk. We don't make empty promises. We like to engage with our people, our customers and other key stakeholders. This includes Union leadership and regulators. We know that we do not know everything, so we look for people who can help make things better.”

– Tom Maguire, Chief Operating Officer, Brightspeed

value of their work. We are here to grow and win, and I hope they see that very quickly.

**CHRIS CREAGER:** We recognized that the industry is facing hiring and retention challenges when we first discussed our vision for Brightspeed, and we knew we wanted to be an appealing employer. Part of that appeal is our focus on building a diverse team of employees who are fierce advocates for more accessible, inclusive, and

**TOM MAGUIRE:** You nailed it: trust is essential. I've talked to a lot of folks in the past few years about what it takes to be a successful contractor, and I've said it's pretty simple: deliver things in a safe, quality manner at the right price. Anyone can come in and submit the lowest bid for 1 or 2 jobs, but we want partners who are going to be around for the \$2B+ program.

To that end we plan on working with friends both old and new. We will also be leveraging

## Topic: 5G And Fiber

**ISE:** Talk about Brightspeed's collaboration intentions to work with other major industry players and their 5G rollouts.

**TOM MAGUIRE:** While most of our work will focus on mass markets, we're also very aware of the needs of the large business/enterprise and wholesale markets. Our program will look like Verizon's One Fiber project; we will build a network that will work for any customers. But it won't just be about fiber as we will offer the features and functionality that people need today.

**CHRIS CREAGER:** While the residential and small business aspect of this transaction is getting all of the attention, we are going to be equally focused on enterprise and wholesale. Our modeling for where we build fiber will consider enterprise and wholesale locations so that we can serve them faster and more economically.



the relationships that Lumen has in place today. I can happily say that we've had great conversations to date about this with a number of excellent companies.

## Topic: Proactive Network Management

**ISE:** ICT industry analysts and observers often focus on service providers' CapEx budgets. But the reality is that OpEx can make

or break a provider's bottom line. The key to controlling OpEx is to improve network life cycle management for complex fiber and legacy networks in a cost-efficient manner. What are some proactive approaches Brightspeed will employ early on to control OpEx over time?

**BOB MUDGE:** We have experience maximizing the fiber investment to reduce costs. We will have the ability to eliminate some

high-cost legacy copper plant and to serve our customers with far more reliable fiber. Additionally, we can reduce future fiber install truck rolls by designing the network and OSS systems in a way that future customers can easily self-activate their service.

**CHRIS CREAGER:** We are thinking that a number of the strategies we used during Verizon's network transformation are applicable to these markets, whether the customer is near a fiber build or not.

## Topic: Connecting The Underserved for Remote Learning

**ISE:** According to a recent survey conducted by Digital Wish, 19% of students do not have Internet connectivity at home, and over 21% do not have access to a computing device, impacting their ability to adequately participate in remote learning. Brightspeed is embracing a new model to help the underserved. How will Brightspeed's model be quicker than other broadband providers when the new company is facing similar labor and supply chain issues?

(Source: <https://www.digitalwish.com/dw/digitalwish/home>)

**TOM MAGUIRE:** There are 2 issues at play here: 1.) How do we simplify the construction of the network? and 2.) How do we ensure that our partners are well-positioned to help us deliver on our goals?

I touched on the first issue a little bit before when I mentioned the promising technology in the field. We're hoping to leverage this approach to reduce the need

for splicing and placing -- 2 areas that are somewhat constrained these days due to market demands. This should allow us to move quicker because we won't be competing or waiting for those limited resources.

The second issue goes back to engaging excellent vendor partners who share our mission to help the underserved. We feel good about the vendor discussions we have had and will continue to have up to closing.

### Topic: Vendor Collaboration

**ISE:** What "secret sauce" should potential vendor partners use to work successfully with the Brightspeed team? Why is it different than working with other broadband providers?

**TOM MAGUIRE:** Given the newer technology, we're looking for partners to consider "cost-plus" models as opposed to the traditional Time & Material or Statement of Work ways of conducting business.

### Topic: Walking Your Talk

**ISE:** The Brightspeed website shares how the company is committed to being a leader in defining a new way to work. It says the company will "meet you where you are, by providing sensible remote and hybrid work arrangements." If other broadband companies are offering similar models, why should highly talented professionals work with Brightspeed instead of the big-name broadband companies?

**BOB MUDGE:** Unlike some other providers, we have a tight focus on improving broadband to homes and businesses. That's our primary goal. For businesses we will overlay cutting edge, but simple, applications. Additionally, we are doing this in areas of the country where we believe customers will be surprised and delighted by the outcome. That's a great reason to work with us.

**TOM MAGUIRE:** Another thing that sets us apart is the fact that our multi-year program is fully funded by the Apollo team. We're extremely fortunate to have that partnership.

I would add that our focus on growth is attractive. While we are intent on giving excellent service to our embedded base of customers, we are also focused on the future.

“Growing fast is a challenge. But it is far more fun and energizing than shrinking fast. We will celebrate our progress along the way and ensure that our employees feel connected to our purpose and beliefs.”

-- Bob Mudge, Chief Executive Officer, Brightspeed

**CHRIS CREAGER:** Agreed. Our market sets us apart. Deploying the latest technology to urban areas of the US is great, but people living in those areas already have choices for a strong broadband provider. We are bringing fiber broadband to areas that have been neglected. Closing that Digital Divide is truly powerful!

## LEADERSHIP QUESTIONS

### Topic: Honesty

**ISE:** What is it like to work for you?

(Source: Robert Sutton, author and management professor at Stanford via <http://www.inc.com>)

**TOM MAGUIRE:** At the end of the day, I think people will find us to be a team that walks the talk. We don't make empty promises.

We like to engage with our people, our customers, and other key stakeholders. This includes Union leadership and regulators. We know that we do not know everything, so we look for people who can help make things better.

We are also people who hold others to the standards we set for ourselves. If folks are willing to step up and do what needs to be done to hit our targets, we'll be their biggest champions.

“Folks have been reaching out because they are excited about what we are doing, as well as the social importance of how and where we plan to transform the business.”

— Chris Creager, Chief Administrative Officer, Brightspeed

## Topic: Failure

**ISE:** What happens at Brightspeed when people fail?

**TOM MAGUIRE:** Depending on the situation, failure in and of itself is not a bad thing.

For example, if someone tries something to improve our processes, systems, or products and fails, we'll learn from that and move forward.

However, if someone fails to treat others with respect or repeatedly fails to deliver on commitments, then we'll have an issue.

*We worked hard on our core beliefs and are very committed to them:*

- We believe people matter.
- We believe in thinking like customers.
- We believe in being real.
- We believe in delivering on big ideas.
- We believe in the speed of light.
- We believe in celebrating success.

**BOB MUDGE:** Tom said it well. Some failures are simply steps on the way to success. Fail. Correct. Move forward.

(Source: Bob Sutton and Jeff Pfeffer, Stanford professors, via <http://www.inc.com>)

## Topic: Risk

**ISE:** What's the biggest professional risk you've taken?

**TOM MAGUIRE:** This question is a tough one. IF you asked me this earlier in my career, I would have come up with something that happened to be a hot issue of the time.

But looking back, I'm not sure I took enough risks. I should have challenged more, pushed the envelope harder.

**BOB MUDGE:** Probably taking on this assignment when my wife thought I had retired! ■



**Bob Mudge** is Chief Executive Officer, Brightspeed. Bob's leadership roles at Verizon and other telecommunications entities span the gamut from network

operations to marketing and strategy. He has deep expertise in public and private companies and has served as an advisor to multiple private equity firms. While the breadth and depth of his industry experience is crucial in his role as Brightspeed's Chief Executive Officer, his ability to develop excellent teams that deliver exceptional customer service and growth sets him apart in the industry.



**Chris Creager** is Chief Administrative Officer, Brightspeed. Chris brings a wealth of leadership experience in transforming wireline telecom

businesses and driving customer growth. During his tenure with Verizon, he led large network and multi-billion-dollar business units that created powerful fiber optic access to millions of homes and businesses. Highly skilled in leading telecom mergers and acquisitions, Chris is focused on ensuring that Brightspeed delivers all its brand implies, for customers and employees.



**Tom Maguire** is Chief Operating Officer, Brightspeed. Tom's telecommunications experience spans four decades, from an early career as a field technician

to subsequently leading many facets of the business. This experience brings a unique perspective to Brightspeed's business model and influences Tom's belief that operations is most effective when it works with other parts of the organization to provide the best customer experience. Tom looks forward to engaging the Brightspeed operations teams to leverage state-of-the-art technology to serve existing and future customers.

For more information, visit <https://brightspeed.com>. You can follow Brightspeed on LinkedIn: <https://www.linkedin.com/company/brightspeed>.

For more information, visit <https://www.apollo.com>.