

AlixPartners

Americas Fiber M&A Playbook:

A Practical Guide
for Buyers and Sellers

When it really matters™



Foreword

In recent months, we've witnessed a surge in M&A activity that signals a new era for the telecom industry. FiberCos and their owners will need to choose a path now to secure their future.

The days of cheap capital are over, and they're not coming back. As we build and connect new markets, costs will only rise. The message for FiberCos is simple—it's time to transition from a growth-only focus to a profitability-driven model. If you plan to sell in this M&A landscape and don't make this shift effectively, you'll do so out of distress and desperation. If you plan to buy, you'll need to set yourself up to assimilate peers at the right price and without disruption to your existing business.

To dig deeper into these scenarios, we have developed buyers' and sellers' playbooks to ensure FiberCos in any situation have what they need to navigate potential transactions. **We hope you find our research and analysis to be informative and enjoyable to read. Should you have any questions, or simply want to discuss the findings further, do not hesitate to reach out.**



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Executive summary

We are on the precipice of a major shift in the fiber market—and those that begin tuning their approach now will be best positioned to jump ahead.

More than 1,900 small- and mid-size fiber companies compete in an increasingly fragmented market that grapples with high capital costs, network deployment difficulties, and slowing adoption rates. While some of these 1,900 are co-ops or government-related organizations not looking to turn a profit, we believe the industry is saturated with competitors and poised for significant consolidation in the upcoming years. Roughly 400 to 500 of these smaller companies will be potential M&A targets.

We base our findings on qualitative and quantitative primary research conducted with industry experts and consumers. For the former cohort, we surveyed 60 fiber company leaders to investigate their perspectives on current industry challenges and worries, alongside one-on-one conversations with investors and private equity stakeholders. For the latter, we surveyed 1,000 U.S. residents across demographics on their internet opinions and pain points, in partnership with MBA students at the McCombs School of Business at the University of Texas at Austin.

As M&A activity heats up, industry leaders will aim to expand their footprint by swallowing smaller operators, incorporating their tech infrastructure and customer bases for cost-effective growth. Meanwhile, smaller fiber companies are recognizing the level of resources required to effectively monetize network assets and build a commercial engine. Some will be better off selling part or all of their business to focus on a finite set of priorities.

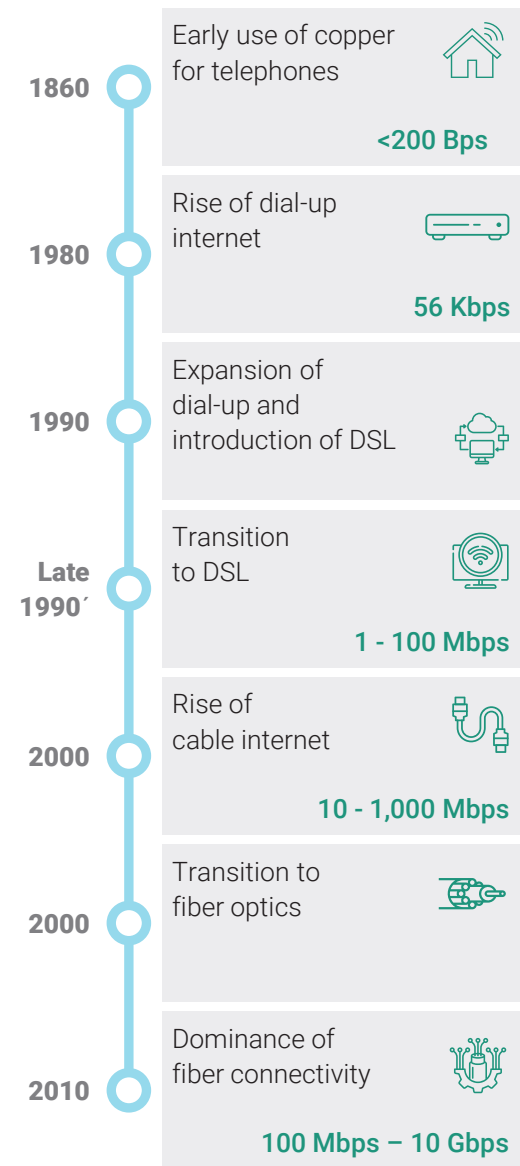
Buyer success will depend on how efficiently they acquire and integrate fiber assets. There are many targets and a finite number of acquisition platforms—speed-to-value will be critical. True assimilation—where acquired companies fully adopt the buyer's culture, practices, and norms—is needed to create something greater than the sum of its parts. For sellers, navigating the consolidation landscape necessitates strategic portfolio optimization, factoring in cash runways. This will often mean a shift from a 'build-at-all-costs' mentality to profitability and monetization initiatives, with a focus on specific markets to avoid selling in distress.

Addition by subtraction: The case for M&A in fiberland

On paper, there has never been a better time to be a digital infrastructure company. The pace of change in today's interconnected world—from an explosion of growth in data-driven technologies, artificial intelligence (AI), and Internet of Things (IoT) devices—has ushered in an era of opportunity for industry players that display agility, adaptability, and innovation to meet new end-user needs.

High consumer satisfaction with fiber, coupled with programs like Broadband Equity, Access, and Development (BEAD) to expand fiber access, provide large and small players with new growth levers for a profitable, in-demand product. Fiber networks are the backbone of high-speed internet, offering unparalleled advantages over traditional, copper-based networks. Speeds peak at around 10 Gbps—compared to an average of 2Gbps for cable—and fiber offers equal upload and download performance, whereas cable downloads can be 90% slower than uploads. By transmitting data at the speed of light and ensuring low latency, high bandwidth, and reliable connectivity, fiber meets the needs of an increasingly remote workforce with soaring expectations for home internet access.

FIGURE 1: THE HISTORY OF HOME INTERNET (AVG. SPEED RANGE)



FIBER MAY BE THE TOP INTERNET TECHNOLOGY, BUT TELECOM COMPANIES ARE STRUGGLING TO MAXIMIZE ITS GROWTH POTENTIAL

Despite fiber's clear performance superiority, only 63% of U.S. consumers rate fiber broadband as the best internet service option in terms of speed and reliability, [per a recent Fiber Broadband Association \(FBA\) report](#). The public has a poor understanding of how the internet works—education remains a major challenge for providers looking to entice customers to make the switch to fiber. According to our consumer survey, almost 30% of respondents believe they use wireless internet just because they have a wireless router. Thirty-nine percent aren't even aware of the technology powering their service or believe their Wi-Fi router is the connection itself.

On top of the above challenges, competition is intensifying. The largest telecom operators dominate the space, leveraging their financial muscle to build extensive networks. AT&T and Verizon—the top two providers—represent ~40% of the total population covered by fiber. Together with the other companies comprising the top 20% of fiber providers, around 78% of the population is covered. This creates an uphill battle for the long tail of small- and mid-size players that cover the rest of the population. These smaller players can only focus on so much at a time—laying down miles of optical cable, securing permits, and maintaining infrastructure requires substantial financial and human resources they often lack.

Some nimble, innovative smaller companies have seen success by utilizing their local expertise and agility to tailor solutions to specific regions, fostering customer engagement and loyalty. But these companies face a major threat when industry leaders enter their geographies. The larger companies have more name recognition, more capital, and have already achieved economies of scale, allowing them to offer lower prices that can win over small FiberCo clients.

Across the industry, fiber operators are struggling with network expansion due to the increased cost of capital from high-interest-rate environments and network maintenance and deployment challenges. According to our executive survey, nearly 60% of respondents listed permitting challenges and a lack of financing for network expansion as major barriers to new fiber deployments.

FIGURE 2: FIBER COMPANIES ARE DEALING WITH A NUMBER OF OPERATIONAL AND FINANCIAL CHALLENGES, WHICH NEED TO BE ADDRESSED

Major trends and drivers shaping the fiber infrastructure market

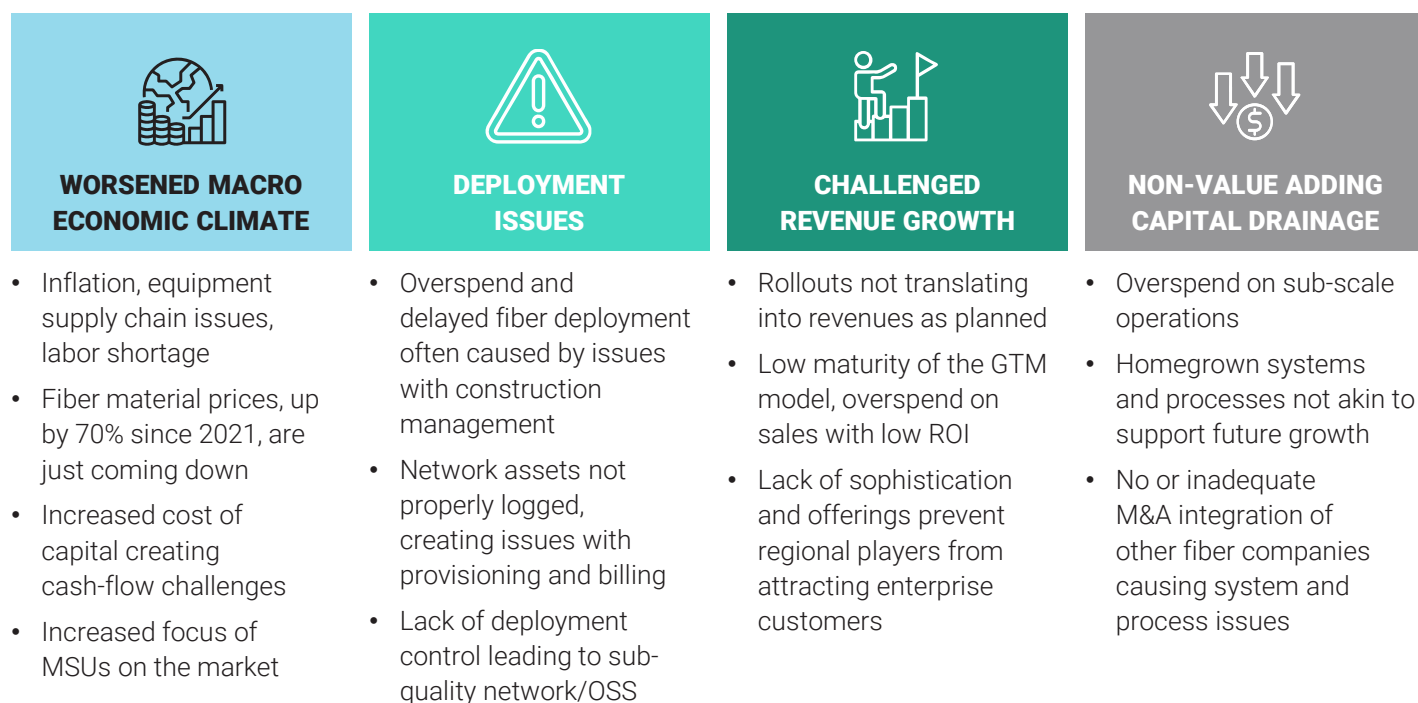
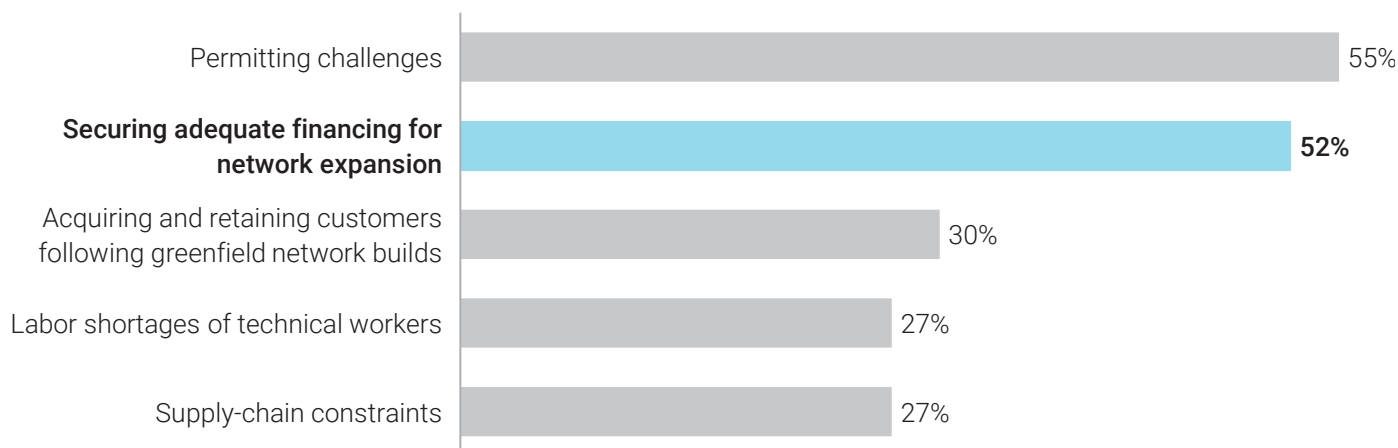


FIGURE 3: MOST CHALLENGING CONDITIONS IN FUTURE FIBER DEPLOYMENTS



There is also the issue of adoption. While fiber availability and consumer preferences for fiber internet have grown, households are still slow in upgrading to the newer infrastructure. **According to [BroadbandNow](#), access to fiber internet expanded from 46% to 56% of the U.S. population between December 2021 and June 2023.** That's a 22% increase, which required significant investment that operators need to see pay off with a corresponding increase in customers. **But during the same period, adoption rates for fiber remained relatively flat at just over 12%—implying that 88% of deployed fiber-to-the-home (FTTH) infrastructure is currently underutilized.**

THE FIBER MARKET IS PRIME FOR CONSOLIDATION

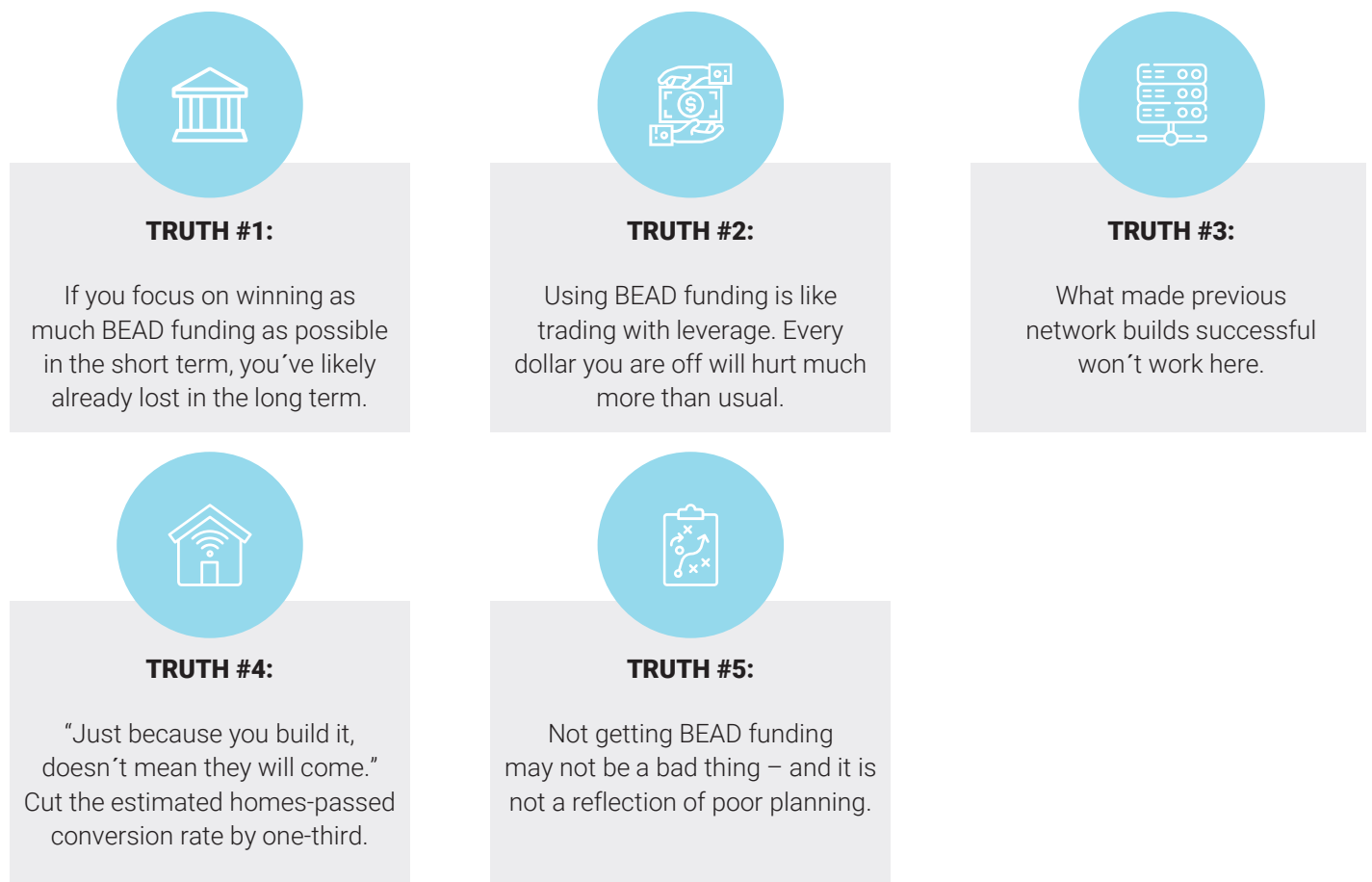
To accelerate fiber network deployment, FiberCos large and small have taken on substantial debt and secured external funding. Some are turning to asset-backed securitization (ABS), generating funds backed by FTTH assets as collateral. Goldman Sachs, which helped pioneer the offering, expects ABS financing for telecom companies expanding their networks [to top \\$5 billion this year](#).

But industry players are becoming increasingly worried that the profit pie is only large enough for so many to thrive. In the cable market, the top two providers—Comcast and Charter—account for 75% of population coverage. If history

were to repeat itself, consolidation at the top of the fiber industry would likely reach similar levels as cable—but at an expedited pace.

As such, the once-promising dream of massive returns for laying critical, profitable fiber infrastructure is proving much harder to achieve than originally thought. 98% of survey respondents plan to participate in the BEAD program—which promises more than \$42 billion in government funding to expand fiber networks—though even this will be far from an easy win for providers looking to grow. [We laid out why this is the case in an article this spring.](#)

FIGURE 4: THE 5 UNCOMFORTABLE TRUTHS OF PARTICIPATING IN THE BEAD PROGRAM



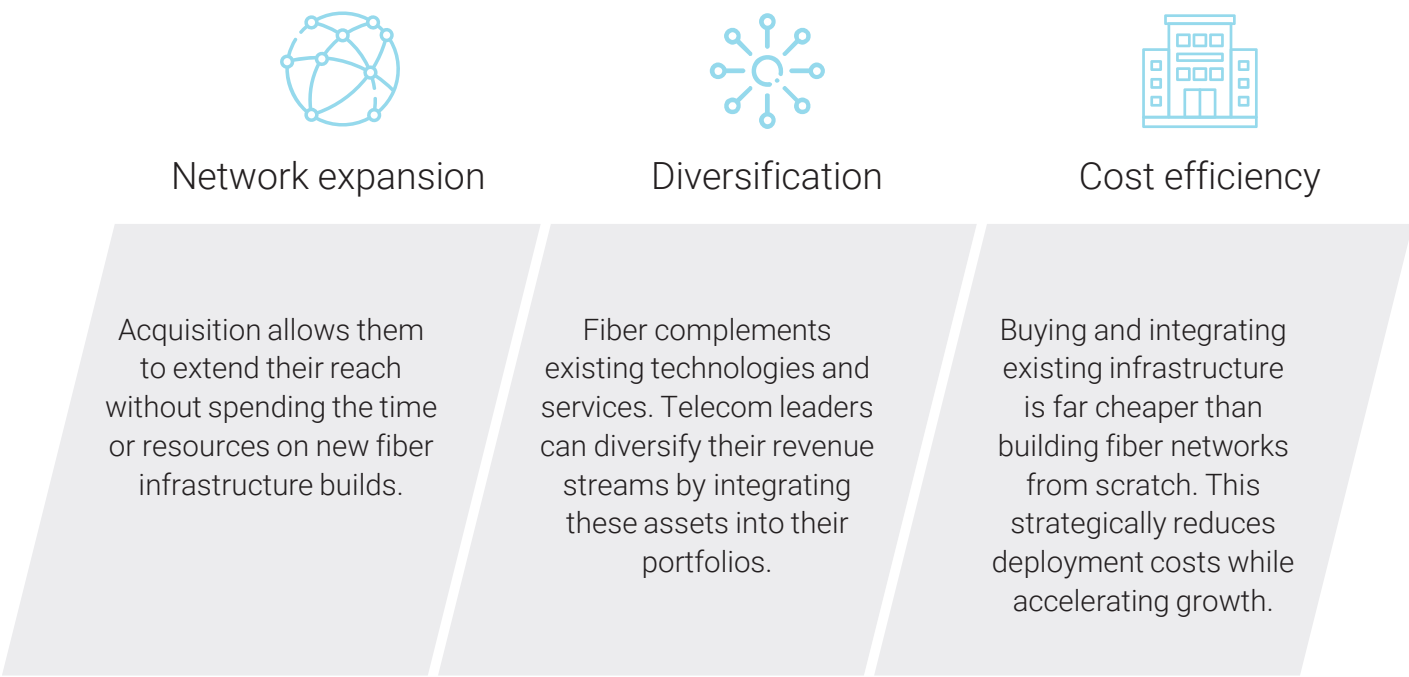
We expect M&A activity across the fiber industry to be rampant over the next 24 months, and executives agree. Ninety-three percent of our executive survey respondents say consolidation is happening or will happen soon.

The proof is all over the news. In the last few months, T-Mobile and KKR announced a joint venture to acquire Metronet; Searchlight and BCI agreed to acquire Consolidated Communications; Earthlink acquired BroadAspect; and T-Mobile and EQT announced the acquisition of Lumos. A handful of additional players—including Google Fiber, Crown Castle, 123NET, and Fastwyre—have expressed interest in selling their assets to streamline their portfolios and focus on core business areas.

Fiber companies therefore need to decide now whether they plan to be buyers or sellers, ensuring they’re best positioned to move in this robust M&A market. These two paths require two different strategies.

Resistance will be futile. Potential sellers need to be especially proactive in positioning themselves to potential buyers, improving operations and driving value ahead of time as much as possible. Companies that may sell part or all of their business will either do so in times of distress, with lower valuations, or do so from a more profitable position with more control over the sale. Developing an optimization engine to get assets ready for investors will be crucial to selling on their own terms. Certain operators may find this strategy to be beneficial sooner than later, offloading assets at the current market rate to focus and invest in higher priority business functions. Buyers, meanwhile, must fine-tune their acquisition engines to identify, purchase, and integrate assets in a systematic, effective manner.

FIGURE 5: THE CASE FOR INORGANIC GROWTH – WHY ESTABLISHED TELECOM COMPANIES SHOULD CONSIDER ACQUISITION



Investment firms such as Blackstone, Stonepeak, Searchlight Capital, and BlackRock are also directing their attention and capital towards this space. According to Pitchbook, more than **400 fiber companies** are actively part of private equity portfolios as of H2 2024—71 of these being newer fiber-related investments made since the second half of 2023.

As M&A accelerates, winners and losers will emerge across fiberland. Our sellers’ and buyers’ playbooks, laid out below, can help determine on which side your company lands in this rapidly evolving environment.

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Seller's Playbook

When it really matters™



Sellers may not want to hear it, but buyers are gaining a clear advantage in the fiber market. With nearly 2,000 small- and mid-sized fiber companies, the segment is oversaturated with competition. Our executive survey reveals that 70% of industry leaders expect large national and regional FiberCos to acquire and integrate smaller players into their networks. This year alone, we've already witnessed significant M&A activity, including T-Mobile's acquisition of Lumos and Metronet and Verizon's September announcement to acquire Frontier Communications. Given the long tail of smaller operators, it's no surprise that 68% of executives believe they are better positioned to sell rather than act as buyers and integrators.

The key question: How do sellers navigate this evolving landscape? Unrestrained growth is no longer a viable strategy. FiberCos have often pursued aggressive growth only to find that financial returns fall short of expectations. This unchecked focus on growth—regardless of its cost—is a major factor driving the current wave of M&A consolidation in the industry. Yet, 75% of executives we surveyed still prioritize growth, a strategy fraught with significant risks. In our one-on-one conversations with private equity stakeholders, profitability arose as the main concern. Investors care about seeing a return on their funding and are growing impatient, a trend that parallels our findings in the [2024 AlixPartners Tech Sector Growth and Performance Report](#).

FIGURE 6: FIBER COMPANIES AND THEIR PRIVATE EQUITY OWNERS DIFFER ON PRIORITIZING GROWTH VS. PROFITABILITY

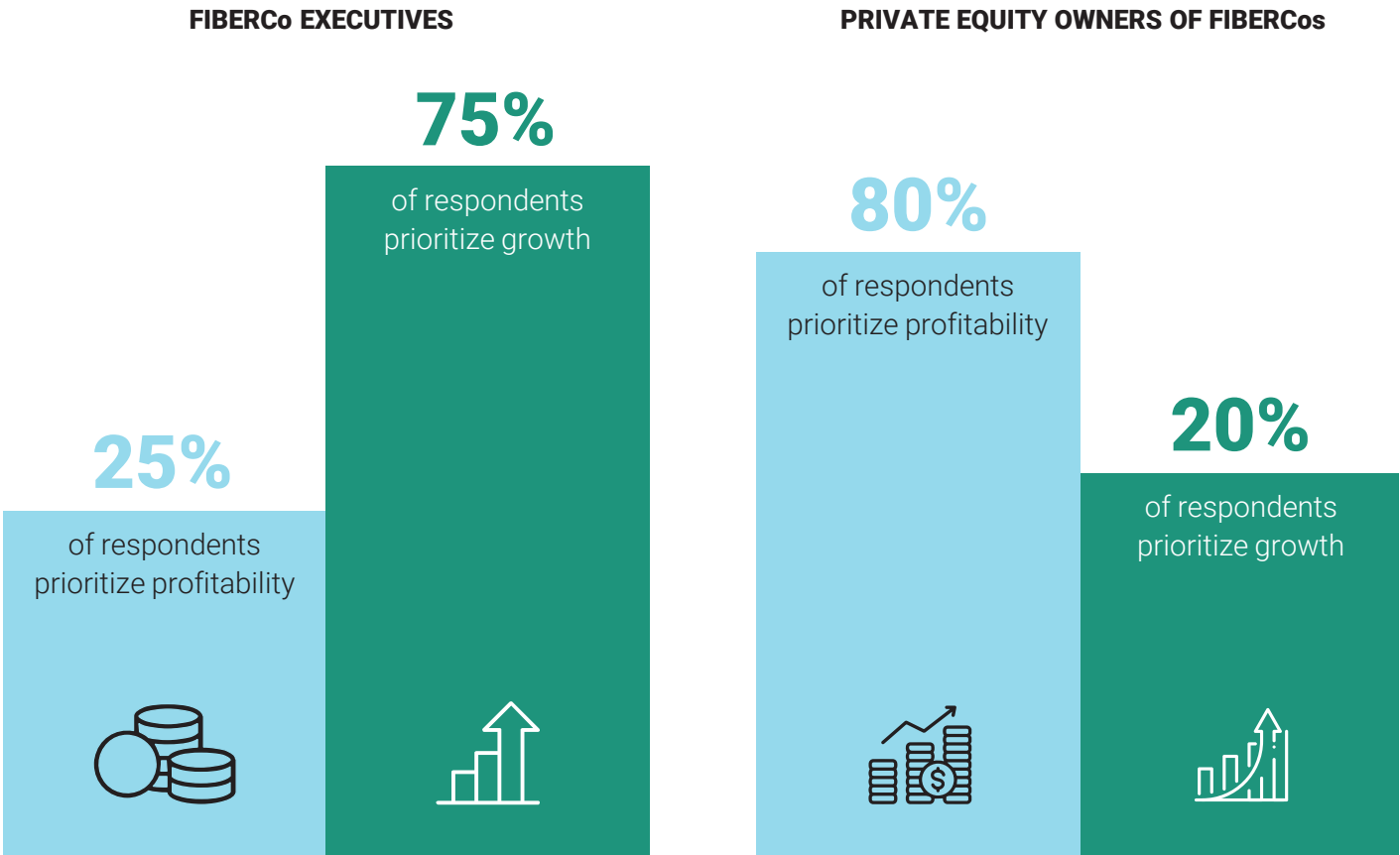
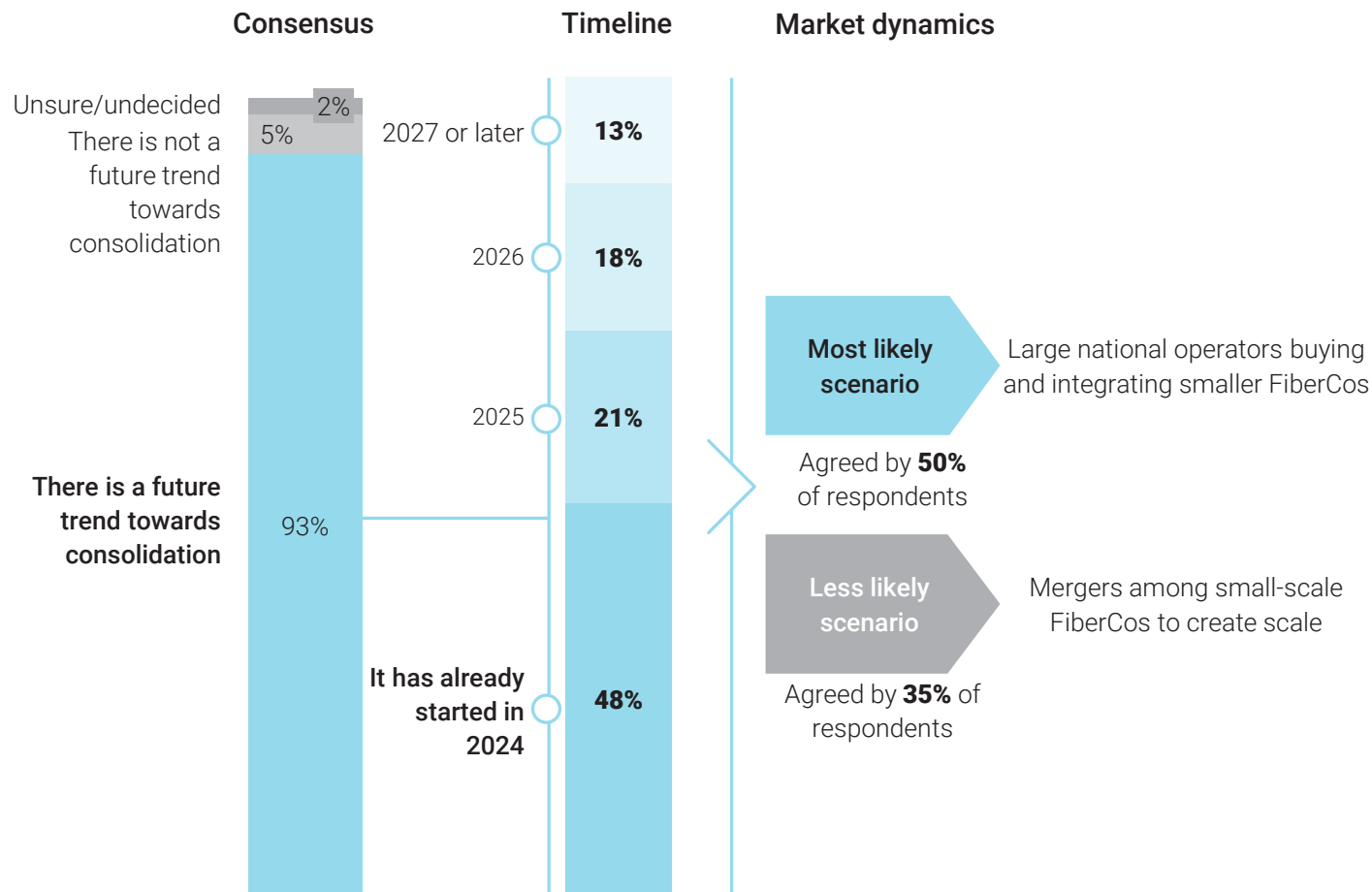


FIGURE 7: AS CONSOLIDATION INCREASES, LARGER OPERATORS WILL SWALLOW SMALLER COMPETITORS



In this buyer's market, where only a handful of key players will act as buyers and integrators, sellers need to adapt their approach. They should concentrate on two critical areas:

1 UNDERSTANDING THEIR APPEAL TO BUYERS

Sellers must identify what makes their company a desirable acquisition target. To do so, they must structure their business and operations to align with buyer interests.

2 ENSURING OPERATIONAL AND CAPITAL STRUCTURE SUSTAINABILITY

Profitability should take precedence. Sellers need to tread carefully with growth investments, rigorously testing return forecasts to ensure they deliver tangible, near-term results. More profitable businesses will have more control over the terms of their sale, as this paints a picture to buyers that it will be worth supporting ongoing capital requirements and managing liquidity risks.

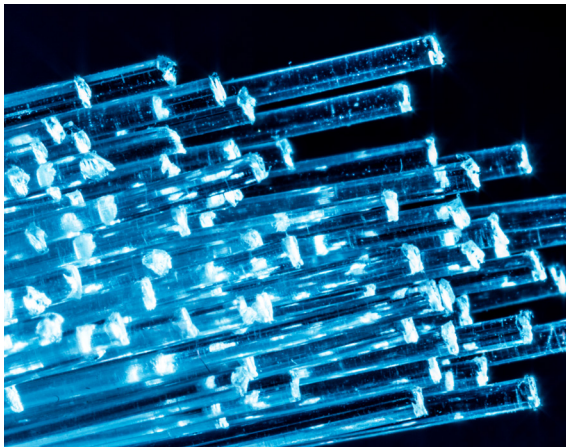
By focusing on these areas, sellers can position themselves advantageously in a buyer's market—shifting from one of many potential targets to the ideal acquisition. In this playbook, we will delve deeper into each of these strategies, providing actionable insights to help sellers optimize their position and achieve the best possible outcomes in today's buyer-dominated landscape.

Building market appeal

Buyers are increasingly specific about which assets they want, taking advantage of a favorable market to target certain acquisition profiles.

They are focused on assets that enhance their reach and provide access to key new subscriber pools, along with those that are most synergistic with their current businesses. Lofty growth and penetration rates are no longer getting market attention as they did three to four years back—hence it is critical that sellers define what makes them attractive to target the right buyer. They will either sell from a place of strength or out of desperation, and the former allows for better valuations and provides sellers with more control over the terms of the deal.

To start, they can discern whether their business and assets function better as a **platform acquisition** that buyers can easily combine with other small entities, or a **bolt-on acquisition** that buyers can easily integrate into their existing business. Sellers must consider the following details to make this decision:



CHARACTERISTICS OF PLATFORM ACQUISITIONS

Strong network footprints

According to the AlixPartners fiber executive survey, more than 50% of respondents believe that network footprint is the main focus when assessing fiber assets to purchase. A company with a strong regional presence, robust markets, and room for expansion is highly attractive, as buyers believe their brand awareness can expedite and increase penetration.

Clear customer and service segmentation

Sellers need to prioritize between their B2B and B2C businesses, gaining clarity on how each drives growth versus profitability. Buyers want to see a stable customer base generated from a very defined market or customer segment. A market with limited competition from other providers, along with secured build rights (i.e., exclusive access to utility poles), are critical factors in defining the right to win. Such security is invaluable to potential buyers.

Customer acquisition cost (CAC) spend visibility and execution

We tend to see considerable waste in this area, as companies do not have a handle on which investments drive the top line. Sellers need a defined strategy on CAC spend and deployment that can be easily adopted by future assets with which they combine. An effective strategy may involve reigning in marketing spend where feasible, revising door-to-door sales plans, or even reducing sales teams that focus on new business generation.

Robust technology infrastructures

Sellers with a sturdy tech infrastructure stand out to buyers as it's easier to integrate their assets. Stronger infrastructures also foster greater synergies with buyers' existing stacks.

Efficient G&A organization setups

Finance and HR teams often lack the right tools to ensure timely analysis and reporting of business operations—an issue exaggerated by integrating new assets. Setting up effective back-office teams is crucial to scale the organization.



CHARACTERISTICS OF BOLT-ON ACQUISITIONS

Lean operating models

The leaner the operating model, the more efficiently a buyer can integrate a purchase within its existing operations. Highly efficient G&A teams, a focused approach on growth or profitability, and self-sustaining businesses that can easily integrate with other platform companies are key characteristics that buyers search out. Most buyers believe that network planning and engineering will drive the greatest synergies when integrating with another operator.

Sell as whole or sell for parts

Depending on how an operator distributes its business, it may make more sense to sell its assets in parts—catering to different subsets of buyers—rather than selling the business as a whole. The latter scenario is more likely for operators with a strong presence and brand awareness in their regional communities, as this expedites how quickly a buyer can monetize its investment and unlock additional capital.

Key customer segments

When looking into potential purchases, buyers emphasize customer segments that fill a hole in their business or more rapidly enable expansion. Sellers need to define the key sets of customers they offer to a buyer's portfolio, which can differ based on whether they are internet service providers (ISPs) with their own equipment or wholesalers that purchase and resell ISP services under their brand.

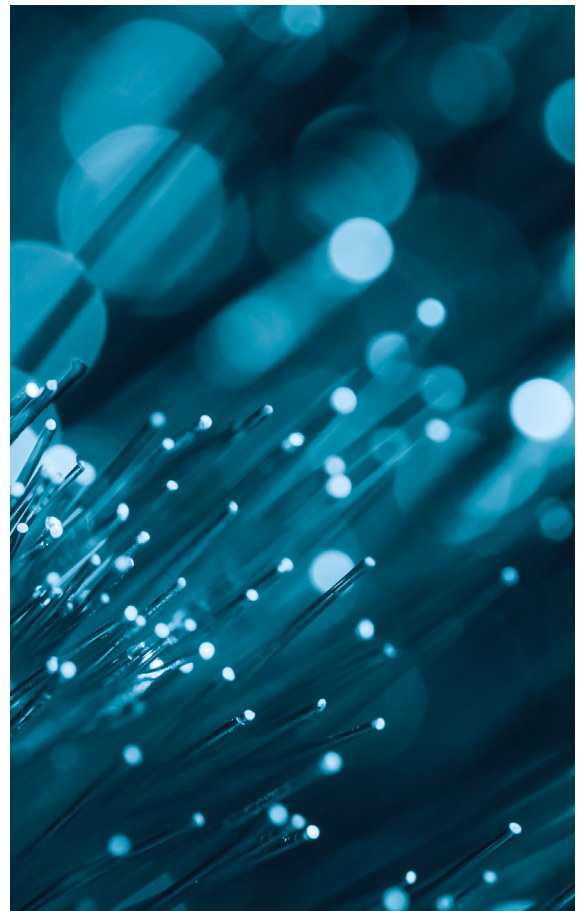
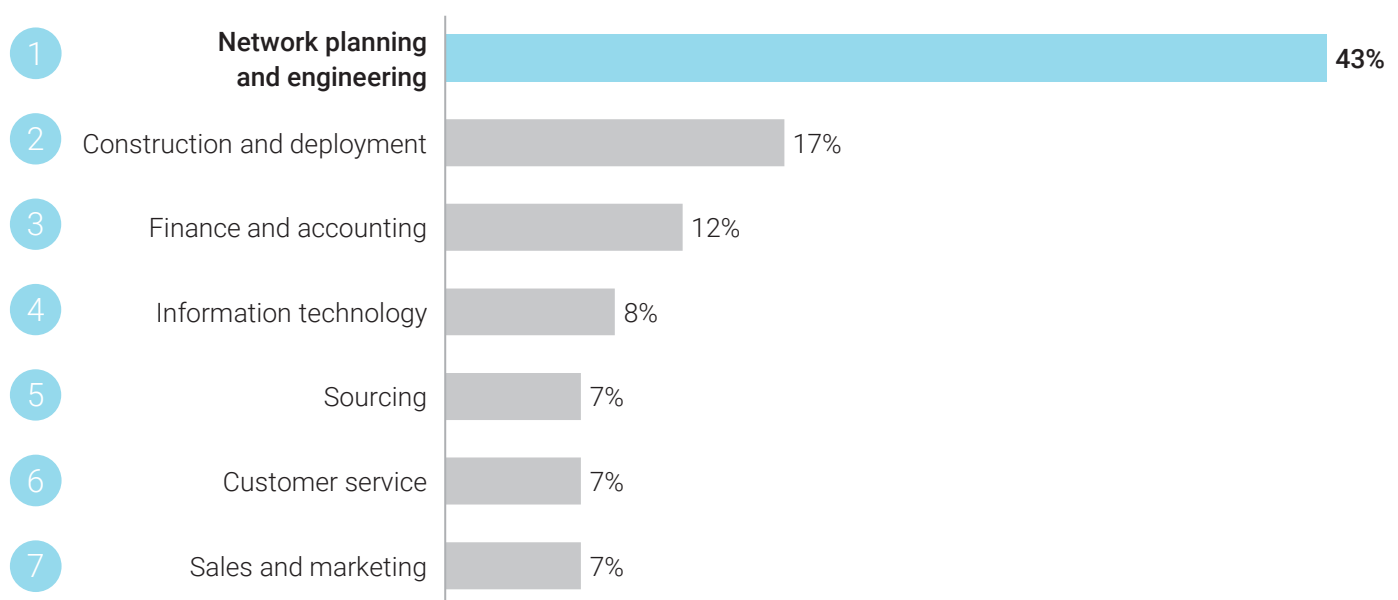


FIGURE 8: NETWORK PLANNING AND ENGINEERING ARE EXPECTED TO DRIVE THE GREATEST SYNERGIES WHEN INTEGRATING A FIBERCO AND ANOTHER OPERATOR



Creating operational sustainability

Regardless of growth trajectory, buyers hyper-focus on assets that can self-sustain their own operations. Therefore, **fiber companies positioning themselves for a sale must be able to prove their operational sustainability to enhance their value to buyers.** To do so, they need a clear story on the synergies they provide that reduce their operating footprint and streamline integration. It's also crucial that they highlight their profitability and measured, careful growth plans.

Industry executives have varied opinions on the path to profitability. **According to our survey, 65% of respondents named organizational restructuring as a primary driver, while 48% and 42% respectively named addressing CAC and technology implementations as key areas for margin expansion.** Regardless, sellers must focus on optimizing aspects of their business across functions to remain competitive, efficient, and appealing to potential buyers. Enacting a comprehensive approach to sustainable operations, with a focus on creating value through technological assets (i.e. infrastructure and platforms), subscriber base (i.e., key segments of interest to acquirers), and financial position will allow sellers to negotiate from a position of strength.

FIGURE 9: DRIVERS AND KEY AREAS FOR MARGIN EXPANSION

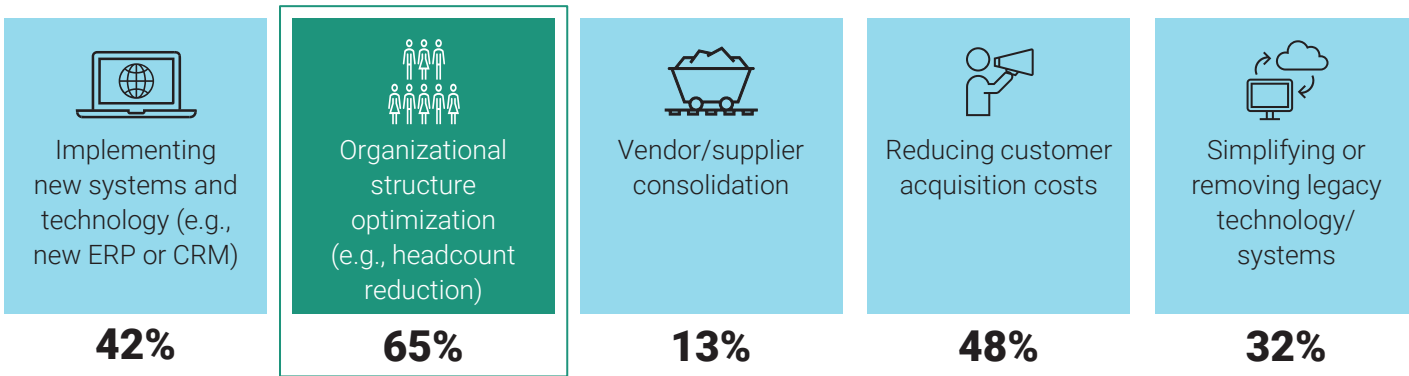
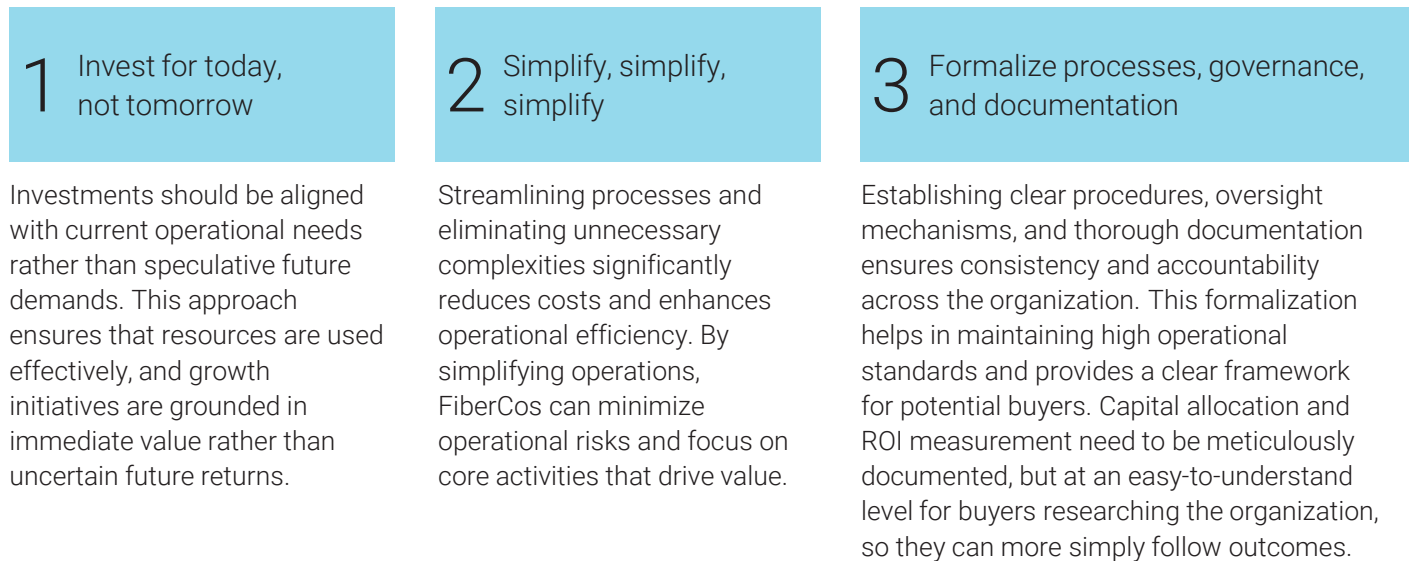


FIGURE 10: REGARDLESS OF WHETHER A FIBERCO FITS BEST AS A PLATFORM OR BOLT-ON ACQUISITION TARGET, SELLERS SHOULD ADHERE TO THREE KEY PILLARS TO DRIVE SUSTAINABLE OPERATIONS



Using these pillars as the basis for optimization, fiber companies should implement key actions across three dimensions: go-to-market operations (sales, marketing, and customer support), back-office operations (general & administrative), and network operations (rollout and maintenance). By focusing on these areas, FiberCos can drive sustainable operations and enhance their attractiveness as an acquisition target.

OPTIMIZING GO-TO-MARKET OPERATIONS

Streamline segments and offerings

Clearly define your target customers and product focus. Avoid spreading operations too thin by trying to cater to everyone—be willing to shut down channels if returns are sub-optimal. Instead, establish distinct B2C and B2B strategies for each market. Streamline your portfolio by focusing on core fiber services and eliminating unrelated products. For example, if fiber accounts for 90% of your offerings, consider discontinuing the remaining 10% of non-fiber products to better align with your core business.

Maximize adoption rates and limit wasted ad spend

Develop customer lifetime value (CLV) and propensity models to identify high-value prospects. Target these households using existing marketing channels and tailor messages with generative AI for personalized offers. Rapidly test and optimize these messages to refine effectiveness, ensuring that marketing efforts are focused on the most promising leads while reducing unnecessary expenditure. Less than 10% of respondents in our executive survey say it's extremely challenging to acquire and retain customers, which is representative of an industry where customer acquisition and churn are fairly predictable and managing CAC becomes critical.

OPTIMIZING BACK-OFFICE OPERATIONS

Simplify operating models

Map all activities against every function and key role, with clear KPIs aligned to performance and accountability. This will allow fiber companies to identify critical activities versus those that can be reduced or eliminated. There is an argument for leveraging SaaS product offerings to provide make-shift solutions as opposed to implementing wide-scale IT solutions, as this allows buyers to easily integrate into back-office operations. Defining service-level agreements (SLAs) aids in cross-functional support. Automation can also help streamline operations where easy implementation and adoption are possible.

Improve organizational hygiene

Scale headcount based on the current needs of the business, considering any reductions in planned rollouts or technology implementations. This will allow sellers to simplify reporting structures and remove duplicative teams and roles. We recommend a “stop, simplify, automate” approach that first focuses on eliminating work, then takes the work that is required and looks at ways to produce it more efficiently via process improvements, automation, or more cost-effective resource deployment.

OPTIMIZING NETWORK OPERATIONS

Evaluate use of capex and funds for all network builds

Rigorously assess all current and planned fiber rollouts—be stringent on the ROI required to proceed with any new build. Sellers must challenge assumptions related to costs, timelines, and potential customer take rates, rigorously making the business as self-sustaining as possible. It's critical to isolate usage of external funding towards capex earmarked for growth—this helps provide buyers with clarity on whether additional external investment is required, while giving sellers flexibility to alter how they use capex based on capital availability. In some cases, they may need to reduce capex if operating expenses far exceed operational cash flows.

If a project does not meet these criteria, it should be halted to not waste resources. More than 50% of executive survey respondents said securing adequate financing for network builds is extremely challenging—so companies that effectively deploy their capital are bound to get more eyes in the M&A market.

Standardize construction and maintenance practices

Enact standardized procedures for building, maintaining, and purchasing to reduce inconsistencies and inefficiencies. Centralize procurement processes to control costs and ensure quality. While input from construction managers is valuable, centralized purchasing helps avoid value erosion through varied pricing and practices.

Complex capital structures limit potential buyers to those that can integrate a seller's complexity within their existing financials. Along with the standardization and simplification of network builds and maintenance, sellers must simplify as much of their debt as possible, presenting potential buyers with a clean balance sheet that clearly lays out payment plans for any impending debt repayment or debt service obligations. This expedites the due diligence process and gives buyers more confidence.

It's a buyer's market—but sellers can use this knowledge to their advantage

To position themselves effectively for a sale, sellers must start by defining what makes them most attractive to potential buyers. By discerning where they stand out from the competition—whether it be key customer segments, a top-tier tech infrastructure, or lean and efficient operations—and structuring their business to align with buyer interests, sellers are more likely to strike a deal under their own terms.

FiberCos must also focus on operational sustainability through strategic optimization. Adhering to the three key pillars—scaling for today's business, simplifying processes, and formalizing governance—provides a strong foundation. These principles should guide network optimization, go-to-market strategies, and back-office functions.

Whether a platform or bolt-on acquisition, profitability will be critical. Buyers believe more profitable fiber businesses are far safer bets for continued investment, which is crucial for an industry with hefty capital requirements. In this buyer's market, sellers need to do all they can to find the right suitor—and those that most effectively enact our strategies will drive higher valuations from a place of strength versus selling out of desperation.



AlixPartners

Buyer's Playbook

When it really matters™

An abstract graphic in the bottom right corner consisting of numerous overlapping, parallel lines in shades of teal, green, and purple, creating a sense of depth and movement.

As the fiber industry consolidates, a select few major players will likely dominate the market in the long term. But this period of M&A activity presents a massive opportunity for FiberCos of all sizes to actively engage in acquisitions.

The telecom industry, by design, relies on physical scale and infrastructure to expand—and the majority of respondents in our executive survey believe consolidation is increasing because it’s too expensive for operators to expand their network without additional funding. Similar to the cable and mobile markets, larger fiber operators with extensive network footprints will grow more cost-effectively by acquiring and integrating smaller entities. Mid-size and small fiber operators can also take part by being agile and pragmatic with their acquisitions, focusing on effectively assimilating even smaller assets. Private equity firms and their portfolio companies have gravitated towards building rather than buying in recent years, but they also have a strong case to dive into the market in coming months.

M&A motivations vary by buyer type, but generally fall within two categories: assimilations into existing businesses or symbiotic partnerships (large-scale integration). We visualize this breakdown as follows:

FIGURE 11: POST-ACQUISITION STRATEGIES

REASONS TO PURSUE AN ASSIMILATION STRATEGY		
Geographical expansion Buyers can extend their reach into new geographic markets to tap into underserved or high-demand areas. This is especially relevant if the target struggles to monetize its assets or lacks capital.	Scale benefits Integrating a new asset can streamline operations and reduce competition, leading to economies of scale. Infrastructure businesses benefit from scale, especially when there is a degree of geographic concentration.	Competitive advantage Assimilation strengthens a buyer’s market position against competitors, augmenting market share and customer loyalty.
REASONS TO PURSUE A PARTNERSHIP STRATEGY		
Strategic growth Buyers can quickly scale operations and expand service offerings, enhancing their competitive position.	Market entry It’s much easier to enter new markets with a ready-made infrastructure, as buyers don’t need to spend the time and money required for new network builds.	Access to talent and expertise An effective partnership leverages the skilled employees and management teams of an acquired business, who bring with them valuable industry experience and local market insights.

While both strategies provide advantages depending on the buyer, in this playbook we focus on the assimilation aspect of M&A.

The crucial component of a successful assimilation strategy is a buyer's acquisition engine. An effective engine enables systematic and repeatable processes that allow buyers to efficiently assimilate smaller acquisitions and quickly scale operations.

Purchasing smaller assets is easy—it's the ability to capture value, and do so at speed, that is critical for operators. Enacting dedicated teams to guide the assimilation process helps reduce time and costs while standardizing operations, making each successive M&A cycle easier. This approach emphasizes not integration but the full assimilation of assets into a buyer's operating model—an important linguistic distinction. Whereas integration involves a blending of organizations and cultures into one merged entity—i.e., with partnerships and joint ventures—assimilation goes beyond this as the acquired company fully adopts the buyer's culture, practices, and norms.



The three tiers of buyers in the fiber industry

Per market research we conducted earlier this year, buyers can broadly be classified into three tiers depending on their scale. Each group aims to acquire companies of an appropriate size (i.e., smaller than them but not too small) to gain a competitive advantage. The smaller the operator, the more crucial it is to hyper-focus on certain sub-functions within acquisition targets that they can fully assimilate into their operations.

1 STRUCTURAL CONSOLIDATORS

Large, national tier-one operators (i.e., T-Mobile and Verizon) function across many sectors of the telecommunications industry. Leveraging their brand recognition, these companies typically focus on acquiring smaller regional operators to strengthen their market position, enhance service quality, and prepare for technological advancements. Recent M&A activity in the sector includes Verizon's \$20 billion all-cash acquisition of Frontier, T-Mobile's joint ventures with Lumos and Metronet, and AT&T's planned expansion of its joint venture with Gigapower.

2 MID-TIER OWNERS

These companies operate at a level between the major national operators and small regional providers. Often, they have a strong regional or service focus with stable access to private equity and investor funding. They generally acquire smaller players with revenues under \$500M to quickly expand their network infrastructure and market share. Objectives include achieving economies of scale, enhancing service offerings, and improving their strategic position in a competitive market.

3 SMALL OPERATORS

Small-scale operators, with less than \$500 million in revenue, tend to hyper-focus on a singular strategy or region. While they lack the scale of larger operators, they maintain efficient operations and often partner with private equity firms and investors to acquire smaller strategic assets. Through this approach, they can expand operations, reduce costs, diversify revenue streams, and accelerate deployment.

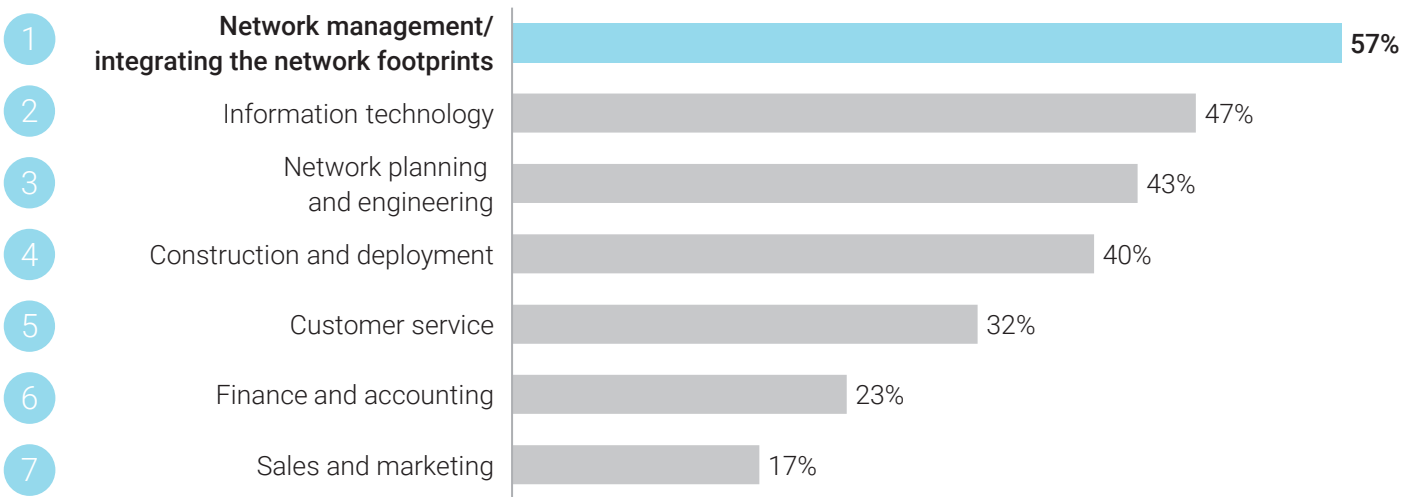
We’ve stated it already, but the point bears repeating—assimilation, rather than integration, is a buyer’s key to success. True value comes not from deal synergies, but from the seamless assimilation of network assets, talent, and customers into a buyer’s organization. This holistic, cultural assimilation standardizes processes, reduces complexity, and boosts efficiency.

FIGURE 12: BENEFITS OF ASSIMILATION VS. INTEGRATION

	Assimilation	Integration
Speed of implementation	Faster adaptation to existing infrastructure	Slower due to the need for extensive restructuring and alignment of systems
Cost efficiency	Lower initial costs by leveraging existing resources	Higher costs associated with merging operations and systems
Operational continuity	Maintains operational stability and minimizes disruptions	Requires investment in new systems and processes, delaying economies of scale
Cultural adaptation	Easier cultural integration	Potential cultural clashes
Market responsiveness	Quicker response to market demands due to established processes and systems	Slower response times as new processes are developed post-merger
Focus on core competencies	Allows both companies to focus on their strengths while integrating best practices	May dilute focus as companies try to merge different competencies and strategies

With that said, assimilation is easier said than done. According to our executive survey, 57% of respondents expect network management and the integration of network footprints to be the greatest challenge when folding their assets into a larger operator. Fifty-five percent of respondents also said the biggest challenge to the process lies in the coordination of network infrastructures and service deliveries across the now-combined footprint.

FIGURE 13: AREAS OF THE BUSINESS THAT ARE EXPECTED TO POSE MORE CHALLENGES WHEN INTEGRATING A FIBERCO AND ANOTHER OPERATOR



Achieving genuine assimilation, therefore, requires an additional level of operational excellence and efficiency—this is where a strong fiber acquisition engine comes into play. There are three key components to creating an effective fiber acquisition engine



CLEAR CAPABILITIES AND CAPACITIES

Buyers need to have the right teams and processes in place to drive the assimilation of acquired assets. This means they must efficiently eliminate unnecessary processes, functions, personnel, and vendors while working to integrate network operating centers. For larger operators, this requires a robust acquisition task force, though smaller operators can implement a leaner management team. In both cases, third-party support helps to accelerate time-to-value.



OPERATIONAL PROFICIENCY

Operational improvements only come to fruition in the assimilation process if buyers are more efficient than the assets they acquire. As such, buyers must emphasize their proficiency and maturity across the following areas:

Monetization engine:

Enact effective multi-channel marketing, customer segmentation, and targeted campaigns to accelerate customer conversion within acquired assets.

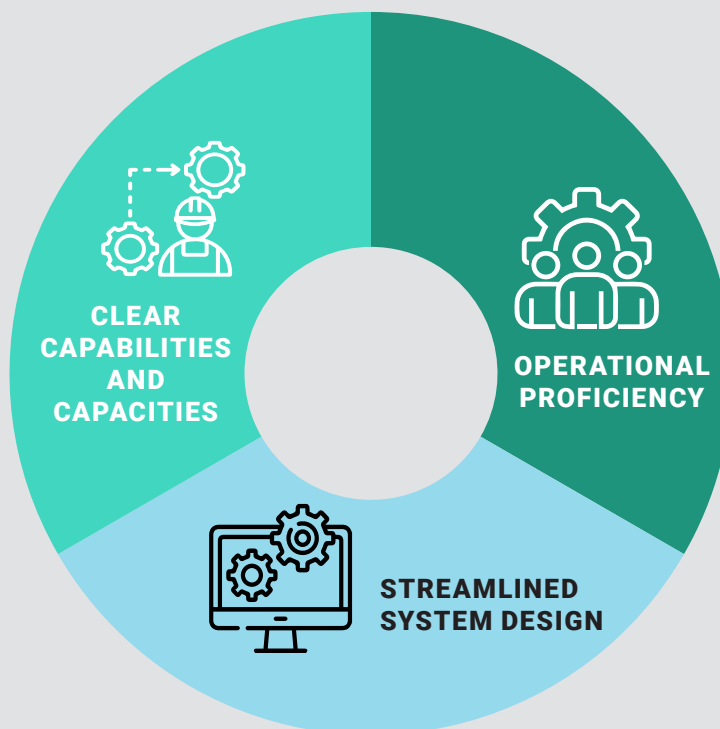
Customer experience and billing:

Generate the ability to quickly absorb, service, and bill new customers through buyers' systems—it's critical to have enterprise resource planning (ERP) and customer relationship management (CRM) systems that can handle the increased load.

Network roll-out and field services:

The target performance, pricing, and specification levels buyers set for laying new fiber networks and activating new customers often exceed market standards. Buyers that can improve here could unlock a significant efficiency opportunity (often double-digit yields).

Requirements for an effective fiber acquisition engine



STREAMLINED SYSTEM DESIGN

An effective tech stack is the third element of a successful assimilation engine. Agent augmentation ensures the buyer's customer service team can handle and support the service volumes of the seller, which often come with different tariffs. A platform ERP or CRM solution is crucial to ensure buyers can easily integrate targets into their operations. While this may not be possible in every scenario—especially in the B2B space due to bespoke network services—it becomes a critical aspect to expediting integration. Otherwise, buyers risk acquisitions becoming non-performing assets or operating as standalone entities, lowering organizational performance.

The fuel that ensures an acquisition engine runs smoothly

To ensure a smooth transition when assimilating new assets, buyers need a dedicated “tiger team” of functional, front-line roles to lead the entire process from initial due diligence to post-merger integration. This team should include members of varying levels throughout the organization who focus on the deal for three to six months to stabilize the operations of the newly merged entity.

Their primary objectives should be accelerating assimilation, mitigating risks, and realigning and centralizing operations with an emphasis on the following key business areas:

NETWORK	CUSTOMER CARE	COMMERCIAL
• Obtain network documentation for new assets, including detailed information about the fiber infrastructure, network equipment, and existing services. • Evaluate the capacity, performance, and reliability of the acquired network's legacy systems to identify any bottlenecks, outdated equipment, or points of failure. Develop a replacement strategy to bring in modern systems while minimizing disruption to ongoing operations. • Revise capex plans to account for the new assets and the necessary investments for network assimilation and optimization. • Integrate OEM vendors, consolidating and optimizing across buyer and seller vendors. This is a good time to negotiate new contracts with preferred partners. • Consolidate the network operations centers of both companies into a single, centralized unit.	• Train the newly integrated customer support team on the buyer's products, services, and customer service standards to ensure a consistent customer experience across the combined entity. • Standardize support platforms, migrating everything to a unified helpdesk that can manage tickets, track interactions, and provide analytics. • Establish a centralized knowledge base (i.e., FAQs, troubleshooting guides, and product information) that's accessible to both support agents and customers.	• Redefine growth strategies, focusing on where and how to grow (i.e., high-density areas, geographies with low competition). • Integrate sales channels into buyer's existing channels, while also launching new digital channels. • Adjust brand positioning for the combined entity, while trying to preserve 'local' positioning of smaller acquired assets. • Search for cross-selling opportunities or bundled service offerings that appeal to a broader customer base.
	FINANCIAL	LEGAL
	• Overlay the buyer's tech stack by integrating vendor and payroll systems and launching a new budget planning cycle. • Migrate the acquired company's data and processes into the acquirer's existing platforms (CRM, ERP, and other systems). • Adopt the buyer's procurement, payroll, and budgeting processes across the combined entity to ensure consistency in managing vendor relationships and enhance control over supply chain operations.	• Assess the duration and protection of indefeasible right of use (IRU) contracts, along with reviews of conduits and aerial fiber. • Ensure that necessary permits and easements are in place, and that the agreements are transferable to the buyer. • Evaluate maintenance responsibilities and assess potential liabilities.



Prepare for your M&A journey

Buyers: start your acquisition engines. In this buyer-friendly market, those that can most efficiently target potential purchases at speed stand to gain the most. The most attractive sellers—i.e., those that build their market appeal and create operational sustainability—are likely to draw the most attention across all three tiers of acquirers looking to expand their footprints. Such sellers will better control the terms of their sale, and even at higher valuations, will provide greater ROI for buyers due to their customer bases, network infrastructures, and efficiency.

Assimilation takes dedicated effort, but it is necessary for buyers to achieve cost-effective growth without harming a well-oiled machine. With a committed deal team guiding the complete M&A process, and a dedicated “tiger team” to facilitate the assimilation effort, those on the buy side can seamlessly fold new assets into their existing company setups.

M&A activity is heating up across the fiber industry, and it will only continue as an oversaturated playing field further consolidates. With the right strategy, both buyers and sellers can effectively navigate this landscape and emerge stronger.



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ABOUT US

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These are the moments when everything is on the line—a sudden shift in the market, an unexpected performance decline, a time-sensitive deal, a fork-in-the-road decision. But it's not what we do that makes a difference, it's how we do it.

Tackling situations when time is of the essence is part of our DNA—so we adopt an action-oriented approach at all times. We work in small, highly qualified teams with specific industry and functional expertise, and we operate at pace, moving quickly from analysis to implementation. We stand shoulder to shoulder with our clients until the job is done, and only measure our success in terms of the results we deliver.

Our approach enables us to help our clients confront and overcome truly future-defining challenges. We partner with you to make the right decisions and take the right actions. And we are right by your side. When it really matters.

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