THOMSON REUTERS STREETEVENTS
EDITED TRANSCRIPT
VZ - Verizon Communications Inc. at Wells Fargo TMT Summit

EVENT DATE/TIME: DECEMBER 03, 2019 / 7:25PM GMT
CORPORATE PARTICIPANTS
Adam Koeppe Verizon Communications Inc. - SVP of Network Strategy & Planning

CONFERENCE CALL PARTICIPANTS
Jennifer Fritzsche Wells Fargo Securities, LLC, Research Division - MD & Senior Analyst

PRESENTATION
Jennifer Fritzsche - Wells Fargo Securities, LLC, Research Division - MD & Senior Analyst
Okay. Thank you. If everyone could grab a seat. I'm Jennifer Fritzsche, for those of you who I haven't met, and we're excited to have Adam Koeppe, Senior Vice President of Technology Planning with Verizon.

Adam Koeppe - Verizon Communications Inc. - SVP of Network Strategy & Planning
Thank you, Jennifer.

Jennifer Fritzsche - Wells Fargo Securities, LLC, Research Division - MD & Senior Analyst
Thank you, Adam. So I'll put this under the category of better lucky than smart, but we are in the wake of some breaking news with AT&T -- or excuse me, Verizon and AWS, excuse me.

Just recently, in the last 20 minutes, Hans, I am understanding, is down the street at re:Invent, but Verizon announced a 5G edge partnership with AWS. So congratulations.

Adam Koeppe - Verizon Communications Inc. - SVP of Network Strategy & Planning
Yes. Thank you.

Jennifer Fritzsche - Wells Fargo Securities, LLC, Research Division - MD & Senior Analyst
And tell us about it. I mean, I haven't even picked up my BlackBerry to read about it.

Adam Koeppe - Verizon Communications Inc. - SVP of Network Strategy & Planning
So first, of course, we can't ignore our safe harbor statement, which is the highlight of every show...

Jennifer Fritzsche - Wells Fargo Securities, LLC, Research Division - MD & Senior Analyst
Yes. That's right. My excitement is -- yes.

Adam Koeppe - Verizon Communications Inc. - SVP of Network Strategy & Planning
But I won't waste all of your time reciting it word for word. I will direct you, though, to our verizon.com Investor Relations page. We do have a safe harbor statement on there.
Some of the things we may talk about today are forward-looking, and results may actually differ down the road. So just -- there's our safe harbor statement.

But yes -- and Hans, if you got a chance to watch him on stage at re:Invent, there's a lot of excitement around this new partnership with AWS. It's a company that we worked very closely with for -- on a lot of different fronts for some time now. And what we've announced today is a very deep partnership to enable multi-access edge compute, and the term we're using in branded in the market is Verizon 5G Edge. What it brings together is the best-in-class network on the Verizon side with best-in-class cloud compute services on the AWS side, and yields a first-ever deep API-level integration of those 2 platforms.

And the way to think of this is we're using our strategic network locations as a host for their new wavelength compute platform, which is specifically designed for edge compute, okay? And that opens up the entire landscape of AWS developers to now start developing solutions that require low latency based on our 5G-distributed network, okay? It will actually support both 4G and 5G radio access networks. The distribution of that compute will be spread out to enable single-digit latency, as was described in the event a little while ago.

A couple of things we highlighted there as well. This is happening now in the sense that we've already got customers using this in a trial mode, if you will, and others lined up. One of the things we highlighted was Bethesda Softworks. A very popular gaming development company is already using the edge compute platform in Chicago to do some of their gaming trials. And there's also a lot of deep integration with NFL properties on some of their use cases as well.

So new news, a lot of work that went on behind the scenes. And there's also a lot of really here now activity going on with Verizon's 5G edge with AWS.

**QUESTIONS AND ANSWERS**

**Jennifer Fritzsche** - Wells Fargo Securities, LLC, Research Division - MD & Senior Analyst

Now all of this really couldn't have been done without your One Fiber initiative. You've talked a lot about mobile edge computing. Is this very much related to that? I mean is that a fair statement?

**Adam Koeppe** - Verizon Communications Inc. - SVP of Network Strategy & Planning

They're certainly paired together in the sense that the network that we operate around the country, we'll stick with domestically in this scenario, is really powered by a mix of our own fiber and fiber that we lease from others. Fiber is paired innately with our fiber deployments that are going on in 60-plus cities around the country, okay? So you've heard us talk a lot about 5G and our market plans. And I'm sure we'll get to that in a few minutes.

**Jennifer Fritzsche** - Wells Fargo Securities, LLC, Research Division - MD & Senior Analyst

Yes. We will.

**Adam Koeppe** - Verizon Communications Inc. - SVP of Network Strategy & Planning

But where fiber fits into that mix is the radio nodes that are being deployed today on both 4G and 5G, the majority of those are being supported by our own fiber now, where we are building fiber in our fiber markets. And just a couple of key stats on that point actually, our run rate is around 1,500 route miles per month on our fiber deployment, okay? That's in the markets that we've described.
In October alone, we actually set a record with 1,900 route miles deployed in our fiber build. And for a point of comparison there, in that month, October, 75% of the 4G and 5G nodes that we’ve activated are on our own fiber, okay? It’s actually little higher than 75%. 90% of the 5G nodes in October, as an example, were on our own fiber. So we’re already seeing the owner’s economics associated with our fiber deployments. The pace has been extremely strong. That feeds into the 5G and 4G-ran deployment that then supports those low-latency applications that would run on the edge compute platform.

Jennifer Fritzsche - Wells Fargo Securities, LLC, Research Division - MD & Senior Analyst

Got it. Okay. I guess a question on that, hitting 1,900 route miles in October, do you think that’s a sustainable rate? Does that indicate like the bottleneck maybe that was being hit with regulation, red tape, whatever, is being released a little bit?

Adam Koeppe - Verizon Communications Inc. - SVP of Network Strategy & Planning

I think you see a couple of things there. So even at 1,500 route miles as an average, that was well within our plans. In fact, our aggregate for the end of 2019 will likely be higher than we’ve previously communicated. We had targeted 25,000 route miles will be a little bit north of that, which is great news. The pace of build there, we basically control our own destiny on that. That’s what those numbers are telling me.

And while every municipality is a little bit different. The depth of engineering expertise that we have across all of our teams around the country, their ability to work with municipalities to put fiber in the ground, our ability to combine our RF design with our fiber deployments so that when we’re facing municipality, we have a single plan for them, has been a tremendous benefit in that equation. That really helps us maintain that build cadence that we’re looking for.

Jennifer Fritzsche - Wells Fargo Securities, LLC, Research Division - MD & Senior Analyst

Got it. Wow. So congratulations on that announcement. That’s very big news.

Adam Koeppe - Verizon Communications Inc. - SVP of Network Strategy & Planning

Thank you. Yes. It’s important stuff.

Jennifer Fritzsche - Wells Fargo Securities, LLC, Research Division - MD & Senior Analyst

So Verizon has launched -- we talked about 5G, 5G Ultra Wideband in, I think, 15 markets and has 30 markets targeted by the next 3 weeks or end of the year, year-end. We have early -- how has -- can you comment on the early results in those markets for customer adoptions, how to face this trend, and available speeds?

Adam Koeppe - Verizon Communications Inc. - SVP of Network Strategy & Planning

Sure. So just an update for you even. We’re at 18 markets now deployed and still on track for 30-plus by the end of the year. And you can go to our website and see the whole list markets. And in fact, coverage maps are available also on verizon.com for the 5G deployments.

I’m not going to share as far as customer adoption and things like that. So to give you an idea of some of the performance levels that we’re seeing, where we’ve deployed our 5G Ultra Wideband, which as you all probably know, is on our millimeter wave spectrum holdings. We see throughput in excess of 2 gigabits per second in a lot of scenarios, everywhere from 1.2 to 2 gigabits is kind of the range that we’re seeing with these deployments.
So from a -- really creating a differentiated product in the market that will deliver on the 5G currencies that we've been so focused on as a long-term goal, we are seeing those results in our early market deployments already in the sense that the promise is there, the capabilities are there and our ability to deploy it is there.

You'll see continued market expansion into 2020 as we increase the size of existing markets that we've already launched and then add new ones to the mix as well. So you'll see a steady drumbeat of 5G deployment news from us for the foreseeable future.

**Jennifer Fritzsche** - Wells Fargo Securities, LLC, Research Division - MD & Senior Analyst

Just the fiber build with this 5G effort, I think it was Kyle who called it OEC 5G is fiber with a bunch of antennas hanging off of it. You talked about the fact that fiber is multiple use with the first one being fixed wireless. As you look at the many uses of fiber, is there a way to rank order which you see is the biggest opportunity for Verizon?

**Adam Koepppe** - Verizon Communications Inc. - SVP of Network Strategy & Planning

So a couple of points, maybe just to clarify, too. When we pursue our fiber build on a market-by-market basis, we're looking for the sweet spot of a really strong case that allows us to leverage our owners' economics. And what I mean by that is when we look at the 4G and 5G node expectations that we have for the coming years, we can very carefully calculate what it would cost to spend money with a third party, if you will, in a market to launch 5G or increase the 4G density.

We then look at the cost to build in that market. And it's a fairly simple case to say, listen, it's much more cost-effective for us to build our own fiber in this market because not only can we serve our own needs on the wireless network, we can then open up incremental use cases. So whether it's small, medium business, enterprise, wholesale opportunities that comes from having the owner's economics of our fiber deployment. So that's the key determining factor, basically, in how we look at each market where we're building fiber.

In the case of fixed wireless, as many of you probably know, that was the early use case for 5G. In fact, when we -- in 2018, we launched our 4 5G home markets, which were based on a Verizon-standard equipment in CPE. We've since relaunched, if you will, 5G Home in Chicago using 3GPP-based specification equipment on both the network and the device. And you'll see more news on 5G Home as we progress through additional market launches.

But fixed wireless becomes that -- kind of like that first use case for 5G services because it allows us to compete in markets where we wouldn't otherwise have a broadband-to-the-home angle. And now we do.

**Jennifer Fritzsche** - Wells Fargo Securities, LLC, Research Division - MD & Senior Analyst

Outside your franchise footprint, which I was to finding this your legacy wireline footprint?

**Adam Koepppe** - Verizon Communications Inc. - SVP of Network Strategy & Planning

Yes. So if you look at our Fios footprint, our franchise footprint, where we've got best-in-class fiber-to-the-home solution, 5G home allows us to compete in markets all around the country where we haven't deployed Fios.

**Jennifer Fritzsche** - Wells Fargo Securities, LLC, Research Division - MD & Senior Analyst

Got it. Do you think of 5G, though, some would say, and I was at Mobile World Congress at your booth, tremendous revenue opportunities. But in your seat, do you also see it as a significant cost driver down because you are finding better capacity or usage -- network utilization of that spectrum?
I think with all technology transitions, and this one is no exception, you're going to see a mix of new revenue opportunities, and really, cost efficiencies. So to draw a comparison maybe to the 4G world and when we evolved from 3G to 4G, the new revenue opportunities weren't as known then as what we see today already emerging in the market with 5G capabilities in mind. So we're seeing a very heavy ramp-up of enterprise-based 5G use cases, which will translate into new revenue opportunities.

We see consumer use cases as well, and the one we'd highlight right now would be in the gaming space. Our work with Bethesda and AWS and this edge compute launch is one of those opportunities. The consumer space is a little bit behind the enterprise space when it comes to new use cases. What you do see, however, is we've got mature phones in the device lineup right now that support 5G and are already active on our 5G network. And these are the latest and greatest devices. These aren't one-off devices. So that's pretty encouraging.

On the pure network architecture, when you bring millimeter wave bandwidth into the equation, we gain tremendous efficiency in how we basically optimize our capacity on the wireless network. And to give you a point of comparison, our average national spectrum depth on our LTE network, which supports actually both 3G and 4G, if you will, is around 117 megahertz, okay? That's the lowest amount of spectrum holdings by -- for the operators in the U.S. We have the best-performing network in the industry, and we have the largest number of LTE subscribers on that network. So the engineering that we put behind this is really what separates us from the others. We have the best people doing this in the business, period.

You take 5G, and we're starting our deployments here with our millimeter wave at 400 megahertz worth of bandwidth from Day 1. That's what's in the market today and deployed.

The channel size, essentially.

Yes. That's -- it's actually 4 100-megahertz channels combined. But when we put in front -- put on the network in front of the customer is 400 incremental megahertz of bandwidth. Now in most markets around the country, we actually have 800 megahertz of spectrum to deploy across 28 gigahertz and 39 gigahertz.

So in the early days here already, we're seeing 1.2 to 2 gigabits per second on a 400 megahertz deployment, with an 800 megahertz deployment also viable in the near future. So that capacity we're putting into the network allows us to operate extremely efficiently, when it comes to the growing data demands that we see on our existing and future subscribers.

So under the category of don't shoot the messenger, how about -- because I'll view marketing, and now hear this slide. Verizon has no mid-band spectrum. C-band's delayed. They're in a tough spot. How do you -- I mean you've given us some good data points around millimeter wave, but then some might say, but there's hardly any devices that support millimeter wave today.

So how do you combat that view? I'm sure you've heard the same question.
Adam Koeppe - Verizon Communications Inc. - SVP of Network Strategy & Planning

Yes. Yes. We do get that question quite a bit. But the device portfolio that supports millimeter wave is actually very healthy and very robust. And if you look at the Samsung and LG devices that are in the market, these are marquee devices. And you'll see that penetration grow. And you'll see the device lineup that supports 5G, in general, grow substantially.

Jennifer Fritzsche - Wells Fargo Securities, LLC, Research Division - MD & Senior Analyst

Next year, do you think?

Adam Koeppe - Verizon Communications Inc. - SVP of Network Strategy & Planning

Just the rolling -- that's the new spec for devices, right?

Jennifer Fritzsche - Wells Fargo Securities, LLC, Research Division - MD & Senior Analyst

Got it. Got it.

Adam Koeppe - Verizon Communications Inc. - SVP of Network Strategy & Planning

Now -- so in the context of the different spectrum bands, our millimeter wave holdings, best-in-class, right? We've talked about those. Mid-band today for us in the PCS range, which is 1.9 gigahertz and the AWS range, 2.1, those are doing 4G LTE traffic today, okay? The bulk of our 4G LTE usage is on those 2 bands.

And let me touch first on technology that's going to become available that allows us to utilize our existing spectrum portfolio that's assigned to LTE today more dynamically to accommodate 5G. That technology is called dynamic spectrum sharing. We've put out some press a few weeks ago in a partnership with both Ericsson and Qualcomm, where we've demonstrated dynamic spectrum sharing in one of our Richardson -- or one of our Texas testing facilities. What that allows us to do is allocate portions of bandwidth that we already have on the network, okay, existing bands of spectrum that we already have at our disposal, and allocate them dynamically to a 5G user when that 5G user comes into a non-ultra wideband part of the network.

So certainly, it's going to take time to build 5G Ultra Wideband everywhere we want to put it, right? We're starting in the densest urban areas because that's where the bulk of the traffic is, and that's where the people are. We're starting in places like NFL and NBA arenas because of the high demands there. That grows over time. With dynamic spectrum sharing, we can actually put into the network a very graceful transition of the network from 4G into 5G as that device penetration increases with 5G devices in the mix. That's really step one of that evolution.

The other piece of your question was tied to C-band. And no secret, we've been very active in the industry looking at C-band as kind of the next tranche of spectrum that's available for operators to deploy. And this is built on what I think is a really strong track record of success between the industry and the FCC when it comes to putting new spectrum into the market. It started with the spectrum frontiers order, which is what brought millimeter wave spectrum to market that we use today. It continued with things like LAA, where we're putting LTE on 5 gigahertz unlicensed spectrum as a capacity augmentation. It continued further with CBRS, the 3.5 gigahertz band, which was launched a few -- 1.5 months ago or so now and is already deployed on the network and in the devices.

And so we see this track record of innovation, where the industry and the FCC get together to figure out, all right, how do we put more spectrum into the hands of customers so that they can benefit? We happen to be one of the best stewards of spectrum in the industry. We acquire licenses, and we deploy assets to use the spectrum.
C-band is teed up as the next range, and that’s 3.7 to 4.2 domestically here as the next range of available bandwidth that is lightly utilized. And the FCC has publicly said that they’re going to target an auction of that spectrum in 2020. We feel very confident just based on their recent track record of success that they’ll be delivering on that commitment as well. And then we’ll see how that band plan plays out and what becomes available in the C-band space.

Jennifer Fritzsche - Wells Fargo Securities, LLC, Research Division - MD & Senior Analyst

Got it. And back to dynamic spectrum sharing, where is the brains to allow that to happen? Is it the network that you’ve done? Or is it the device itself? How does...

Adam Koepp - Verizon Communications Inc. - SVP of Network Strategy & Planning

So it’s a combination of both. So when you look at network features that are put in front of a consumer, the device and the network have to be really working together in that regard. So we spend -- from a technology standpoint, we spend a lot of time working with our device counterparts to ensure that the network and the device evolves together. Carrier aggregation that exists on LTE today is a really good example of how you make that work effectively for consumers.

When you look at dynamic spectrum sharing as a capability, both the network and the device have to support that type of functionality. We’ve already started the work with both the infrastructure, the chipset and the device providers to bring that to market. That’s, in fact, why we’re able to actually do a successful demo down in Texas a few weeks ago.

Jennifer Fritzsche - Wells Fargo Securities, LLC, Research Division - MD & Senior Analyst

Got it. You mentioned CBRS. There is an auction coming up in late June, I believe, June 25 if I’m right, which is CBRS being the 3.5. There’s a lot of enterprises wanting to build their own network. Is that -- as a carrier, does that help you because it actually is them funding the build for some of these areas? Or how do you look at that?

Adam Koepp - Verizon Communications Inc. - SVP of Network Strategy & Planning

Yes. CBRS has been a really unique solution, to be honest. It’s -- there’s a large amount of spectrum that’s lightly utilized by the Department of Defense, and the industry worked together with the CBRS alliance to bring OnGo to life, which is the marketing name we have for CBRS. And today, that’s generally available access. So anybody can build a network utilizing the 3.5 gigahertz spectrum. There’s roughly 60 to 80 megahertz worth of bandwidth that can be utilized there, but you have to operate it with a core network.

So what we see as an operator is that it’s an absolute value-add to our LTE experience because it’s aggregated with licensed bands. And it also gives us the opportunity to work closely with enterprise to say, hey, here’s a dedicated amount of spectrum that can be used today, generally available, to provide in-building services or campus services. The power limitations on CBRS, really, ear-mark it, if you will, for small cell and very dense outdoor deployments. So really well suited for -- in building venues like this in enterprise locations.

We pair that with our 5G offerings, specifically, millimeter wave, and then work with the enterprise to basically develop a private network-type solution. And that’s something you’re going to see in here a lot more of as we move into 2020.

That allows us to work closely with the enterprise to figure out exactly what solutions they need in their space. We can deploy that equipment very readily because it’s a campus -- usually a campus-style deployment. And CBRS is a great way to provide that LTE capacity that they’re needing in that location.
Jennifer Fritzsche - Wells Fargo Securities, LLC, Research Division - MD & Senior Analyst

I wanted to shift back to the fiber side of your work because you’ve aggressively rolled out fiber in some of your Fios markets, which some might say is surprising. I think Syracuse being an example. Does that strategy of doing it in markets where you already have fiber, what is the logic there? Because I would assume you already have good amount of fiber.

Adam Koeppe - Verizon Communications Inc. - SVP of Network Strategy & Planning

So in our Fios footprint, we have fiber-to-the-prem, fiber-to-the-home. We always look for ways to serve our own needs within our franchise footprint. That’s not a new phenomenon at all. In fact, we’ve been supporting our own wireless build within our franchise footprints for quite some time now.

When we expand fiber deployments in any of our franchise footprints, we’re doing the same type of thing where we’re looking for, how can we meet our own needs from a wireless node standpoint, while we’re expanding Fios to provide new fiber-to-the-home? So it’s -- the point being that it’s a very concerted effort between our engineering teams and the efficiencies we gain from that are substantial.

So in this case, like Syracuse or really anywhere else in the franchise footprint where we look to expand fiber, we'll pair that effort with our 5G and 4G needs, and we'll make sure those 2 teams work together.

Jennifer Fritzsche - Wells Fargo Securities, LLC, Research Division - MD & Senior Analyst

And it’s easier to pull laterals when you have the fiber already embedded? Is that fair?

Adam Koeppe - Verizon Communications Inc. - SVP of Network Strategy & Planning

Yes. And that’s true not just in franchise, but outside of it as well. And one of the opportunities we see, certainly with 5G Home, when we go compete in a new market for home broadband services, we’ve got an underlying wireless infrastructure that can be augmented to support new neighborhoods, new areas where we can capture home broadband customers. And that’s not entirely a new build, where you’re coming into a market with no assets, right? We have assets in the market, and we can build off of those existing assets to open up new opportunities.

Jennifer Fritzsche - Wells Fargo Securities, LLC, Research Division - MD & Senior Analyst

For the fiber-to-the-home or the fixed wireless initiatives, it’s an interesting situation with cable because you have a partnership with cable. You’re the MVNO supporter. There you are a partner to the largest ones, Comcast and Charter.

But if you are successful with fixed wireless, you’re essentially going after their core business. I’m trying to connect those dots because then you read like the consumption of, especially a cord cutter, like consuming about 500-gigabit a month based on a recent report. Do you think wireless can ever support that? And then, I guess, how do you see -- because the same could be said cable’s going after your business and wireless...

Adam Koeppe - Verizon Communications Inc. - SVP of Network Strategy & Planning

That is true.

Jennifer Fritzsche - Wells Fargo Securities, LLC, Research Division - MD & Senior Analyst

Well, how do you view that?
Adam Koeppe - Verizon Communications Inc. - SVP of Network Strategy & Planning

Yes. Well, I mean, let's be clear, the goal of 5G Home is to go take home broadband share from others. And we're entering markets where we wouldn't be able to do so with just a plain LTE-based offering, if you will, right? So 5G Home in new markets for us is a very compelling story. That's the reason we pursued the 4-market initial launch. The numbers you described from a usage standpoint are in no way surprising at all. We've got Fios customers that are a direct comparison to cable customers in that regard. So those usage levels are in no way a surprise to us.

And the beauty of having up to 800 megahertz of millimeter wave bandwidth to deploy, is I can support that type of usage very easily. In fact, some of the users we saw in our initial home launches, the 4 markets we launched already, a little too early in Chicago still, because we just launched recently, but the 4 markets we launched in 2018 with our initial 5G Home, those numbers are in line with stuff we're seeing from those customers. So it's not a shock -- it's not a shock to us at all to see usage of that magnitude.

Jennifer Fritzsche - Wells Fargo Securities, LLC, Research Division - MD & Senior Analyst

Got it. All right. And as you do look at cable's partnership, I mean, it does -- do you see cable how do you see them thinking about things? Do you see cable, I guess, maybe your opinion, do you think cable enters wireless in a more formal way? I don't know, you've...

Adam Koeppe - Verizon Communications Inc. - SVP of Network Strategy & Planning

To be determined, really. I mean right now, there's -- we have a strong partnership with our cable partners. Based on the transaction from years ago, spectrum and wholesale arrangement, our MVNO arrangement, I should say. So that partnership is healthy. We work very closely with them on technology road maps. It's an important part of the business. So how that evolves, to be determined. But clearly, we both have an interest in. We're going to grow our wireless business substantially. We're going to grow our 5G Home business substantially. And they're probably saying the same things.

Jennifer Fritzsche - Wells Fargo Securities, LLC, Research Division - MD & Senior Analyst

As you -- Verizon's undergone a big transition to Verizon 2.0, which I know was years in the making getting there. But as you look at your discussions with Matt Ellis, your CFO, I'm not asking you to preview CapEx, but your wish list of CapEx. You no longer break out wireless versus wireline CapEx. Is it because they're just -- it's almost impossible to do because they're both supporting -- I mean wireless needs wires, right? And fiber is needed for both.

How do you think about that? Is it more a wish list, I want more fiber? Or I want more traditional wireless spend?

Adam Koeppe - Verizon Communications Inc. - SVP of Network Strategy & Planning

So the big push from a financial reporting standpoint in Verizon 2.0 is having a consumer-facing group, a business-facing group. That's been, really, the heavy lift if you will, how we report our results on a quarterly basis. And I know you have all been privy to that over the last couple of quarters, and we still bridge the gap between 2.0 and 1.0 for now.

From a capital standpoint, really, for years, we've been basically allocating capital where it's most needed based on the returns we want to get out of the business and the products we have to support and the growth we expect. So the movement of capital across programs within Verizon, that's a healthy machine that's been running for several years now. And we have to make trade-offs based on new tech coming into play versus legacy technology. We make those decisions on a daily basis. So that aspect where we kind of position the capital where it's most needed to generate the best return, that's not a new thing for us at all.
What I'd say right now is that we've got a very healthy capital envelope. We work extremely closely, obviously, with our entire finance team, Matt, in particular. And we have just a ton of confidence in our ability to, a, execute on the capital plan that all has deliverables tied to it, and we'd argue that not only being a really good steward of capital is important for us. But then when we say we're going to do something, we do it. We execute on deliverables tied to that investment. That's a huge part of our DNA in network and something that we've done for years.

Jennifer Fritzsche - Wells Fargo Securities, LLC, Research Division - MD & Senior Analyst

And it seems to me that One Fiber is towards the top of that list. I mean this is a major priority for the company, obviously.

Adam Koeppe - Verizon Communications Inc. - SVP of Network Strategy & Planning

Well, absolutely, and it has been since it started. And so to give you an idea of where that fits into the equation, I mentioned before, we pair our fiber deployment markets very closely to our 5G markets because that's where a lot of our node growth is going to be. So there's not necessarily like a capital trade-off that has to be made versus those 2 things because they're paired together.

We typically see more of a reallocation of capital, when you have a legacy technology spend that's declining and a new one that's ramping up. And the best example I could give you is when you -- we'll pick on EVDO for a few minutes. As EVDO usage started to decline, we went and physically reharvested equipment, right? Took it out of the network from supporting EVDO and reposition equipment to support LTE traffic. That harvest and redeploy is something that we've done for years. That translates into kind of almost like a reallocation of your capital funds because now I don't have to allocate capacity and capital for 3G EVDO. I can allocate that same funding for 4G.

So it's actually a very well-oiled machine in Verizon and something we really pride ourselves on.

Jennifer Fritzsche - Wells Fargo Securities, LLC, Research Division - MD & Senior Analyst

And maybe just a last question. I mean one of the things we wrote about was that going into this conference, the tech media telecom silos are very much blurring. I did not expect this AWS announcement to highlight that point. But Hans has been there and the new management team have been there about 1.5 years. It seems like Verizon is almost, and I mean, this in a good way, shedding its telecom roots and just definitely doubling down in the network and really playing in the tech world today is just another example of that.

Is that a fair assessment of the culture right now and under the leadership you have?

Adam Koeppe - Verizon Communications Inc. - SVP of Network Strategy & Planning

I don't necessarily think anything has to be shed because what we have at the foundation of all of this, is the best-in-class performing networks in the industry, globally. So whether it's domestic Fios, whether it's domestic LTE, 5G, whether it's global business networks, we have a best-in-class solution. And we have literally the best people in the industry that engineer, build and maintain those networks. So that is the rock-solid foundation of everything that comes along on top of it. And whether it's our partnership with the NFL of late, whether it's the partnership with AWS for edge compute, we're leveraging the same solid foundational layer of network excellence every single time. And you can see it in the smartphones that are being launched these days on 5G. They all rely on a best-in-class network, and that's what we continue to deliver to the market.

Jennifer Fritzsche - Wells Fargo Securities, LLC, Research Division - MD & Senior Analyst

Terrific. Thank you so much. Thank you, everyone.
Adam Koeppe - Verizon Communications Inc. - SVP of Network Strategy & Planning

Thank you, Jennifer. Appreciate it.