

# Pipeline

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## I Want My IPTV

By Tim Young

Television: The old chestnut often attributed to comedy pioneer Ernie Kovacs, but most likely first uttered by radio great Paul Allen is, to paraphrase, that television is called a medium because it is neither rare nor well done. In the decades that have passed since the heyday of both men, TV has become far more ubiquitous and, from a technical aspect, still occasionally poorly done... though not for lack of trying on the part of CSPs.

Cable companies are clearly the frontrunners in this regard, and telcos have been involved in the triple and quad play fray for a long time now, thanks to partnerships with satellite providers. However, the growing opportunities of delivering telco-based TV, directly from the pipe that's already coming into the home for voice and data services, is alluring for the telco set.

What form that service takes, however, is up for debate.



## Semantics

For most outside of the communications space, all TV coming from a telco is IPTV, and all IPTV comes from a telco. (To the extent that people even *care* where they get their bits. Increasingly, customer loyalty to a specific access technology is weak, at best. An unhappy customer is liable to churn to whatever company offers them reliability and speed at a desirable price point.) However,

this, of course, is faulty. The video offerings from Verizon, for example, aren't really IPTV, and the IPTV hardware and software vendors are quick to remind cablecos that IPTV can work in the cable context, too.

However, in order to pare down the discussion to a reasonable scope, we'll skip the topic of IPTV in the cable space, and focus on telco-based TV services, IPTV or otherwise. For the purposes of this article, we'll be speaking of telco video offerings more broadly, including non-IPTV applications.

### Cable-Killers

Telcos are making inroads into the TV space. That's not news. The Telecom View IPTV blog (<http://telcotv-view.blogspot.com/>) rattles off a long list of subs added worldwide. (Q109 numbers include 19K new subs for SingTel, 49K for Belgacom, 45K for BT, etc).

Telecom Italia, Fastweb, and Wind have launched a website informing Italian consumers of the benefits of IPTV service in hopes of drumming up business. (While figures for the other companies were unavailable at press time, Telecom Italia is sitting at around 365,000 subs for its "Alice home TV").



The image is a promotional graphic for a white paper. It features a blue background on the left and a green background on the right. On the blue background, the text reads: "White Paper: Monitoring 3G/UMTS Networks" in large white font, followed by "Network, Service & Customer Experience" in a smaller white font. On the green background, there is a blue logo consisting of a stylized network of lines forming a square shape, with the word "TEKELEC" in blue capital letters below it. At the bottom right of the green background, there is a blue button with the text ">> DOWNLOAD WHITE PAPER".

According to Ovum Korea, the South Korean IPTV market is growing and will continue to grow strongly, but opposition from cable is still a major challenge, and that's in a country with outstanding broadband penetration (among the highest in the world, at 92.6% of households, according to Ovum). The challenge there has everything to do with price point and marketing, it seems.

From an OSS/BSS standpoint, many battles of actually *delivering* IPTV were fought and won several years ago. It's viable. It works. However, telcos still have the not-so-simple task of maintaining the sorts of due diligence that is required to make sure everything keeps churning along.

Some providers, however, such as Verizon (whose FiOS service is one that is not, exclusively, IPTV) declare that their technology makes management a less challenging, not more challenging, task. Jim Smith, a spokesperson for Verizon, notes that "Full IP connectivity between all devices and our network application servers using SOA has made provisioning and remote support dramatically easier than cable and satellite environments."

## High Fiber

FiOS has some natural advantages when it comes to offering video service. "Verizon's FTTP network was designed for maximum flexibility in both service provisioning and to accommodate future service developments," says Smith. "As such we use three streams of light: One carries a traditional broadcast RF signal currently used for all of our linear TV delivery. In addition, there is a downstream data wavelength used for voice, Internet downstream traffic, and for our Video-On-Demand delivery. The latter is served by IPTV formatted signals. "

Therefore, the sheer capacity offered by a fiber service like FiOS, when intelligently managed, is substantial. "We have enormous video capacity due to the downstream data link and could, in fact, migrate some or all of our signal to IPTV. The downstream data link also would feed Internet-based video to our customers, once a streaming video product is developed," Smith continues. "In addition, by taking fiber all the way to the home, we avoid the constraint MSOs face with just the RF bandwidth to work with for all their services AND we can feed a broader set of services to the home than the node-based service AT&T offers. So, by design, we have flexibility and service options no other carriers of our size enjoy."



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When asked if there are specific OSS/BSS challenges that have accompanied the FiOS video offering, Smith replies "No; in fact, our entire home network can be managed remotely via access to the broadband home router and the set-top box, letting us troubleshoot for customers, allowing some self-install capacity and giving us service monitoring right into the home." That level of visibility is interesting, but is it entirely unique? Perhaps not within the Telco world, but the cable market still lags in proactivity, monitoring, and other elements of OSS/BSS that have been the hallmarks of telco service for a long time.

But is it enough? Cable remains strong, even in a soft economy, and telcos have to deal with the expensive prospect of rollouts, as well as continuing to tackle a public perception of telcos as somehow less serious about TV than cablecos. Smith is undaunted by the economy. "FiOS TV is now at roughly 23 percent penetration in areas where it is open for sale. We grew by nearly 300,000 customers in the first quarter to a total of 2.2 million. At roughly 19 percent growth year over year, it's safe to say the product is selling itself despite the economy." Likewise, the speed of rolling out fiber service seems to be one that Verizon is willing to deal with. "Construction continues," Smith says

"and is a bit ahead of the pace to be made available to some 18 million customers by the end of 2010."

## Challenges

Let's not forget that there are a few other challenges that should be addressed that are outside of the telco-vs-cable or telco-vs-telco battles for TV market share. Recent Nielsen and ComScore numbers place the number of monthly Hulu views at around 335,000,000, with numbers of unique visitors as high as 35,000,000. While Hulu still ranks behind sites like YouTube in terms of the sheer number of videos viewed, it's clear that people are watching "real TV" there: Full length programming as opposed to, say, homemade videos about kittens.

That leads, of course, into the sort of discussion about the role of CSPs vs over-the-top providers when it comes to developing and distributing content. (If you're interested in that, you should check out Trevor Hayes's article in this issue. The timbre of that particular discussion has undergone some changes.)

Still, when asked about the future, Smith says Verizon is undaunted. Five years out, he predicts that "FiOS will still be the market leader as regards service quality, product versatility and service capacity. Pundits say that with demand for bandwidth growing at a rate of 10x every six years, only glass will have the capacity to meet the future needs of families who have, say, 3D TV, several computers, various appliances and networked services like HVAC and security operating. Both our network and our home facilities will keep us ahead of that level of demand."

In an uncertain economy, and battling rollout speed, massive competition, and slow-responding public perception, only time will tell.