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Not Just Content: IPTV Means that Choice is King

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With the emergence of IPTV set to strengthen existing media brands and create opportunities for newcomers to the market, telecommunications companies would appear to be in a situation to take advantage of new technologies and effectively compete with cable and DBS. After all, IPTV provides a real opportunity to optimize existing resources, to safeguard their customer base and to find new revenue streams. A win-win situation, it would seem at first glance, but few things are as straightforward as they first appear. Content and choice will be the deciding factors.

The opportunities created by IPTV have been widely discussed in recent years. Video over DSL is expected to provide much lower operating costs, to open the door for an unlimited number of channels and to provide increased marketing capacity thanks to better-targeted programming. In addition, IPTV will promote greater interactivity, an improved customer experience and ultimately increased average revenues per user (ARPU).

The beauty of IPTV is in the increased options it gives viewers. The unlimited number of channels on offer is a case in point. Both in technical terms and economic terms, never has it been so feasible to launch new channels on a bouquet. It is clear that we are entering an age of choice. But network operators also have a choice – play the television game or become obsolete. Not much of a choice really – however if they play and win, the opportunities are enormous.

It has been widely believed that the new, totally on-demand choice is the only way that audiences will go. However, the outcome is not quite that straightforward.

Consider the two main modes of viewing programming, the 'on-demand approach', where user-selected content is played out from a server, and the 'by appointment approach', traditional/ primetime/ preselected content and program schedules selected by the end-user with a remote control.

The mode that viewers choose and the degree to which on demand items play a role are ultimately dictated by three parameters: the Person, the Device and the Content itself.

Individual preference is the biggest factor. Some viewers may be happy to wait all week to watch the next episode of 'Lost' or 'Desperate Housewives', but other viewers may be totally different. They want the next episode now, before their friends see it. They want to comment on content, and often create their own, using blogs.

The model that viewers choose also depends on the device that they use. With cell phones, viewers watch in shorter "bursts," an average of 23 minutes per session, according to a study in the UK. This obviously has an effect on the content, which must be "cell-friendly" to be an attractive option. Similarly, the PC has its built in interactivity and increasing portability, but for now it is not something that the whole family will gather around.

As for the good old television set, or even the good new plasma screen, interactivity remains low and the only interactivity with standard delivery comes in the form of shopping or voting applications.

This increased choice of delivery and variety of content comes down to two letters ...IP. IP makes choice possible - lowering costs means more channels can launch. More channels launching means more consumer choice. More choice, if done correctly, means a better customer experience and that is where things get interesting.



Considering all these variables, there would seem to be a future for both traditional programming and less structured on-demand content.

Once the matter of choice is understood, the physical aspect of acquiring and delivering content becomes an issue to new players in the television game. But well before worrying about ingest or aggregation, telcos face the challenge of acquiring compelling content.

Sports programming is currently considered the most differentiating type of strategic and exclusive content. It is a strong lure for TV subscribers, attracting and retaining customers with the greatest impact. However, acquiring sports offerings is prohibitively expensive. Another avenue telcos can take is local and culturally specific programming that targets different ethnic groups. This can also be a powerful tool for attracting and retaining customers and building revenues through specific programming packages.

A key area of new channel development lies in the possibilities offered by international content. We are now seeing true globalization as major brands extend their franchises worldwide. That means that non-local media is also expanding and in just a few years, consumers will want access to any channel on-demand from

anywhere around the world. TV is coming without borders, so telcos must include a full international lineup to address the world's growing multicultural markets – a real differentiator for multichannel providers as telcos will not be limited to the capacity problems of DBS or cable.

Through its World TV platform in the US, service provider GlobeCast already delivers more than 165 international TV and radio brands into America via DTH and cable, and soon IPTV. Other international bouquets exist on various platforms worldwide.

Telcos for the most part, already have the nationwide broadband networks in place to deliver the end signal to the consumer. They are entering the TV business with an all-IP format, which is fast becoming the end-to-end standard for content programmers. This means IP all the way through production, contribution and channel playout. Having an end-to-end IP distribution chain, should give IPTV a strong competitive advantage in meeting cable and DBS head on. They will meet these industries' content stakes and raise them on bundles, customer service and bandwidth.

With a strong focus on content and the end goal of reaching new IPTV audiences, the middle part of the equation can be a difficult variable. Broadcasters know content and telcos know telecom networks, but one crucial factor is missing from the value chain – video transmission services on a national and global level. That's where broadcast service providers such as GlobeCast come into play. Video is a very different animal to what the telcos are used to providing. It is much more sensitive and needs much better monitoring facilities to ensure good service. It also requires a high bandwidth broadband network with sufficient guaranteed throughput to ensure required video quality to each home. To meet the demand for this high-speed network, telcos, if they haven't done so already, will have to spend a significant amount of money on network upgrades. While Internet surfers will put up with a buffering delay while viewing an Internet clip online, television viewers are not nearly as forgiving!

So to realize a complete IPTV solution that supports the current offering and is future-proof, telcos, like broadcasters, have to form strong partnerships with service providers. Broadcast content management companies like GlobeCast, with the expertise and experience of the broadcast industry and its technology, are an essential part of the IPTV value chain – they are intimately familiar with the broadcasting industry from both sides, programmer and distributor alike – ingesting content in any number of formats, converting it between standards and sending it where it needs to go and in the format it needs to be in.

Just like FedEx, GlobeCast acts as a central processing station through which content can be routed, bundled with local advertising and programming and then delivered fast and reliably through its secure network to consumers worldwide.

With the service provider completing the broadcast equation, channels can focus on content and telcos can focus on service quality and subscriber management. GlobeCast works closely with Maligne TV in France for example, providing the downlink, aggregation, IP encapsulation, MPEG-4 encoding and contribution to the company's IPTV headend.

Content, as ever, will remain king and being able to deliver it is key to increasing subscriber numbers and revenue. However it is the customer experience – based on the choice of channels, as well as the level of control and interactivity that will attract and retain the audience to make the numbers add up in a meaningful way.