

## **Beyond IPTV – Why Plain Old Television Won't Cut It For Telcos**

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Since the turn of the millennium, television has undergone a period of unprecedented change. Across Asia governments have begun the switch from analog to digital terrestrial signals, viewers who had become used to four or five channels now consider hundreds the norm, high-definition and mobile TV have become a reality for many and Tivo-like devices have freed audiences from the constraints of scheduled, linear broadcasting.

As television has changed, so have many of the viewers. Increasingly we are faced with a new breed of sophisticated, technology-savvy consumer for whom multiple channels, high-definition pictures, 5.1 surround sound and PVR functionality are not a bonus, but an expectation.

While the large scale deployment of xDSL2+ and advanced video codecs such as MPEG-4 AVC and SMPTE VC-1 have broken down the technical barriers to delivering broadcast quality TV over narrow bandwidth DSL, many Asian IPTV operators are finding themselves in a commercial environment where they are playing catch-up with established pay TV platforms. HD, PVR and multi-channel services will quickly becoming ubiquitous and IPTV operators will struggle to attract subscribers by offering these services alone. If IPTV is to gain a foot-hold in Asia, where satellite and cable account for over 97% of the pay TV market, it needs to use the inherent advantages in its network architecture to meet the needs of a consumer who increasingly seeks choice, mobility and interactivity.

### **Choice**

Even though PVRs allow viewers to choose when they watch their content, programming is still dictated by the broadcaster – a consumer who has become used to 'pulling' the content they want from the Internet will progressively expect to select exactly what they want to watch. IPTV's two-way capability naturally lends itself to video-on-demand (VoD). Just as we 'Google' for content on the Internet, searchable, easy to navigate electronic program guides and advanced metadata can allow IPTV subscribers to search an almost limitless library of

programming – and view it at a time that is convenient to them. The mass deployment of VoD has already begun in Asia with Hong Kong IPTV operator PCCW rolling-out an on-demand service – a move that has contributed to PCCW significantly closing the subscriber gap on the region’s incumbent cable TV operator, I-cable. Shanghai Daning’s SiTV service has allowed the operator to deliver over 10,000 hours of movies, TV programs, English-language education classes and special events on-demand to viewers across Shanghai.

### **Interactivity**

One of the distinctions drawn between viewing content on the Internet, or on a cell phone, and viewing content on your television is that the Internet and cell phones offer a ‘lean-forward’ experience (so-called because you are actively involved with using them as opposed to sitting back to watch television). Despite the availability of over 30,000 hours of interactive programming, interactivity is still not seen as a mass market in many countries and for many viewers watching TV remains a passive experience. Some advertisers have already recognized the potential of interactivity and we are seeing a paradigm shift in advertising strategy from linear ad insertion to time-shifted, highly-targeted insertion over the life of a program with technologies such as ‘hot spotting’ used for advanced product placement. But this is only the beginning - we need to also encourage a paradigm shift among viewers, to teach them that TV is not something that they sit back and view, but something they lean forward and engage with. If IPTV operators build on their current interactive portfolio of gaming, infotainment and ecommerce, they can offer an added value TV service that will differentiate them from the competition.

### **Mobility**

There is, of course, more to the success of IPTV than when and what people watch, there is also the question of where. We know television to mobile devices is a viable proposition in the Asian market with South Korea’s SK Telecom having run a subscription-based mobile TV service for over a year. The boom in MP3 players such as Apple’s iPod has made the public accustomed to shifting content they receive online from one device to another, and to enjoying that content on the move. How quickly IPTV and mobile TV converge depends as much on user behavior and acceptance as it does on the technology. While mobile video currently appeals to a younger demographic, with IPTV designed to appeal more broadly, we believe IPTV’s initial acceptance may come through young, affluent

early adopters, a group that is likely to overlap, at least to an extent, with mobile TV consumers.

When combined with triple or quadruple play IPTV can offer a truly unique service proposition. The challenge for operators is to provide an on-demand, interactive, personalized TV experience that meets the expectations of the 'now' generation, while simultaneously encouraging a mind-shift in the more traditional viewer to encourage them to engage and interact with their television. This will enable viewers to progress from being the passive recipient of linear broadcasts to an active, empowered consumer who dictates the content they watch, where they watch it and when they watch it.