

Hybrid TV: The Way Forward?

Painel: Convergência: DTV nas Plataformas de TV paga

SET Congresso 2009

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August 2009

Congresso SET 2009

Terça-feira - 25/08/09 - 15 as 17h
TV Digital: Direitos no SBTVD

**DTV Patent Pools:
What's Wrong & How to Fix It**

**ATSC: What Went Wrong?
The Patent Pool Problem
Proactive Patent Process**

Quarta-feira - 26/08/09 - 11h30 as 13h30

Transmissão: Normas SBTVD: onde está o risco da não compatibilidade

**Conformance & Certification:
Key to Digital Switch Over**

**Switch Over Lessons
A Tale of Three Transitions
Global Switch Over Planning**

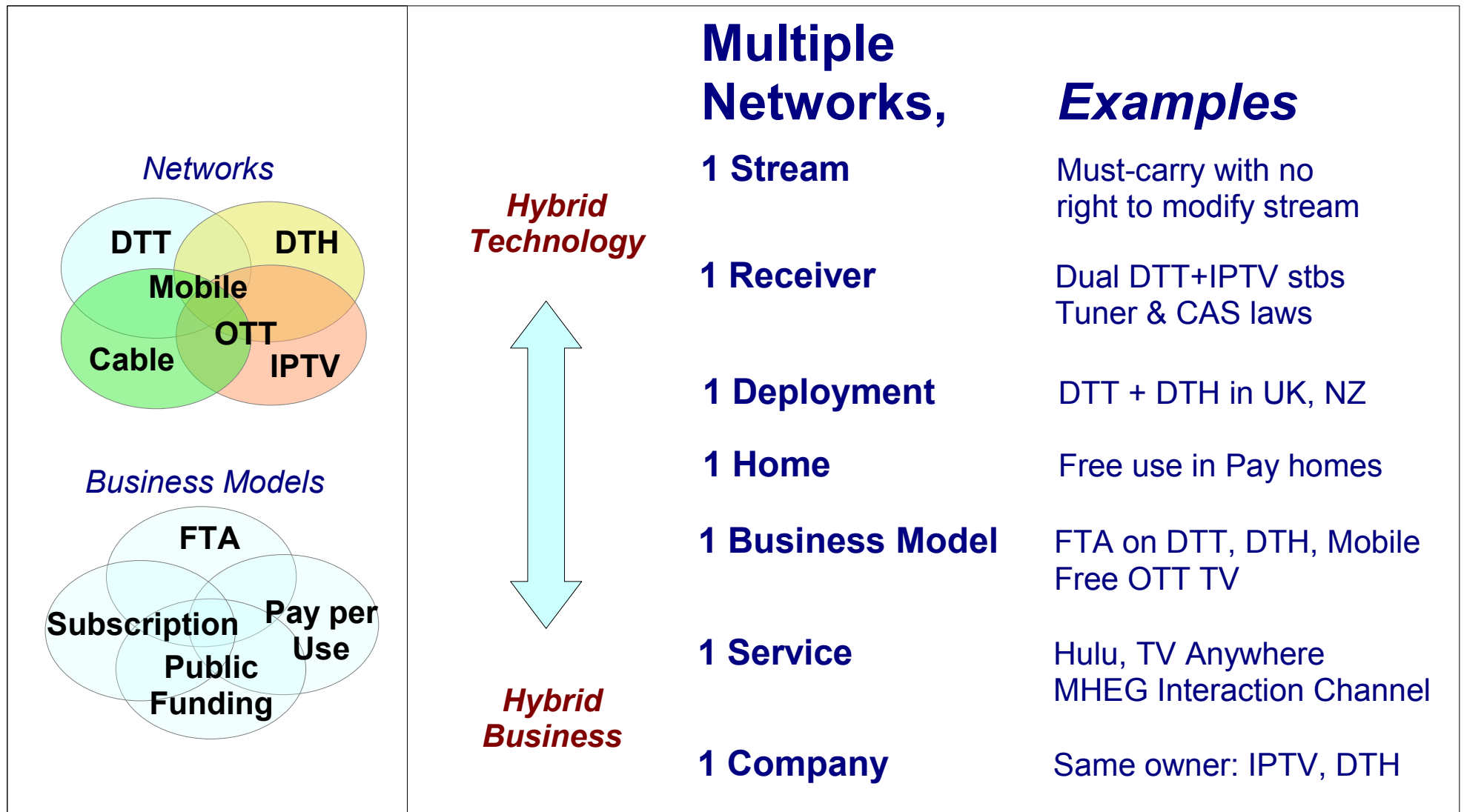
Quinta-feira - 27/08/09 - 15 as 17h

Convergência: TV Digital nas Plataformas de TV paga

**Hybrid TV:
The Way Forward?**

**What is Hybrid TV?
Is Hybrid TV Good for FTA?
If Free Leads, Who Will**

What is Hybrid TV?



Is Hybrid TV Good for FTA?

Yes!

- Accelerates adoption & scale
- Free is used in Pay homes
- Aggressive free offer on all platforms = market share
- Multiple receivers = CAPEX waste

No!

- Helps Pay TV at expense of FTA
 - Undermines inclusion policy
 - Government will eventually fund DSO to reclaim spectrum
- Only 6.35M Pay TV in Brazil*

Perhaps ...

- **FTA is a Universal Public Good** ✓
- It depends on policy choices ✓
- Early proactivity, long-term plan of broadcasters is key ✓

Digital Switch Over Lessons

Global Patterns Emerging

Telegraph ... Telephone ... Radio ...TV ...

- Industries** Some learn from *history* ...
- Nations** Some learn from *errors* ...
- Regions** Some learn from *others* ...

“Free” Matters

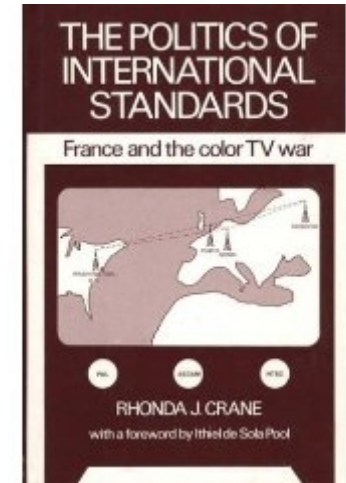
Free-to-View is more than a business model

- Free** FTV is a Universal Public Good
- Policy** Compare US, UK for many insights
- Proactivity** Broadcasters regret early passivity

DSO Best Practices

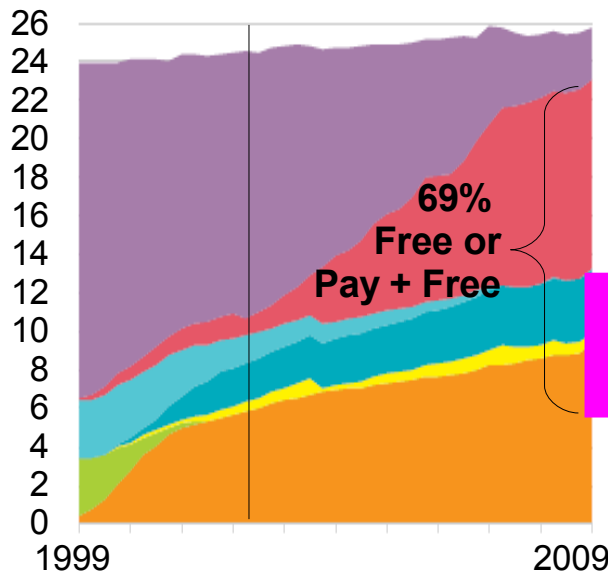
Switch Over requires multi-year plan and large scale

- Licensing** Problems are symptom of DSO dysfunction
- Certification** Key to needed planning & scale
- Hybrid TV** Multiple networks & business models affected

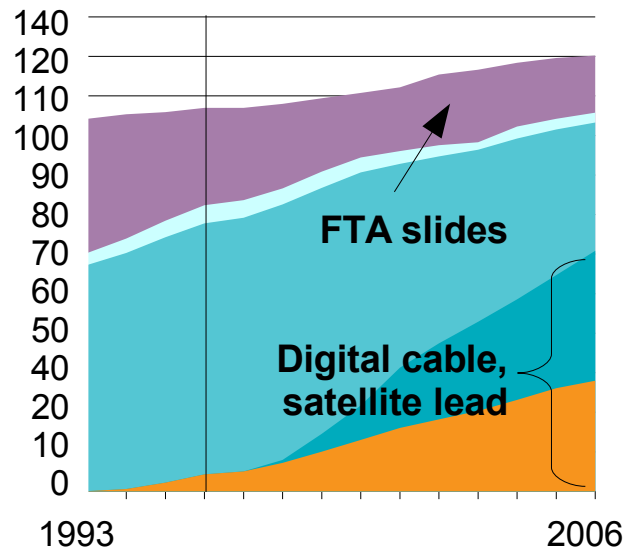


A Tale of Three Transitions

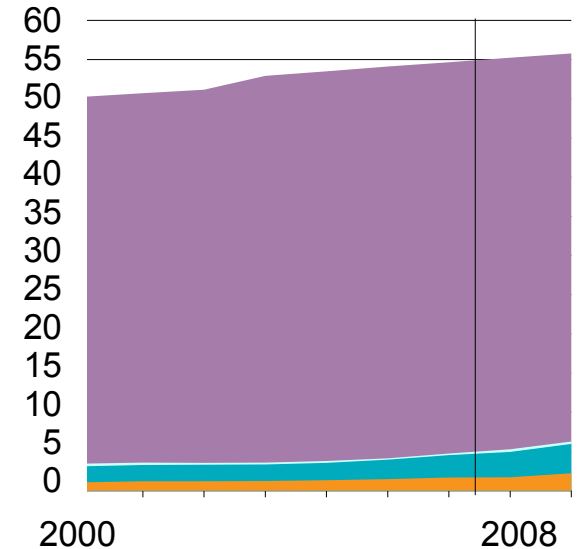
UK: FTA Survives
After 2002 relaunch



US: FTA Declines
"Broadcasters blew it"



Brazil: FTA Drives
A new global model



- Analog terrestrial
- DTT only
- Analog cable
- Digital cable
- Free digital satellite
- Analog satellite
- Pay digital satellite
- Other Pay TV



UK Today

0.4% TV over DSL (Tiscali)
 0.8% Pay DTT (Top-Up TV)
 2.0% DTT+DSL (BT Vision)
 Largest digital cable market in Europe (3.5M)
"Project Canvas" consultation underway

Pay TV Homes
Start of DTV Transition

UK 1999: 25%
Brazil 2007: 11%
US 1996: 75%

US Digital Switch Over Lessons

A Sense of Entitlement Can lead to dangerous passivity

Don't rely on government to do it all

- Tuner laws: viewer must care to use!
- Must-carry rules: are not must-watch!
- Subsidized set tops: low value

- **Don't fail to market “Free” to consumers**
- **Don't leave IPR unaddressed**

“The public interest requires that the scope and cost of any mandatory standards be clear to those who would adhere to them. When patent royalties can be openly investigated and compared against known benchmarks, manufacturers and consumers can be assured that licenses, and the costs that go with them, are reasonable and nondiscriminatory.”

CONSUMERS UNION
FREE PRESS
MEDIA ACCESS PROJECT

NEW AMERICA FOUNDATION
PUBLIC KNOWLEDGE
May 2009

“Broadcasters Blew It”

Gary Shapiro

President, Consumer Electronics Ass'n
“Reflecting on the DTV transition”, Aug. 09
http://news.cnet.com/8301-1001_3-10303225-92.html

“I think broadcasters blew it in that HDTV was their one opportunity to get ahead of cable and satellite.

...

It could have been their competitive advantage.

...

And broadcasters did not push the concept of free over-the-air television and their market share has gone down still to this day dramatically.

...

IMHO, the United States lacked vision.”

UK Digital Switch Over Lessons

Early Failure

An Opportunity to Get Serious

- **Actively promote “Free” to consumers**

Plan for volume retail market

Resolve patent royalties (MHEG)
Early certification program (2000)

Promote on all networks

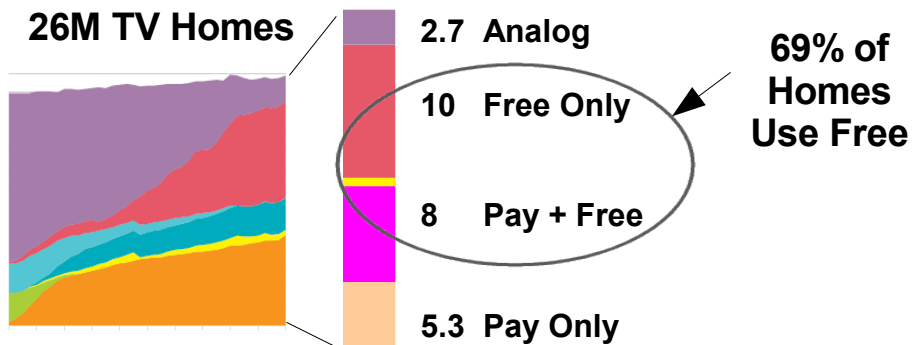
Interactivity, interaction channel
FTA + IPTV, Free satellite (+VCR)
BBC iPlayer VOD, Virgin Media

UK Seen as Success

Overview Study into the Experiences
and Practices of DTT in the UK
Broadcasting Commission of Ireland, 2007

But, it would seem that DTT, certainly in its current free-to-air format, is proving to be a **very popular solution for secondary viewing** and, again, is **acting as a brake on the take-up of satellite and cable’s** alternative offerings.

The impact of Freeview on programme channel providers concerns the fact that, increasingly, **the balance is shifting away from a subscription-based business model** (providing dual revenue streams from subscriptions and advertising) towards an advertising-only model.”



If Free Leads, Who Will Follow?

**IPTV 2.0:
Broadcaster
Led?!**

GPON/EPON ... Over-The-Top TV ... Yahoo TV Widgets

Evolving

IPTV *was* vendor-led, cable imitator

Dual

DTT already a crutch for IPTV

Free?

UK Project Canvas a breakout effort

**Pay TV
Faces a
Hybrid
World**

Cable, Satellite Need to Respond

DTH

DTT + Freesat will **outpace** Pay DTH

EBITA

Does a CAPEX silo race to still make sense?

Retail

Why not switch to interoperable retail devices?

IPTV 2.0: Broadcaster Led?!

IPTV is Evolving ...

IPTV 0.5 Vendor-led
IPTV 1.0 Telco-led
IPTV 1.5 Hybrid TV

IPTV 2.0 Broadcaster Led?!

IPTV needs FTV ...

“[H]ybrid IPTV set-top boxes (STBs) are helping IPTV Operators “jump-start” early service deployment or extend the reach of their existing video IP Networks. By merging existing digital video broadcast programming with IPTV services, **Operators are finding they can significantly slash CapEx and lead-time costs** from typical IPTV deployment costs.”

MRG, June 2009

Project Canvas



“Prepare for the battle of Project Canvas”

Peter Kirwan, May 15, 2009

BBC is “driven by the knowledge that IPTV can make free TV competitive with pay TV”

Project Canvas has been inspired by a **deep-seated fear that Sky - and the pay TV industry as a whole - will end up controlling the gateway** to a vast majority of the nation’s homes....

If Project Canvas gets the green light, there will only be **one really big loser: BskyB.**”

Project Canvas Challenges



Stakeholder inclusion

BBC Trust Consultation

Competition Commission

Project Kangaroo was blocked

DTG Charter

DTG to date DTT-oriented

IPR

MHEG upgrade needed: UI, EPG, CAS

SBTVD Already Well-Positioned to Handle Project Canvas Like Challenges

Satellite – FTV Synergies

DTT + Freesat Outpaces Pay DTH

Global Digital TV, 8th Edition
September 2008
informa telecoms & media

	2008	2009	2013
Cable	133	167	290
IPTV	18	24	54
DTT	58	69	111
Freesat	37	41	51
DTT+Freesat	95	110	162
DTH	97	104	129
Total DTV	343	405	636

(global homes, millions)

“DTH's influence will wane...

DTH took 51% of the digital total in 2000.”

Free-to-View Satellite Synergies with DTT Transition



Regulators Losing Patience With DTH Interoperability Promises

**DTH operators may have to
offer inter-operable boxes**

Direct to Home (DTH) operators could be asked to provide inter-operable set-top boxes to their customers with the Competition Commission of India (CCI) seeing prima facie merit in a complaint filed by a consumer organisation that it is in violation of competition laws.

Business Standard, August 11, 2009



Thank You!

<http://www.robglidden.com>