

# TV-as-a-service

**Christophe Aulnette, managing director of Netgem, outlines how hybrid IPTV technologies can help operators protect and develop their position at the centre of the connected home**



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**Telecom** operators have a great opportunity to leverage the potential of both broadcast HD television and new IP-delivered over-the-Top (OTT) web content and applications to enrich their triple-play packages, reduce churn and increase revenues. While media convergence has long been discussed, technology has not always allowed operators to deliver the experience consumers expect. The situation is changing as optimised hybrid IPTV technologies bridge the gap between vision and business success. Fixed and mobile networks, digital broadcast TV platforms as well as “connected home” solutions make it possible for audiences to access media content in a totally different way. Watching linear TV programming is no longer the preferred consumption pattern for today’s “digital natives”. The concept of “TV-as-a-service” is emerging: accessing content anytime, anywhere on any device is entering popular consciousness. The exponential penetration of large HD screens and DVR services are also creating demand from mainstream consumers for full HD content and easy to access VOD and catch-up TV services.

Rapid changes in consumption habits have started to disrupt some of the established market models. Using the power of internet cloud services and broadband networks, web content providers and VOD distributors have started to deliver services direct to the TV and other connected devices. CE manufacturers, are eyeing this opportunity to add value to their products by connecting them to the web, providing access to OTT content. This is in effect delivering TV-as-a-service which competes directly with established broadcasters.

While providing linear TV over IP proved to be a smart investment to help operators differentiate from other broadband competitors, it will likely not be sufficient to retain customers looking for a new kind of media experience in the future. The first generation IPTV offerings deployed by operators have shown some limitations. These static solutions pose the risk of seeing major CE and internet brands capture the new relationship with consumers. This could leave telcos as pure providers of infrastructure that cannot add value and increase revenues. This so-called “dumb pipe” risk is a serious threat as it reduces the operator potential for generating new revenues from innovative consumer services while capex and opex costs go up and the brand value is eroded.

In this context, telecom operators need to take a proactive approach to leverage the potential of hybrid IPTV

technologies to strengthen their relationship with customers, develop brand value and increase revenues. Telecom operators should consider addressing these key points to ensure the success of their service offerings:

1. Invest in viewer-centric on-premise equipment. Operators should invest in devices that are a combination of powerful client software with innovative hardware designs. So-called “middleware” should provide a seamless experience across all media consumption scenarios which is a key driver of customer satisfaction and ARPU. This is also an opportunity to provide the front-end, web-enabled device for managing on-demand TV services, using local (DVR) or remote cloud storage capabilities.

2. Choose a true software platform to develop integrated TV services. Based on open standards, the software should be a true development platform allowing operators to leverage third-party vendors to provide new services that can be sold in an operator-managed “TV application and widget store”.

3. Select an adaptive and innovative delivery platform. Technology partners’ solutions have to take advantage of broadcast TV and IP networks, local storage, adaptive streaming and progressive download to provide a superior user experience, even in bandwidth-constrained environments. It is the versatility of the solution that will allow operators to extend reach while limiting cost.

4. Build on an open environment to promote local content and services. International CE players, web and media brands have started setting up partnerships to deliver OTT services to consumers. While international content can be marketed as “must have” in any territory, telcos can differentiate by opening up their platform, based on open standards, to premium local content providers, delivering more value to their customers.

5. Implement a scalable and cost-effective solution: Not all hybrid IPTV products have been designed to optimise hardware, software and operating costs as the number of subscribers grow. It is key for operators to select a vendor with a proven track record in handling a broad range of implementation scenarios.

The new battle of the living room will put pressure on operators and other media players in the years to come. The key success factors for operators will be to offer a branded, scalable and viewer-focused TV experience, to launch innovative new content and services, and to address the constraints of heterogeneous networks in order to secure the relationship with their customers. ●