

A new business model for IPTV

IPTV-VNO



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IPTV-VNO can become one of the most widely known telecom acronyms. Many large, well-known brands may consider IPTV-VNO initiatives. There are many exciting new IPTV concepts that are perfectly suited to this model. IPTV-VNO's can truly add value for customers.

IPTV market

The term IPTV (IP television) first appeared in 1995. Originally during this time, there was not enough bandwidth to transmit live TV to homes and thus there was not enough headroom with which to apply added value and enable transmission over IP to be attractive. Recently this has started to change.

Current strategies for deploying IPTV solutions for most network operators include a combination of delivering LIVE TV channels over a broadband connection, adding basic interactivity and finally access to a Video-on-Demand service. The growing functionality of set-top boxes (IP-STB) allows network operators to build new business models and new sources of revenue. Within the next few years, the main emphasis will be on interactivity, personalization, social services and advertising. Telecoms see great potential in bridging Internet-based services and TV, which will become the next potential service access channel beside mobile devices.

The nature of IP-based services means that you can deliver content and services everywhere independent of the end-user terminal supporting IP. Televisions offer an opportunity for an exceptional user experience of multimedia services due to content quality and simplicity of use. The second important accelerator of IPTV market growth will be Fiber-to-the-home (FTTH) networks.

New business models

An innovative technology often generates innovative business models. In the case of IPTV, one of the most promising opportunities is delivering services through the networks of existing FTTH/DSL operators by external retail companies. We call this IPTV Virtual Network Operator or IPTV-VNO. This model is quite similar to the Mobile Virtual Network Operator (MVNO). An IPTV-VNO is a company that provides an IPTV service, but does not own its own network infrastructure. Instead, it uses the FTTH/DSL infrastructure of an existing network operator and has the required IPTV infrastructure deployed on that network. At a minimum, an IPTV infrastructure is usually comprised of IPTV Middleware, a CAS/DRM system and VOD servers. Additional components include what is commonly referred to as a head-end, which is a set of systems responsible for sourcing and encoding live TV content. A head-end is crucial and expensive however it is optional in various cases given that live channel feeds may be received directly from another IPTV operator, who has already deployed a head-end.

IPTV revenue sources

There are several new business opportunities for an IPTV-VNO. Core services that can be offered include premium TV channels, EPG and VOD. What we refer to as interactive services go beyond this and include things such as quizzes, dating services, access to Internet services (PicasaWeb™ etc.),

internet radio access and so forth. The third promising area is online shopping and interactive advertising. An advertisement can be displayed before and/or after viewing a movie and the user can access more information regarding the product displayed. The order can also be submitted online and payment may be added to the IPTV monthly bill. For example, when a user starts to watch a movie, they can be asked if they want to order a pizza. If the user agrees, then they can browse through a pizza menu and subsequently place an order. Personalized advertising known from the Internet can be one of the key factors pushing IPTV forward.

The key to IPTV-VNO success

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We can denote three key areas where business plans usually require more work: distribution, loyalty programs and content. Acquiring new users takes more than a compelling product. It requires a set of distribution channels and efficient audience targeting. The IPTV-VNOs need to build their own retail network or develop a multi-channel distribution strategy. Strategic alliances with existing retail or Internet businesses can also be a good choice. In a competitive business environment, churn is an important threat for operators. While IPTV-VNOs focus on launching and building their business, they should remember that quality and the means of how they incorporate loyalty programs can determine their success.

The top priority for a good IPTV service is interesting and high quality content. Currently, due to the high initial costs pertaining to the distribution of content from major movie distributors and their rigid distribution licensing models, this is probably the largest barrier for small players. The solution is in cooperation with content aggregators who offer content from multiple sources.

Conclusion

In summary, the main IPTV-VNO revenue sources are:

- IPTV service subscription fees
- Live pay-per-view TV transmissions
- „Content on Demand” distribution fees - Movies, Music, Internet Radio, Events and Audiobooks
- Delivery of 3rd-party premium TV services
- Interactive advertising
- Online shopping

Who can become an IPTV-VNO?

- Retail stores
- Internet portals
- MVNOs
- DTH platforms (in hybrid mode)

IPTV is expected to be the next big thing. It seems apparent that this is an exceptionally promising technology with a high business potential. There are many business opportunities that lay behind it, and IPTV-VNO is one of the most promising ones.

Comarch Next-Generation TV

The Comarch NGTV solution allows broadband and mobile operators to provide interactive TV services across various devices including TV sets, mobile phones and PCs.

For customers, our solution provides a next-generation experience with many sophisticated features such as an Electronic Program Guide (EPG), Video-on-Demand (VOD), Music-on-Demand (MOD), visual radio, online shopping, online access to Google's Picasa™ photo galleries, personal TV profiles, favorites and much more.

For operators, the Comarch NGTV suite provides a complete IPTV middleware that is easy to integrate and is customizable, reliable and cost-effective. It can be used for delivering various third-party premium interactive TV services. It also supports open standards and integration with products of leading head-end, VOD, CAS/DRM and set-top box vendors.

Comarch NGTV is a basis for innovative business models such as NGTV Ecosystem and IPTV-VNO, acting as a bridge between Internet and television services.

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