



LAUNCHING A SUCCESSFUL IPTV SERVICE

SVP Advisors

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Significant value can be added throughout the IPTV lifecycle



The objectives and targets set the framework for service launch

MARKET CHARACTERISTICS

OBJECTIVES

BUSINESS TARGETS

**T
V**

- Low Pay TV penetration
- Strong TV consumption

Become leading provider of premium TV content



ARPU

- Hi Pay TV penetration
- Poorly differentiated offer

Differentiate TV offer with innovative IP based services



CONNECTED HOUSEHOLDS

**B
B**

- Low BB penetration
- High connection speeds (>6Mbps)

Accelerate penetration of the BB service



BB MARKET SHARE

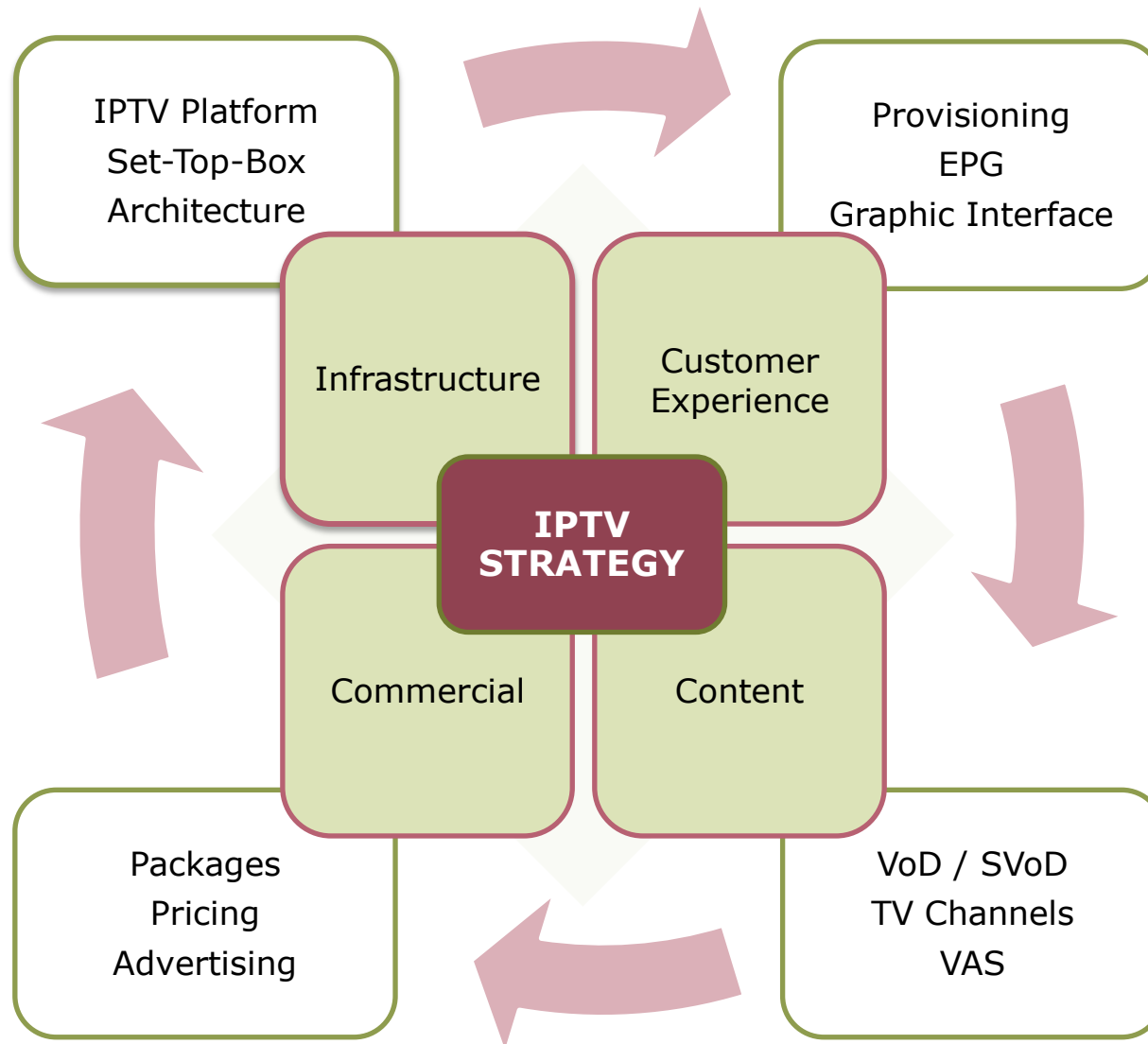
- High BB penetration
- Service seen as a commodity

Differentiate value proposition to boost sales and retain customers



CHURN RATE

The IPTV strategy is built around four pillars which are highly dependent on each other

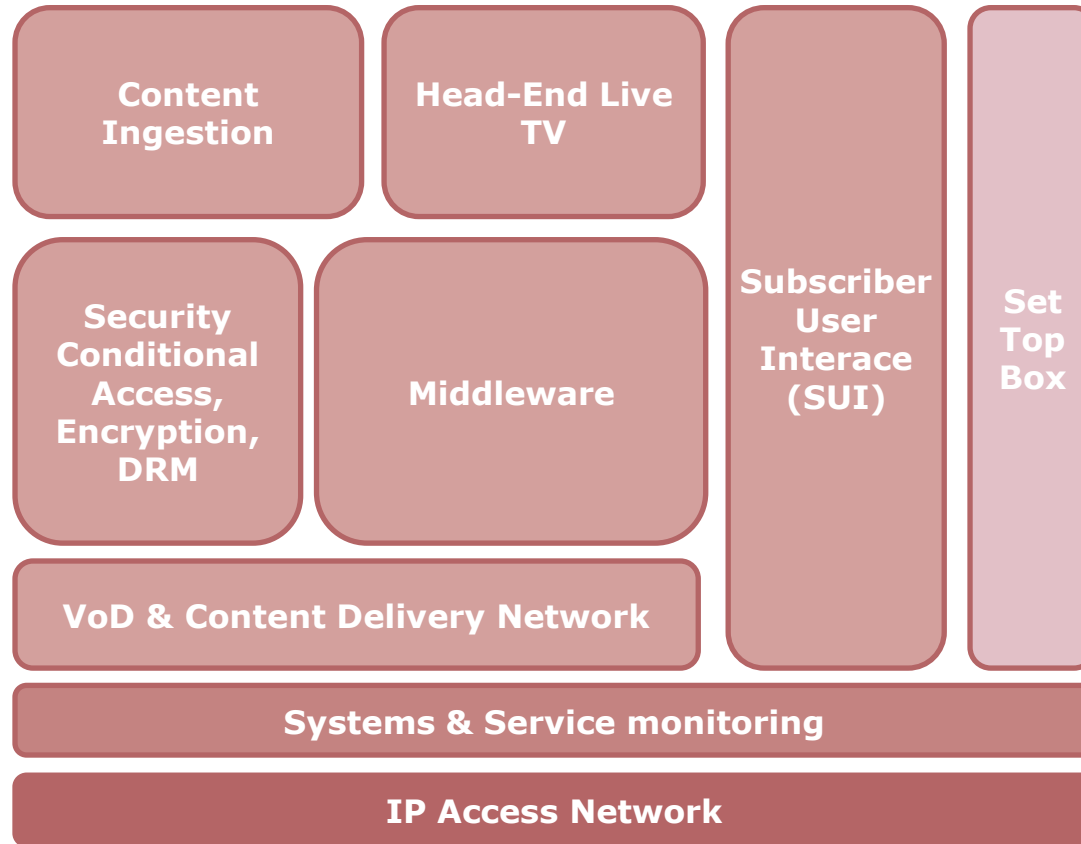


The choices of the platform and the system architecture are both very critical ...



IPTV STRATEGY: INFRASTRUCTURE

IPTV PLATFORM ARCHITECTURE



- The IPTV service is delivered through a multi-layered platform made of several integrated modules
- As a rule of thumb the modules should be:
 - Highly scalable
 - Open to support multiple contents and services
 - Able to guarantee maximum service security

... and depend on the objectives, available resources and time requirements of each specific Operator



IPTV STRATEGY: INFRASTRUCTURE

Closed Platform

Single Vendor
(e.g. Microsoft)

- High upfront, scalability, recurring costs
- Small internal engineering team required
- Easy and relatively quick to go live with featured platform's services
- Services and functionalities directly dependent on product release roadmaps
- Long and uncertain response time on new product and service requirements

Examples: *Swisscom, British Telecom, Bell Canada, Deutsche Telekom*

Open Platform

Multiple Vendors
(Ericsson, Thomson, Independent Providers,...)

- Low upfront and maintenance costs
- Internal engineering team is mandatory
- Strong capability in driving service roadmaps, defining functionalities and service range
- Flexible and easy to customize
- Responds effectively to new service additions and expanding customer base

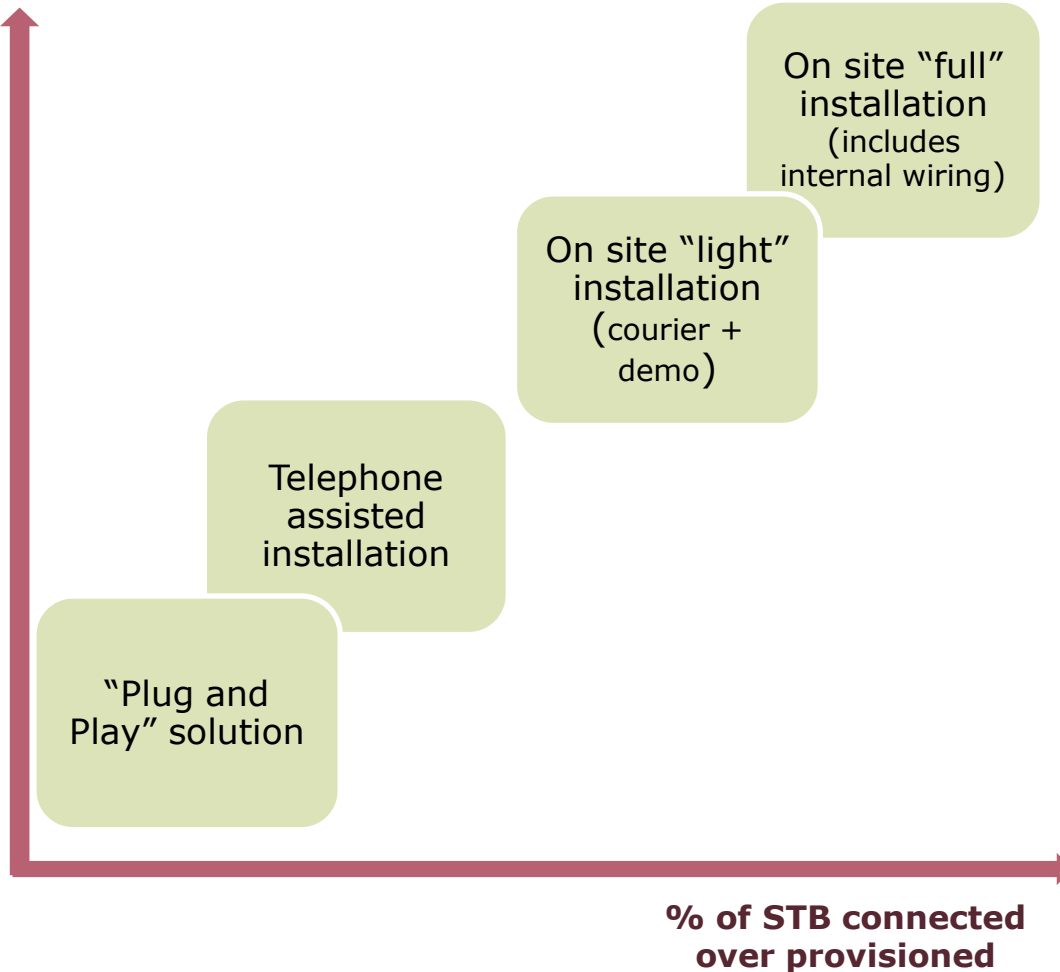
Examples: *France Telecom, Belgacom, Fastweb, Telefónica, Free,*

The customer experience begins with the installation of the Set Top Box and the provisioning of the service



IPTV STRATEGY: CUSTOMER EXPERIENCE

Connection
cost (\$)



- The installation of the STB (connection to network and TV set) must not be underestimated
- It is not uncommon for operators to discover that a relevant % of delivered STBs end up unconnected
- In general, the higher the installation cost the greater the % of STB connected
- A good solution could be to offer various options to the customer to choose from

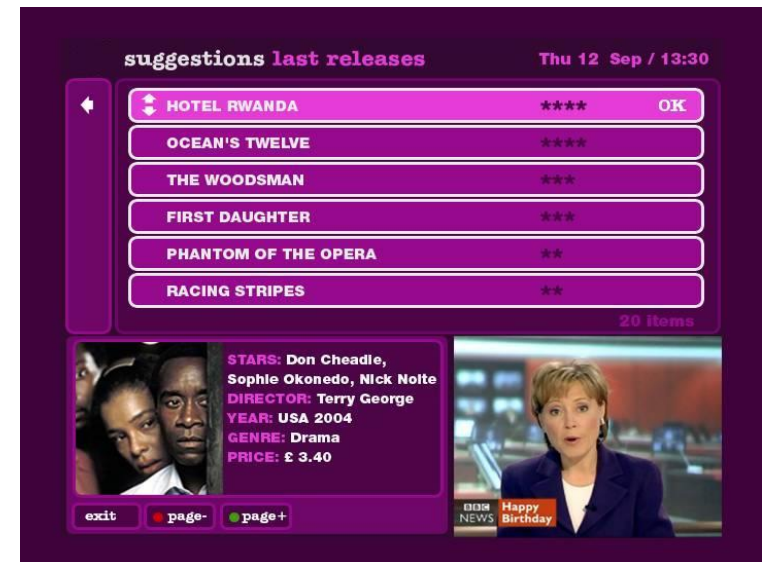
A functional and captivating User Interface is essential to achieve high levels of service usage



IPTV STRATEGY: CUSTOMER EXPERIENCE

An efficiently performing User Interface shall:

- Include graphics which are directly built upon the selected STB ...
- ... and have been conceived explicitly for a TV user environment
- Be simple and quick to navigate ...
- .. and present a pleasant "look and feel"
- Effectively help users to find the content of their choice among hundreds of titles and service applications
- Strike a good balance between strong interactivity and the smooth operation of the system

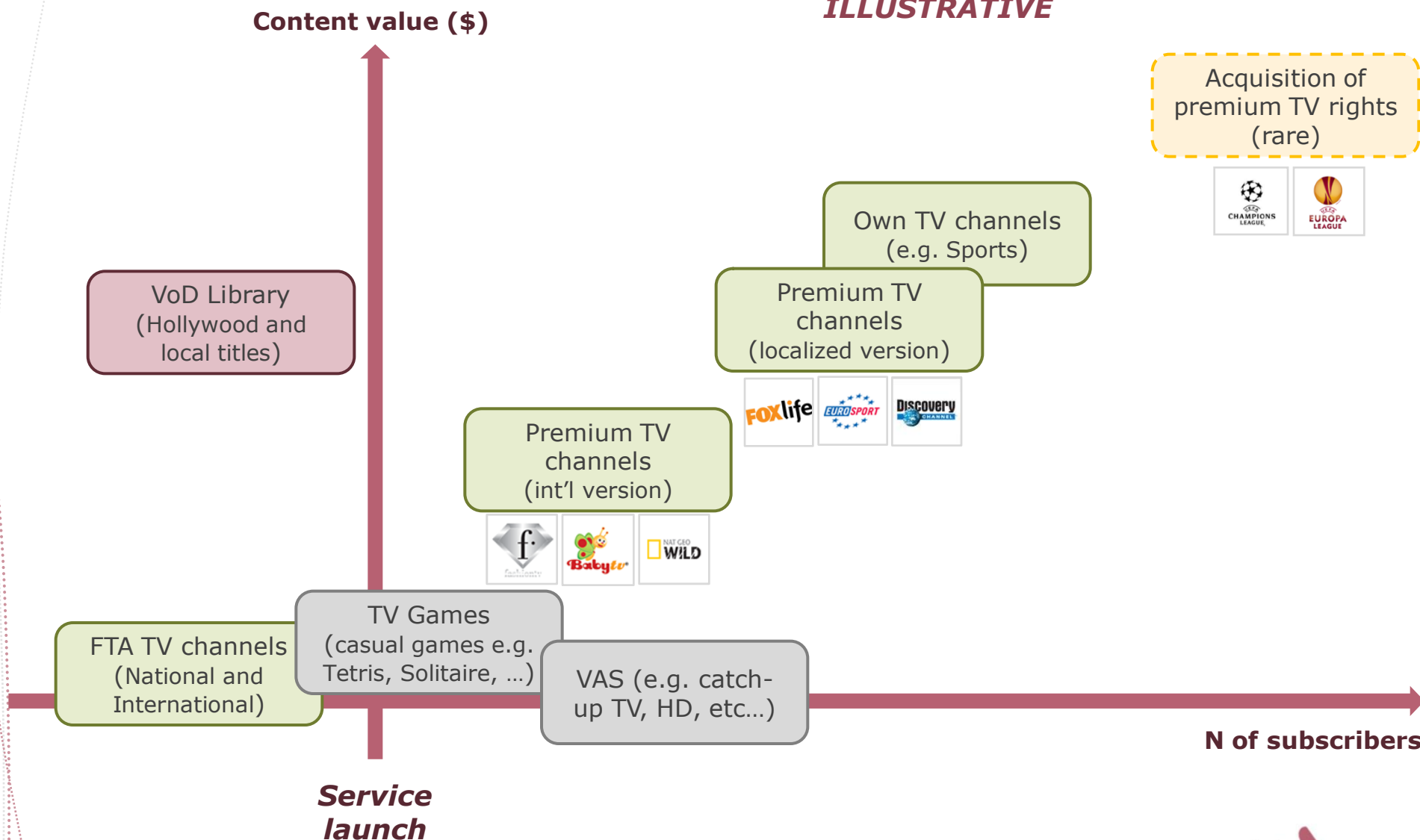


The number of existing and potential subscribers determines the quantity and quality of the content offered



IPTV STRATEGY: CONTENT

ILLUSTRATIVE



Each type of content should be approached in a different way



IPTV STRATEGY: CONTENT

VoD

- Diversify the offer in terms of title, age (current, library, classical) and genre
- Refreshment rate and number of blockbuster titles are key success factors
- Expect to pay high minimum guarantees and revenue share above 50%

TV channels

- No (or very small) fees are usually paid for FTA channels
- Int'l versions of premium channels are sold for a flat fee or a fee/sub/mth
- Localized versions (subtitled, dubbed, voiceovered) always require a premium

VAS

- Catch-up TV and time shifting can become your *killer applications*
- Usually an "all-you-can-eat" model works best for TV Games
- There are (too) many VAS on offer – only very few can make an impact

The commercial offer can vary considerably as a result of the content offered and the TV market characteristics of each Country



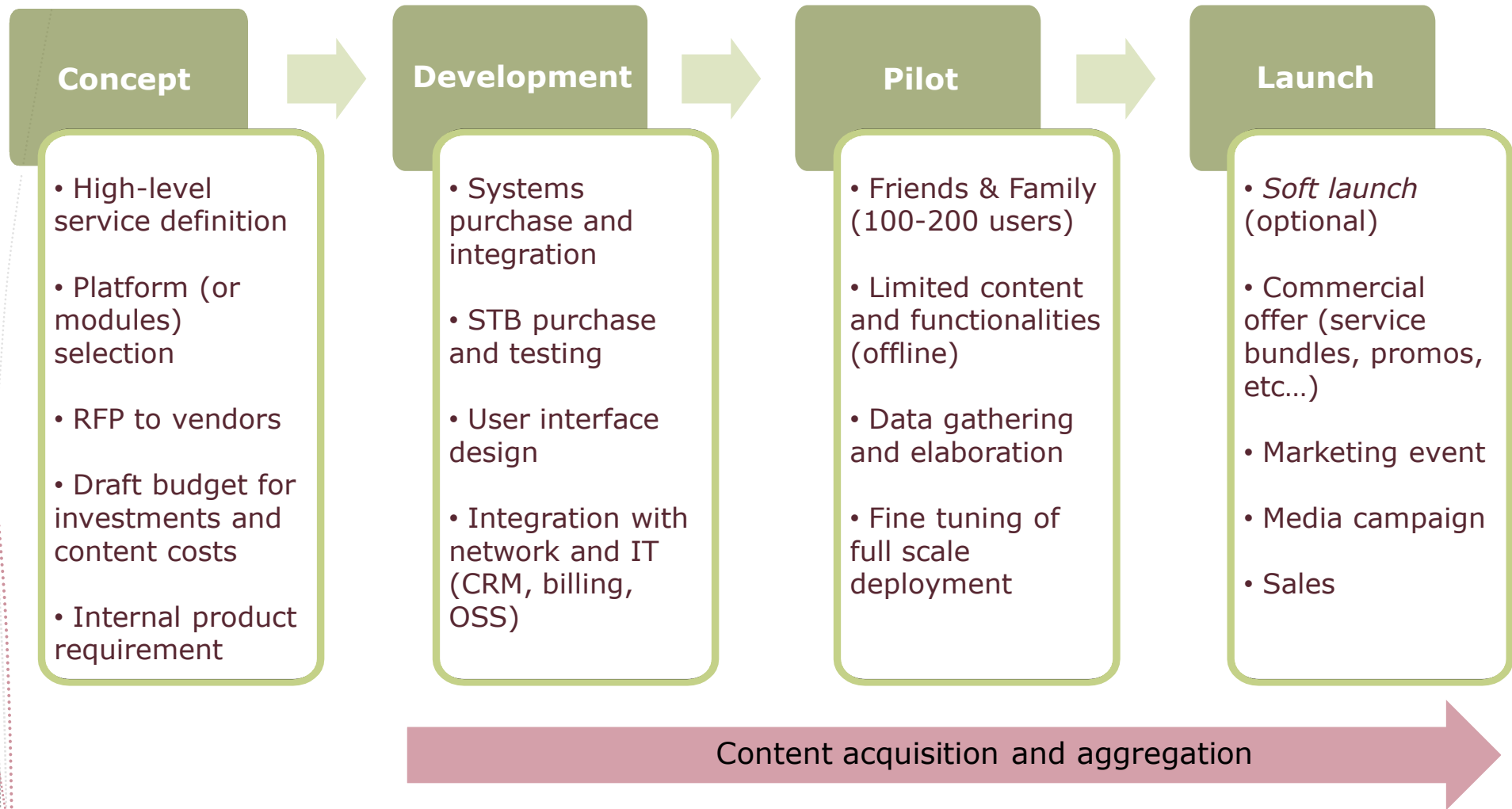
IPTV STRATEGY: COMMERCIAL

	A la carte	Thematic packages	Premium packages	All inclusive
VoD (pay per view)	<input type="checkbox"/> Pay per view	<input type="checkbox"/> Pay per view	<input type="checkbox"/> Pay per view	<div style="border: 2px solid orange; border-radius: 15px; padding: 10px;"> All premium TV channels + All VoD titles + Unlimited plays + All FTA channels + VAS (if any) </div>
Premium TV channels	<div style="display: grid; grid-template-columns: repeat(4, 1fr); gap: 5px;"> <div style="border: 1px solid green; width: 20px; height: 20px;"></div> <div style="border: 1px solid green; width: 20px; height: 20px;"></div> <div style="border: 1px solid green; width: 20px; height: 20px;"></div> <div style="border: 1px solid green; width: 20px; height: 20px;"></div> <div style="border: 1px solid green; width: 20px; height: 20px;"></div> <div style="border: 1px solid green; width: 20px; height: 20px;"></div> <div style="border: 1px solid green; width: 20px; height: 20px;"></div> <div style="border: 1px solid green; width: 20px; height: 20px;"></div> </div>	<div style="border: 1px solid green; padding: 5px; margin-bottom: 5px;">Sports</div> <div style="border: 1px solid green; padding: 5px; margin-bottom: 5px;">Documentaries</div> <div style="border: 1px solid green; padding: 5px;">Kids</div>	<div style="border: 1px solid green; border-radius: 10px; padding: 10px; text-align: center;"> All premium TV channels </div>	
Subscription VoD		<div style="border: 1px solid green; padding: 5px; margin-bottom: 5px;">Currents</div> <div style="border: 1px solid green; padding: 5px;">Library</div>	<div style="border: 1px solid green; border-radius: 10px; padding: 10px; text-align: center;"> All VoD titles </div>	
TV Games	<input type="checkbox"/> Pay per game	<input type="checkbox"/> Unlimited plays	<input type="checkbox"/> Unlimited plays	
FTA TV channels*	<div style="border: 2px dashed green; padding: 5px;">National + Int'l</div>	<div style="border: 2px dashed green; padding: 5px;">National + Int'l</div>	<div style="border: 2px dashed green; padding: 5px;">National + Int'l</div>	

Level of content aggregation

* Often included in the entry/basic TV package (free of charge, e.g. part of a triple play bundle, or for a small monthly fee)

The IPTV launch is a long project consisting of many activities grouped in four phases and involving several departments



Time required to complete the process: minimum 6 months

SVP can help Operators make the most of their IPTV service

We are ideally placed ...

Our Consultants have developed a unique set of skills and gained **unrivalled international experience on IPTV** thanks to work carried out in:

- Technical and commercial IPTV operations in 5 large European Countries
- Advisory projects for Operators and projects on behalf of financial institutions

Furthermore, our Consultants form part of an extensive **business network** of:

- Content providers and aggregators
- Vendors and IPTV solution providers
- System integrators

... to add value to IPTV services

We can leverage our outstanding track-record to help Operators make their IPTV service successful.

We are equip to undertake an assortment of **assignments** during the various phases of the IPTV service lifecycle - indicatively:

- End-to-end project support
- Business planning
- Int'l benchmarking
- Content acquisition & aggregation
- Commercial offer definition & review
- Service bundle maximization
- Profit analysis
- Revenue stimulation
- Regulatory support (for incumbents)

REGULATION

PUBLIC POLICY

BUSINESS STRATEGY

CORPORATE FINANCE

Any questions or comments?

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RETHINKING | communications