Internet TV, Over-the-Top Video, & the Future of IPTV Services

EXECUTIVE SUMMARY

Just as the Internet is transforming the telecom industry, with new players such as Skype forcing telecom operators to cannibalize their traditional voice revenues with voice over IP (VOIP) services, it is also enabling startups to undermine the telcos' nascent IPTV services. Internet video today mainly consists of low-quality, user-generated content sites like YouTube – which, despite their small window sizes and grainy images, have managed to capture millions of regular viewers. However, as broadband access becomes ever more widespread, startups such as Joost and Belgium are preparing to launch professional video services paid for by advertising or by the consumer, in direct competition with IPTV operators as well as traditional distribution platforms such as cable and satellite.

Providers of such "over the top" (OTT) video services are able to take advantage of the interactivity and viewer profiling capabilities of IP networks without having to make the heavy investments associated with telco TV. Having spent large amounts of money building and launching their own IPTV services, telecom operators are understandably worried that OTT providers will end up capturing all the value that video over IP promises, relegating the broadband network operator to the role of simply providing the proverbial dumb pipe.

Internet TV, Over-the-Top Video, & the Future of IPTV Services analyzes the emerging business models associated with OTT Internet video services and assesses their impact on both the TV and telecom industries. In creating this report, Heavy Reading interviewed executives from more than 30 service providers and technology vendors to assess their current strategies surrounding OTT Internet video.

The report presents and analyzes results of an exclusive worldwide Heavy Reading survey of more than 150 telecom network operators regarding their perceptions of and attitudes toward Internet video and OTT providers. The survey provides insight into how significant a competitive threat Internet and OTT video is perceived by operators, as well as into operators' long-term strategies regarding video traffic beyond their own IPTV service offerings.
Excerpt 1: How Will Internet Video Influence Next-gen Telco IPTV Distribution Models?

<table>
<thead>
<tr>
<th>Impact Level</th>
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<tbody>
<tr>
<td>No Impact</td>
<td>0%</td>
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<tr>
<td>Slight Impact</td>
<td>10%</td>
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<tr>
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<td>30%</td>
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<tr>
<td>Significant Impact</td>
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Source: Heavy Reading

Market and technology sectors profiled in *Internet TV, Over-the-Top Video, & the Future of IPTV Services* include:

- Content publishers:
  - Professional video service providers
  - User-generated content (UGC) publishers
  - VOD shops
- Other video service providers:
  - Publishing platforms
  - Advertising brokers
  - Content aggregators
  - Search tools
- Media formats:
  - Video formats
  - Codecs
- Content delivery methods:
  - Content delivery networks (CDNs)
  - IP transit
  - Peer-to-peer (P2P) networks
- Other technologies required to support OTT video:
  - Digital rights management (DRM)
  - Transcoding
  - Geoblocking
  - Video servers
  - Targeted advertising
  - Home networking

*Internet TV, Over-the-Top Video, & the Future of IPTV Services* provides a complete blueprint of the emerging digital video content sector, and how the various market forces are likely to affect telecom operator efforts to establish robust and profitable IPTV services in the future. The report not only delivers a complete accounting of the technology and business factors that are driving development of Internet and OTT video initiatives, but also offers valuable insight into the long-term sustainability of those initiatives.
Excerpt 2: Internet Video Publisher Business Model ($ per 1,000 Impressions)

![Diagram of Internet Video Publisher Business Model]

Figures are broad estimates based on conversations with OTT video and advertising companies. Source: Heavy Reading

Report Scope & Structure

Internet TV, Over-the-Top Video, & the Future of IPTV Services is structured as follows:

Section I is an introduction to the report, with complete report key findings.

Section II explains the difference between Internet TV (also known as OTT video) and IPTV (also known as telco TV).

Section III discusses how the transmission of video on the Internet will affect the TV industry.

Section IV analyzes the major categories of OTT video providers, including UGC video sharing sites, VOD shops, and professional publishers.

Section V explores other video intermediaries, such as publishing platforms, advertising brokers, content aggregators, and search tools.

Section VI considers the different video formats and encoding technologies used to publish video on the Internet.

Section VII studies the different content delivery methods for OTT video, including IP transit, CDN, and P2P, and explains the pros and cons of each approach.

Section VIII describes other technologies required to support Internet TV, including DRM, transcoding, geoblocking, video servers, home networking, and targeted advertising enablers.

Section IX provides estimates for U.S. residential wireline telecom traffic over the next five years, with detailed forecasts for IPTV, streaming video, P2P video, and other Internet communications.

Section X assesses the strategies that telecom service providers can choose to address the opportunities and threats that OTT video poses.

Section XI provides data and analysis from Heavy Reading’s exclusive worldwide survey of network operators regarding their attitudes toward and expectations for IPTV and Internet video.
Internet TV, Over-the-Top Video, & the Future of IPTV Services is essential reading for a wide range of industry participants, including the following:

- **Telecom network operators**: How will the emergence of Internet and OTT video technologies and services affect your business plan for IPTV services? Are Internet and OTT video providers a serious competitive threat to telco IPTV, or can they be valuable strategic partners? What are the long-term implications of OTT video delivery technologies (such as P2P networks) for your network infrastructure, and how will that traffic affect your own services? Which Internet and OTT video players are likely to be the most influential market drivers?

- **IPTV technology suppliers**: How will Internet and OTT video affect carrier plans to roll out IPTV services? How can you help your network operator customers to develop successful strategies to compete in the video sector? What are the new opportunities that are likely to be created by the emergence of the Internet and OTT video industry, and what are the potential pitfalls?

- **Digital video content providers and aggregators**: What is the most likely role for Internet and OTT video in the telecom video ecosystem? Which types of operators are emerging as potential partners in this sector, and which are more likely to be positioned as competitors? How does the telecom industry’s model for video services mesh with your model? What are the key compatibilities to be leveraged, and what are the competitive pressure points?

- **Investors**: How will carrier IPTV services be positioned in the emerging digital video market? What is the risk of disintermediation by Internet and OTT technologies and services? Which types of companies are most likely to emerge as winners in the new digital video ecosystem?

Internet TV, Over-the-Top Video, & the Future of IPTV Services is published in PDF format.