IPTV 2.0: Delivering the IP Promise

EXECUTIVE SUMMARY

Service providers around the world have been deploying IPTV services over the last two years. The growth and speed of deployment has varied, but most incumbents in developed countries have deployed some kind of pay-TV product. Initial forays came from smaller providers in Europe and North America and a handful of major providers, such as Spain's Telefónica, France's Free, Hong Kong's PCCW, and Italy's FastWeb. Their success in driving broadband growth by bundling video into a triple-play package has driven increasing interest from others. Now most incumbents in Western Europe – such as Belgacom, Deutsche Telekom, France Telecom, KPN, Swisscom, Telecom Italia, and TeliaSonera – offer IPTV, along with Verizon and AT&T in the U.S.

Asia/Pacific providers have also gotten into the act, as China Netcom and China Telecom have found ways around regulatory hurdles to move forward with IPTV. Others in Taiwan, India, and Japan have also rolled out IPTV. Even Latin American providers, long restricted by regulation, have begun to deploy some form of TV services, though in their case it’s often a hybrid solution.

Not all deployments are proving successful: Tiscali in Italy and Volny in the Czech Republic both scrapped their IPTV services in 2008. Still, the worldwide IPTV subscriber base crossed the 20 million mark in 2008 – impressive growth, given the short deployment timeframe. Most IPTV deployments are barely three years old, and even pioneer PCCW only recently celebrated its five-year anniversary.

Nor is growth expected to flatten: Heavy Reading sister company Pyramid Research predicts IPTV will be installed in more than 90 million households worldwide by the end of 2013. Pyramid forecasts that IPTV’s share of the overall pay-TV subscriber base will grow from 3 percent in 2008 to 14 percent in 2013. This will largely be at the expense of the cable operators’ share, which will decline from 76 percent to 61 percent over the same period.

To drive this growth, service providers must deliver rapid and steady deployment of innovative new services and create a truly differentiated experience. IPTV 2.0 represents the next step that network operators and their technology suppliers must take to deliver on the initial promise of IPTV as a platform that can surpass cable and satellite competitors in terms of innovation and service deployment. The next phase of IPTV will determine the real value of using IP as a video-distribution technology. At stake are not just TV revenues, but the success of the entire quad-play for service providers.

IPTV 2.0: Delivering the IP Promise analyzes IPTV deployments across the North America, Europe, Asia/Pacific, and Latin America. The report identifies the most successful and innovative
IPTV providers and examines the next-generation applications and services being developed and deployed by leading IPTV providers around the world.

**IPTV 2.0: Delivering the IP Promise** profiles and analyzes 17 vendors most involved with IPTV innovation and reviews their application roadmaps and latest announcements. It also presents case studies of five telecom service providers that have taken an early lead in IPTV deployments in North America, Western Europe, Asia/Pacific, and India.

In most markets, the IPTV provider faces significant competition. Taking on entrenched cable operators, for example, will require IPTV providers to differentiate their offering clearly from cable. One of the major selling points of IPTV when it was initially deployed was that a standards-based, all-IP platform would allow for faster innovation and easier integration with Web applications. So far, that promise has not been realized.

Today, IPTV services are not sufficiently differentiated from their cable equivalents in most parts of the world. To really leverage the benefits of their IPTV deployments, providers must look to accelerate innovation and expose any limitations of the cable and satellite architectures.

This is also true of Internet-based video services. Such over-the-top services have the potential to eliminate the service providers from the equation if they are not strategic in the way they manage their service portfolio. It's important to get out ahead of a major consumer shift in entertainment services, with the Internet as its foundation. By facilitating rather than opposing the Web, service providers can take on an important role, even as the Internet becomes a repository for rich media entertainment content.

In this, service providers have the advantage of a larger base of vendors, with greater resources than cable or satellite suppliers. This global footprint and scale advantage should facilitate the development of applications and global deployment. The bad news is that cable is also looking at IPTV solutions, and the vendors that serve both industries are themselves converging, through acquisitions and product development.

**Excerpt 1: The Next Phase Will Realize the Promise of IPTV**

Source: Heavy Reading
Report Scope & Structure

IPTV 2.0: Delivering the IP Promise is structured as follows:

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

Section II assesses the state of the industry, discussing regional variances, major providers in each region, and effective strategies for IPTV deployment in that region.

Section III identifies leading IPTV service providers, measures their growth, and analyzes growth drivers. It also includes detailed case studies of selected service providers offering innovative IPTV services today.

Section IV evaluates the key applications for IPTV 2.0 and evaluates market trends for each.

Section V provides profiles and product and strategy analyses for 17 major suppliers enabling IPTV 2.0 services.

IPTV 2.0: Delivering the IP Promise is essential reading for a wide range of industry participants, including the following:

- Suppliers of IPTV 2.0 enabling technologies: How will growing deployments of telco IPTV networks and services affect your business? What are the advanced services and applications that IPTV operators are targeting to compete more effectively with cable and satellite network providers? Where are the new opportunities for market growth? Are your products and marketing messages in line with network operator plans and expectations? Is your company clearly and correctly aligned in the emerging IPTV value chain?

- IPTV service providers: What are the main challenges and obstacles affecting wide-scale IPTV 2.0 deployment? How can IPTV 2.0 improve your market position compared with cable and satellite competitors? What are the costs involved in moving to the next stage of IPTV deployment? What types of technologies will your company require to maximize its revenue potential? Which technology suppliers are best positioned to deliver the products you need?

- Cable and satellite network operators: What types of advanced services will IPTV 2.0 deliver into the marketplace? How do your services compare with those promised by next-gen IPTV technologies and applications? How will IPTV 2.0 affect the cost and quality structure in the video services business? Which operators are likely to be most aggressive in deploying IPTV 2.0?

- Investors: How will the development of IPTV 2.0 affect the overall video services markets? Which technologies and companies are emerging as the most likely leaders in this new environment? What types of companies are most at risk from the arrival of IPTV 2.0 services?

IPTV 2.0: Delivering the IP Promise is published in PDF format.