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EBU – ITU Meeting of High-Level Experts on “Competitive Platforms for the delivery of Digital Content”

**June 22 2007 – Geneva**

# Digital Content Delivery: Challenges and Opportunities for Telecom Operators and Regulators

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# Delivery of Digital content : major trends

- The long-awaited digital convergence is now truly coming of age
- After satellite and DTT, it is now Internet Protocol Television that is experiencing an important growth
- There are not IPTV players providing VOD services making important revenues yet
- Following US trend, in Europe new offers are based on free content
- Internet as technological discontinuity
- From CONSUMER TO PROSUMER: Consumer +Producer
- Need to look beyond established business models (i.e. traditional TV) for new models of content distribution and consumption

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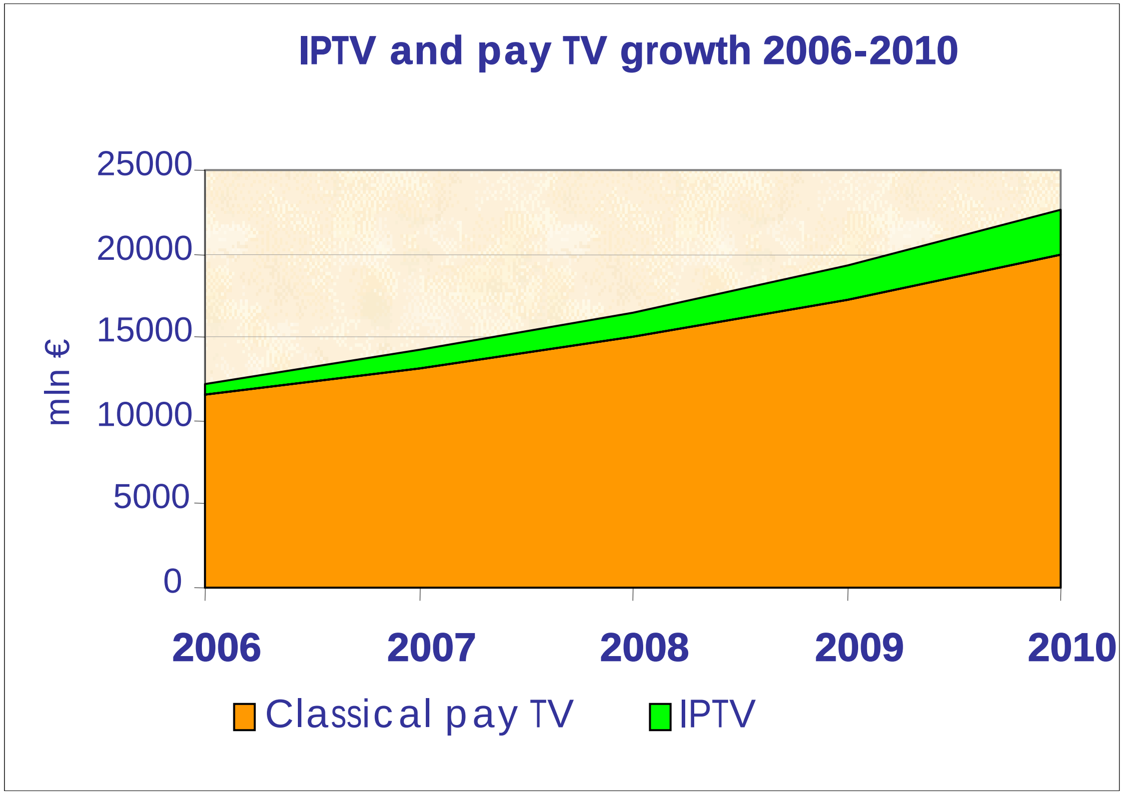
# IPTV   Market in Europe




**Broadband TV 2006**

€680 million revenues in WE

4.4% of pay TV market

**Broadband TV 2010**

€2.6 billion revenues

12% of pay TV market

Source: ITMedia Consulting

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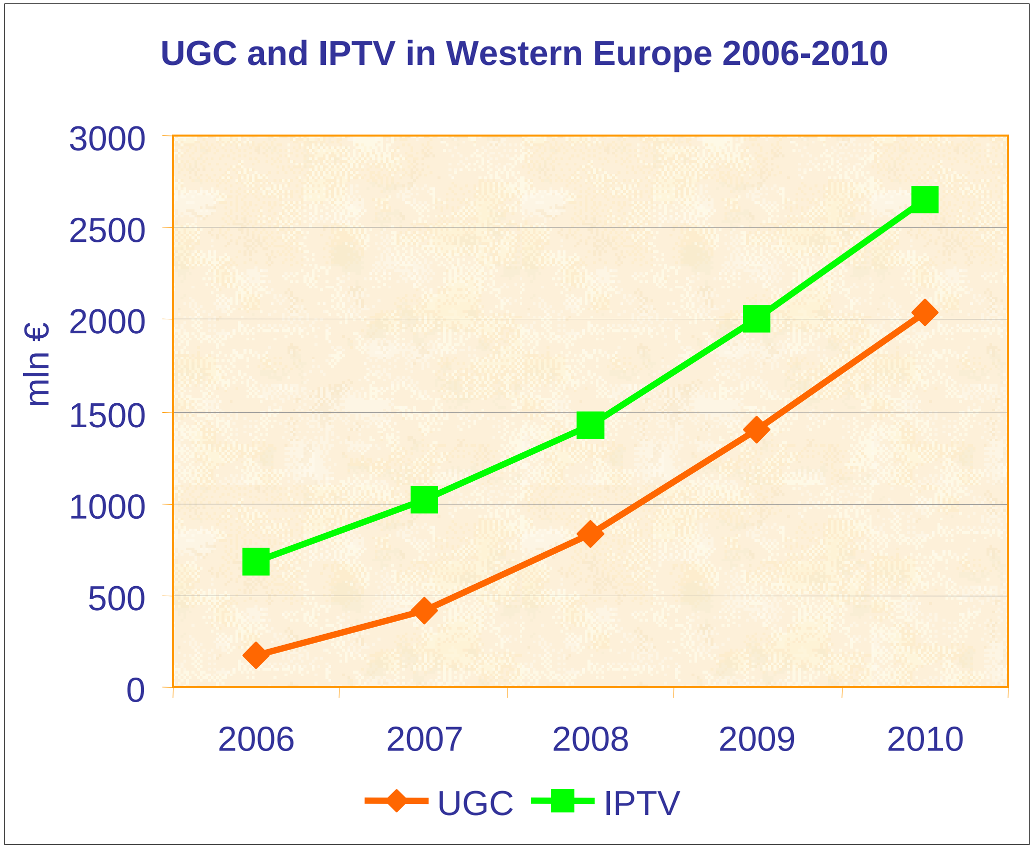


Source: ITMedia Consulting

**2010**

- ✓ **UGC €2 billion**
- ✓ **IPTV €2.6 billion.**
- ✓ **Total Broadband video market €4.6 billion.**

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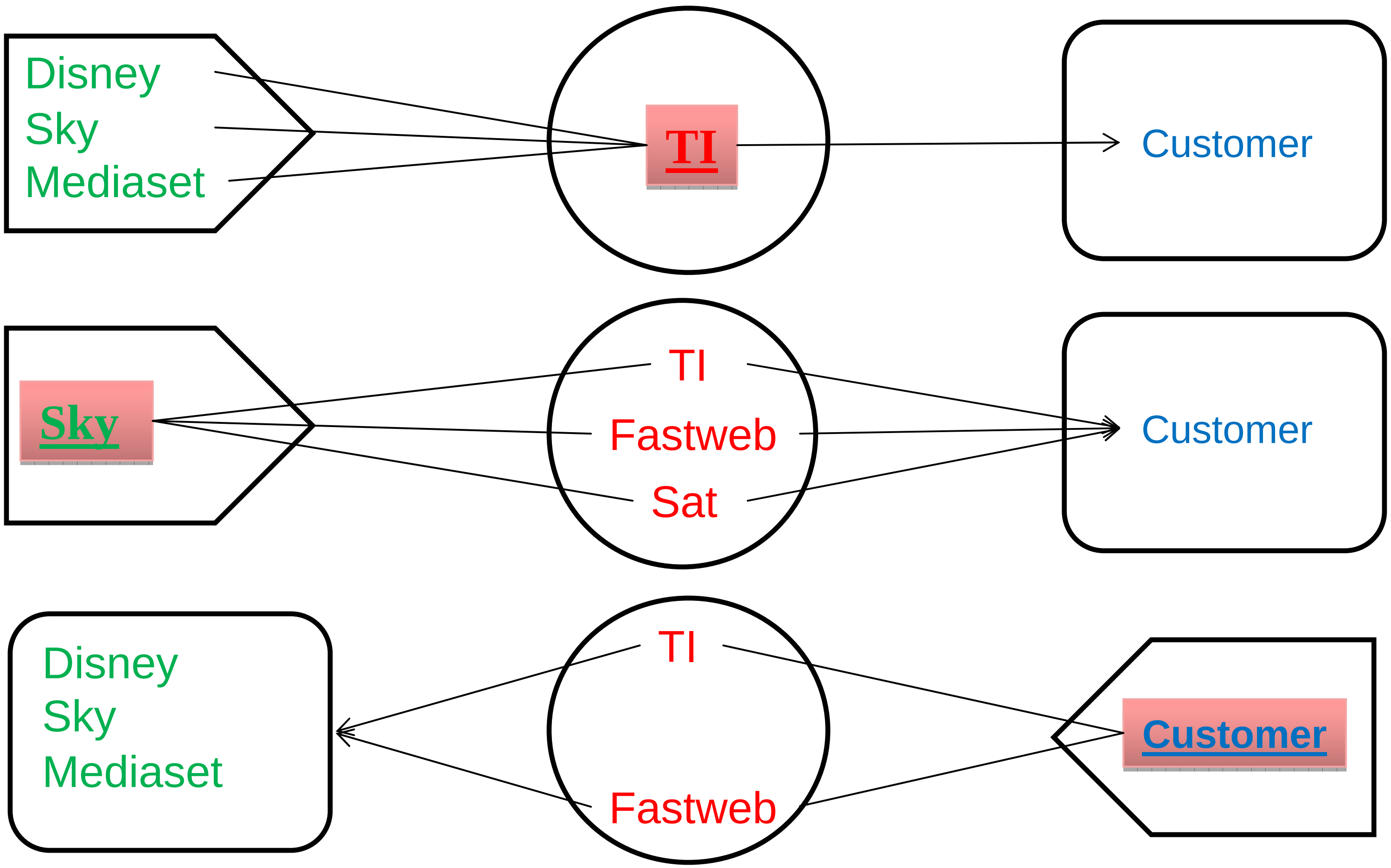
## CONTENT DELIVERY MODELS



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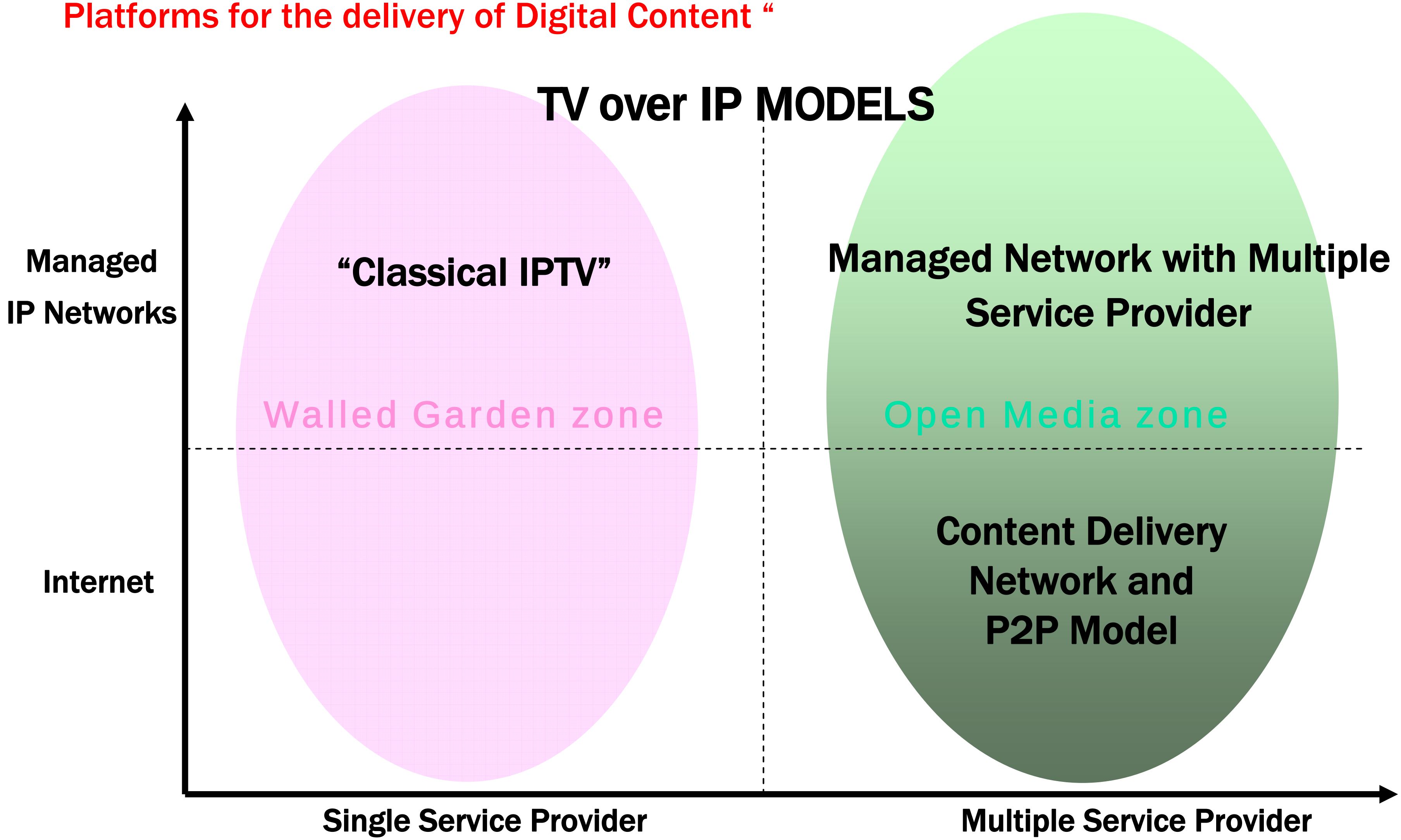

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# REVENUE SHARING

## *FROM THIS*

**TELCO BUYS MOVIES FROM MAJORS AT MINIMUM GUARANTEED PRICES AND RESELLS THEM UNDER ITS OWN BRAND.**

**TELCO SUPPORTS ALL RISKS**

## *TO THIS*

**MAJORS AND TELCOS SHARE RISKS AND REVENUE ON SALE OF MOVIES.**

**TELCO RECEIVES REVENUE SHARE IN EXCHANGE FOR CAPACITY AND NETWORK SERVICES. MAJORS RECEIVE THEIR REVENUE SHARE IN EXCHANGE FOR THE RIGHTS TO THE CONTENT IT OWNS**

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# MUTUAL STRENGHTS IN THE REVENUE SHARING MODEL

| NETWORK OPERATOR | CONTENT PROVIDER |
|---|---|
| Provider of Capacity and customer base | Content |
| Networks services ( encoding, Storage, QoS, DRM, Billing) | Experience in right management |
| Services for the UGC communities | Negotiations with producers |
| Strong brand founded on good customer service | Content aggregation |

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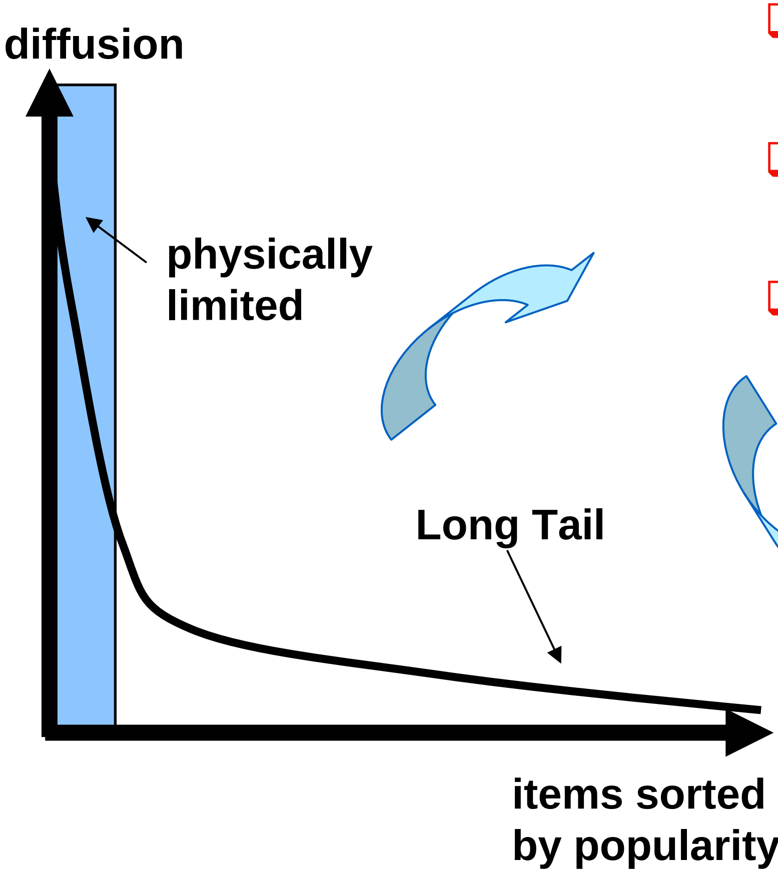
## Exploiting content through the natural NGN abilities *personalisation and (uni)multi-casting*




- fragmentation of interests
- searching tools and personalisation are key
- NGN may realise a distributed and relatively inexpensive inventory
- (business model to be consolidated)

## Content and context are driving technological and market choice

- fruition mode (time, personalisation)
- locality
- peculiarity
- volatility

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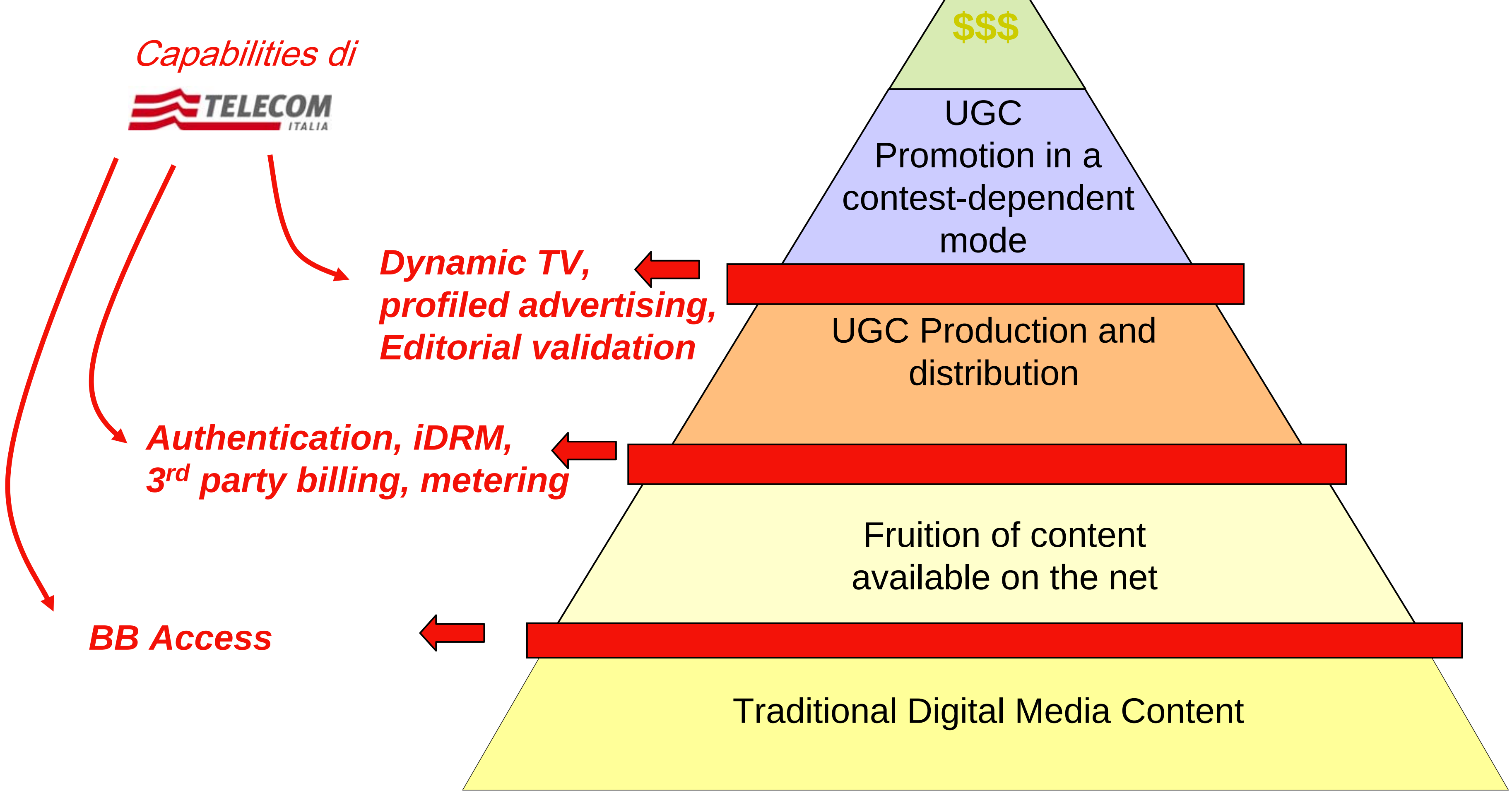
## Fixed Network Business Model Evolution



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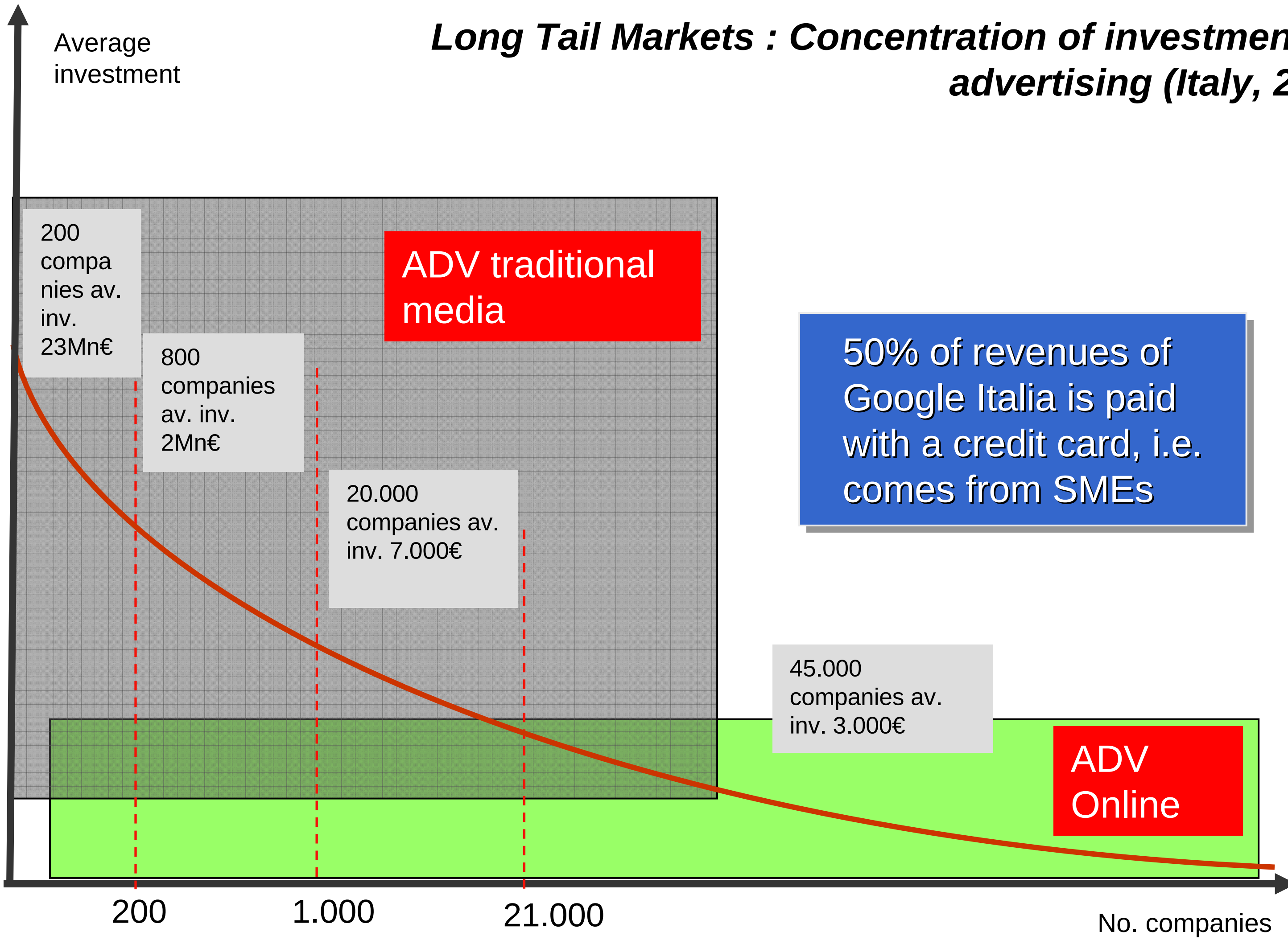


Source: NetConsulting, Mediaset

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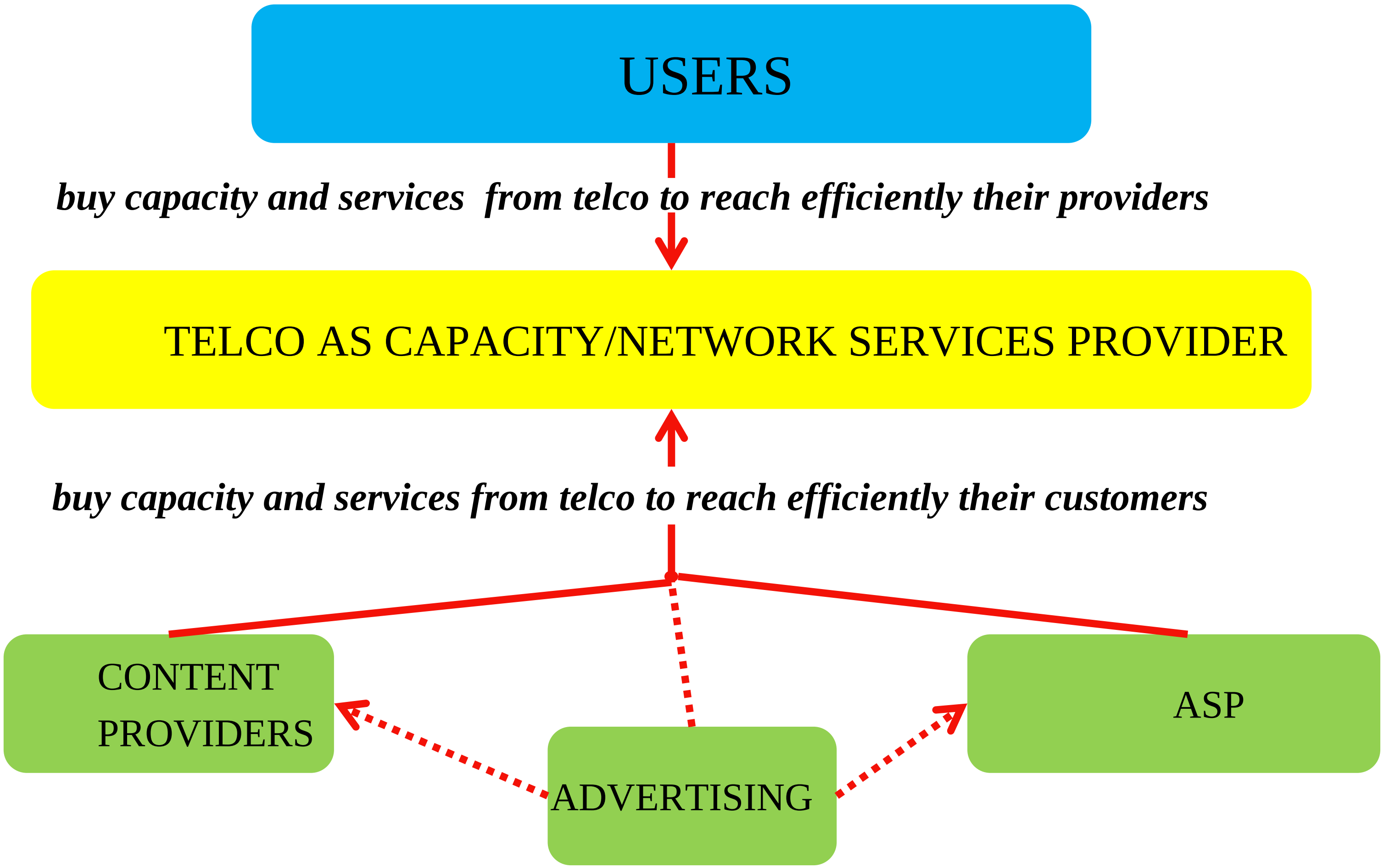
# NGAN AS A TWO-SIDED MARKET



# DIFFERENT LEVEL OF QUALITY TO MONETIZE INVESTMENT

- To monetize investments in NGA operators can offer content providers different level of quality of services to deliver their applications to consumers

- This could make a substantial difference to the business case for such infrastructure investment. In this regards, NGAN is an example of two-sided market. Just as magazine charge both advertisers and subscribers, NGAN providers may plan to secure payments from both consumers and application providers

- Regulation that prevented these strategies could remove a potential source of revenue and return for NGAN

Source: OFCOM , 2006

# Challenges for Policy Makers and Regulators

- Ensuring effective competition in the creation, packaging and distribution of audiovisual content

- A reduction in regulation and its associated costs – with a greater reliance on self-regulation and the exercise of individual consumer responsability to address concerns about undesirable content.

- How to manage the PROSUMER ?

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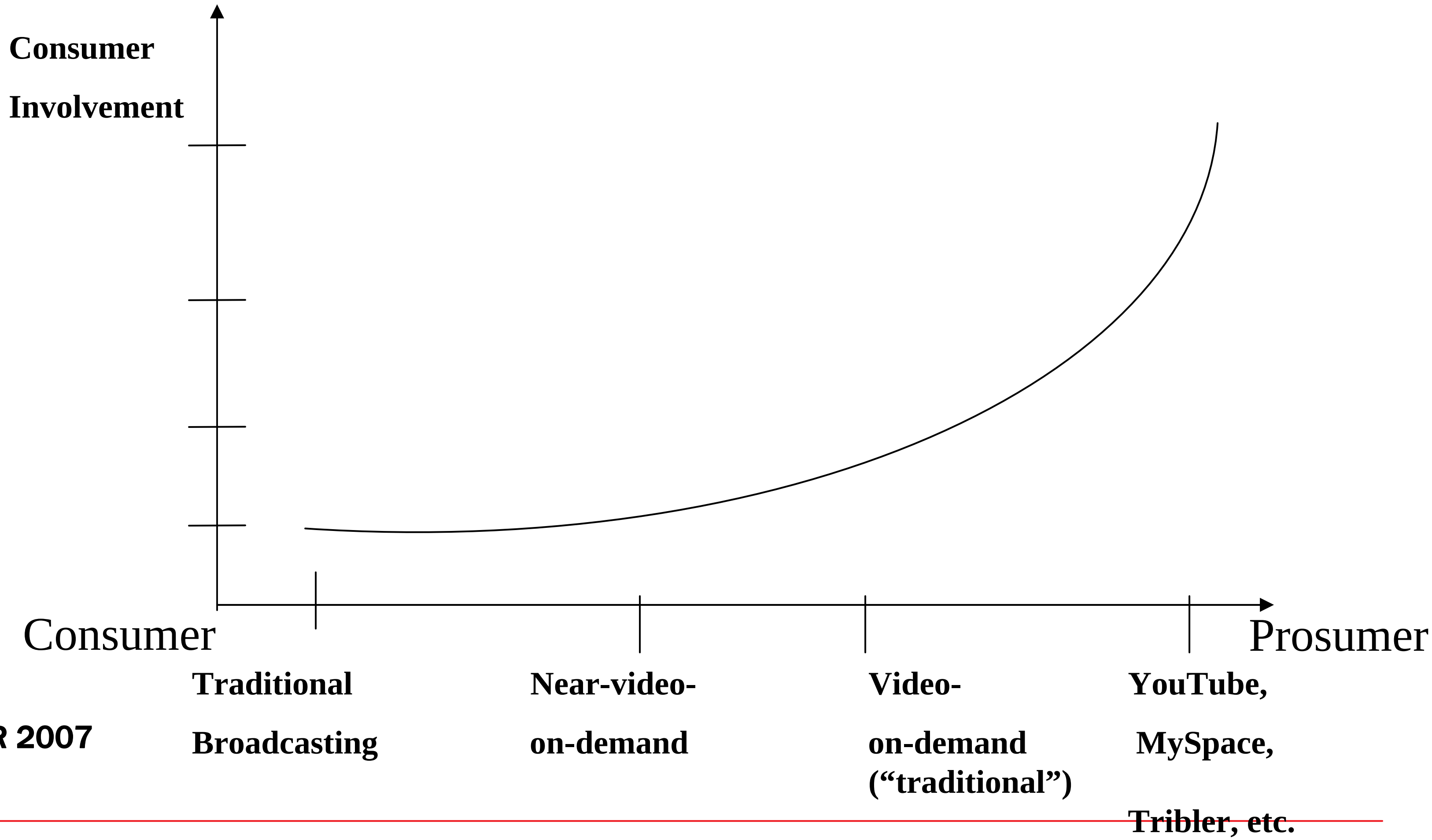
# Growing consumer involvement




Source: IVIR 2007

# How  to manage the Prosumer ?

- Companies : new services for the  Prosumer   (Prosumer first !!!!)

- Regulators : Regulatory holiday” for User Generated Content services !

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## THANK YOU FOR YOUR ATTENTION

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