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OPINION PIECE

Clearing the air on mobile TV

By Chris Jaeger, Managing Director International Business, Broadcast Australia

To the casual observer, the fog surrounding the fledgling mobile TV industry might appear somewhat impenetrable. With so much debate over factors such as choice of platform, delivery model, business model, and content rights, it is sometimes difficult to identify a path through the quagmire. However, the industry has actually come a long way over the past year or so. Unicast mobile TV services have been launched in many Asian nations, while broadcast-based networks are edging ever closer to viable commercial deployment. Although not all the vital elements of a profitable service have been identified, a great many aspects have become clear, with others gaining clarity every day.

Two things that are clear—courtesy of numerous trials—are that market demand exists, and that each of the various technology platforms will work. Depending on regional or local factors and spectrum availability, DVB-H, T-DMB, MediaFLO, one-seg and others can each provide a technically viable, high-quality broadcast television service to mobile handsets. These issues of market demand and technical competence need to be accepted and embraced, rather than allowed to provide a distraction against other, more important considerations. The question is not whether it's possible to build a mobile TV network, but whether there's a strong business case for it. This shifts the focus towards development of appropriate business models.

It is certainly clear that mobile TV services *without* a good business model fail. The global broadcast industry has already seen at least two high-profile commercial broadcast mobile TV services collapse, because they didn't address all the necessary elements that contribute to the success of a network. In all likelihood, failure came because these elements were not clear at the time. Indeed, the exact nature of the ideal business model is still the subject of much debate, although the key elements are starting to resolve themselves.

Content, coverage and convenience

One major element that will undoubtedly contribute to mobile TV success is content—in terms of both programming and format. Trials in many countries have shown that consumer engagement extends from a short mobile TV ‘snack’ through to viewing segments of typically 30 minutes or more. These tend to occur at non-traditional times, such as lunch breaks and the daily commute, and also during the more traditional evening viewing period. Mobile TV clearly has the potential to capture a hitherto untapped audience, so long as the programming is right.

User convenience plays a significant role here as well. This is related largely to handset performance (and appearance), but is also linked to the quality of service and the extent of coverage achieved by the mobile TV network. As they have come to expect ubiquitous coverage for their 3G phones, mobile TV subscribers will demand a perfect picture, everywhere, all the time—whether outside on the street, inside office buildings, commuting on subways, or in the depths of shopping malls. The quality of the picture will be a function of many factors, some related to the design and functionality of the handset, others related to the performance and design of the network itself.

Consequently, the successful mobile TV network will achieve an appropriate balance between a high quality of service, the right level of coverage, and the amount of infrastructure deployed—essentially a balance between factors that will dictate subscriber take-up, and those that will impact network cost.

Partnerships essential

But how will this successful mobile TV network be realised? There is one other aspect of the business model that is becoming very clear: mobile TV services will need to leverage tight partnerships between different stakeholders. Three major groups of interested parties exist—mobile telcos, traditional TV broadcasters and content providers, and network operators. Each brings some, but typically not all, the resources and skills needed to make mobile TV happen.

One refined cooperative model splits the market into two distinct sectors—one wholesale and the other retail. The wholesale sector encompasses the mobile TV transmission network, spectrum acquisition and licensing, and content aggregation/multiplexing. The retail sector focuses on the subscriber end of the market, specifically the growth and management of all subscriber-level channels to-market. In this way, the strengths of various partners can be leveraged for the benefit of all.

A case-in-point is the emerging view that 3G/4G unicast and broadcast mobile TV services are complementary rather than competitive—that they can and should exist together to form a holistic mobile TV service. Each mode of delivery has its clear and unique advantages that combine to form a perfect synergy.

Consider broadcast mobile TV first. Its chief advantages include an unarguably higher-quality picture and audio, which are not impeded or deteriorated by viewer load. However, there is a decided lack of spectrum available for broadcast mobile TV services; most Asian regulators have allocated a mere one or two 8MHz channels. This places a practical limit on how many mobile TV services can be broadcast in a given region. Unicast mobile TV, on the other hand, is transmitted through the cellular network, dependent on a one-to-one-connection between viewer and base station.

In practice, therefore, the broadcast channels are ideal for high-demand viewing, such as major sporting events, news bulletins, entertainment and so forth. In a hybrid unicast/broadcast mobile TV service, this might account for around 80 per cent of the audience—but only around 20 per cent of the content. This would leave the remaining audience to select ‘video-on-demand’ or more specialised content from a large number of programs, using 3G streaming services.

The next steps to clarity

Despite the clear potential for such consortium-based mobile TV solutions, there is much yet to be explored in order to establish how these partnerships will be developed and consolidated. One of the most pressing questions in many parts of Asia currently is which party (or parties) will bid and potentially be awarded licenses. In an environment where just one or two channels are available for mobile TV broadcasting, how will they be divided up? There is simply not enough spectrum for every party desirous of achieving it; this is placing enormous focus on partnering to ensure multiple mobile network operators can operate within the one market.

Nor is it yet evident what the mix of revenue streams is likely to be. There are four possible sources of revenue: subscriptions, which will dominate initially, advertising, which is expected to grow steadily; secondary revenues from ancillary services such as SMS and internet use, which provide a measure of interactivity; and the emerging field of targeted advertising. Until commercial services are deployed and these revenue models tested, the most viable revenue mix is yet to be determined.

There are clearly many variables associated with a successful mobile TV network and business model. While some of these variables have been identified and understood, others are the subject

of intense contemplation and discussion. The key will be getting the partnering aspects right, as this will provide the essential resources and tools to achieve the other critical elements—compelling content, user convenience, appropriate coverage for a reasonable cost. The Asian mobile TV industry has come far, but the fog still undeniably clouds some parts of the path.

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Company background

With over 70 years' experience as the owner and operator of one of the most extensive terrestrial broadcast transmission networks in the world, Broadcast Australia provides end-to-end transmission services for radio and television (analogue and digital) broadcasters. The company's core competencies include planning and network design, engineering design and project management, complex systems integration, site development and installation, operations and network management and in-house repairs and maintenance.

Broadcast Australia also develops world-class solutions and applications for new and emerging technologies—such as Infocasting, Digital Radio and Mobile TV—working with strategic partners throughout the Asia Pacific region. Subsidiary companies include Hong Kong-based confined space coverage group, Radio Frequency Engineering Limited (RFE), and systems integration and product supply specialist, The Bridge Networks. Broadcast Australia is a 100% owned subsidiary of Macquarie Communications Infrastructure Group, an entity listed on the Australian Stock Exchange (ASX code: MCG).

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