

# Over-the-Top Video: Competitive or Complimentary?

## Joint Declaration of the Broadband Services Forum (January 2008)

The Broadband Services Forum (BSF), an international industry resource that provides a forum to address the fundamental business issues vital to the growth and health of the broadband industry, held its fourth quarterly meeting in Sunnyvale, California on December 5 and 6, 2007. At the conclusion of this event, the BSF issued this statement: service providers and content owners/distributors need to work together, in a partnership, to maximize the opportunity presented by over-the-top (OTT) video and to guarantee a sustainable continuation of these services for consumers.

### **Content Anywhere: The Consumer Takes the Spotlight**

The previous call to action — resulting from the BSF's Q3 meeting in London, U.K. — was for service providers to assume a more active role in the improvement of the consumer experience in the area of broadband services. Service providers that continue to provide an access pipe will languish in the network connectivity space and quickly find themselves lacking a way to move up the value chain.

During the most recent meeting it became clear that this recommendation was just the beginning. As a next step, service providers need to embrace the notion that there is no one single way to deliver content to all users. As IPTV networks are deployed and continue to gain viewers, service providers need to look at OTT video as another viable way to deliver certain types of content to consumers.

### **OTT Video Cannot Be Ignored**

Current projections on the growing popularity of OTT video predict that service provider networks are going to be operating at near, or complete, capacity by 2010. Recent reports indicate that the video-sharing site YouTube single-handedly accounts for more than two percent of total network bandwidth use. Joost, on its home page, indicates that "it will exhaust a 1Gb cap in 10 hours".

Even with service providers spending billions of dollars to build better, faster and more reliable pipes, OTT video could bring many networks to a grinding halt in the near future. Before this happens, three things need to happen:

- > service providers need to embrace OTT video as a valuable service that can leverage their network assets and provide a differentiated service
- > content owners/distributors need to understand the value that a secure, reliable network can add to their service
- > service providers and content owners/distributors must establish partnerships and work together to develop effective business models that benefit everyone involved

As the cost of creating HD-quality content continues to decrease (for both professional and user-generated content), the number of new OTT video players will continue to expand. Although this will increase the demand on the network, at the same time it will likely result in new revenue opportunities. The delivery of HD content will highlight the value of a reliable content delivery network (CDN) and might pave the way for tiered services.

### **Turning OTT into ROI**

Monetizing OTT video is important for both service providers and content providers. During the Q4 BSF meeting, a number of possibilities for service providers were discussed, including:

- > Offering an open device to consumers that delivers both OTT video (from the Internet) and mainstream content (via a managed network) into the home. The device in question would have to deliver compelling content and an interface that allows consumers to easily find and access content. The quality of the consumer experience would differ slightly, depending upon the content, but service providers could offer an improved viewing experience for OTT video when compared to what is offered today using best-effort Internet technology on a PC.
- > Linking a web portal, or IPTV service, to third-party sites with more extensive selections of video assets, spanning different genres and niches. These third-party sites would pay royalties to the service provider, based on a revenue-sharing model, for each visitor directed to the site. (For example, when a consumer finishes watching a broadcast TV program on their operator's managed network, they can link to a site that contains on-demand content — such as previously-aired episodes, soundtracks or other merchandise related to the program.)

- > Striking agreements with OTT video providers to track the most popular videos in a certain market segment, hosting these videos in their managed network, and improving the consumer experience.
- > Delivering improved authentication capabilities, allowing content providers and brands the ability to control who sees the content and, more importantly, who does not. Authentication is especially important for adult content providers and for content designed for children.
- > Providing subscriber management technology that allows content, and advertising, to be targeted in a successful and cost-effective manner.
- > Investigating new technologies that allow for the insertion of advertising into OTT video, or that take advantage of the new audiences that OTT video bring.

## **Conclusion**

While OTT video is not a mass market service, it is moving beyond the realm of “early adaptors” and is clearly a trend that cannot be ignored. Although it is the content that drives consumer demand, it is the network that determines the quality of the content being delivered. Both factors are equally important when considering the total user experience.

Service providers and content owners/distributors need to work together to maximize the opportunity and to guarantee a sustainable continuation of these services for consumers.

## **The BSF: Accelerating Business, Enhancing Life**

The Broadband Services Forum (BSF) is leading the broadband services industry in discussions that go beyond technology and encourage representatives from the content value chain — including content, service and technology providers — to work together to improve the consumer experience.

The BSF provides a platform for the broadband services industry to present, and share, different views on this topic. At this point, there may not be any definitive answers, but there are perspectives. The BSF, as an organization with representation across the broadband value chain is in a unique position to lead this exploration. In order to do this, the BSF will continue to encourage open, co-operative dialogs.

The issue of over-the-top video, and others, will be tackled at our next event, being held in Vienna, Austria in April 2008. An exact date, as well as an agenda, will be available on our web site by early February.

## **More Information**

More information is available on the BSF web site at [www.broadbandservicesforum.org](http://www.broadbandservicesforum.org).