



The IPTV Bundle

Part 2 in a BSF Series

TECHNOLOGY ▶ SERVICE ▶ CONTENT ▶ LIFE

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I N T R O D U C T I O N

The evolution of home broadband delivery to IP-based broadband provides significant opportunities for the industry to provide IPTV services. The basic services that are part of IPTV are described in the first part of this BSF series of white papers, IPTV Explained. However, these basic services are just the tip of the iceberg for the profitable services that may comprise an IPTV bundle. This white paper describes some of these advanced services that may be part of an IPTV bundle, which will ultimately be the key to making this bundle more competitive and lucrative.

S U B S C R I P T I O N M U S I C S E R V I C E S

Most initial IPTV offers include a set of digital music channels based on genres, similar to the one-way music service provided by cable companies for no additional charge. As part of an IPTV bundle, however, an opportunity exists to exceed this offer and make it a revenue driver.

Like the subscription music models available on the Internet (such as that offered by Napster), an IPTV service provider could offer an “all-you-can-eat” music streaming service for an additional monthly fee, which could be in the \$10-20 range per month. The consumer continues to have unlimited access to music, for as long as he or she pays the additional monthly fee.

Consumers will be attracted to the ability to access high-quality music on demand legally from a very large library of songs (today, a “good sized” library would be made up of 1.5 – 2 million songs), and listen to this music on home entertainment systems instead of PC speakers. Another attractive element to this service is the community aspect that an increasingly sophisticated market will expect. An example community feature in the context of a music solution would be the ability to listen to playlists created by others with similar musical preferences.

This service can be controllable from a variety of devices (e.g., PDAs, cell phones, PCs), and can be evolved to include “to go” listening options as the business model and consumer demand dictates.

The right approach for IPTV providers is to differentiate from competing solutions, and provide incremental sources of revenue through higher value services. The subscription music service meets both of these goals while taking advantage of the superior technical capability of the IPTV solution.

G A M I N G O N D E M A N D

Contrary to the popular image of the hardcore gamer as a 18-35 year old male playing graphic-intensive first person shooter games, the largest segment of the gaming market is actually older women, who play simpler games. This is good news for the IPTV service provider since it will be very difficult to compete with highly specialized and costly consoles and gaming PCs that hardcore gamers prefer. Instead, these providers should focus on the larger segment of the market with the simpler games that can be delivered over a set top box, such as card games, board games, or video-based MPEG-4 linear content games.

The gaming on demand service would offer a variety of simple game titles, which could be sponsored by advertisers, for the user to access on demand. Access to each game could be offered for a fee, or the service could be offered on a subscription basis. Further enhancements to this service could include multiplayer capability, and voice, text, or emoticon messaging during game play. Customizations such as emoticons could be sold to the user, using of model similar to the selling of ring tones in the wireless market.

A flashier offer in the gaming on demand category would be one based on MPEG-4 video content. In this offer, the IPTV provider, partnered with a content provider, offers a video story that the user controls by multiple choice at key junctures in a video narrative. Each choice the user makes results in the display of pre-recorded video. This highly engaging offer could be a very rich promotional extension of a variety of TV or film content.

V I D E O C O N F E R E N C I N G O V E R T E L E V I S I O N

Over forty years after the debut of the videophone, home video conferencing technology is at last ready for widespread use using the television as the display of choice. A confluence of factors makes this possible: a far more tech-savvy public, vastly improved infrastructure, the convergence of information and entertainment in the living room, and the more lifelike presence afforded by higher resolution television displays backed by a high bandwidth network.

Video conferencing over television not only enables virtual family gatherings in world where family members are increasingly dispersed, but also a novel way for adolescents to communicate. Such communication can not only be done on a

standalone application basis, but also as an additional dimension to enjoying underlying content. For example, a group of old college buddies watching the NCAA tournament could see and talk to the classmate living across the country while watching the game, or grandparents in Florida can meet with their grandchildren in Oregon.

H O M E M O N I T O R I N G

The IPTV provider could offer a turnkey remote home video monitoring service for a monthly fee. Applications for this service would include checking up on children, pets, babysitters, and elderly relatives using live or recorded video accessed remotely over the Internet. Wireless cameras, which could be rented or sold by the service provider could be deployed throughout the home.

M A T C H M A K I N G

Matchmaking, such as the service offered by match.com, has been a bright spot of the online landscape in recent years, and has generated millions in revenue from a very large user base (match.com boasts 15 million users). Yet, web-based services offer no real-time communication between users from the safety and comfort of their own home. Some cable providers have rolled out matchmaking services that involve the user going through a taped interview which is then available on the on-demand menu. This clumsy process inhibits the speed with which new users are added, and eliminates the possibility for instantaneous two-way video communication.

As a premium element to an IPTV bundle, subscribers can set up a profile and communicate with other compatible subscribers in real time over video. The appeal of this service is that it allows multiple communications in a short period of time, while eliminating the hassle, expense, and security concerns associated with meeting in the physical world.

This type of service need not be limited to romantic pursuits, either. Various communities of interests, such as professional networking groups, will also find value in using this technology.

H Y P E R C O N T E N T

This category of services involved adding additional content (“hypercontent”) to existing programming with the ability for users to access this content interactively. For example, a user watching a baseball game may activate a score ticker, choose from multiple camera angles, pull up player statistics, and so on—resulting in a more engaging and information-rich experience.

Table 1: Services, and Possible Monthly Pricing	
<i>Service</i>	<i>Monthly Pricing</i>
Subscription Music	\$10-20
Gaming on Demand	\$5-10, or a la carte
Video Conferencing over TV	\$5-15
Home Monitoring	\$5-15
Matchmaking	\$20-40
Hypercontent	\$5-15, or a la carte

Hypercontent could be advertiser-sponsored, which opens up a new potential revenue stream for the IPTV provider. Sponsorship of hypercontent is likely to become more prevalent as advertisers become increasingly wary of a television model that includes commercial skipping capabilities. Hypercontent is also more likely to appeal to advertisers since it allows them to reach target markets with greater precision, and with greater control over the content itself. For example, Trek bicycles may choose to sponsor hypercontent with cyclist data over a broadcast of the Tour de France.

H O W T O E V A L U A T E W H I C H I P T V S E R V I C E S T O O F F E R I N A B U N D L E

IPTV service providers should evaluate services along several attractiveness dimensions to decide whether these make sense to add to the IPTV bundle. Examples of these dimensions may include:

- Premium price potential
- Would users pay extra for the service? How much?
- Is service revenue event-based, or is it recurring?
- Potential market size
- Is this service a niche or mass market service?
- How attractive is the targeted segment? Does offering the service allow reach to a new segment?
- Differentiability relative to other competitive offers
- Can other service providers easily replicate the offer?
- Does a service offer as part of an IPTV bundle represent an improvement over other means of offering a similar service?

About the BSF:

The Broadband Services Forum is an international industry resource that provides a forum for dialogue and development, along with the tools and information to address the fundamental business and technology issues vital to the growth and health of the broadband industry. The Broadband Services Forum fosters collaboration across the broadband value chain including content, service and technology providers.

The business and technical issues the organization addresses include:

- Innovative profitable services
- Reduced time to deployment
- Unified services and applications experience
- Network and device agnostic service delivery
- Simplified multi-service architecture
- Business tools and rationale

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