



Amid all the press fanfare surrounding recent telco launches of IPTV services, and there has been a plethora in the first part of 2006, much focus has concentrated on the video on demand potential of such service – explored elsewhere in these pages. Alongside this the defensive motivation of telcos, wishing to preserve under siege fixed line businesses, has also come in for much attention.

But what else will an IP enabled world offer the consumer? Andrew Burke, at the time CEO of BT Entertainment, told delegates at the IDATE Conference at the end of 2005 that the telco's planned IPTV service would be more than just TV. The service was "fusing the entertainment elements" In terms of the market, factors included the ubiquity of digital, the move from atoms to bytes, the PC glass ceiling, the importance of 'long tail' content, and the advent of the PVR. Broadband speeds, price and penetration were more favourable.

Customer needs were: choice, convenience, low commitment and control, while enabling factors included IP implementation, video compression, digital rights management and device proliferation.

CUSTOMER-CENTRIC. At the same event, France Telecom (FT) chairman and CEO Didier Lombard outlined his company's strategy for the changing world of telecommunications: "Innovation has been driving industry transformation," he said. "The customer is at the centre of his communications universe, services are becoming multi-access, with simple and user-friendly usage."



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He didn't hesitate to admit that the commoditisation of voice services was a "key challenge", to telcos as 'unregulated' Internet players such as Yahoo!, MSN, Skype, Google and AOL and others brought VoIP propositions to the market alongside the established challenge from mobile. In response FT had devised its 'Next' (New Experience in Telecom services) vision, which would give access to a new world of services.

Robbie Bach, president of Microsoft's entertainment and devices division, stresses the company's commitment to being a strategic partner for telecommunications-service

Home

IPTV advocates say it is about a connected lifestyle as much as entertainment. What will it really deliver for home networking, gaming, portability, security and more? Is IPTV the perfect integrator for modern life? Colin Mann reports.

providers and revealed some of the company's thinking in respect of the telco IPTV opportunity. **SEAMLESS ACCESS.** "We strongly believe that IP technology will have a profound impact on the future, and we expect telecommunications service providers will eventually deliver all of their services over their IP backbone. In the near term, we see 2006 as the year service providers will roll out a triple play of services – voice, video and data – to consumers in volume around the world."

"In the future," said Bach, "we see the delivery of triple-play services evolving to a single play where no silos exist between services. Instead of



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voice on your cell phone, data on your PC and video on your TV, each device will simply be a window into a world of communication and entertainment, with seamless access.”

Bach said that when Microsoft talks about the digital lifestyle, “we envision a world in which information and entertainment flow to the consumer or business user, where, when and how they need it. For example, if I use my cell phone to take a photo of my kids while we’re on vacation, that photo should be instantly available on my PC at home, or on my parents’ TV set. I shouldn’t have to transfer it to my PC and then send an e-mail attachment. When I watch TV, the content I see there should be directly relevant to me, and delivered on my schedule – and I should be able to watch it ‘together’ with any of my friends and family around the world.”

GAME ON. A study released by Alcatel at the beginning of 2006 notes that in North America at least, gaming has arrived in the mainstream market. According to the Entertainment Software Association, 50% of Americans aged six and older play video games. The average gamer is now 29 years old and 43% of gamers are women. Today, the total gaming market, including hardware, software, and accessories, rivals gross revenues collected at the box office.

According to the study, the social effect of gaming creates a mar-

keting opportunity that appeals to an individual’s sense of belonging to a wider community. “As a result, DSL providers have an opportunity to increase revenue and retention with specialised gaming packages that offer higher upstream bandwidth to address latency concerns and differentiate against cable modem packages.” Additionally, penetration of on-line gaming console devices will fuel demand for home networking. **HOME HELP.** In terms of Home Networking, the study suggests that penetration is on a healthy growth trajectory, largely stimulated by households sharing a broadband connection between multiple computers and peripheral devices. Adoption rates are expected to increase as the consumer’s use of home computing power evolves from desktop PC applications to entertainment. Yankee Group estimates media nodes will penetrate 18.5m households by 2007, serving as a further stimulus to home networking adoption.

Among PC households, 57% and 65% indicate a strong or moderate interest in home networking for audio or video sharing, respectively. Beyond multi-PC households and the proliferation of media nodes, additional segments and applications will fuel home networking growth.

According to a report from market research firm Heavy Reading, the emergence of IPTV is “reinvigorating” the home networking sector, which now includes such leading technology suppliers as Alcatel, Cisco Systems, Microsoft, Motorola and Siemens. The report suggests that the next 12 months will be critical for multimedia ‘whole-home’ networking vendors which are becoming increasingly interested in residential customer premises equipment with IPTV as a driving force.

NETWORK OPERATORS. Industry M&A in 2005 pointed to the future role of the home as the battleground for IPTV, says the report, with Cisco’s acquisition of Scientific-Atlanta and Alcatel’s significant investment in 2Wire. “While early home networking initiatives were driven by end users, the whole-home networking model envisioned by most service providers puts control of home network resources firmly in the hands of the network operators,” says Rick Thompson, author of the report. “This dramatic shift in perception will have huge and permanent ramifications for the entire home networking supply chain.”

The study found that reducing service providers’ operational expenses is a major driver for next-generation multimedia whole-home networking technology. ‘No new wires’ is the mantra as service providers attempt to increase the number of IPTV service installations per day by decreasing the time per installation.

USER-FRIENDLY. Ervin Leibovici, CEO, BitBand, suggests that one of the major factors which would affect the success of IPTV in comparison to cable is telcos’ ability to ‘educate’ subscribers and create a rewarding personal TV experience. “Telcos need to aggregate compelling content packages, yet make sure that accessing and operating these services at home is intuitive and user-friendly,” he advises.

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In Leibovici's opinion, a wide adoption of IPTV services will indeed be bound with the changes in lifestyle. "Home Entertainment is no longer a passive reception of content, but is already associated with user interactivity and peer interaction," he suggests. "IPTV applications will have to address the need for interaction between users, and multi-users at a single household while at the same time provide an individual experience."

He predicts that as the TVs get larger, the content gets vaster and the service offerings multiply, IPTV in particular and IP in general will become THE platform for delivering those services, all personalised, packaged individually for each subscriber and based on new and creative business models.

"The growing variety of the home devices, fixed and wireless, all get connected over IP, sharing content and services. FMC (Fixed Mobile Convergence) is one of the hottest topics in the Telecom industry. Entire industries i.e. Broadcasting and Advertising, are bound to undergo huge transformations as content consumption and content delivery becomes personal. Undoubtedly we will see more subscriber driven applications and services that will lead to the ultimate TV experience - direct and unlimited access to any content, from any location, using any device, at any time," he concludes

KEY POINTS. According to Sarah Hackforth, VP, sales and operations, EMEA, Entone, IP has reached key convergent points. "Every IPTV operator has been talking about triple-play for the last few years and now mobile has been added to the mix to produce quad-play. The next step is to take advantage of IPTV's open communication platform to allow consumers to communicate with other household

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machines and systems to make non-TV lifestyle transactions."

Hackforth notes that this is all available and deliverable today. "The key is ensuring that the user is capable of unraveling and understanding what capabilities they have and how best to use them," she says.

machines and systems such as the kettle, home security system, lighting and heating systems. In this environment, key factors include easy-to-use interfaces and powerful middleware that can communicate with other systems to provide consumers with a user friendly environment to make non-TV lifestyle transactions."

"The operators should not overwhelm the customers and must develop a structured and progressive approach to how these new services are rolled-out - it's very important not to overwhelm the consumer with too much too soon. Based on this knowledge, most IPTV operators will initially concentrate on what the consumer expects from TV, i.e. entertainment and some communication services. VOD is just the beginning for



Orca Interactive offers a range of applications to enable the personalisation of content and preferences.

operators in moving consumers away from watching scheduled television, but it's a very important first-step in getting consumers to think and interact with their TV service in a new and more in-depth way."

She observes that open standards are ensuring that the industry is ready and capable to launch and roll-out new services without running into the difficulties of integration. "At Entone, we have embraced open standards and architectures, as it reduces the time to market for the key differentiator applications that are making IPTV a success. We are also at the forefront of widening and simplifying internal home-networking - another key requirement towards IPTV operators being able to offer advanced lifestyle services. Through our experience with some of the largest IPTV deployments in the world, we know how and what works in IPTV, and look forward to building on this experience as we help PCCW and others roll-out non-TV lifestyle services."

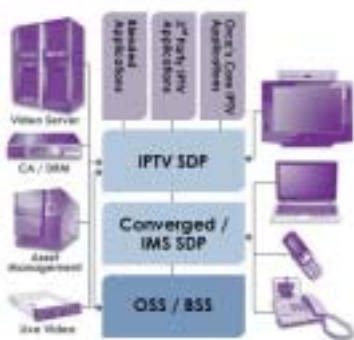
Ofer Weintraub, CTO, Orca Interactive, suggests that you have to have a perceived additional added value to mould a technology into a lifestyle. "It's a combination of features, design, coolness, end-to-end services, fashion, trends, hidden messages, freedom and personal statement that constitutes this formula but the exact ratios are always a secret. MP3 made it and 3G did not (or at least not yet)."

He suggests that slim factor phones are heading in the right direction. Take the mobile phone for example, a true life changing technology but can mobility itself be considered a new lifestyle? Maybe it was so in the early days of the cellular industry but now there is a need for something more."

IPTV, as its name suggests, is merely a technology, transferring video over IP. Can IPTV become a part of a new lifestyle? According to Weintraub, "the ingredients are there, the dish is in preparation and soon we'll be able to judge for ourselves." Among the factors that make IPTV a promising candidate to provide new types of entertainment and a new lifestyle, he identifies the endless amount of content; a rich user experience; personalisation; blended service and home video networks.

In terms of the rich user experience, Weintraub says "Goodbye to boring programming guides, hello to new visual guides. Users demand great user experience from everything they do on TV. It must be clear, crisp end enjoyable. Operators seek ways to differentiate their service offering will need flexible software and SDK to allow them to change every bit of the way their TV looks and feel."

In conclusion, Weintraub says that IPTV has what it takes to become a new experience for TV watching. "Some of the drivers were outlined above and it is a great fun for Orca Interactive to be part of this process. How this ends up only time will tell."



Orca Interactive's Service Delivery Platform