

Back in the 70s and 80s, it was guaranteed that at any party you were bound to meet up with someone who worked for the PTT (because there were so many of them), and that individual would be subjected to all manner of interrogation about the service provided.

Anyone nowadays admitting to working in IPTV will most likely be asked whether that's just a posh name for Internet TV. A quick answer in the affirmative may forestall a lengthier explanation, but there are significant and fundamental differences between what the business is calling Internet Protocol television (IPTV) and what it's convenient to describe as Internet TV.

Jeremy Allaire, founder of Internet TV pioneer Brightcove, was ahead of the curve when noting almost two years ago the distinction between IPTV and Brightcove's business that he likes to call 'the Internet of Video.'

WORLDS APART. "Two fundamentally different worlds are emerging," he suggested. IPTV, which is telcos and cable TV companies offering a traditional, aggregated retail product using IP as transport, contrasted to 'the Internet of Video', which brings together the worlds of the Internet and television distribution and marketing. "We believe that both will emerge as businesses, but the characteristics are quite different and therefore the value to consumers and to content holders will be quite different."

He described 'telco' IPTV as a replacement for digital cable and satellite, with a clear distinction that it was fundamentally operator-led



CAN IPTV HOLD THE LINE?

A simple but perplexing question is 'Where is the line between IPTV and Internet TV?' Equally important is who holds that line, and where does the answer leave the telcos and ISPs who have focused on a 'walled garden' branded proposition. Colin Mann quizzes some key industry players.

and controlled. "There's a physical infrastructure and pipes that they control and the consumer interacts with that operator. It's an end-to-end system on a semi-closed network. It's not truly accessible to the Internet as a whole." He noted that it was also an approach territorially bound by rights deals and that the user experience was similarly bound, via the set-top box that would deliver that service.

The Internet of Video or Internet television model was quite different. Here, the model was open to any rights holder. "Anyone can create an end point and publish on that basis. That can be



an individual creating a video or traditional rights holders." The approach was also device-independent. "It won't be tied to the living room or a set-top box that's been provisioned by the operator." He said the experience would be deeply integrated into the Internet user experience. "It's an outgrowth, not an overhaul."

FULL THROTTLE.

Allaire was equally prescient about the problems as the opportunities: Challenges faced included cable's contract leverage, and the concept of 'bandwidth throttling',

to achieve high production values increasing. There would also be a shift from closed hardware and software to open systems.

Two years on the YouTube phenomenon has come to pass and does indeed face acute problems on rights clearance and – despite achieving an enormous enterprise value – is only beginning to grapple with revenue models. Meantime several 'cross over platforms', open, but not UGC driven, are about to hit the market; there's Brightcove's own deal with Time and Joost and Babelgum (see separate boxes).

QUALITY STREET. Richard Cooper, technology controller, new media at the BBC, says that Internet TV is simply streaming for the widest range of content. "Internet TV doesn't have guaranteed quality of service. IPTV distribution is managed, with QoS a part of that offering." But, he claims, the BBC's own proposed iPlayer (see separate box) will bridge that gap: "It will be a download model; that guarantees QoS."

He also notes that the planned Joost P2P service will be utilising the H.264 codec: "That will enable more of a televisual experience." But for linear TV distributed over the Internet, congestion will cause problems, "you'll lose the televisual experience," he warns.

He notes that in the UK, a number of significant broadcasters are involved with similar distribution initiatives. "As well as the BBC's



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**Jeremy Allaire,
Brightcove**

where the cable operator controlled the high-speed data links. Significant issues also arose in rights ownership and clearance issues. Content protection was also a worry, despite the fact that greater controls than in the existing broadcast environment.

He concluded: "There will be dramatically richer opportunities for content holders. Content is still king. Those who create valued and interesting products will have opportunities that they don't have today." He predicted that there would be "thousands of new programmers," with the cost of video equipment dramatically reducing and the ability

BABELGUM DELIVERS NEW REVENUE OPPORTUNITY TO PROGRAMMERS

Babel Networks is opening up the Babelgum on demand Internet TV channel to professional programmers for content submission prior to the platform's consumer launch. Babelgum says its platform offers programmers a significant new and complimentary business opportunity to generate profit and profile from existing video assets.

Babelgum claims its P2P technology enables high resolution television to be broadcast worldwide and to anyone with a PC and

broadband Internet connection. For producers and content providers, this represents the potential to access to a global and growing audience of over 300m.

Babelgum announced content plans for news, lifestyle, fashion, sports and animation. It says rights will be protected through sophisticated copyright protection. Content is delivered on a 'visual access' basis only - streamed in encrypted form and not available for download. Similarly, Babelgum's peer-to-

peer and streaming architecture prevents the content from being shared with other users.

Selected programmers from a variety of sectors have been invited to private screenings of the Babelgum service by Babel Network's founders, Silvio Scaglia and Erik Lumer, who aim to demonstrate how television quality and user experience can be replicated on Babelgum and how this new channel to market can compliment existing distribution methods.

Reports suggest that Scaglia, a founder of Fast Web, is prepared to sink €350m of his personal fortune into the project. He envisages running costs for Babelgum of between €20m and €50m in the next year. Content providers will be guaranteed \$5 per 1,000 views to start with. Advertising, targeted according to viewers watching habits, will be added in coming months. The project is tentatively scheduled to break even by the end of the decade.

platforms

iPlayer, there's Sky Anytime, and Channel 4's on-demand service. There's also the 'traditional' IPTV offerings of Homechoice and BT Vision. They are all competing against each other." He makes the point that up to now IPTV services are built around delivery to the TV; the others are to the PC. This has seen a number of industry players seek to take that content from the PC and bridge it to the TV. He refers to products from Microsoft and the Philips Streamium proposition, "and there are others in the pipeline." Cooper believes the last 10 metres will become crucial in the distribution and consumption of content: "The issue is how the content gets in to the home and how it travels around."

VALUE-ADDED. In terms of content, Cooper suggests that to get true value, it has to be adding value itself, such as offering a 'community' experience. "You need to make sure the content is accessible. This could be sub-titles or an interactive experience. If someone else is providing the content then we [the BBC] would want to offer those

services." He wonders whether the IPTV providers and ISPs, with their Walled Garden, branded approaches will achieve a position to dominate and set rules, and thereby direct behaviour. It will be a real challenge for IPTV providers to try and protect their patch faced with alternate content available from platform agnostic providers.

Elena Branet, senior marketing manager, EMEA, for Microsoft TV, suggests the question of whether IPTV can control the Internet is a misleading one. Echoing Cooper's observation, she points out that IPTV is over a managed network, and also notes that with Internet TV, "you simply don't have the QoS that you'd have over a managed network."

Branet nevertheless recognises that different consumers want different things. "For people with high-speed broadband, they're used to seeking out things and putting them together; they know what they want. Then there's the person who just wants great TV. They want someone else to do that for them. They're seeking the great experience." In Branet's opinion, it is the TV experience that will count. She notes the advantages that telcos have in IPTV offerings. "They're a traditional services business, already handling telephony Internet, and they have call-centres. There's an addressable market, and an existing billing relationship. In terms of monetising, it's easier for content providers to use the existing billing infrastructure."



"Internet TV doesn't have guaranteed quality of service."

**Richard Cooper,
BBC**

TIME IS ON BRIGHTCOVE'S SIDE

Time Inc. and Internet TV pioneer Brightcove have struck a corporate-wide partnership that will enable Time to launch ad-supported Internet video channels on its web sites.

By adopting the Brightcove Internet TV service on a corporate-wide basis, Time's magazine brands will be able to reach users with the intention of creating compelling broadband experiences through video and multimedia distribution.

"Consumers and advertisers are hungry for rich online media experiences," said Time Interactive President, Ned Desmond. "Brightcove will make it far easier to get video up on our sites and allow us to concentrate on what's most important: creating the great video you'd expect from some of the best brands, journalists and editors in the areas of celebrity, entertainment, sports, news, business, style, food and home."

Jeremy Allaire, chairman and chief executive officer, Brightcove, said that Time would be able to leverage "the rapidly-changing media landscape to engage readers in new and exciting ways with video content, expand the reach of their brands, and open the doors to new revenue opportunities through advertising."

Time Inc. already uses Brightcove technology on TIME.com, and will be introducing Internet video channels on additional media properties in the near future.



platforms



VIACOM PARTNERS WITH JOOST



Global entertainment company Viacom is to become a key content partner of Joost, "the world's first broadcast-quality Internet television service." Viacom will offer a full range of channel brands and programming for free on the Joost platform. Viacom's divisions MTN Networks, BET Networks and Paramount Pictures will provide television and theatrical programming.

Joost says it is powered by a secure, efficient, piracy-proof Internet platform that enables premium interactive video experiences while guaranteeing copyright protection for content owners and creators. It aims to allow users to have free access to thousands of programmes and channels not readily available on the Web. Through Joost, viewers will be able to watch programming from many of Viacom's brands on their computers.

"We're extremely pleased to be working with Joost," said Philippe Dauman, Viacom president and CEO (above). He said that Viacom was determined to keep pushing and growing its digital presence and bring its programming to audiences on every platform and device that they want.

Janus Friis, founder of Joost said the platform had been built from the ground up, with companies like Viacom in mind. "Our platform provides scalable distribution, in a completely safe environment that protects the interest of content owners and advertisers, while delighting viewers," he claimed. Viacom recently made YouTube remove 100,000 pieces of content from its site which Viacom claimed breached its copyright.

Like Babelgum, Joost is backed by entrepreneurs using the wealth accumulated from earlier forays into the web, Friis and his partner Niklas Zennström also brought you Kazaa and Skype.

THE BILL. She foresaw IPTV evolving in a number of phases. "It will change the purchasing paradigm; nowadays you go out and choose based on price and number of channels. Going forward, the TV experience becomes a key determinant. The consumer is saying 'I want control, I want that experience to be personalised'. One bill makes that element easy. Our research is beginning to show that." She suggested that IPTV was starting to change the ground rules and changing business models. "More content providers will have experience in service delivery; they'll see the revenues, and that's going to have an effect on release windows. In the IPTV world, it could be in the studios' interests to earn more money making an early release via IPTV. Payment is assured from the comfort of the viewers living room."

Branet's Microsoft colleague, Jim Beveridge, head of broadband policy, noted a degree of uncertainty as to whether the Internet would be able to cope with certain traffic requirements. He also suggested that some service providers would pick up some of the 'wild and woolly' Internet TV content as part of a managed service. "There's nothing stopping people assimilating it in this way."

Beveridge also refers to the limiting factor of the copyright issue. And, he points out, European-based operations would also need to be mindful of changes to EC audiovisual content directives that could see content delivered over the Internet regulated in the same way as broadcast television. The increasing availability of high definition programming and displays would also be a significant factor. "HD doesn't form a great part of Internet television," he observed. "A lot of people will be disappointed if they've bought their nice new plasma screens and all they can show their neighbours is a heavily pixelated screen. But with IPTV, HD's already available in Deutsche Telekom's T-Home service and in France, and with AT&T in the USA too."

TV OVER IP. Iolo Jones, is the founder of Narrowstep, which describes itself as 'the TV on the Internet company'. He prefers to describe IPTV as "TV over IP. Fundamentally, we're experiencing a move away from circuit-based to IP distribution of TV. It'll all be IP six years from now."

He highlights a basic tenet of operating in the pay-TV arena. "You've got to own something to make money from the consumer – whether he wants to play ball remains to be seen." As to the competition between platforms and delivery methods, Jones suspects that the person with the deepest pockets will succeed, but at whose cost. The arrival of players such as Blinkx, Joost and the like he typifies as



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platforms



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“low-cost, low-risk, but potentially ultimately successful.”

Going forward, he predicts there will be a strong market for downloads, suggesting that streamed content will be advertising-funded. “There will be more people fighting over the same pie, which may well be getting smaller,” he warns, stressing the importance of marketing in attracting eyeballs. He suggests that rights holders may well realise that rather than securing one big deal, it may be more lucrative to work on a case-by-case basis, perhaps for second-

ary rights. He sees a big disadvantage for IPTV providers compared with Internet TV offerings as content owners “have problems with closed markets; they can’t reach 500 million users.”

CHALLENGE TV. Simon Hunt is MD, TV at Tiscali UK. ISP Tiscali acquired the pioneer UK IPTV operator Homechoice, in August 2006, and planned to relaunch the largely London-based service at the beginning of March 2007. He highlights the current difference in



Content will increasingly become available from operator-controlled IPTV platforms or Internet TV players.

BBC trials Freeview VoD



The BBC is to carry out a research trial of a video-on-demand service through the Freeview DTT service via the platform’s interactive capabilities. The BBC’s director of future media and technology, Ashley Highfield, revealed that the corporation was working with a set-top-box manufacturer to segment part of the hard drive on Freeview PVRs.

The intention is to produce an easy to use interface for the interactive menu that would enable a viewer to call up from a carousel 50 hours of programming. “There’ll be no latency. We see that as the future of the interactive service.” The service could be made available to other broadcasters on the Freeview platform.

Highfield said that the BBC had talked to other broadcasters about the interoperability of the corporation’s planned iPlayer on-demand TV service with similar offerings as well as considering ways of getting the PC-based iPlayer and content onto other platforms. “The objective is to try to get the best service on every platform,” he said.

delivery devices between IPTV and Internet TV, but suggests that technological developments will make such differences go away. According to Hunt, existing TV aggregator/broadcasters will turn to the web to continue to reach eyeballs. “That’s been the case with Sky Anytime and Channel 4 on demand.” But he endorses Beveridge’s point regarding the limits of the web’s ability to support high levels of customer interaction. “Downloading could be a problem. You don’t have the level of support to enable half the nation to get a 2Mb stream.”

Another challenge is reaching sufficient eyeballs. He notes that although Sky’s Anytime recently claimed its one millionth download and Channel 4 is in the hundreds of thousands of users, these pale into insignificance when compared with VoD streams.

Quality of service also counts for a lot, according to Hunt. “Monetisation depends on the wholesale relationship. Is QoS guaranteed?” He concurs with both Cooper and Branet on the importance of the experience. “It has to be a TV-like experience, I don’t want to have to work at what I want to watch. Serendipity and laziness have a role in finding something to watch.”

Clearly the ‘sit forward, lean back’ differentiator will remain as important in how people choose to consume their TV as any great marketing battle between providers. But if the bandwidth is available, QoS, security and rights issues are addressed, then content and price will come to the fore and so fulfil an old truism: Backing one platform over another is always a risk. Owning something people want to watch is not.