

Finding a niche

Prospective channels seeking a niche audience that can be monetised via subscriptions, donations or targeted advertising now have another route to market with OTT and Connected TV allowing them to 'market test' their TV proposition, potentially on the way to becoming significant broadcast players. Colin Mann talks to some of the providers making helping them along the way.

A veteran broadcast industry consultant often bemoans the fact that he would be "a rich man" if he had a pound for every budding TV mogul who approached him with an idea for a new channel back in the heady days of the early 1990s, when fresh broadcasting legislation in the UK simplified the licensing process.



"Our proposition going forward centres on doing both Internet and broadcast."

JOHN MILLS,
VISION IPTV

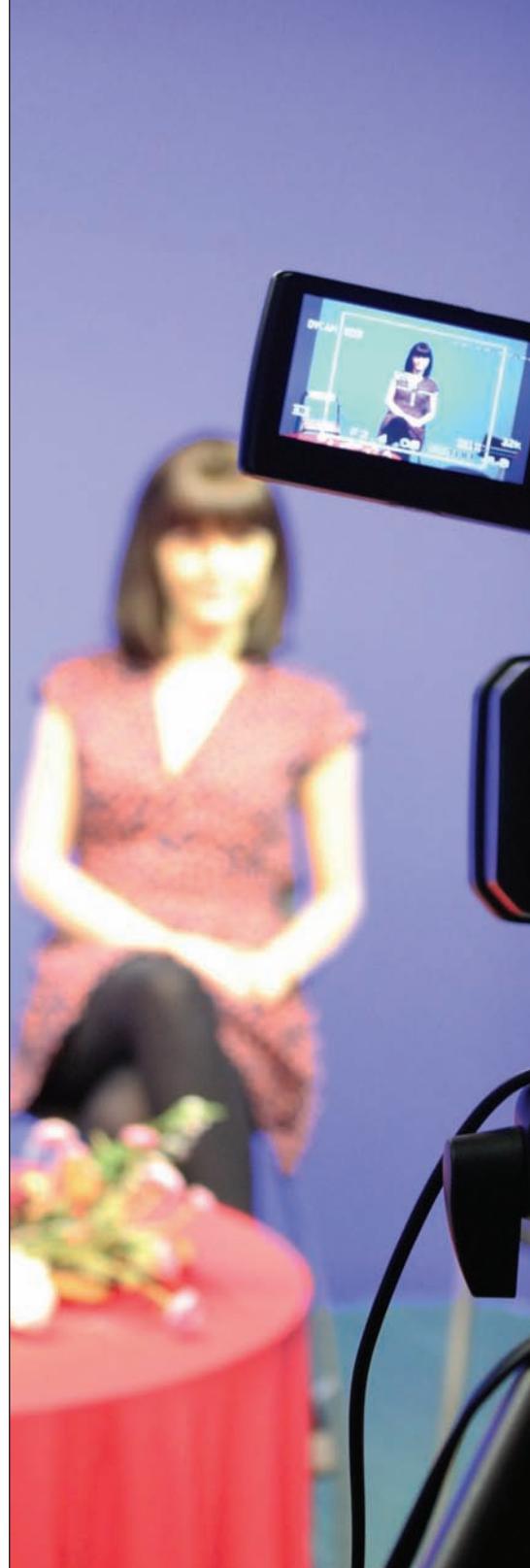
Invariably, these services were focused on ethnic groups in the UK and Europe, with the would-be broadcasters claiming access to "exclusive" programming or movies. All that was needed was a licence from the regulator and distribution to the target audience. While a few services did manage to secure carriage on DTH satellites and to

cable network head-ends - sometimes utilising 'graveyard' hours overnight on other services - most were unsuccessful, not least because they were forced to use capacity on non-broadcast satellites at unpopular orbital positions.

CONNECTED TV. Fast-forward 20 years and the situation has changed considerably. The advent of OTT and Connected TVs potentially opens the door to many niche channels seeking a niche audience that can be monetised via subscriptions, donations or targeted advertising. And on the Internet these channels can have a genuinely global reach. This makes the format ideal for Ethnic and Faith based channels with content reaching out to expatriate audiences or fellow believers around the world.

As we have seen with some Asian channels, and religious channels from the USA and the Middle East, audiences can be so large and so responsive that channels can be sustained with multi-regional or even global satellite reach. With TV access to the Internet now a low cost alternative, many more will be enabled to 'market test' their TV proposition potentially on the way to becoming significant broadcast players.

These channels still need to work with a range of companies to deliver and monetise



Reach the grass roots of your community, wherever they are...



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their content, so what can these service providers offer channels, and how is the traditional 'broadcast services' sector responding to the changing market dynamics?

FUTURE STRATEGY. John Mills, Vision IPTV CEO, points out, "previously, it was all about distribution over satellite. That's very much our background. That was our starting point. We have a heritage in proper broadcast playout, ingest and transcoding, as well as live content creation facilities." However, Mills and business partner Matt Vidmar decided that the company's strategy in the future would be inextricably linked with broadband Internet. Mills had been involved with London and SE England based ADSL service Homechoice, "a traditional telco-style entertainment play," he observes. "But that vertically-integrated model is seriously flawed, so I became an early convert to OTT.... We wanted to try something different by providing a broadcast-style technical distribution platform and we've spent the last couple of years building it out."

"Our proposition going forward centres on doing both Internet and broadcast, through this mix you can develop new channels for satellite; there's the attraction of a global audience for the channel." Vision IPTV and its associated companies can offer their own content and subscriber management, as well as their own Content Delivery Network (CDN). "So we don't have to hand over to another provider. That way, you're not dealing with two or three different suppliers. We can also handle any protocol or codec," advises Mills.

"If you're looking at delivery to the PC, STBs and Connected TVs, very few people can do it all; handling rights, managing subscribers, and distribution to multiple devices," he notes, saying that the company has a clear two-track strategy for assisting the online sector: "The first is the technical infrastructure; the second is leveraging our capability into creating services for vertical underserved markets."

MARKET FORCES. "We identify markets

and forge strong relationships. Prospective clients include Polish, Sri Lankan and Greek Cypriot interests," he reveals, noting that there's a certain element of holding back as people wait and see how Connected TV really develops. He nevertheless remains optimistic as to the opportunities likely to arise, with IPTV common platform YouView - albeit delayed - scheduled for 2012, and the retail sector readying itself for wider availability. "We're also working with Roku, and keeping an eye on Google TV developments. There'll be a proliferation [of connected devices] - and we want to be ready."

Noting that monthly subscription prices for some ethnic channels can be several tens of Pounds/Dollars/Euros, he advises that it can be very cost-effective for the service provider to advise the viewer to buy a Roku box for \$60; "for most services, I'm convinced it's best to do it across the Internet." Although he welcomes any expression of interest, in common with our consultancy veteran, he recognises that not all projects will turn out satisfactorily: "You have to kiss a lot of frogs," he muses.

In conclusion, Mills points out that if considering satellite distribution, any prospective broadcaster has to factor in half a million pounds in fixed costs. "Using the Internet would allow fixed costs many times lower. You're talking about a few thousand pounds for downlinking and a codec."

GATEKEEPER. David Treadway, managing director at WRN Broadcast, says the company has always taken the stance that the platform the client wants to be on makes no difference. "We partner with them to implement their business plans. We work out what they want to achieve."

He notes the emergence of a new style of gatekeeper, such as Samsung and Sony with their Connected TVs. "It's a new version of the Walled Garden, it makes a heck of a difference to your TV experience. It's the first real evidence of convergence working." He reveals that WRN Broadcast has one client who is developing a service with a major CE



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"It's the non-established services that take hold of the new methods of distribution."

**DAVID TREADWAY,
WRN BROADCAST**



manufacturer, and admits that the company is looking closely at such developments.

"All are channels that we need to be on," he says, adding, "it's that mixed economy that will benefit the smaller channels. The key is persuading the manufacturer to put the app on their device." Treadway says that for new and existing clients, the company can deliver a range of services, such as developing a relationship with other service providers to be a European hub for new broadcast services. "We're firmly rooted in broadcast services, and we're looking at partners, some of whom don't have experience in broadcast, and just have the web perspective."

LOWER COSTS. According to Treadway, regardless of the size of the operation, nowadays all broadcasters realise they've got to get into Connected TV. "We're well placed to work with all kinds of clients," he claims. Recognising that there are lower costs for online, he admits that it is now possible to get broadcast quality on Connected TV, but points out that it is nowhere near the level of broadcast automation.

Echoing Vision IPTV's Mills, he recognises

that "no-one knows what take up will be like," and points out that CDN costs then become a more important factor. Among WRN Broadcast's broad customer base, there are both ethnic and faith based services. "We're seeing some faith-based channels move to broadcast," he says.

LENS-TO-LENS. "We are seeing enormous interest from faith-based organisations regarding the value of IP video to connect with their online audiences while also connecting their members through social web efforts," says KIT digital's global head of faith-based initiatives, Chance Mason. "KIT digital is helping to facilitate that with our complete 'Lens-to-Lens' IP video solutions by allowing ministries, inspirational groups, and non-profits to share their faith and build stronger communities on a global basis using unique video-driven communication strategies. Video-enhanced communication is multiplying the results that ministries receive from traditional media," he advises.

"Our customers have found that video-

driven communication is more personal, more compelling, and more cost-effective than traditional methods," adds Mason. With KIT's end-to-end solutions, organizations can reach their audiences with interesting and relevant content anywhere at anytime while also providing its community members with the ability to interact with each other around the content."

KIT digital works with 50 of the largest 100 churches in North America including Rick Warren/Saddleback Church, Joel Osteen/Lakewood Church, Willow Creek Association, Joyce Meyer, In Touch Ministries, Focus on the Family, T.D. Jakes, and Max Lucado, as well as organisations in France, Australia, Singapore, Hong Kong and Brazil.

NET-FOCUSED. Pointing out that KIT digital has been focused on net distribution for 10 years. Nowadays, Mason notes that the company takes a different, holistic, approach rather than just providing IP distribution. As well as the social web initiatives, the company

Broadcast quality internet television Global content distribution network



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can offer content management and video asset management, as well as handling donations and testimonials.

Mason notes that for many broadcasters, the challenge is licensing rights, a problem that largely disappears for the online broadcaster. "They own their content, they don't need to address licens-

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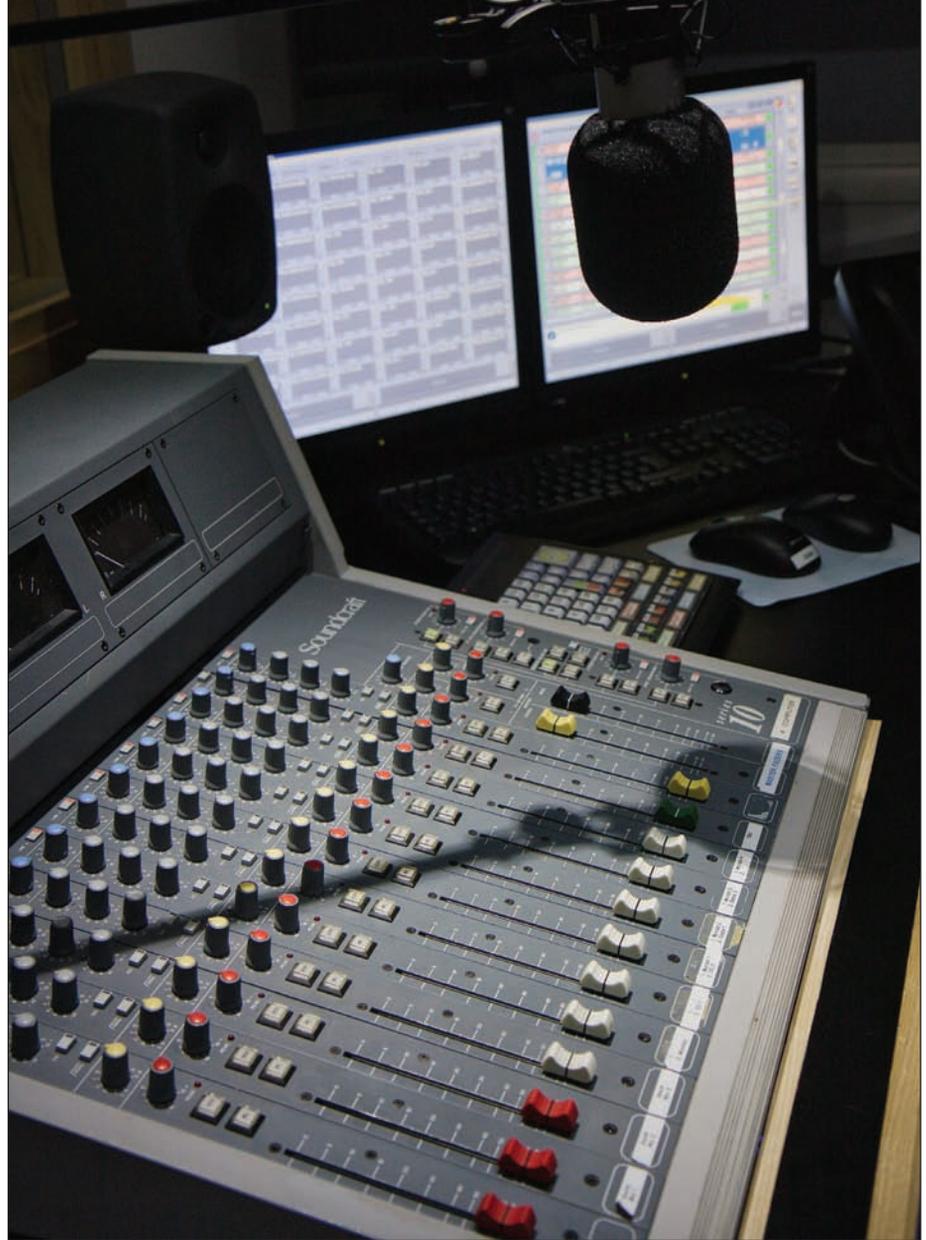
**CHANCE MASON,
KIT DIGITAL**

ing rights," he says, also recognising that new entrants are quick to adopt new technologies.

He also points to the success of the Roku device and reveals that a greater number of faith-based broadcasters are driving traffic to online, eliminating the need for traditional broadcast. "They can communicate when they want and there are no restrictions on what they can say. We see that shift happening today as services are looking towards new technologies." According to Mason, KIT digital has rarely had a client who doesn't choose to develop the service online; "a small percentage move to satellite," he admits, "we can engage with satellite distribution to ensure redundant delivery and to supplement IP delivery."

LEADING QUESTIONS. According to Dave Stoner, president and CEO of ViewCast, the choice for prospective channel operators all comes back to economics, with questions such as: 'Where do you start?' and 'How do you progress?' needing to be asked.

ViewCast can offer a broadcast/IP bridge, which a client can serve directly, "if they want to do their own thing. They may have their own CDN. We can allow the customer to



provide 24/7 live broadcasting from the beginning," he advises, adding that quality and reliability are very important. "We can offer the whole set of production workflow steps. We can provide a single platform that will encode for multi-streams and hit pretty much every device."

In terms of clients, Stoner reveals that ViewCast sees a lot of niche content players who need to reach an audience with their content. One such client involved meeting the

demand for Russian language in Canada: "We did the head-end encoding in London, then sent by broadband link to Canada."

COST-EFFECTIVE. Shmulik Itzhaki, senior director, broadcast sales, RRsat, says the company provides the typical range of broadcast services to channel partners, such as playout, uplink, downlink, any type of content conversion, subtitling, etc. "We also help channels find the satellite or cable platform to carry their programming."

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DAVE STONER, VIEWCAST

According to Itzhaki, being in Israel is a big plus in general for all channels in that RRsat sits in the crossroads of major satellite footprints making it cost-effective to use its downlink and uplink services. “For religious channels, this location is particularly relevant with most of the world’s major

religions centred in this region. Thus, we provide live coverage, studios and handling of content distribution-related events in Jerusalem and elsewhere in Israel for them,” he advises.

“RRsat’s customers generally begin with broadcast over satellite, cable, IPTV or even direct-to-home before they launch Internet programming,” he notes, adding that in order to launch a channel, an organisation must have content, decide the audience and analyse the best way of reaching that audience. Costs could involve the aggregation of content, its capture, the payout, and uplinks.

FULLY-MANAGED. Alan Brown, director of Sharpstream advises that the company works with a large number of niche media organisations, enabling them to broadcast their channels globally over broadband and mobile networks. “We take a broadcaster’s live TV feed or help the channel encode their content themselves and ingest this into our network. By outsourcing, the customer will benefit from our fully-managed content delivery network that guarantees a level of uptime that rivals a traditional broadcast operation,” he states. According to Brown, it is worth emphasising that few networks are designed with the resilience and capacity of a dedicated streaming service, so they cannot give their audiences the uninterrupted viewing experience they have come to expect. “There’s a lot of research that shows that today’s audiences will not give online content a second chance: if the service is slow to load, freezes, or drops frames, it can be hard to win a viewer back.”

Sharpstream gives its customers “very sophisticated” tools to monitor audiences in near realtime and track viewing habits over time. “It is possible for the channel owner therefore to subscribe to a level of service that closely fits their needs and not to pay for

unnecessary bandwidth. Running a niche channel can therefore vary from as little as one hundred Euros a month,” he explains. “Because they are able to identify viewing habits and audience demographics, channels can justifiably demand higher advertising or sponsorship fees when viewing figures (and bandwidth costs) are highest. So the more viewers, the higher the cost of delivery, yet the greater the chance for advertising revenues.”

Brown points out that digital production technology has reduced the cost of entry for niche broadcasters significantly. “But to produce several hours of live content and to broadcast every day is still quite an undertaking in terms of on camera talent, production crews and the operations teams. So at the moment, very few broadcast channels are launched online without appearing on a traditional transmission service - investors consider the risk too high given the initial capital outlay and ongoing costs,” he says.



“Conversely, unless a channel relies on subscriber income, nowadays few launch without a live online equivalent. The comparatively low cost, ease of use, reliability and tracking features of a service such as Sharpstream usually makes media streaming a straightforward decision.”

KEY MARKET. According to Matthew Rosenstein, global director, corporate communications at GlobeCast America, the United States represents a key market for the company, which has been delivering television channels of every size across the world for more than 10 years. “In the US, where more than 24 million people speak a language other than English or Spanish at home, GlobeCast division WorldTV has seen enormous demand for niche and ‘ethnic’ content coming from the four corners of the globe wanting to penetrate this market,” he explains.

“For these channels, OTT is a perfect way to break through into the American market,” he suggests. “It offers palpable advantages for channels starting out; Low maintenance, avoiding the issues such as bad weather that

may affect satellite; Lower cost, notably a very low carriage fee for the broadcaster; Broader reach, since many more people have Internet access than are willing to mount a satellite dish on their roof; User-friendliness, with a ‘plug and play’ type solution, and the ability to offer many more channels on a single platform than on satellite.”

He warns, however, there are many ‘fly by night’ operations promising easy Internet launch for next to nothing, but which do not give a channel real exposure and in some cases are scam operations. “So GlobeCast is one service operator that is responding to the opportunities of OTT and capitalising on its reputation and credibility earned as a traditional service provider. Its WorldTV division in the United States is in the process of launching an OTT platform, which will be operational later this year,” he reveals. “In Europe, GlobeCast is also launching an Internet-streaming platform to allow channels to reach any Internet-capable device.”

END-TO-END. For services wishing to launch, GlobeCast also offers a traditional range of services, such as consulting and marketing to properly target and promote channels, as well as encryption/password protection and subscriber management. It can also offer an end-to-end solution, which can include content management and delivery, not just by Internet, but also by satellite and fibre if needed.

“We’ve over ten years experience with hundreds of channels around the globe, and a global presence, with seventeen offices around the world, which gives us extensive knowledge of each television market,” notes Rosenstein, who adds that their solution will also provide B2B services to cable and telcos who today lack the capacity they need to provide international content to their customer base. Although he describes streaming TV solutions as “in their infancy” GlobeCast is confident that certain channels will make the transition from online to traditional broadcast.

What would our veteran consultant advise nowadays should he be approached by prospective channel operators, or content owners wishing to reach a particular niche? “The main difference between now and twenty years ago is the amount of connected devices that are available, including PCs, laptops, tablets, and mobile devices and now Connected TVs. Back when my clients were launching, there was no real alternative to satellite distribution, particularly if you wanted coverage far beyond a city or one country. I’d have to recommend they give serious thought to establishing an online presence, and the forecasts for the growth of Connected TV should encourage such initiatives.”