



## Press Release

Las Vegas, April 16, 2007

### **NAB Show Las Vegas: IPTV on the Brink of a Breakthrough to the Mass Market**

**Presentation of Annual Report of Broadband Services Forum at NAB Show in Las Vegas – Broadband, Technology Convergence and Changed Media Usage Patterns Drive Market – IPTV on the Brink of the Mass Market – Niche Programs, Personal Video Recorders and New Video Formats Shape the Future of Entertainment and Information Industry**

Helmut Leopold, Head of Platform and Technology Management at Telekom Austria and Chairman of the Broadband Services Forum (BSF) is presenting the Annual Report of the Broadband Services Forum on the occasion of the NAB Show in Las Vegas on Monday, April 16, 9:00 a.m. at booth #SU9620 (Harmonic). The BSF is a global industry resource focused on the fundamental business issues of the broadband industry, composed of content, service and technology providers. The National Association of Broadcasters (NAB) show is the largest electronic media show worldwide.

#### **The IPTV Market**

Helmut Leopold on the current market situation of IPTV: "According to the Multimedia Research Group (MRG), at present there are approximately 15 million IPTV households worldwide. 576 IPTV service providers currently play a role in the IPTV market. Today, television on the basis of Internet protocol (IPTV) is on the threshold to the mass market."

The top global provider is currently PCCW in Hong Kong, whose IPTV service *Now* is utilized by about 580,000 users. Close behind are the top European IPTV markets France – with hard competition between *freeboxTV* (Free Telecom), *MaLigne tv* (France Telecom) and *n9uf TV* (Neuf Telecom) with altogether more than 800,000 users, Spain with 300,000 *imagenio* users from Telefonica and Italy with approximately 155,000 *Fastweb* users.

Europe will be able to hold on to its leading position with IPTV in 2007. Global IPTV growth will be pushed considerably by the Asia Pacific region with its emerging markets China and India, and Australia, whose IPTV offerings are entering the commercial phase, as well as by North America, where AT&T and Verizon are getting ready for countrywide IPTV rollout. For 2010 the MRG forecasts approximately 50 million IPTV households, 21.3 million in Europe alone.

### **"The Walled Garden" Success Model**

IPTV is offered via a managed "Private IP Network". Helmut Leopold sees the main reason for the worldwide market upswing as follows: "This so-called "Walled Garden" business model protects the value of the content, secures the highest picture quality up to HDTV and thereby allows the realization of different business models."

The content delivery networks of the telecom providers function like permanently connected channels with end-to-end security. Finally, IPTV differs from Internet TV through interactivity and numerous features to personalize content. This gives IPTV providers the opportunity to program their offerings to certain user target groups and to create new, innovative models for the advertising industry.

Internet TV, or television via the public Internet, does not offer distinct end-to-end security and thereby provides low protection for intellectual property. Internet TV is thus oriented towards consumers who want to see free or paid content on their computers after it is charged to their credit cards. The disadvantage to the provider is that a continuous billing relationship cannot be built up to the customer.

Helmut Leopold: "In conclusion, IPTV and Internet TV are completely contrary business models based on different technologies. However, with the increased spread of Web 2.0 applications they could create a new convergence of television and computer in the future."

### **IPTV – Monetizing the Long Tail**

With the entrance of IPTV, for the first time in the history of television the "long tail" has become the focus of broadcasters' attention. "To sell less of more" is the promising concept complementing the TV mainstream of blockbusters and soap series. Marketing the long tail generates niche programs and on-demand reception rounds off the existing linear program schemes. The increasing availability of personal video recorders and time-shifted television supports the paradigm shift from lean-back to lean-forward in consuming media, which is actively and consciously watching television on the basis of personally compiled program offerings. As opposed to these PVRs at the end terminal, network-based PVRs could protect the copyright interests of broadcasters by offering the possibility of deactivating the advert-skipping capabilities and preventing the distribution of recorded content to unauthorized third parties.

### **User-Generated Content as Seen by Telekom Austria**

In the new age of television even traditional role relationships can become shaky. In the era of expansive media socialization, particularly the younger television audience is mutating into active media producers. Examples such as YouTube, current.tv or Buntes Fernsehen in Engerwitzdorf (Austria) demonstrate this trend towards user-generated content, especially in the local-regional area. Progressive television providers have long since recognized the economic potential of user-generated content to serve niche channels, and offer talented, semi-professional "prosumers" the appropriate television space to broadcast their story-telling spots – which serve as an alternative to complement and support the linear program.

### **BSF Annual Report Indicates Clear Broadband and New Media Vision**

In the annual report 2006 the Broadband Services Forum – in its role as an important international body for development, dialogue and promotion of the

fundamental business interests of the broadband industry - provides clear insight into its work and visions.

Helmut Leopold on BSF's mission: "BSF – a network of service providers, media companies, producers in the telecommunications industry and content aggregators – is convinced that only through intensive cooperation and widespread dialogue among the entire broadband community can the business success of the industry be assured." In cooperating with other important industry forums such as the TeleManagement Forum and the MPEG Industry Forum, the BSF confirms its focus on cooperating on trend scouting and exchanging views. In 2006 the BSF published the documents "Redefining the Quad Play with IPTV and IMS", "IPTV versus Internet TV" and "Video Quality in IPTV Platforms". For 2007 BSF's strategy will deal intensively with the core topics "Home Networking", "Advanced Services" and "Monetizing IP Traffic in Broadband Networks".

For BSF Chairman Helmut Leopold, the readiness to join forces in the telecommunications as well as in the media industry is the key to success. Helmut Leopold: "We have to evaluate the specific interests and needs of our partner industries and have mutual understanding for the individual positions, in order to arrive at a 'common denominator' in the form of a lucrative business model for everyone involved in the broadband and IPTV value chain."

#### **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. For more information, visit [www.broadbandservicesforum.org](http://www.broadbandservicesforum.org)

#### **About the Telekom Austria Group**

The Telekom Austria Group is Austria's leading provider of telecommunications services. It was listed on the Vienna and New York stock exchanges in November 2000. The Group has two main business areas: the wireline segment encompasses fixed line telephony, data, Internet, security and multimedia services and the wireless segment covers mobile communications. The Telekom Austria Group has international subsidiaries in the Czech Republic, Slovenia, Croatia, Bulgaria and Liechtenstein and is currently setting up operations in Serbia and the Republic of Macedonia.

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