The Indian telecom market has always been characterised by large volumes and a big subscriber base. At present, it has over 950 million mobile users and 79 million mobile broadband users. However, analysis shows that volumes do not necessarily translate into revenues.

India has made phenomenal progress in terms of penetration on the digital and cable TV fronts. But despite having 80 per cent penetration, ARPUs in India are at a mere $45. In comparison, in the US, ARPUs are at about $1,100.

At present, the priorities for digital and cable TV operators are content management, content protection and quality of service (QoS) improvement, with the key priority being monetisation of content. The demands of consumers have also increased in tandem with the growing demand for anywhere, any time services.

Evolving TV industry ecosystem

Earlier, the market comprised content producers, network operators and device manufacturers in silos. However, over the past five years, the distinction between these players has been blurring and there have been crossovers in business. Further, business models have been evolving and the value chain has been disrupted significantly. For instance, device manufacturers have become content distributors. Samsung and Microsoft are creating platforms where content providers can make their offerings available for access by customers. Telecom operators also want to extract some value from their networks and hence intend to create a repository of content themselves and offer it in the capacity of service providers, rather than as just providers of bandwidth.

With distinctions blurring, consolidation is expected to occur on account of the high degree of fragmentation in the market. This would happen as service providers strive to achieve synergies and provide better QoS. Further, service providers in India have to realise that content production has become extremely essential. With the widespread proliferation of connected devices, subscriptions will start multiplying and operators will witness a large increase in the total number of individual users. Today, consumers demand interactive experiences, thereby

presenting an opportunity to players with targeted content, as well as to advertisers. This means service providers have to make content available to customers anywhere, anytime, and across device platforms.

TV operators are also revisiting their ecosystem as the industry shifts towards IP-based infrastructure. Business models are changing, given the need for interactive customisable content diversity. In the earlier pay TV ecosystem, video was ingested, compressed, digital rights management encrypted and eventually distributed. However, now this needs to be carried out during the workflow using IP-based devices. A number of vendors have been actively selling devices that support IP-in and IP-out, so that there is dual communication between systems and departments that are connected to the workflow. This has also resulted in the need for accelerated roll-out of fibre networks through telecom operators.

Trends and opportunities

The market is demanding monetisation-rich focused features and an applications-rich agile platform that has deployment flexibility with regard to customer premises equipment or cloud infrastructure. Gradually, workflows are moving towards cloud-based infrastructure or managed infrastructure that can support multiple types of devices, and provide interactive content which allows for different types of targeted advertisements to be inserted. These platforms can work with highly optimal middleware, so that consumer usage can be tracked much more accurately at the back end.

Although the quality of video services has improved, there is a lot more that can be achieved. Further, digital applications for video services on mobile platforms are not good enough to replace TVs yet, which presents an opportunity for TV operators to gain an edge.

Future requirements

One of the biggest issues for TV operators is subscriber churn. To resolve this issue, they have opted for competitive pricing and packaging strategies, in addition to offering value-added services and video-on-demand services. Some operators have also resorted to upgrading their network from MPEG-2 to MPEG-4 technology to improve user experience. However, there needs to be a combination of business models and technologies that can actually reshape the

business and help operators manage churn. Examples of this are TV everywhere, home security, digitised solutions and personalised discovery solutions.

Further, service providers should conduct more meaningful analytics so as to better understand consumer usage patterns in order to provide them with more personalised offerings. This is likely to occur over the next decade, as we move from one-size-fits-all solutions to more tailored, customised offerings.

Based on a presentation by Vidhya Nath, Director, Digital Media, Global Innovation Centre, Frost & Sullivan

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