

Why Content is (Still) King

By Becky Bracken

The moment has come when technology and mobility have caught up with the anywhere/ everywhere consumer demand for video content. For communications service providers (CSPs), movies, videos, games and television are some of the most important differentiating services around. Let's face it, consumers are fanatical about content. It doesn't matter how slick your customer portal is, if your potential customers know they can get their favorite TV show or video game on their phone or tablet from you--and only you--you'll not only capture that customer, but hold on to them.

Cisco has forecast that the sum of all video (TV, video on demand, Internet, and P2P) will exceed 91 percent of global consumer traffic by 2014. In 2009, the Pew Research Center found that 62 percent of Americans had watched video on sites like YouTube or Hulu. According to Analysys Mason, differentiated mobile broadband -- including video--will provide an estimated overall revenue boost of 17 percent by 2015. This will be driven by a 29 percent increase in average revenue per user (ARPU).

Streaming Video as a Value Proposition To Customers

Charter Communications and Time Warner Cable are considered to be the leading candidates to start



charging for the amount of data used. Many multiple system operators (MSOs) have seen their profits and customer base slashed with the popularity of sites such as Netflix. A recent study from Sandvine Intelligent Broadband Networks last month found that Netflix accounts for 32.7 percent of peak U.S. internet traffic between the hours of 6 p.m. and 10 p.m., the single biggest bandwidth hog in the U.S.

Netflix's history as an over-the-top (OTT) player, bandwidth hog, and failed original content distributor make it a good example of the shaky relationship between content creators, networks operators, and service providers. Netflix's own content arm, Red Envelope Entertainment, was killed once it was clear it was positioning itself in direct competition with the

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Hollywood studios it needed for competitive content. The plan for Red Envelope was to offer deals to every independent film at Sundance and own huge swaths of movie real estate. Bad idea. By 2008, Red Envelope Entertainment faded to black.

Video Your Customers Are Dying For, But Don't Know It Yet

For network operators and service providers alike, the best way to get into the video-as-a-service-differentiation game--and win--is to partner with marquis content brands with deep archives just waiting to start generating income.

Most parents probably never imagined "Sesame Street" would become a daily must. Now it's available anywhere on a smart phone, tablet or TV. T-Mobile TV just announced a few partnerships with slam-dunk kids programming producers that are a hit with subscribers. Playground TV Kids' programming represents 26 percent of viewership on T-Mobile TV, making it more popular than news and sports combined. For less than six bucks a month, T-Mobile TV provides a large breadth of entertainment for parents of kids up to 6 years old. The package includes live channels and on-demand episodes of popular programs, including "Pocoyo," "Curious George," "Go Diego Go," "Dora the Explorer," "Cat in the Hat," "Veggie Tales," "Baby First TV," and "Sesame Street."

"Sesame Street" is a great example of a legacy broadcast brand with a deep archive of quality content looking for opportunities to get in on mobile distribution. And since the content is already in the

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can, the revenues are nothing but gravy.

"The new content channels--in addition to the current availability of free channels on smartphones and tablets--are another way T-Mobile TV is expanding to meet the interests of our customers," Torrie Dorrell, Vice President of Applications, Content and Games, T-Mobile USA says. The new Urban Zone T-Mobile TV service includes both live channels and video-on-demand content from BET, Classic Media (Fat Albert), Comedy Time (4Urban Standup), Deziak Entertainment (Salacious Streets), Rap Entertainment, Crackle TV, Hip Hop Music Video Channel and R&B Jamz Music Video Channel.

Network operators and service providers are already capturing a breathtaking amount of data on their customers. It's easy for these players to identify what their target customers watch and are willing to pay for. Buying and licensing the content is the easy part.

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Freedom to Attract the Best Artists

HBO and other cable original programming has been successful precisely because of its freedom from the constraints of broadcast television. Tony Soprano, Don Draper and Samantha Jones just wouldn't have been the same on NBC. It's freedom and experimentation that tend to attract the best creative minds and some operators have taken note.

In the fall of 2012, Orange and Lexis Numérique will launch "Alt Minds" which combines a combo of web fiction and gaming. For some, that may sound like a new-millennium Dungeons and Dragons retread, but to those on the cutting-edge of this kind of art, it's an attractive experiment. At least that's what Orange hopes. "Our partnership with Lexis Numérique, a pioneer in transmedia fiction, has allowed us to combine gaming, online TV and social networks to create a new type of multi-media experience for our customers," Jean-François Rodriguez, Head of Games and Transmedia at Orange says. "For Orange, this is an opportunity to show that the tools we offer artists can be used to bring something new and very exciting to the public."

Tired Old Ad-Supported Model is Over

The reason mainstream media is gasping for its last breath is the tired ad-supported business model. Now payments can be made through more sophisticated transactions including gift cards, pre-paid cards, coupons, redemption codes, personalized opt-ins, and micro-subscriptions. There are also many emerging proprietary payment schemes, such as the iTunes wallet and Facebook Credits, making multi-channel content selling and delivery even more complex to support. CSG International provides one

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of the world's leading billing and charging platforms.

"We regularly see content sellers looking for additional opportunities to give their customers interesting promotional and payment options to purchase and acquire content," says CSG's Content Direct President Kent Steffen. "As content models evolve away from things like ad support, or TV Everywhere that's included with a Pay TV subscription, content providers often realize that their commerce infrastructure can't scale fast enough and can't support all of the payment models they need."

The days of a shared common experience around the television seem as antiquated as the finale of M.A.S.H., at the time the most-viewed television event in history. Sure, cable did its job to fragment and segment the consumer market, but changing attitudes have sliced the segments even thinner. Now you have HBO shows like "Boardwalk Empire" available through on-demand video, cable, Netflix and now, HBO Go. Content is expensive and difficult to produce and challenging to license, but once providers have the network and audience in place to connect consumers, delivery of content--and the additional bandwidth it requires--can get in line to create a tidy new revenue stream.