



THE BEST FIT FOR TELCOS AND BROADCASTERS

From the production of live events to distribution issues to the end consumer, our conversations with a MENA-based broadcaster, a UAE-based telco and an international solutions provider highlight the work-in-progress equations underpinning the telco-broadcaster relationship

We began the conversation on what makes for a healthy telco-broadcaster relationship two months ago when *BroadcastPro ME* travelled to Melbourne to learn first-hand how remote production solutions were deployed to broadcast the Australian Open. The team at Net Insight explained how working with telcos can be a win-win in such a demanding environment.

We caught up with Olle Waktel, VP Sales for APAC and MEA at Net Insight, which specialises in media transport solutions, to ask him what it takes to build a successful telco-broadcaster relationship. He believes connectivity, typically seen as a cost, should turn into a cost-saver; and that remote production is just one of several good ways of ensuring a viable win-win relationship between telco and broadcaster.

“If the Australian Open had been done the old way, then

there would have been 140 people cramped in an expensive space near the venue and they would have done all the production in OB vans that would contain millions of dollars of equipment, and then backhaul the feed in a highly compressed manner over satellite with little or no revenue for the telco.

“With remote production solutions deployed during the Australian Open, 85 channels’ feeds compressed with low latency JPEG2000 encoding went over telco fibre directly to the remote production site. Around 120 staff members had easy access, and the space was less expensive than downtown Melbourne. They paid for 20GB of redundant connection from the telco, instead of 6MB of satellite feed. So while the broadcasters and production companies typically save an average 50% on costs over traditional methods of production, the media and broadcast segments become much

more interesting for the telcos.”

Will telcos be as proactive with broadcasters in the MENA? We asked Abou Moustafa, Vice President of datamena, the data and digital content hub for du, one of the incumbent telcos in the UAE. The country is widely recognised as one of the MENA’s most advanced in terms of connectivity.

Elaborating with reference to du solutions, Moustafa says: “Specifically, regarding occasional use and remote production, du is currently developing the next phase of its

existing dedicated video network that will support better occasional use and allow future initiatives around remote production. By developing industry-specific solutions, we aim to address pain points and provide solutions for obstacles like these.

“For our broadcast services, our solutions support digital transformation in the media industry by providing broadcasters, content producers and other content providers across the Middle East with a flexible cloud solution for managing and delivering content.”

The prohibitively high cost of cloud and of general connectivity, however, is a recurring theme across MENA-based industry conferences.

Neil Martin, Chief Commercial Officer for MENA broadcaster OSN, believes telcos the world over have the advantage of high operating margins, explaining: “I think it is a challenge for any telco with margins of 60% or 70% to launch a whole new set of services where the margin is 10%. The natural inclination is you don’t want margin erosion. Why would you?”

But since the time a senior engineer at Motorola made the world’s first mobile phone call in 1973, disruption has been inevitable for telcos. Between 2012 and 2018, the telecommunications industry is estimated to have lost USD386bn from customers using OTT voice applications. In 2018 alone, lost revenue from voice will be a whopping \$63bn.

Martin observes: “Over time, voice will disappear, and it has to be replaced with something else that will be a collection of many solutions, where you make smaller margins.”

He regards 5G as the big future disruptor, especially in the MENA, given the wide variation in quality of connectivity.

“The market will change dramatically as networks improve. The level of content consumption on telco networks will grow

“[Telco] services need to be offered at prices that are attractive to broadcasters ... if you try to apply enterprise-based VPN price per megabit to broadcast services, you will not succeed”

Olle Waktel, VP Sales for APAC and MEA at Net Insight

exponentially, and the only reason to build 5G is video. While television remains an important part of the ecosystem, people watch a lot of content on the move. If you build a 5G network in a market where connectivity in fixed lines is poor, even TV will be viewed on 5G. It will reintroduce a new form of IPTV in the market without the need for a headend. You could have a full 100-linear-channel offering and thousands of movies on demand, and you can deliver it on 5G.”

This transformation has been stark, with broadband infrastructure, the lifeline of fixed and mobile telcos, becoming a key asset in the new TV and video landscape. Moustafa of du underscores the profound content consumption changes across the MENA.

“In the MENA region, nearly one third of smartphone users do most of their TV/video watching on demand, catch-up or online. In response to the region’s intense video consumption behaviour, many traditional TV providers have launched a digital component of their network. The rise in OTT video solutions is driven by the growth of live internet video around the world, which will account for 13% of internet video and will increase 15-fold from 2016 to 2021, according to Cisco’s Visual Networking Index.

In the Middle East and Africa, live internet video is forecast to have a CAGR of 56% in the same time frame.

“Interestingly, traditional TV (as opposed to OTT solutions) is still dominant, and the challenge is to adapt business models and technology infrastructure to the new demand while still catering to pre-existing demand. According to PWC’s Entertainment and Media Outlook, TV subscriptions will grow at a 3.5% CAGR between 2014 and 2019, with global TV advertising seeing a 5% CAGR and TV advertising in the Middle East and Africa seeing a 12.1% CAGR in the same time frame.”

Martin of OSN concedes that the picture emerging is a mixed one: “We are in the process of finalising a deal with a telco that will set up a traditional IPTV in Q3 of 2018. Another regional telco that has fibre network says they only want OTT. And with a product range that includes linear channels and OTT platforms, we are fine with whichever direction a telco takes.”

The larger MENA region, outside the relatively well connected GCC countries, presents challenges of varying degrees for broadcasters.

Martin elaborates: “Some of the telcos in the wider region have a slightly ambivalent view of content. They are perfectly happy for customers to consume content on their networks, whether mobile or fixed, but they don’t care what that content is – free, paid, YouTube, short form, long form and so on. While many telcos are increasingly wanting to market content tactically, many are limited by legacy copper

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networks, although constraints in terms of throughput and bandwidth towards delivering video content are being mitigated by technology such as adaptive bitrate, among others.”

On the surge in video consumption, Martin says the initial excitement over data usage has settled and telcos are beginning to see the difference between video and premium video.

He elaborates: “Rather than someone watching YouTube for 20 minutes a day, the viewer can watch Wavo, our online service for two hours a day, for instance. Telcos are increasingly seeing the opportunity with long-form video and how video consumption can grow exponentially on their platforms. They are beginning to grasp the potential of premium video.”

With the MENA region presenting a widely diverse landscape in terms of connectivity, Moustafa believes much of the UAE broadcast industry’s dissatisfaction stems from technical issues.

“The conversion from SDI to IP topologies is inevitable, and we’re making our network blueprint to be ready for this conversion. Still, we always adapt to our customers’ individual requirements, the kind of format, connection and technology that they prefer. Perhaps some broadcasters’ dissatisfaction comes from the fact that they feel the challenges of migrating to IP in terms of investment and change of mindset – as IP will revolutionise the way they operate internally.”

Waktel of Net Insight believes telco infrastructure and an improved broadcast environment are interlinked. Building on international trends and role models, Waktel goes one step further and says: “In the old days you could only work within a campus environment because there was no wide area technology available at the right price. All you needed had to be within the campus. But modern media networks offer global reach and a bouquet of services tailored for the



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broadcasters’ unique requirements.

“We are moving away from static point-to-point service on long contracts and shifting to on-demand services with local, regional or global reach. Remote production, occasional use, outsourcing and collaboration, all of this represents new business opportunities for the telcos that proactively embrace the broadcasters’ needs and special requirements. It is a big win-win opportunity. In the future, the broadcasters will see WAN as a cost-saver.

“We have been working with leading global carriers where networks are fully automated, and customers order services on-demand, not requiring a broadcaster to go through the sales department, exchange drawings over emails and undergo site visits by engineers, to receive an offer three months later for a service, only if the broadcaster commits to a two-to-three-year contract. One of our US-based customers automated their processes seven years ago, allowing them to be more competitive in pricing, and they have had a dramatic success with significant increase in new customers and revenue.”

What’s stopping MENA telcos from doing this?

“There is an amount [customers] pay to telcos to access the network and our products, and the payment needs to be as frictionless as possible”

Neil Martin, Chief Commercial Officer, OSN

Waktel responds: “There is nothing stopping anyone. A modern media network can sit on top of the already existing telco infrastructure. But success comes from in-depth understanding of the segment and embracing the broadcast customers’ needs wholeheartedly.

“In order to be successful with any customer segment, you need to fully understand how your customers work and operate and where their pain points are. A dedicated broadcast division or business unit is typically a very good idea. Trust them and allow them to define new media services. Also, the services need to be offered at prices that are attractive to broadcasters and the business will fly. If you try to apply enterprise-based VPN price per megabit to broadcast services, you will not succeed.”

Despite an estimated 75 telcos across the MENA, du is just one of three telcos or so with an IPTV/triple play offering. This is a shockingly small number that reflects the skewed nature of the state of technology across the region. Now telcos such as du have gone a step further, offering fixed voice, broadband, video services and mobile services as part of a ‘quad-play’ bundle.

Moustafa of du elaborates on the evolving relationship with the broadcast industry: “It has definitely changed. The services have become diverse with regard to features, formats and mediums. We rarely give advice to broadcasters; all broadcasters know what they want and the direction that they’re heading in. Therefore, we try to listen and prepare our network to handle what’s coming.

“du has a dedicated broadcast and media team, and at an enterprise level, our OTT video platform supports non-linear viewing. The platform acts as a critical link between broadcasters’ content and end users, no matter what device, platform or technology they are using.”

Broadcasters typically seek three main elements from a telco: infrastructure for delivery, billing capability, and a brand and trusted relationship with subscribers. Many telcos are now introducing their own content platform, such as Etisalat with the E-vision initiative.

Neil Martin of OSN surprisingly welcomes this move into what was hitherto broadcaster territory: “I would much rather work with a telco that has genuinely invested in content and understands content and how it is relevant to their audience. I hope more telcos invest in content, because it is easier to work with telcos that are keen on increasing their customer base through their own content offering, rather than with telcos that have no IPTV customers to convert.”

The strategic question for telecom operators vis a vis the broadcast

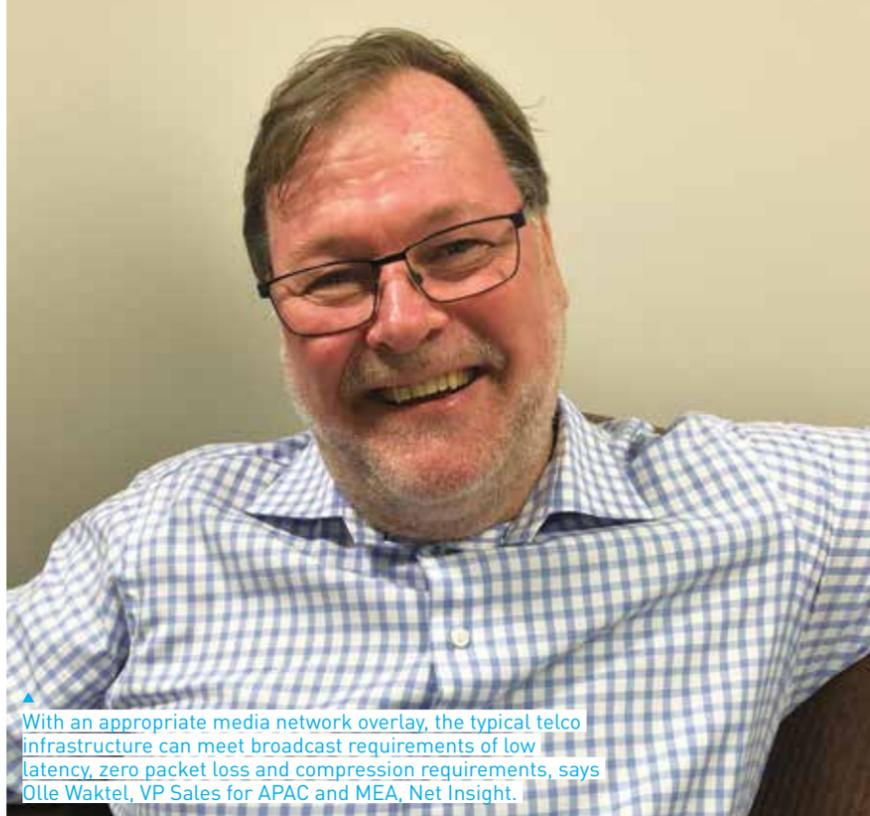
vertical value chain should then revolve around transforming them from traditional telcos to complete digital services providers. As one of the acknowledged MENA trail blazers, the team at du has a busy line-up of tasks.

Moustafa says: "In 2018, our plans include expanding the capabilities of our multiscreen solutions with new partners and services; continuing to grow our high-definition DTH platforms to offer more capacity and more orbital positions; enhancing our dedicated video fibre solutions to offer new business opportunities in relation to live events; and continuing to add new services to our cloud offerings to help customers experience the benefits of the cloud."

Going forward, Waktel of Net Insight believes there is great potential for remote production workflows, among other similar cost-saving solutions in the region. With an appropriate media network overlay, the typical telco infrastructure can meet broadcast requirements of low latency, zero packet loss and compression requirements. The future, he believes, is about interconnectivity, so that broadcasters have a seamless global, not just local, solution.

Waktel explains: "It is very similar to what the airline industry is doing. You can buy a ticket from A to B and pay once for the ticket even if two or more airlines are involved. And you can choose between Economy, Premium or Business classes — whatever suits your needs and wallet. The same goes for media services providers that work together. The technology is available for many years now and is easily implemented on top of existing telco infrastructure."

On the distribution side, the future is promising even in the larger MENA region, Martin of OSN stresses: "To a greater or lesser degree, telcos do not want to be seen as dumb pipes, because in theory they should know a lot about their customers



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and they want to align their product offering in line with that data.

"Conversations are more difficult in other markets in the MENA where content has not reached any kind of scale and they don't necessarily have proficiency and processes in place."

As the OTT revolution takes hold, Martin says: "There is a huge amount of interest in our OTT products. We signed eight deals already MENA-wide, and we have another 25 deals in the pipeline. We are talking to around nine telcos in North Africa, and two or three of them want to launch for Ramadan. They say it fits in with what they are doing as their customers are trading up from 3G to 4G connectivity. They also want to push customers to higher ARPU packs and from pre-paid to post-paid where possible.

"Our view is we have to think about the customer first. They want great content and they want to watch it

on as many devices as they can and it should cost as little as possible. There is an amount they pay to telcos to access the network and our products, and the payment needs to be as frictionless as possible.

Alive to the marked differences in audiences in different parts of the MENA, localising content is part of the conversations Martin's team at OSN is having with telcos.

Martin explains: "We realised we needed to have a much stronger local layer of content to support the telcos. For instance, in Tunisia, when we approach Tunisia Telecom, Orange, Ooredoo and others, our content needs to incorporate French. We are going through the process of retranscoding so that the content has French audio files and French subtitles."

In the next five years, Martin predicts a closer relationship with telcos around linear TV. He also believes the trends in the US are telling for the region, in terms of people aggregating three or four OTT services.

"That is the type of customer experience we will see," he predicts. "And our goal as a broadcaster with both linear TV and OTT platforms is to be part of that decision-making process by the viewer." **PRO**



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