

ROLE OF MULTI-SYSTEM OPERATORS IN THE IMPLEMENTATION OF CAS

Presented by:

Dileep Singh Mehta

Chairman

CableComm Services Pvt. Ltd.

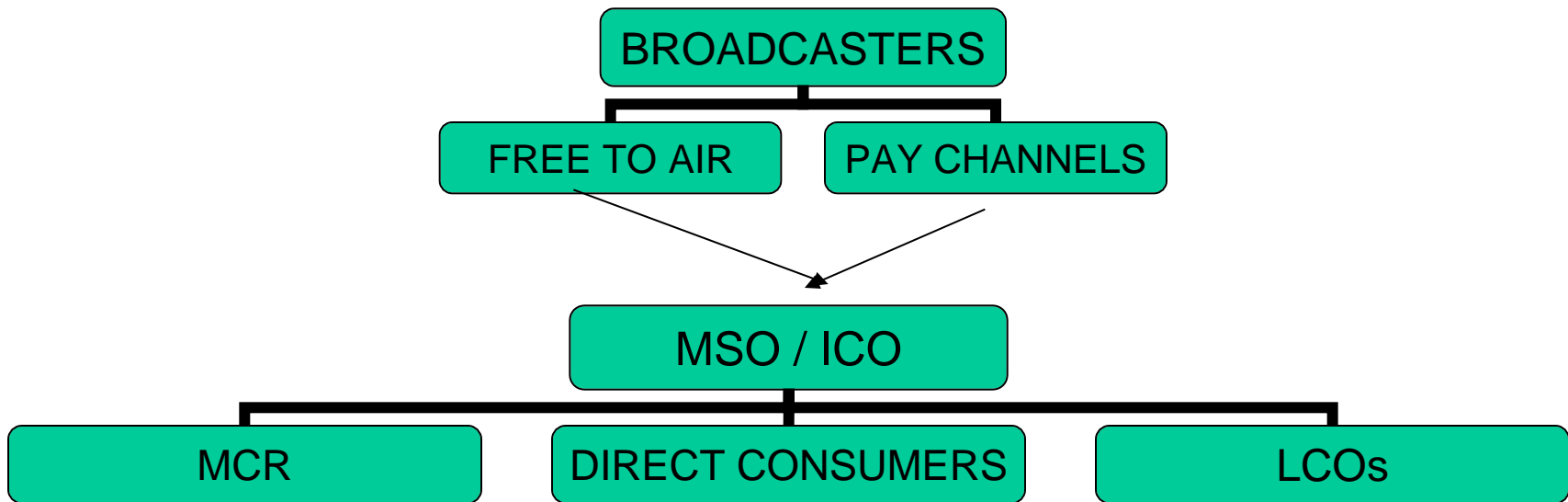


Addressability in Cable TV-CAS- MSOs Role

EMERGENCE OF MULTI-SYSTEM OPERATORS

- Roof Top Dish Antennae on Buildings for reception of few channels (FTA) by the residents thereof.
- Local Cable Operator (LCO) creating a set up at his premises by setting up multiple Dish Antennae on his roof top, capturing signals in his Control Room, both Free to Air as well as Broadcasters authorized Pay Channels through IRD's, distributing the content to residents of a defined area on his co-axial/OFC network to reach individual consumer.
- Master Control Rooms (MCRs) - Consolidation of LCOs of a particular territory to take advantage of scale, sharing infrastructure, running their own channels for the local residents. Such establishments could be ICOs (Independent Cable Operators).
- Multi System Operators - An advent of vertical integration, a set up of sophisticated Receiving Infrastructure for all channels (FTA and Pay) for delivery on Wide Area Gateways (WAG) to its customers being the MCRs/LCOs and even in some cases to direct customers.

HIERARCHY OF CABLE TELEVISION



MSOs Role in successful CAS implementation with Quality of Services

STRUCTURE OF AN MSO AND ITS FUNCTIONS

- The Multisystem Operator being the consolidator of broadcast channels at its Network Operating Centre and delivery thereof on its Gateway/Network to the LCO/Consumer assumed its all-important status in the hierarchy. At this juncture let us take a look at what the MSO is required to do:
 - ✓ Consolidation of broadcast signals for delivery on its Network and for this purpose to set up the relevant technical facility, commonly termed as the Headend.
 - ✓ Process of digitalization.
 - ✓ System to implement Pay Channel Encryption to allow Conditional Access to the subscriber through Smart Cards/Embedded Chips.

MSOs Role in successful CAS implementation with Quality of Services(Contd..)

- ✓ Subscriber Management Service through sophisticated hardware and software to create reports for Broadcasters for invoicing purposes and to create invoices to last mile customers.
- ✓ Setting up of IVRS/Call Centres to be manned by trained personnel for all customer requisitions including activation, deactivation, change of programmes, enquiries, customer complaints, etc.
- ✓ **Providing Set Top Boxes with Conditional Access**
- ✓ Delivering Conditional Access through Embedded Chips/Smart Cards.
- ✓ **Complete technical team and maintenance set up for Network Operating Centre and all other equipment.**
- ✓ Distance delivery electronic hardware, transport rentals for optic fibre network.
- ✓ IRD acquisition terms with Broadcasters
- ✓ **Training for STB installation and educating the consumer**
- ✓ **Statutory compliance**
- ✓ Security of customer premises equipment and maintenance thereof.
- ✓ **LCO level education for delivery of CAS**
- ✓ And many more such activities.



CONDITIONAL ACCESS SYSTEM

- The ultimate right to the consumer to pay only for what he wants to view and eliminate viewing those Pay Channels which he is not desirous of viewing is the basic aim of introducing Conditional Access System.
- Transparency to Broadcasters to enable them to collect payments on actual numbers without getting into the hassle of declaration.
- Providing content to authorized viewers only.
- The Government mandate of 2003 has already been implemented in Chennai. The mandate for parts of the Metros of Kolkata, Mumbai and Delhi has also come into effect with effect from 1st January, 2007.
- The rest of the areas in the above Metros are awaiting notification.
- **It is planned to bring 55 cities and towns across the country under the scope and ambit of CAS as per the Government policy.**
- Implementation of CAS has led to the natural move of the MSOs in adopting digital technology for delivery of increasing number of channels to the customer through addressable system.

CONDITIONAL ACCESS SYSTEM (Contd..)

- The singular move transports the industry into international standards.
- The entire world is looking at India as a huge opportunity for participating in this business through content, value added services, interactive services, technical equipment supply, hardware and software for implementation of CAS, etc.
- On an estimate if reasonably implemented, the entire process would cost several thousand crores of rupees.
- **Obviously the role of the MSO in the entire hierarchy becomes all pervasive and essential to carry out this specialized function.**
- The implementation of CAS was to change the face of the industry for ever. This revolution was set about to organize the hitherto unorganized sector making it possible to increase revenue streams and at the same time give more options to the final consumer.

MULTI-SYSTEM OPERATOR IN CAS:

- Interface between Broadcaster and the customer.
- Interface between the Customer and the LCO
- Nodal agency to provide statutory compliance reports to all Government authorities including TRAI.
- Collection and disbursement of revenues to the respective stakeholders - Broadcasters, LCOs, etc.
- Collection of taxes and payment to the Government treasury.
- Gateway for new content whether Pay or FTA.
- Gateway for providing social services like on line education, disseminating essential Government information, commercial information, radio channels, etc.

ECONOMICS:

- Thus it goes without a doubt that in CAS Zone or even in AS Zone the biggest role is played by the MSO. Hence the BIG question that comes up is who invests in setting up, delivering, maintaining and managing this huge infrastructure and how this cost is to be shared amongst the stakeholders/consumers.

Assessment of two major markets in the world:

- In the US, six years after the rollout of digital services, there are upto 19.2 million digital STBs installed in consumer homes, covering just over 26 percent of a total 73 million cable homes.
- In the UK, where cable operators have lost out to satellite in the race to rollout digital systems, there are only 2.1 million digital cable television customers.
- Here of course the basic service charges provides only a few regular Free to Air Channels. Each subscriber then looks at taking a la carte or bouquet of channels at additional costs as per nominated prices.

THE INDIAN SCENARIO:

- The survey notes that the number of C&S homes has increased from 61 million in 2005 to 68 million this year. There are 112 million TV homes in India compared to 108 million last year. The number of homes with a colour television set has grown from 58 million last year to 64 million this year. The increment of 10.4 per cent runs parallel to the growth in C&S.
- It is likely that the television population will cross 100 million homes in the next 10 years.
- **Pricing, quality, reliability and speed, that is the way technology evolves.**
- But pricing is a major issue here as set top boxes will have to be purchased/rented by consumers which they may not be open to doing if price was too high.
- It is to be noted that the CTOs network could deliver one way digital signal accessible through the STB. With so many television viewers and so many STBs to be supplied, it is very necessary to do the right calculations and offer the best of services through the STBs. The MSOs have to do the major investments and the recovery model has to be worked out.

SOME APPEALS TO THE AUTHORITIES:

- For smooth, seamless and speedy implementation of digitalization leading to installation of addressable systems thereby empowering the consumer for Conditional Access, the following aspects may be looked into by the Central and Local Governments:
 - ✓ Categorise the industry as Infrastructure thereby enabling all relevant tax exemptions, priorities and rebates as applicable under the Income Tax Act and other statutory enactments.
 - ✓ Waive Customs Duty for all imports relating to the Digitalization for 5 years or such other period as may be deemed pertinent.
 - ✓ Consider single tax system rather than the present system of charging Service Tax, VAT, Amusement/Entertainment Tax, Licence Fees at various levels, etc. as also exemptions for a “start-up” period.
 - ✓ Recognize the industry for obtaining finance against acquisition of capital goods and working capital on easy terms and concessional rates of interest from Financial Institutions.
 - ✓ Create underground Gateways to be utilized for transportation of signals and services to long haul venues and cable dark areas. This would effectively make available digital signals in places where setting up digital Headend facilities would not be cost effective.

TO SUM UP:

- The call is to work pragmatically in moving towards organizing this hitherto unorganized sector to achieve value which has been recognized in all world markets.
- To bring about a plethora of viewing experience for the consumer at large by streaming exclusive permitted contents.
- To use the Gateway for disseminating social programmes, making available virtual education, reaching the masses.
- Stakeholders to work towards realizing their respective roles and responsibilities for achieving optimum business model and work in cohesion.
- To bring a revolution in the mindset of the viewers by giving them more value for money and making the system reachable to the masses.
- To avoid disruptive inter se competition to create a healthy business model.

SUMMATION CONTD...

- Active and aggressive role of the Government in bringing to ground this reality in optimum with concurrent and conscious application of all stakeholders.
- In a nutshell, all agencies/stakeholders need to think “out of the box” to make the best out of opportunity for the mutual benefit of all concerned and progress towards addressability at a substantial pace.
- ***The entire process will get lost in the event the Time Lines are not specific and implemented in complete harmony.***
- Look at providing means of easy financing models for STBs rather than creating a dependence on FDIs and external funding sources.

THANK YOU

