

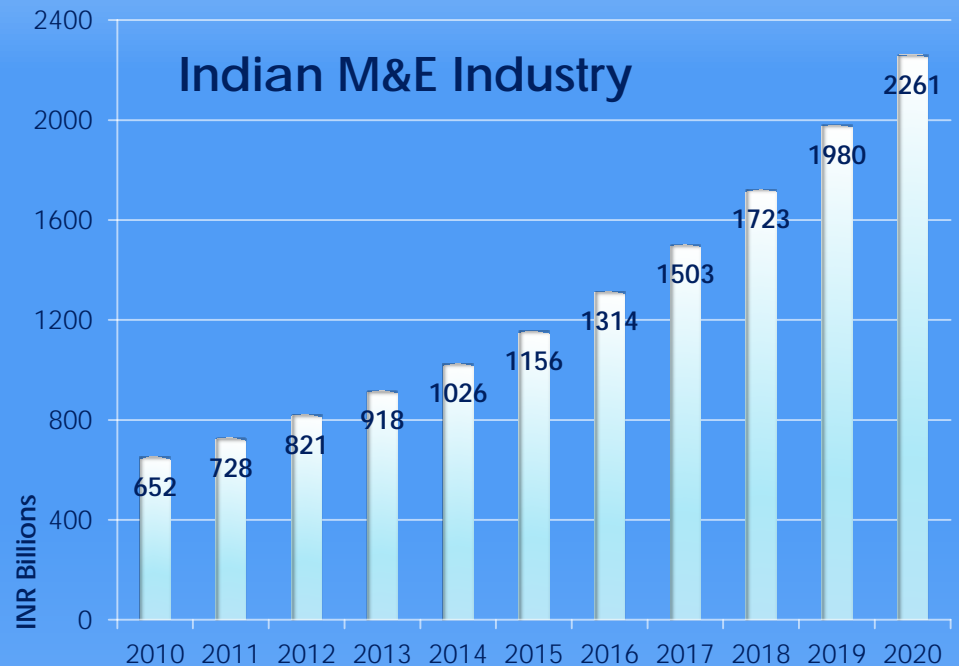
# **“NEED FOR CONVERGED REGULATION IN AN ERA OF TECHNOLOGICAL CONVERGENCE”**

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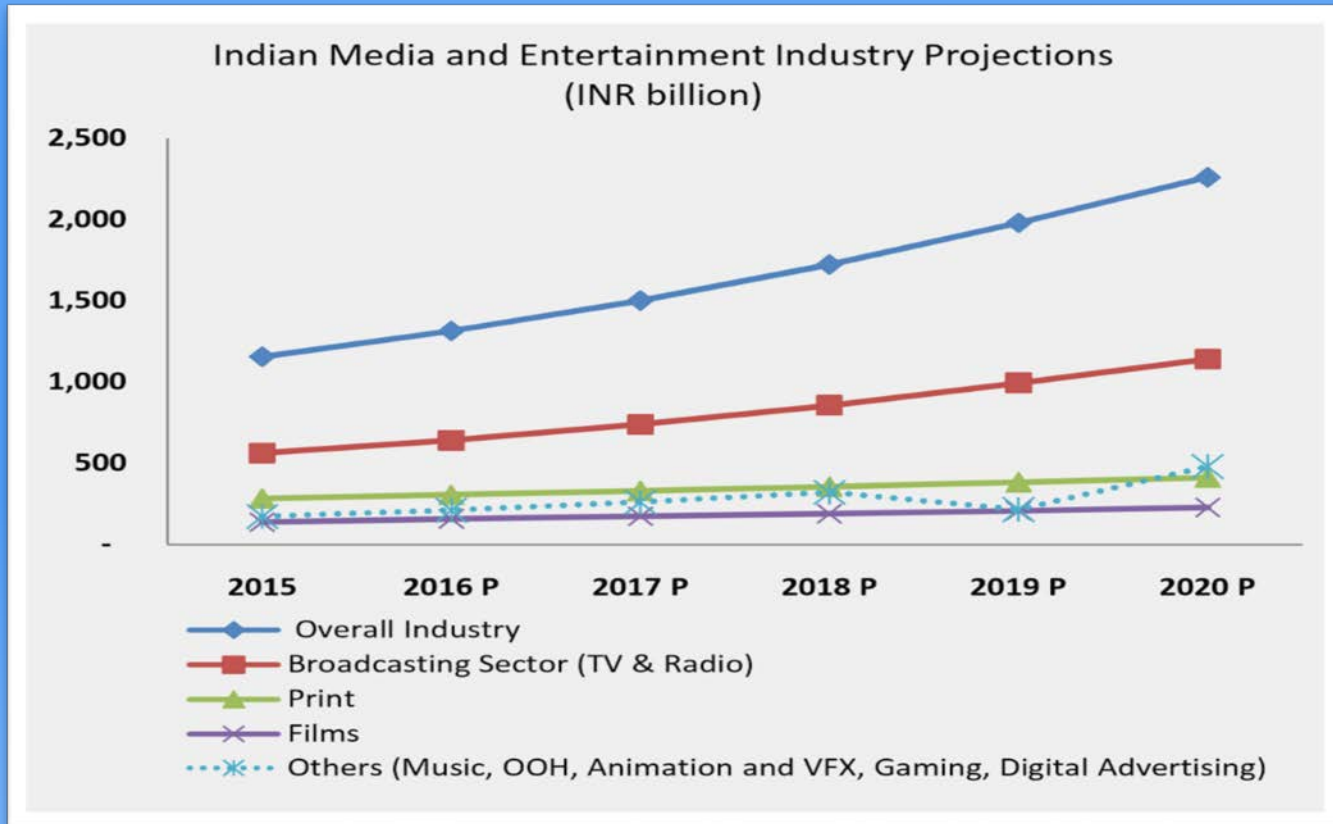
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# The Indian M&E Industry - Highlights 2017

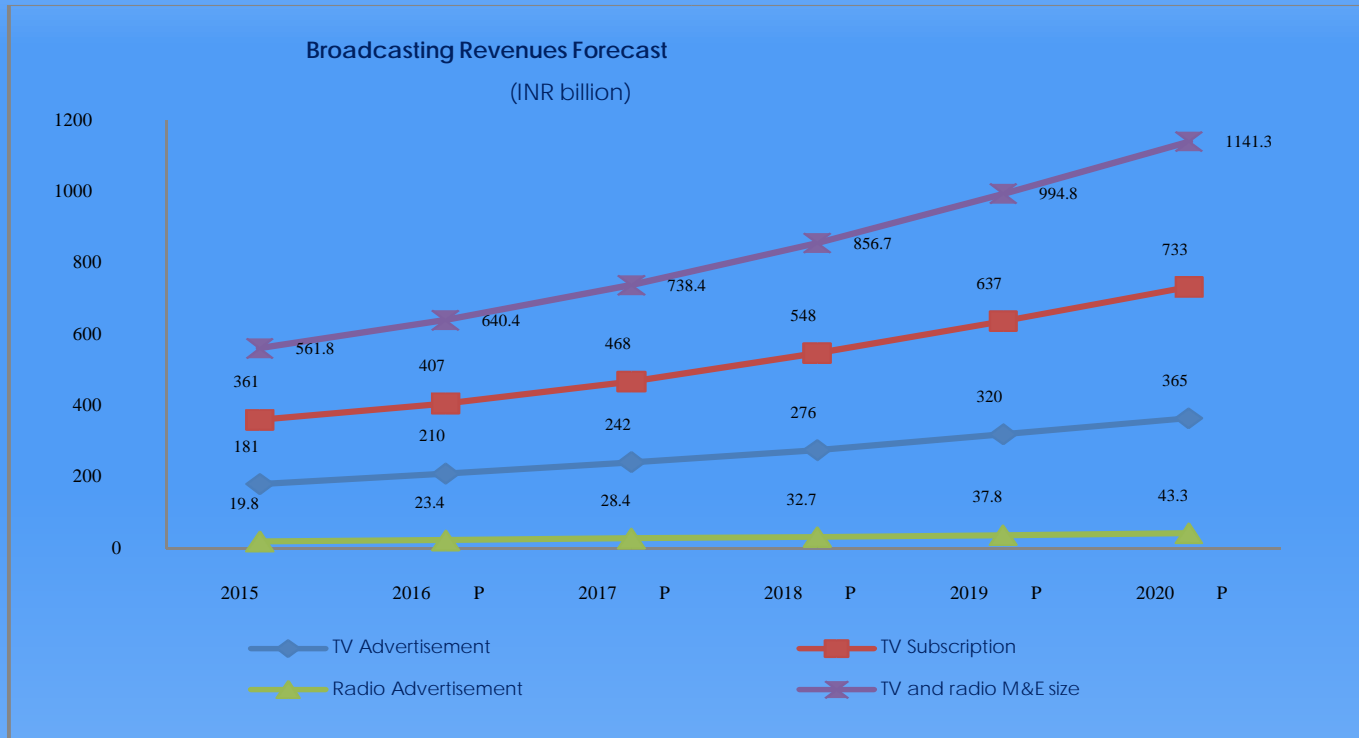
- Valued at over US\$ 17.4bn (1,15,600Cr INR) which is ~0.97% of the global M&E industry (estimated at US\$ 1.8tn)
- Expected growth (13.9%) over the next 5 years is to be higher than the global M&E industry average (at 5.1%)
- TV to grow at 14.7% in next five years.



# M&E Industry Projections, India



# Broadcasting Revenue Forecasts



# Free Dish DTH Penetration

- Free Dish DTH is the world's only Free To Air platform currently reaching out to over **20 million** subscribers.
- Its focus is on Phase 4 rural India.
- It currently offers **80** FTA channels with plans to increase them to **256** channels by 2020.
- ***By 2020 E &Y expects the Free Dish subscriber count to double to 46 million.***
- This will make it the largest distribution platform outstripping all competition in India whether DTH or Cable.
- Currently E&Y estimates **106** million cable TV and **42** million pay DTH and Free Dish and DD terrestrial at **30** million.

# Free Dish DTH Opportunity

- One factor is that the new Tariff Order expected to be launched after all court challenges end in coming months will increase the price of pay TV making Free Dish an attractive proposition for rural India as its service involves a one time expense of roughly Rs.750 and life time free viewing.
- Another factor is focus of BARC on rural India reaching 99 million households.
- All broadcasters have started launching and rebranding key pay channels into FTA offering. Star has recently launched a Sports FTA channel and is rebranding to start 'Star Bharat' in August.
- Broadcasters are actively bidding by e- auction route for being carried on Free Dish at a current cost of Rs.8.00 crores a channel. The new regulations ironically put curbs on MSOs for carriage fees.
- News channels are taking most of the slots on Free Dish as 81 percent of FTA viewing nationally is for news channels.

# Dawn of Media Convergence in India

- Media Convergence is no longer a buzz word but a reality in India today.
- It has been pithily described as a ***“phenomenon involving the interconnection of information and communication technologies.”***
- This brings 4 Cs together- Computing, Communication, Content and Choice.
- Till a year ago, Jio and Netflix were starting off-today they are vibrant businesses disrupting conventional media.
- The surprise package of 2017 is Free Dish DTH of Prasar Bharati reaching out to over 20 million homes not only in rural areas but now spreading inwards to metros too. Reliance Jio will shortly offer TV on mobile which can be cast on to outmoded TV sets in rural India opening up new benefits for rural India.

# The Convergence Paradigm – Future Trends...

- Convergence is shaping the future of communications, redefining the industry and changing the role of marketing as a function within business organizations.
- People, not only devices, are driving convergence.
- Audiences and consumer segments will be driven by their connected cultures rather than shared demographics or psychographics.
- This will make the contribution of communications to a business much more visible, immediate and directly measurable.
- In the future, the data that connected cultures will generate when interacting with brands, will help to develop more sustainable businesses models. This is already happening in USA.
- This will benefit people, business and society as a whole.
- For Regulators and Governments this poses a potent challenge for creating a genuine level playing field.



# Key Game Changers – Vision 2020

## Content Creation, Aggregation/ Development

Traditional TV service is at risk. Cable TV Networks will have to look into producing and providing regional content.

Cable TV Networks and DTH will need to develop their own OTT Service.

Cable TV companies need to strategically reinvent their packaging to stay competitive in the digital era.

## Consumer Focus:

The consumer is literally going to be the King. Cable Networks need to change gears to catch up with Service and Quality.

Customer is going to be ever demanding after the new Tariff is implemented, the multiple regulations will arm the consumer with "**Power of Consumer Choice and Quality Service**". Consumers are moving to demand uninterrupted Ad free programming. A spike in Subscription revenues is anticipated.

Hence the need for Cable companies to develop systems to provide services and billing facilities as per the choice of Consumer on an individualized basis..

# The Opportunities in Media - present dynamics

- The new Regulatory framework will provide a tectonic shift for the Broadcasting and Distribution platforms and the new wave of digitalization across the Media and Entertainment value chain
- The synergies of Digital Distribution Platform along with the new wave digital of multi screen and '**any time viewing**' will need new innovative models of growth and customer requirements
- The content viewing is shifting from channel to programme viewing with multi gadget and multi platform, through satellite, internet or the classical fiber chain.
- The digital applications driven ease for customers and channel partners are the way for new models of integrated hybrid business of the old classical regime and the new order of the digital, which cannot be wished away.
- The Government of India and the Telecom Authority of India, have provided a continuous impetus for harmonizing and channelizing the Media industry, primarily in Broadcasting distribution for a gigantic growth.

# How has data driven convergence impacted media industry

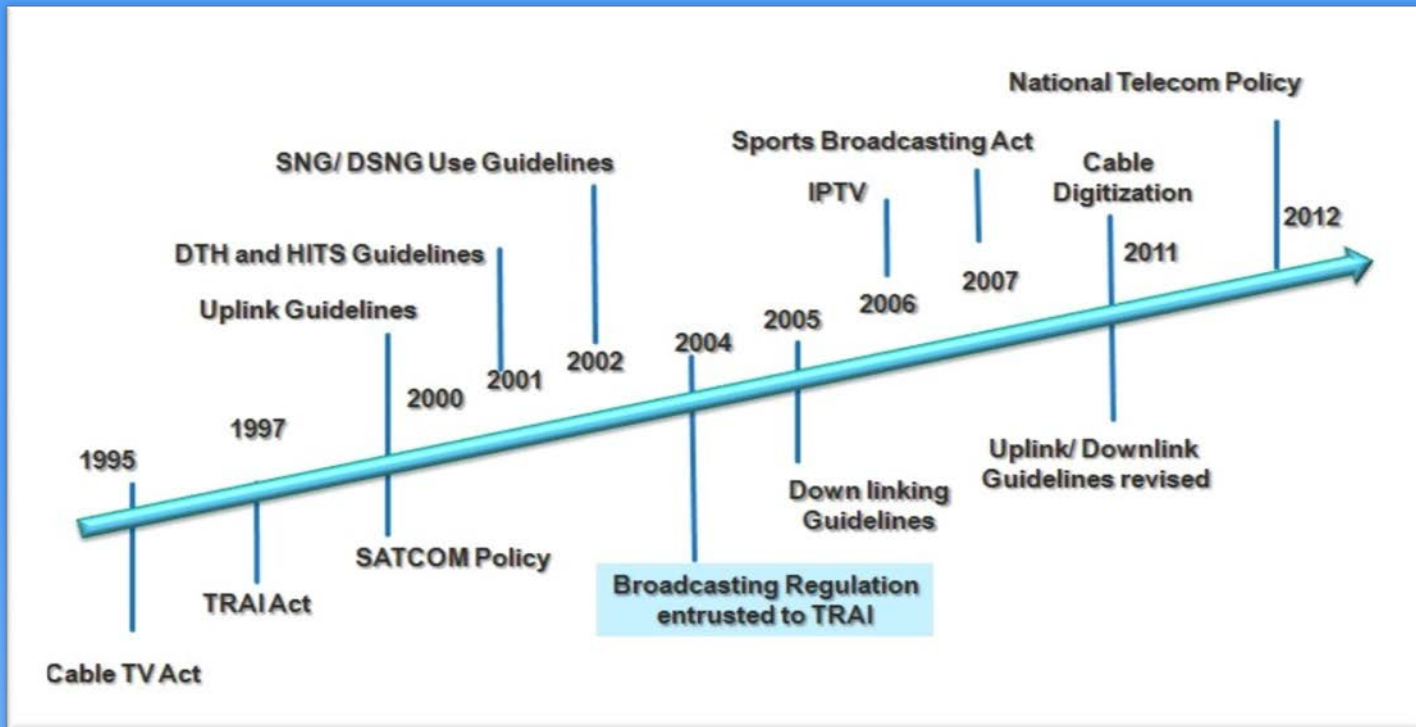
**Digital Content** – Design of rich media content by open and standardized tools for content creation, storage, representation, and indexing ensuring interoperability of various content formats, including efficient search and selection engines, utilizing emerging 3D technologies, and creation of new innovative media applications.

**Distributed Media Applications** – Realization of integrated multi- content communications, integration of classical and new media applications and creation or adaptation of content dedicated to specific user groups, supported by novel open software and tools for integration of multimedia communications applications.

# How has data driven convergence impacted media industry

- **Future Media Delivery Networks and Network Services** – Establishment of autonomous networking and communications architectures, multidimensional network interoperability, universal and seamless service provisioning, Quality of Service and Quality of Experience in future service aware networks for media transport.
- **New User Devices and Terminals** - Integrated, scalable, and modular multimedia devices and gateways for work and home, portable and mobile devices with auto-configuration and auto-maintenance features and application programming interfaces for new media applications.
- A new report says consumers are increasingly demanding an individual, customized content experience use of block chain technology will help to sell individual low priced bundles without high bundled transaction costs. This will help direct selling eliminating both broadcasters and distributors.

# Broadcasting Policy milestones



# India Constitution Permits Regulation of Electronic Media

It is well known that the VIIth Schedule of the Indian Constitution empowers Central Government to make laws on electronic media.

Yet the governing Acts are the Indian Telegraph Act 1885, the Indian Wireless Telegraphy Act 1933, the Cable and Network Regulation Act of 1995 and the Telecom Regulatory Act of 1997.

Broadcasters need to abide either by the extant Up-linking or Down-linking Regulations. All they need is a GOPA (Grant of Permission Agreement) and a Wireless Operating License.

Same goes for DTH operators and HITS operators who are also governed by extant guidelines.

# Epochal Supreme Court Judgment on Airwaves

- In a prolonged litigation on cricket rights of private sports bodies the Supreme Court passed an epochal judgment which till today is yet to be implemented.
- The Supreme Court in MIB vs CAB AIR 1995 SC 1235, held that “ The Indian Telegraph Act 1885 is totally inadequate to govern an important medium like radio and tv-broadcasting media....
- It is therefore imperative that the Parliament make a law placing the broadcasting media in the hands of a public/statutory corporate or corporations as the case may be.
- This is necessary to safeguard the interests of public and interests of law as also to avoid un-certainty, confusion and consequent litigation.”

# Broadcast Bill 1997 – Noble Objectives - Zero Passage

- In May 1997, Government introduced a Broadcasting Bill to give effect to the Supreme Court direction of 1995 to take “immediate steps to establish an independent public authority representing all sections and interests in the society to control and regulate the use of Airwaves.’
- This would be done by setting up an autonomous Broadcasting Authority of India to ‘regulate broadcasting by licensing broadcasters, allocating frequencies on the electromagnetic spectrum monitor quality, cost and content of service.’
- This Bill introduced compulsory downlink of channels from Indian territory.
- It aimed to provide a level playing field and was aimed at facilitating private broadcasting to “ensure variety and plurality of programmes required in different regions and different sections of society in this vast country”
- It banned cross media ownership and foreign ownership.
- No political parties or publicly owned bodies would be granted a TV License.
- The Bill never got passed



# Broadcast Bill 2006 Statutory Recognition to Guidelines Scuttled

- The preamble to the bill clearly stated the objective to promote facilitate and develop in an orderly manner the carriage and content of Broadcasting.
- It intended to provide for the establishment of an independent authority to be known as the Broadcast Regulatory Authority of India for the purpose of regulating and facilitating the development of broadcasting services in India.
- It further stressed that “whereas airwaves are public property and it is felt necessary to regulate the use of such airwaves in national and public interest with a view to ensuring dissemination of content and in the widest possible manner.’
- The Bill also sought to give statutory recognition to guidelines issued for regulating Broadcasting Services.
- This Bill faced concerted efforts at stalling and scuttling by interested parties leading to it lapsing despite the clear objective of facilitating growth but also regulating airwaves which are and remain public property.

# Communication Convergence Bill 2001 Derailed

- This was truly a revolutionary effort to establish a single regulatory framework addressing all issues relating to carriage and content of communications including broadcasting, telecommunications and multi media.
- The aim was to promote, facilitate and develop in an orderly manner the carriage and content of communications to facilitate the development of a national infrastructure for an information based society ..
- And to establish a regulatory framework for carriage and content of communications in the scenario of convergence of tele-communications, broadcasting, data-communication, multi-media and other related technologies and services.
- This bill never saw light of the day.

# OTT Flourishes in Absence of Regulation

- In the past one year a new service has caught the imagination of the masses. This is known as Over The Top content. It has already established hold in the USA with India and China rapidly catching up.
- Netflix, Amazon Prime and Hotstar are among 20 or more OTT Platforms offering freemium content varying between 600 a month for Netflix to 499 a year for Amazon Prime.
- This is being consumed through mobile apps, Google chrome cast and directly to Smart TV.
- The business models are evolving with live content; download to own digital content; video on demand; advertising supported services and transaction supported one time services. India has adopted monthly subscription service.
- As OTT matures, Amazon Prime has announced 18 original shows for India while Netflix focuses on internationally popular Original Serials.
- Regional OTT players have also entered from South India.
- At present there is no Indian regulator even examining whether the content meets cable guidelines for advertisement and programming nor any licensing is necessary for OTT platforms. Its truly the Wild West.

# OTT Flourishes in Absence of Regulation

- 16 years ago the Government placed a revolutionary Convergence Bill to regulate all forms of communication in public interest but at same time with a clear objective of providing plurality of content in this vast nation.
- Today with the advent of OTT/Mobile TV, IPTV and many more new tech choices to come the Cable Act is obviously not enough.
- The whole new game today is to talk of self regulation.
- This is negatory of the SC directive of 1995 in the CAB case and is certainly not in public interest.
- There is a danger of cartelization, huge monopolies and frustration of Article 19 1 ( A) and Article 14 Constitutional Rights.

# Need For Independent Electronic Media Regulator

- The self regulatory bodies of IBF & NBA though having a sizeable number of members do not have a substantial numbers of members.
- A lacuna both in law and regulation in new platform deliveries and OTT platforms,
- Liability and responsibility on “app drivers” sites which provide data absent, with such sites having a free run.
- Time has come for a national debate.

**THANK YOU**