



Advisory Report

Cable Show 2011: Competition in the Cloud for TV Everywhere Service Delivery

June 30, 2011



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■ Summary

One clear theme to emerge from the 2011 Cable Show, held in Chicago on June 14-16, is the expansion of TV Everywhere service enablement beyond major cable operator initiatives to virtually any size operator (cable or telco) by leveraging cloud-based offerings hosted and managed by infrastructure vendors. Hosted services are usually implemented in more mature markets, where standards and best practices have been established, facilitating the leveraging and sharing of infrastructure for multiple clients. However, in the case of TV Everywhere services, where operators are facing immediate competitive threats from OTT offerings, hosted solutions provide a rapid time-to-market while addressing the complexity inherent in delivering content to multiple screens (i.e., TV, PC, tablet, mobile phone) and across multiple networks (i.e., cable, managed IP, Internet, wireless).

There are common attributes to TV Everywhere services that all hosted offerings embody. These include the enablement of consistent user experiences across all devices, intelligent distribution of content across the network to alleviate bandwidth burdens, and seamless integration into existing systems for functionality such as authentication, billing, and resource management. It should not come as a surprise that these attributes for TV Everywhere mirror the “client, network, cloud” architectures being bandied about the industry. Therefore, in this context, competitive differentiation will need to focus less on architectures, which are similar in many ways, and more on unique implementations of these attributes, which result in reduced costs, faster time-to-market intervals, better experiences, new business models, etc.

■ Current Perspective

In the table on the following pages are six of the more compelling vendor announcements and demonstrations at this year's Cable Show which address the TV Everywhere opportunity with a hosted/managed service offering.

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TV Everywhere: Compelling Vendor Announcements and Demonstrations At This Year's Cable Show

Company	Description of Offering	Perspective	Vendor Impact	Market Impact
<p>Adara Technologies: hosted switched digital video (SDV) offering</p>	<p>Cisco partnership to offer hosted SDV for mid-to-small sized operators. Adara's hosted SDV solution is implemented from its Toronto-based headend, incorporates Cisco technology for SDV, supports Cisco's advanced hybrid RF/IP STBs, and offers customer financing in coordination with Cisco Capital.</p>	<p>Moderate. Adara is driving Cisco's SDV technology into the lower-tier MSO market with its hosted solution. Most significantly, SDV is a stepping stone to enable MSOs to adopt IP video, for which Adara is preparing a hosted version of Cisco's Videoscope architecture. Given Cisco's Videoscope Express offering (introduced at the Cable Show), Adara will have a pre-integrated/ tested solution for its hosted multi-screen service.</p>	<p>High. Adara is claiming compelling time-to-market advantages (four months to launch SDV), cost savings (absorbing 80% of SDV costs), and capacity growth metrics relative to alternatives such as 1GHz plant upgrades, analog reclaim, and MPEG-4 compression (over 500% increase in HD channel counts). Combined with Cisco backing, Adara has a strong proposition for its hosted SDV service.</p>	<p>Moderate. Although Adara claims to have traction in terms of deployments and a customer pipeline with 50 to 100 operators, it has only announced a single customer, Cable in Canada, which has 4,200 subscribers. It remains to be seen how effectively Adara can scale its hosted SDV offering to support all its customers from its single head-end facility. Meanwhile, the impact on multi-screen/TV Everywhere services is longer-term, awaiting the incorporation of Videoscope. Motorola faces a direct threat given its presence in the lower-tier market, which Adara/Cisco are positioning to displace at the headend (SDV technology) and consumer home (STB).</p>
<p>Alcatel-Lucent: strategic alliance with thePlatform and multi-screen video platform launch</p>	<p>Integrates Alcatel-Lucent Velocix content delivery network (CDN) infrastructure with thePlatform video management capabilities. The joint offering is positioned as a solution for extending existing operator environments with an integrated platform for managing and optimizing the delivery of broadband delivered content while creating a more unified workflow.</p>	<p>Positive. In contrast to competing approaches which also combine cloud, network, and client elements, Alcatel-Lucent and thePlatform can differentiate by delivering an integrated multi-screen solution that combines thePlatform's cloud-based video management platform with the Velocix video delivery technology, as well as clients to enable seamless playback on multiple screens. Preserving thePlatform's independent credentials as an online video platform (OVP) improves Alcatel-Lucent's positioning to penetrate the cable operator market.</p>	<p>Very High. Alcatel-Lucent gains an end-to-end online video offering across content ingest, management, and delivery to counter the advances of competitors such as Cisco and Motorola and stay ahead of Ericsson, all of which have deeper ties into the cable operator market. In a hosted deployment model, the joint solution leverages thePlatform's cloud-based capabilities and Alcatel-Lucent's growing managed services credentials in video delivery.</p>	<p>High. The non-exclusive strategic alliance does not present a significant or new competitive threat; both companies have already been delivering integrated solutions to joint customers. However, it raises the competitive intensity and consolidation pressures for the online video platform and video content management market segments. While vendors such as Cisco, Concurrent, and Motorola have already executed acquisitions in this space, independents (such as Brightcove and Clearleap) remain. The strategic alliance further highlights the importance of hosted and managed service delivery models to the video market.</p>

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TV Everywhere: Compelling Vendor Announcements and Demonstrations At This Year's Cable Show (Continued)

Company	Description of Offering	Perspective	Vendor Impact	Market Impact
<p>Avail-TVN: launch of AnyView managed multi-screen video solution</p>	<p>AnyView is a fully managed TV Everywhere service offering targeting Tier 2/3 operators. It is available as an end-to-end solution or via modular elements (i.e., bring your own CDN or clients).</p>	<p>Very Positive. AnyView is a highly differentiated approach to the TV Everywhere market. Unlike nearly all rivals, Avail-TVN can leverage its established relationships with over 250 content owners providing over 16,000 hours of content. The B2B/content side of the TV Everywhere equation is probably the most complicated and least addressed by any vendor, yet Avail-TVN has strongly positioned itself to address that aspect. Avail-TVN has established transport rights for the delivery of linear and on-demand video; content rights are to be established by each operator. Yet, AnyView has already secured multipatform movie rights and permissions.</p>	<p>High. AnyView is a key part of Avail-TVN's transformation into a digital media services company. It includes technology for content preparation, aggregation, ingest, delivery, monetization, and reporting. As a managed service offering, Avail-TVN has constructed its own video distribution network (VDN) which consists of hybrid satellite and fiber networks, edge caching sites, and adaptive bit rate streaming of content from Avail-TVN's centralized headend in California.</p>	<p>High. Avail-TVN has invested roughly \$30 million into its platform for TV Everywhere. This is roughly 10% of what Verizon Wholesale has invested in its own digital media services offering. While Verizon's scale and scope is significantly broader, the question will be which investment will garner the faster ROI. Given that Avail-TVN enjoys existing relationships with content owners, and does not have conflicting/competing interests with its customers, the path to ROI seems smoother than rival approaches.</p>
<p>BigBand and Clearleap: introduction of a joint solution for IP video delivery</p>	<p>Joint solution integrates BigBand VIP PASS and Clearleap's hosted Stream On Demand system to deliver managed linear and on-demand content to IP-connected devices.</p>	<p>Moderate. The joint solution leverages Clearleap's proven hosted video platform capabilities, such as service management, stream/cache management, back-office integration, and client management. When combined with BigBand's bandwidth management solutions, the joint offering enables operators to deliver content efficiently over existing DOCSIS infrastructure to multiple screens. Yet, when compared to rival offerings (i.e., Alcatel-Lucent/thePlatform, Avail-TVN, etc.), the joint solution lacks elements of a more complete, end-to-end managed TV Everywhere service.</p>	<p>High. Clearleap needs to continue broadening its partnerships to accelerate the adoption of its hosted video platform, especially in light of the strategic alliance Alcatel-Lucent forged with thePlatform, which potentially muddles Clearleap's existing partnership with Velocix. BigBand gains a compelling driver for the adoption of its solutions (i.e., VIP PASS, CVEx, SDV). By referencing the OTT threat, BigBand can utilize the integration with Clearleap to accelerate adoption of its own bandwidth management platforms, which have a renewed use case in enabling TV Everywhere services.</p>	<p>Moderate. The joint solution for IP video delivery which BigBand and Clearleap demonstrated at the Cable Show is further evidence of the rising competitive intensity for hosted solutions that manage multi-screen video delivery. However, the joint solution must contend with more comprehensive alternatives for delivering consistent and seamless user experiences across multiple screens, incorporating elements such as CDN technology (i.e., Alcatel-Lucent's Velocix platform) as well as content rights management (i.e., Motorola's Medios service management suite).</p>

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<p>EchoStar: launch of its Aria solution</p>	<p>Based on EchoStar's new HC-620 DRS hybrid (QAM+IP) STB with DVR, Aria leverages sling technology to deliver content to any device, anywhere from EchoStar's hosted platform for online video.</p>	<p>Positive. EchoStar is introducing an end-to-end offering for TV Everywhere services catering to smaller MSOs. The Aria offering provides a rich HD interface to content hosted in EchoStar's two data centers. Sling technology, combined with capabilities gained from Move Networks, enables content to be place-shifted from subscriber DVRs both within and outside the home. Most significantly, EchoStar is negotiating the content rights on behalf of operators. While Aria fits into existing environments, such as Cisco/Motorola headends, and can support content originated from Availi-TVN or Comcast Media Center, cable operator adoption will require overcoming a corporate lineage derived from Dish Network.</p>	<p>High. Aria is a renewed effort for EchoStar to grow in the large cable operator market with a new strategy: shifting from STB infrastructure to a hosted service model. The linchpin for Aria remains the hybrid STB/DVR; however, the value proposition rests on the ability to enable quick IP delivery of content with Sling technology and the leveraging of a hosted video platform managed by EchoStar.</p>	<p>High. EchoStar, similar to Availi-TVN, has built out an infrastructure to support its hosted TV Everywhere service. EchoStar's data center play is already proven, given that it currently supports Dish Network. Aria is also a disruptive offering in the emerging TV Everywhere market. It offers a faster time-to-market with out-of-the-box sling technology for place-shifting content to any device and anywhere. Uptake of Aria poses a competitive threat to Motorola, whose STB deployment among lower-tier MSOs is potentially at risk.</p>
<p>Motorola Mobility: launch of Medios Xperience platform</p>	<p>Cloud-based applications platform for merging video and Web content to create personalized, interactive, and multi-screen experiences.</p>	<p>Moderate. Motorola Mobility has been continuing to enhance its Medios multi-screen service management suite with acquisitions and new capabilities. Medios Xperience has long been on the roadmap, and its launch is a significant milestone for the company's software and converged experiences business. Yet, the capabilities enabled by the Xperience platform are not particularly differentiated (an applications layer platform separate from control and content transport layers), and it remains to be seen how quickly it will be adopted by operators and developers for their revenue-generating multi-screen applications.</p>	<p>High. Medios Xperience provides Motorola Mobility with a cloud-based platform for delivering TV applications that merges video content and Web content for personalized, interactive, and multi-screen experiences. Motorola Mobility has already launched several core experiences (i.e., applications), including companion device remote and companion device streaming. The launch of Medios Xperience reference implementations and SDK enables operators, third parties, or Motorola to develop and implement new revenue-generating multi-screen applications rapidly.</p>	<p>Moderate. The main question for Medios Xperience is how quickly it will be adopted by operators and third-party developers that are being inundated with applications platforms for multi-screen and TV Everywhere services. Although as part of Motorola Mobility's Medios management suite, Xperience leverages proven and deployed functionality across a complete architecture, which already includes elements such as ContentManager (workflow), VideoFlow (asset management), SecureMedia (content rights), EDGE HomeCenter (home networking), EDGE Manager (remote management), Merchandiser (personalized marketing), and Social TV (interactivity).</p>

Company

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 Recommended Actions

Recommended Vendor Actions

- Motorola Mobility needs to protect its presence at the low-end of the MSO market from competitive encroachment. Both Adara and EchoStar offer hosted solutions whose implementations will result in the replacement of Motorola STB deployments, as well as cable bandwidth management and access infrastructure. Motorola announced its own hosted SDV offering a year ago, but has yet to reveal a customer implementation. Of all vendors, Motorola's expertise is ideally suited to this managed service model. Motorola Mobility's Televation product can further protect its positioning among small MSOs, with a solution for transcoding MPEG delivered content into IP streams that can be securely delivered to connected devices within the subscriber home.
- Alcatel-Lucent needs to direct its technical and thought leadership towards helping the industry address the business model obstacle to TV Everywhere service delivery. To this end, Alcatel-Lucent's application enablement approach is ideally suited to opening up various operator assets for managing the multiple touch points along the content value chain, such as uniting subscriber authentication and payment/settlement with content owner syndication and contract rights management.
- Avail-TVN needs to highlight the end-to-end aspect of its AnyView platform, which is among the broadest managed service offerings for TV Everywhere available in the industry. In particular, the company needs to highlight the B2B side of AnyView, where it has established content owner relationships, content transport rights, and multiplatform transactional VoD distribution rights. Avail-TVN can establish industry leadership here, helping to unlock TV Everywhere's potential value to content owners, operators, and subscribers.
- Although Clearleap is a partner within Alcatel-Lucent's Velocix strategic alliance program, Clearleap needs to explore its options for CDN partners, in light of the strengthened relationship between Alcatel-Lucent and thePlatform. One option for Clearleap is to reinforce its existing partnerships with vendors such as ARRIS.
- Cisco needs to differentiate its Videoscape solution by pointing to the benefits of its Media Suite content management component (which it gained from ExtendMedia) as an internal element of the solution, as opposed to Alcatel-Lucent's reliance on thePlatform's mpx platform. Cisco can also point out that Videoscape is already in deployment with the thePlatform at Telstra, to chip away at the "strategic" cache of Alcatel-Lucent's announcement. Cisco also needs to develop its own hosted/managed service approach for Videoscape.

Recommended User Actions

- Operators looking to deliver TV Everywhere services need to consider the various hosted/managed service options currently being offered by infrastructure vendors. One key differentiation point is to determine the extent of the end-to-end capabilities being offered, and how managed TV Everywhere services integrate with existing infrastructure (such as back-office, subscriber, and resource management systems) to deliver seamless user experiences across multiple devices. Additional key elements to consider are content distribution (i.e., CDN) capabilities, which are lacking in the Clearleap/BigBand offering, third-party in the EchoStar Aria offering, and integrated into the Alcatel-Lucent/thePlatform offering.
- Operators need to query each vendor on their hosted/SaaS/PaaS deployment models. For instance, Alcatel-Lucent and thePlatform recommend their joint offering be deployed in a hybrid model, with the video management hosted and the content processing and delivery owned by operators. Avail-TVN's AnyView service is modular, enabling operators to bring their own elements (i.e., CDN, video processing) for integration with the AnyView managed service.