



Mobile TV


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Mobile TV: Huge Market Potential

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Market researches show strong appetite from European consumer toward TV/Video/Radio services

- An IDATE/L. Harris market survey shows that 24% of mobile population ready to pay more than 10€/month for a 15 mobile TV channels service

Mobile TV/Video is spontaneously perceived as a natural evolution (from Focus groups)

- "I am curious and anxious to try"
- "Very interesting...very innovative"

Correlated by early feedback on consumer 3G usage

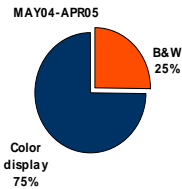
- Mobile TV on 3G is already a bet on the availability of a mobile broadcast system

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Terminal segmentation – Italian Market

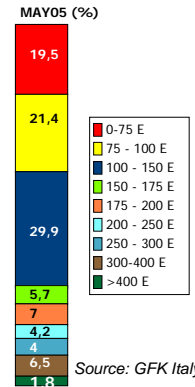
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More than 40% share of the total market is still made by phone with price below 100 Euros of which the entry level range with a price below 75 Euros weigh on around 19%.

In the total sales market of the last year (18,6 milion) were:

- 25% black&white screen phone
- 53% no camera phone
- 35% no Java phone
- **31% no MMS phone**
- **82% no Bluetooth phone**
- **81% no UMTS phone**



Entry level phones are still generating large sales volume.

Special offers and promotional activities on low-end give the Operators the opportunity to get new customers by low acquisition costs.

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New media value proposition

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Create cross media synergies: mobile, broadcast and Internet interactivity in a consistent experience



User Centric services aiming at creating value to the end user:

- End-users will follow the event/program/content wherever they are
- End-users will interact with the event/program/content **and with services to enhance the event experience beyond TV**
- A more **PERSONALIZED** entertainment experience



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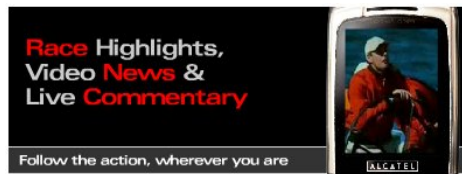
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Media Synergies: 32° America's Cup project

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- Alcatel has developed a range of **content-rich new media services** for **Mobile and Internet** consumers based on the exclusive new media rights for the 32nd America's Cup.
- Allowing end-users to access a wide range of multimedia services: video, browsing, push (sms & mms for mobile services), games, TV interactivity



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User Centric services Mobile TV as part of a complete user experience

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Challenges for Mobile TV from end-user perspective

Services

- **Live to air television**
 - Popular and Specialist channels
 - "Out of town" channels of roamers
- **Time-and-place shift TV**
 - Watch live TV, but when you like
 - Move seamless from one terminal to another
- **Video on demand**
 - Short life special clips
 - Music chips, news programmes,
 - Movies, serials, etc.
- **Interactivity**
 - Associated m-Commerce (Ring tones, Pay-per-view, etc.)
- **Audio programme**
 - Music, news, etc.

Minimum user requirements

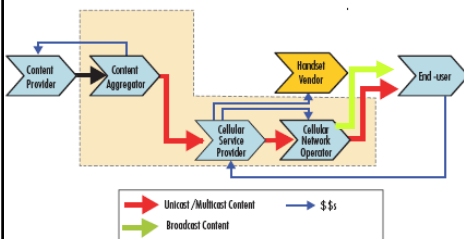
- **Coverage at least equal to mobile networks**
 - Indoors
 - Rural
 - Roaming
- **Unicast/Broadcast combination will be required**
 - Mix of free to air and pay TV sources
 - Popular channels are obvious but others represent sizable market
 - Mix of common channels plus operator exclusivity
- **Fast channel swapping**
 - Zapping on live TV



What business models

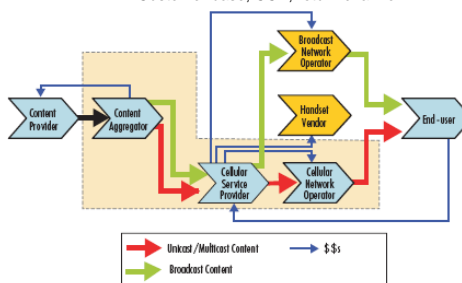
MSP only approach

- services, revenues, networks, payment, terminal subsidizing in one hand
- Stepwise network upgrade to multicast via MBMS, or capacity enhancing with HSDPA/HSUPA and to 3G LTE possible
- Only commission to content owner
- Proven business model (i-Mode, v1 live, Orange TV, ...)
- Cost economics only for small penetration



MSP led approach with broadcasting network

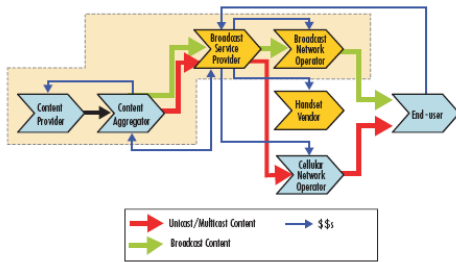
- MSP collects revenues
- Content provider and broadcast network operator are subcontractors
- Terminal subsidizing as known
- 3 major MSP assets:
 - Customer base, CCB, return channel



What business model

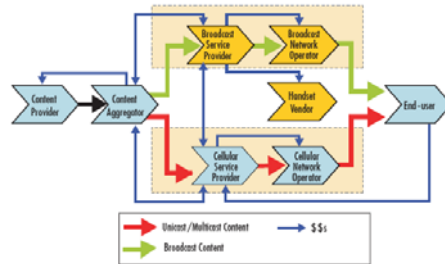
Broadcaster led approach with MSP

- Broadcaster collects revenues, MSP is subcontractor
- Who "owns" the customers?
- Free-to-air model with advertising revenue only is unlikely



Consortium approach

- MSP "owns" the customers
- MSP collects revenues
- Broadcaster package content into channel and sell these to MSP
- MSP package broadcast channels, own specific channels and contents
- Both contribute with unique skills and resource



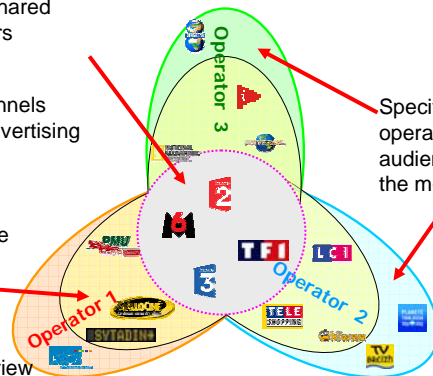
Building a Mobile Broadcast Multiplex (Consortium approach)

Common services shared between all operators (Broadcasted)

- Most popular channels
- Subscription & Advertising

Specific services to a single operator targeting a large audience (Broadcasted)

- Premium channels
- Subscription & Pay per view



Specific services to a single operator targeting a limited audience (Unicast using the mobile network)

- Thematic channels
- Subscription & Pay per View



Drivers and inhibitors for mobile TV as a business opportunity for MSPs

drivers

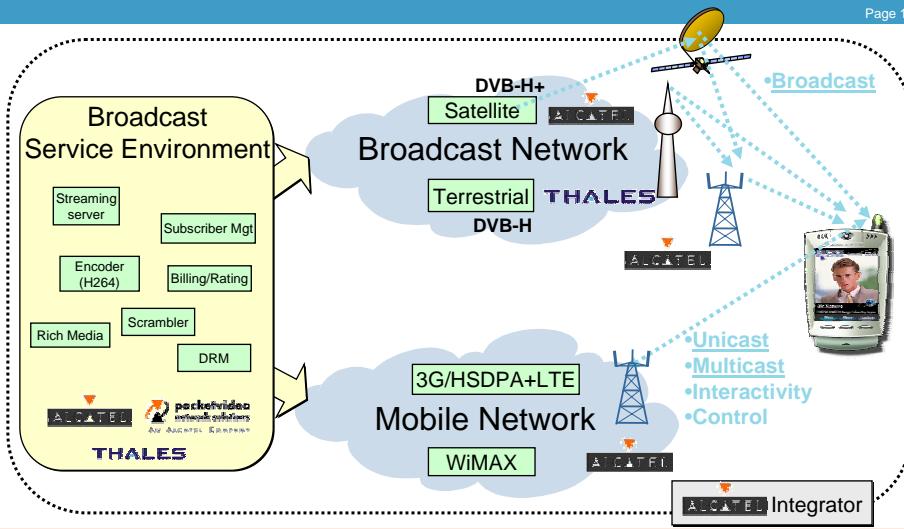
- Proven market demand
 - TV is well established and adopted for the last 50 years
 - Revenue is generated already now
 - Users are willing to pay
- Privacy is a elementary user need
 - Mobile devices meet perfectly the end-user need for privacy
- MSPs can position as distribution channel for content providers
 - MSP assets are customer base, CCB, and return channel
- If no bypass of MSPs network possible
 - Mobile TV with personalized interactive channels protects MSPs value of the network
- Protection of terminal subsidiary investment
 - Mobile TV offering secures income for MSP to compensate terminal subsidiary expenses

inhibitors

- Terminal availability
 - New generation of terminals needs to be marketed
- Dependency to adoption of pay TV services
 - But high willingness to pay in mobile world
- Investment in new network components necessary
 - But business case available showing an IRR > 20%

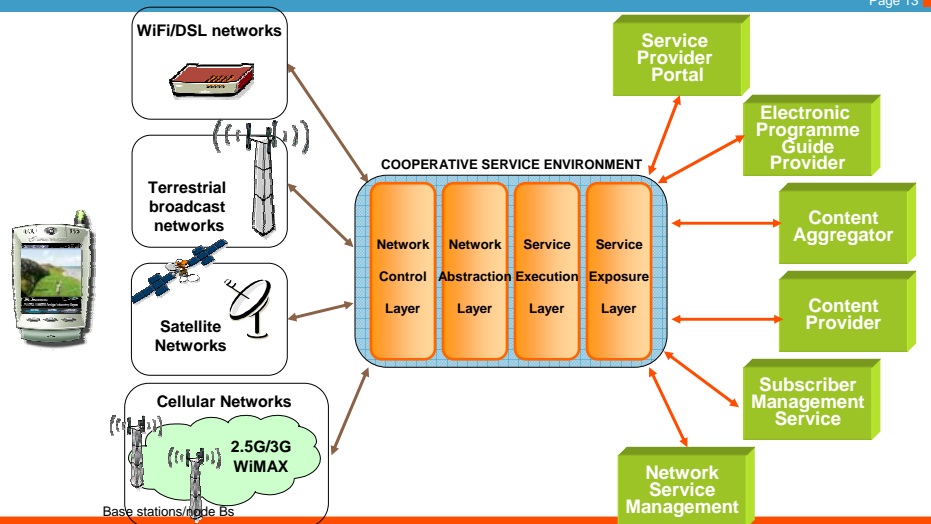


Alcatel Mobile TV proposition



Alcatel offers a Converged end-to-end solution for IPTV and Mobile TV

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Mobile TV – Recap

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- Market potential: Mobile TV perceived as an evolution of 3G video services and Personal Entertainment environment
- End-user perspective must drive services & solutions proposal
 - Mobile TV as part of a complete user experience
 - Live to air television could be not enough: Time-shifted TV, VoD, interactivity
 - Minimum user requirement: coverage, quality (contents, performance)
- Consortium approach and Media synergy can do the difference
 - Synergy between broadcast, multicast, unicast & interactivity
 - Innovative mobile services
- Hybrid solution combining terrestrial and satellite
 - Only solution to offer nationwide coverage starting from day one
 - Reduce the number of repeaters & and increase number of TV channels
- European technology for the international market

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Thank you

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