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# Broadcast Services Market



- The Content Management and Distribution market depends on some 23.000 unique channels feeding about 30,000 satellite TV signals.
- The media business is evolving as viewership habits change, with end users demanding access to content on multiple devices, at their convenience and in all locations.
- **Revenues from** outsourced Content Management and Distribution services, including those used to create regional feeds, reached US\$ 3.5 billion in 2013.

### by Daniel Freyer

ccording to a just-published report from Euroconsult, the global consulting firm specializing in space markets, the content The North American Capacity Scene management distribution market depends on some 23,000 unique channels feeding about 30,000 satellite TV signals today. Linear channel growth is led by emerging digital markets includ-

ing Latin America, Asia, Central / Eastern Europe, and Middle East / Africa, which accounted for 80% of new channel launches since 2008. Dozens of DTH platforms, new digiterrestrial tal broadcasting, and more local and HD content have been key growth drivers.

With the upcoming Intelsat Epic<sup>NG</sup> platform, channels can be customized for a specific region and beam. Spot beams and frequency reuse provide greater throughput and drive lower cost per Mbit/s, changing the economic model for delivering localized content - by country, region, language and even culture – and increasing ARPU. (EPIC<sup>NG</sup> coverage map courtesy of Intelsat)

the same At

time, video markets are going through a fundamental transformation. The media business is evolving as viewership habits change, with end users demanding access to content on multiple devices, at their convenience and in all locations. "We continue to experience further advancement of encoding with MPEG-4 reducing bandwidth requirements for broadcast services," says Jonathan Crawford, CEO of The SPACECONNECTION, a

leading provider of transponder capacity services on multiple satellite operators' fleets in North America.

Transponder supply and demand can have a notable effect on market pricing for services in competitive regions like North America. "There is an

> abundance of Cband capacity in the market place and priced very competitively. In the past few years, pricing on C-band has decreased as operators have plenty of supply with limited demand," according to SPACECONNEC-TION's Crawford, whose organization has traditionally kept a close pulse on the market.

On the other hand, Ku-band Capacity for North America continues to be more of a seller's market. "Ku is often preferred due to dish size and no RFI restrictions. From a 24/7 perspective, capacity is available but sold at a premium price. From an occasional use view, Ku capacity is limited on 'live event days' such as college football on Saturdays and March Madness and other sporting events," Crawford observes.

"From a North American broadcasters perspective we see that supply remains tight on the more popular cable satellites," according to Augusto Villasenor, Sr. Director of Globecomm Systems, Inc., a provider of satellite content management distribution services for media customers. "That said, there is the possibility of Ka band capacity alleviating Ku band demand for broadband connectivity and potential DTH networks. As with any commodity, it is a priority to properly manage and consolidate our fifty plus satellites usage

across our global network to maximize efficiencies," added Villasenor.

"C-band and Kuband services remain a necessity North for our American customers," savs Kurt Riegelman, SVP Sales for Intelsat, pointing out that "delivery of linear and live feeds to massive audiences even over IP net-

works also is proving to be challenging and offers further opportunities for satellite."

# Regional and Local Channel Services

If DTH and HD programming in North America is flat, global demand for North American content remains strong, and broadcasters continue to seek the best video neighborhoods and cost efficient distribution methods to deliver programming around the globe.

For example, according to Intelsat's Riegelman, "Demand for DTH penetration and HD programming continues to drive media growth in Latin America — our leading video neighborhoods, Intelsat 21 at 302°E, Intelsat 805 at 304.5°E and Intelsat 11 at 371°E — are in high demand from premier channels." A factor shaping demand from service providers is the fact that broadcasters are developing local

content and differentiated offerings – such as feeds for individual countries instead of a single feed for an entire region. "These multiple version mean more content is being delivered while also driving a rapid change in distribution requirements," says Riegelman.

According to Euroconsult's most recent report, revenues from outsourced Content Management and Distribution services, including those used to create regional feeds, reached US\$ 3.5 billion in 2013.

North America pay TV revenues (US\$ million)



Markus Fritz, Director of Commercial Development & Marketing for the international satellite operator, Eutelsat, also sees a transforming marketplace: "The traditional TV we know will not disappear but will be complemented by many other forms of consumption – this is an opportunity to reinvent satellite TV, leveraging its unique advantages (universality, quality, cost efficiency) and adding the features of connectivity, either in a full satellite standalone model or in a hybrid model (terrestrial / satellite)."

### Views on what's next, HEVC, 4K, Hybrid DTH

Satellites have been the first platform for the launch HD channels 10 years ago, and a similar case applies to the first 4K channels today. According to Dimitri Buchs, Editor-in-Chief of the Euroconsult report. "We expect to see over 11,000 HD signals by 2023. HD is a significant market driver

compared to Ultra-HD which is forecasted to produce less than 500 channels over the decade." Eutelsat launched demo 4K channels in 2013. "With HEVC and the evolution of DVB-S2, we believe we should be able to transmit around five Ultra HD 4K channels at 50 or 60 frames per second in a 36 MHz transponder," according to Eutelsat's Fritz.

HEVC is considered by many in the industry to be one of the key driving elements towards wide deployment of 4K broadcasting. The HEVC compression standard includes profiles capable of handling 4Knative resolution pictures and is expected to allow bit rate savings in the order of 50% compared to MPEG-4 AVC.

"We also see enthusiasm for Ultra HD (UHD) from programmers and broadcasters," says Intelsat's Riegelman. According to Intelsat, HTS platforms will play an important role in the delivery of UHD signals.

### Source: Digital TV Research

Service providers Globecast, Arqiva, Encompass and RRSat are the market leaders, with about 35% of the outsourced channel service market in 2012, according to the report.

Consumption behavior changes are dramatically impacting business models and funding constraints, providers say. "This transformation is driving an increase in demand for bandwidth as well as demand for flexible contribution systems that enable cost-efficient delivery of content to end users," according to Riegelman. "It also drives customers to look for more efficient distribution methods as their revenue streams are becoming more diversified and generating revenue streams. The trends are more pronounced in developed markets, while in developing markets the emphasis remains on SD to HD migration but with attention to multiscreen and digital revenues increasing," Riegelman added.

"We're optimistic about its potential to develop into a differentiator for our programmer customers, though initially it may be for a niche market and we must allow adequate time for the entire ecosystem to be ready to support mainstream adoption.

At NAB 2014, Intelsat will be showcasing how its combination of satellite and terrestrial services will be enhanced with the addition of Intelsat Epic<sup>NG</sup> next-generation satellites along with the expansion of its IntelsatOne terrestrial network with edge nodes installed at customer or third party hubs to enable direct access to Intelsat's infrastructure. "With the high-throughput capacity provided by the Epic platform, channels can be customized for a specific region and beam," says Riegelman. "Spot beams and frequency reuse provide greater throughput and drive lower cost per Mbit/s, changing the economic model for delivering localized content."

Intelsat will be launching its first satellite in its Epic<sup>NG</sup> platform in 2015. The Intelsat Epic<sup>NG</sup> platform is an innovative approach to satellite and network architecture utilizing C-, Ku- and Ka-bands, wide beams, spot beams, and frequency reuse technology. Spot beams and frequency reuse provide greater throughput and drive lower cost per Mbit/s, changing the economic model for delivering localized content – by country, region, language and even culture – and increasing ARPU.

## Smart LNBs: The Connected Satellite Home

Eutelsat has set its sights on what it sees as another major opportunity: bringing connectivity to satellite TV either through hybrid networks or through a standalone satellite solution. "We have made significant progress with the 'Smart LNB', a lowcost device that bundles DTH reception of TV channels with a narrowband satellite return channel for short transmissions of IP packets," says Eutelsat's Fritz. For end users, Eutelsat's system uses the coaxial cabling of existing installations to connect to a home IP network and is compatible with connected TVs, tablets and other IPcompatible devices as well as legacy DVB-

# **Executive View:**

# Jonathan Crawford, CEO, The SPACECONNECTION

# What dynamics are having the biggest impact on your services business currently?

As technology continues to advance, there have been many factors impacting satellite services the past few years. We continue to experience further advancement of encoding with MPEG4 reducing bandwidth requirements for broadcast services.



Terrestrial deployment has become a fast growing aspect in the market as we've seen the fiber industry grow with

more venues installing fiber as the alternative to satellite and this continues to poses a threat to satellite services.

# What kind of customers, and applications are driving demand for new bandwidth, and revenue growth?

We supply satellite services to broadcasters for major sporting events such as Horse Racing, NBA, MLB and NASCAR. This has remained a steady business for our occasional use services. However, our contractual full-time business and customers consist of enterprise, government services and cable distribution.

Having an inventory of capacity has allowed SPACECONNECTION to provide and remain competitive in the market place. We continue to provide capacity on well over a dozen North American satellites, including Intelsat Galaxy satellites, SES satellites, and the Telesat Canada system.

### How's the North America capacity supply/demand, and pricing situation?

Ku-band Capacity for North America continues to have issues with supply versus demand. Ku is preferred due to dish size and no RFI restrictions. From a 24/7 perspective, capacity is available but sold at a premium price.

From an occasional use view, Ku-band capacity is limited on "live event days" such as college football on Saturdays and March Madness and other sporting events. On the other hand, if we compared Ku-band to C-band, there is an abundance of C-band capacity in the market place and priced very competitively. In the past few years pricing on C-band has decreased as operators have plenty of supply with limited demand.

# As we head into NAB, what do broadcasters need to know about satellite services?

Broadcasters should always remember satellite is the most efficient way to minimize risk and provide redundancy for high profile events. And satellite is the most cost effective way to deliver content when multiple downlinks are involved.

Compression rates and settings can also be changed allowing for less bandwidth when it comes to a satellite feed. i.e. Ku has been provided for Flyaway's to the coast of Australia for coverage of the search for Malaysian Airlines flight 370.

### S2 receivers.

At NAB 2014, Eutelsat will be showing how its "smart LNB" can help manage DTH subscriber multi-screen access to encrypted content stored in their set-topbox or to watch an encrypted channel live. "We are developing the specifications for three versions of the 'Smart LNB': Ka/Ku, Ku/Ku and C/Ku to increase options for broadcasters. It will be ready to serve large scale pilots later in 2014," Fritz reveals.

### Live Contribution

Live events such as the upcoming World Cup in Brazil continue to drive satellite contribution services bandwidth demand. "We supply satellite services to broadcasters for major sporting events such as Horse Racing, NBA, MLB and NASCAR. This has remained a steady business for our occasional use services," says The SPACECONNECTION's Jonathan Crawford.

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On the North American scene, contribution service providers face the challenge of encroaching fiber in more live venues. "Terrestrial deployment has become a fast growing aspect in the market as we've seen the fiber industry grow with more venues installing fiber as the alternative to

satellite and this continues to poses a threat to satellite services," according to Crawford.

But as many head to NAB, his advice could not be more appropriate, "Broadcasters should always remember that satellite is the most cost effective way to deliver content when multiple downlinks are involved, and satellite is the most efficient way to minimize risk and provide redundancy for high profile events."

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