

CABLE INDUSTRY

Ready for the Digital Age?

The **cable operators** are responding to the **challenge of quality** and value-added services from DTH by rolling out similar initiatives. **By Tarana Khan**

For years, viewers in India have been hassled by the poor services provided by local cable television operators. In contrast, today, the LCO (local cable operator) can not only tell you the functionalities of your set-top box (STB) but also actually let you pick the channels you want to watch, in digital quality.

This change has not happened overnight, though. There are two key factors which have propelled this transformation. One, the government aims to digitise all cable connections by 2012. Two, DTH operators have also changed the market and are growing at a fast pace due to the superior quality and their customer service.

The pressure has mounted on multi-service operators (MSOs) to either join the change or face a receding market share and they have taken up that challenge. MSOs have the financial strength and infrastructure to invest in digitisation – which basically means updating the cable network with the ability to carry the broadcast signals in digital quality, which requires a higher bandwidth. MSOs stand to gain from this process as it brings more addressability into the system, so they know exactly how many subscribers are using their services.

“Digitisation has opened the door to new revenue generating and subscriber retention tools such as interactivity,” says Alan Dishington, director, sales, NDS India, a company which provides technology solutions to DTH

and cable companies.

Promotion of the quality aspect is helping MSOs that are transitioning into the digital era. For instance, ACT TV, based in Bengaluru, offers interactivity on digital cable and IPTV (internet protocol television) platforms.

Says Sunder Raju, president, ACT TV, “Digitisation has come about because DTH players have created awareness about quality of service, especially in the past six-eight months.”



However, Vikas Bali, president (digital) of another MSO, DEN (Digital Entertainment Network), says that it is not the DTH operator but the customer that is driving digitisation by becoming very demanding.

Just like the DTH players, the cable operators, too, are looking at value-added and interactive services as potential revenue generators. However, it's still uncertain if such moves will make enough money for the players.

According to Ashok Mansukhani, director, IndusInd Media & Communications, and president, MSO Alliance, “At present, barring some testing of pay-per-view and video-on-demand, there is no workable business model for interactive services for either cable or DTH. Though there is no regulatory bar, MSOs are still to develop a significant digital ARPU (average revenue per user) for provision of digital services and also an interactive ARPU.” ■

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Phases in the MSO Industry

1995-2003: Growth and consolidation accompanied by incessant disputes with broadcasters on so called ‘under-declaration’ and effects of bundling of bouquets (of channels) by broadcasters on ‘take it or leave it’ basis. This led to blackouts and disconnections and intensified the tension between broadcasters and MSOs.

2003-2006: The onset of Conditional Access System (CAS) with use of digital addressability for both CAS and non-CAS areas. The appointment of TRAI as the broadcast regulator led to a slew of interconnect regulations and tariff orders, enabling the MSOs to stabilise their contractual relationships.

2007 onwards: The veritable explosion of broadcast channels from 100 to 400 in the period 2004-2009 led to a jam in the analogue spectrum – against the capacity for 80 channels, there are currently 150 pay channels fighting for placement. This allowed the MSOs to improve their business model by charging carriage fees from broadcasters. Now TRAI is trying to regulate the carriage fees (also called placement fees) in the system by bringing the arrangements between broadcasters and distributors in the public domain.

with inputs from Ashok Mansukhani