

## The three things that will impact the Business of Broadcasting, on the road to 2010

That digital technologies have been changing the shape of the broadcasting industry, offering more choices for consumers when receiving different kinds of content is no more than a truism. On the road to 2010, there are three things that will definitely further impact the broadcasting business.

Certainly digitalisation of content is now changing consumer behavior all over the world. With new digital content platforms such as 3G, video-on-demand (VoD), IPTV, broadband TV and mobile TV, consumers are no longer limiting themselves to receive content only by traditional methods such as cable and satellite, but also other new channels. At the same time, there is no doubt that great business opportunities have been created for advertisers as well as firms providing value-added services such as mobile messaging, video games and real-time information.

Internet Protocol TV (IPTV) services are one of the new opportunities arising from content digitalization. Worldwide IPTV subscriptions are expected to reach more than 63 million by 2010. More importantly, revenue from this pool of users is forecast to generate more than US\$27 billion by 2010.

Meanwhile, Asia is regarded as the world's most successful market for IPTV. For instance, PCCW in Hong Kong has been investing heavily and has been pushing its NOW broadband business for three years. This result: a doubling of the subscriber base in Hong Kong!

Digital broadband is also changing the face of the economically crucial global communications sector. The very nature of (digital) cable broadband provides consumers with more content choice and more price options; on-demand services become pervasive, allowing people to choose exactly what they want to watch and when, as well as yet more choices in term of linear (traditional) TV channels.

Secondly, the prospect for Direct-to-Home (DTH) driving satellite transponder demand is eagerly anticipated in some Asian markets. Asia is set to be the single most important DTH market in the world and India is leading the way. India's DTH market has grown to 5 million subscribers in just over two years and the rest of Asia wants to follow.

Actually, many cable subscribers indicate they are often unsatisfied with erratic analogue cable TV services that keep shifting the channels without prior notification. Poor-quality reception and electrical disturbances are sometimes irritating.

DTH, IPTV and digital cable obviate the above problems and enable viewers to access error-free programming with better picture and audio-quality, allowing broadcasters to tap homes in rural and remote uncabled areas.

Through digital platforms, pay channels also have direct and improved control over revenues. Pay channels can more easily monitor how many homes are watching, and collect their revenue accordingly. DTH can also further enhance the subscription management.

Recent forecasts show that total DTH pay-TV subscribers in the Asia Pacific are expected to reach more than 117 million in 2010 and that global DTH-TV revenue will exceed \$88 billion by 2010.

Finally, whether delivered by cable, satellite, IP and mobile, the power of pay-TV continues to gather pace in the region with over a quarter of billion of homes now choosing a pay-TV option. In an age of constant technological change and increasing choice for both consumer and marketers, pay-TV remains the one medium that moves from strength to strength.

With 255 million households now choosing pay-TV, the Asia Pacific region has seen household penetration reach 37% of all TV homes, of which China and India account for over 80% of this figure.

For instance, with low monthly subscription rates in India, pay-TV is a very affordable option for most households.

Whilst traditionally cable dominated, recent significant new developments have been focused on DTH platforms with the launch of the Tata Sky joint venture between the Tata Group and STAR TV, Zee's Dish TV and Sun Direct TV. These DTH satellite platforms should further speed up pay-TV penetration as they service areas beyond cable's urban heartland.

As part of the Cable & Satellite Broadcasting Association of Asia (CASBAA), which is an industry-advocacy group dedicated to the promotion of multi-channel television via cable, satellite, broadband and wireless video networks across the Asia Pacific, we will strive to demonstrate the effectiveness of pay-TV as an advertising medium.

In addition, our other top priorities include the promotion of free and fair markets, the protection of intellectual property rights and the development of thriving and competitive domestic

communications industries.



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