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## Vendors and service providers ponder life after IPTV

May 30, 2006



May 17, 2006

As carriers plan their IPTV strategies, vendors across the supply chain are already urging them to think beyond straight vanilla TV services and think in terms of value-added services and home networking.

Today's set-top boxes are essentially low-end MPEG-2 technology that have far greater potential, says Eric Li, Asia-Pacific regional director for Microsoft TV.

"In the future, we're going to see more powerful STBs that will be able to handle multiple video streams and do things like picture-in-picture," Li says. "The next generation of IPTV will include DVR, better EPGs, instant channel change, HD, on-demand video and greater interactive capabilities."

Such capabilities have been on the roadmap for IPTV for sometime, but it's only been in recent months that the tools required across the entire value chain were ready to deliver, says Yves Gourvennec, director of strategic accounts for Sigma Designs.

"MPEG-4 Part 2 was too early. The tools and servers and things were not there, and people have been waiting for the better version," he says. "Now we have MPEG-4/VC-1 codecs. Also, we now have system-on-chip decoders, so you don't need more expensive multi-chip solutions. And we have feature-rich middleware that can reach the level of interactivity customers have been waiting for."

It also helps that vendors are now offering turnkey end-to-end solutions, Gourvennec adds. "That makes it easier for carriers, because putting all this together yourself is a challenge."

That said, the future of IPTV goes well beyond interactive on-demand time-shifted video. The next step for many carriers is to use the STB as a gateway for more value-added services, from home surveillance and remote DVR programming to health services and home control services such as switching on lights and air-conditioning units via a remote Web interface.

Paul Berriman, head of strategic market development at PCCW, says the telco's NOW Broadband TV service is already planning a host of value-added services that leverage the success and stickiness of its IPTV service.

"We have presence in the homes with our STBs, and we'll use that to launch more services like music streaming services, which will be coming out later this year," he said. "Home networking is also very important to us, and we're looking at things like DVR and media centers among other things."

Many carriers have home networking on their broadband VAS radar, but some vendors and service providers warn that challenges abound in the home networking game.

For one thing, says Vincent Kennedy, director of innovations and solutions for Nextep Broadband, a service unit of NEC Australia, it's costly.

"Deploying a home network for now is an expensive proposition," he said. "The cost of installing the CPE and the cable is horrendous."

Another problem, Kennedy adds, is that while there are thousands of CPE and applications to choose from, "many of them don't interoperate, or even if they do, trying to manage them all is next to impossible. A common management interface would be great."

Chester Plauche, director of global broadband software sales for the Home and Office Communications Devices division of Siemens, agrees that carriers need to be aware of the pitfalls and costs of offering a home network, including the hidden cost of complexity.

"That's the real culprit that could derail the whole VAS model," Plauche said. "More complexity means more things that can go wrong, which means more calls from customers, which means higher support costs. Even if you're earning higher revenues from the service, it's meaningless if your support costs are eating that up."