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## **Going Mobile (TV)**

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It's not a question of if mobile operators will begin offering Mobile TV to their subscribers. The revenue potential is huge as consumers will increasingly look to their phones to do more than simply communicate with others.

The question is which type of mobile TV they'll offer. The definition has become ambiguous. Mobile TV can either mean broadcasting television to subscribers' handsets, or providing mobile video on demand. The difference is significant, and dramatically affects everything from overhead costs to service longevity.

While many people are talking about broadcasting popular television shows as a positive step, mobile video on demand is the smart bet for mobile operators who want to capitalize on the potential. It satisfies subscribers' need for choice while eliminating the massive costs and terminal lifespan of broadcast TV. It also has the added benefit of sparking social networking opportunities that can drive usage.

### **TV in the 21<sup>st</sup> century**

Broadcast TV became a life-changing standard in the 1950s when black and white, sometimes fuzzy news broadcasts, talk shows and "I Love Lucy" episodes became the focus in family rooms across North America. Having two different channels to choose from was a treat. But innovations such as cable, Tivo and the Internet have changed the dynamic, each delivering more options and more control to consumers. YouTube and iTunes let subscribers access any movie they want, when they want it.

That kind of entertainment on demand will reduce demand for pre-scheduled broadcast television to niche applications such as live sports coverage and significant news events.

However, even with the inevitability of broadcast television becoming a niche in this century, some operators are rushing to deploy broadcast television to get in the mobile TV game. To do so, they're buying spectrum, building new wireless infrastructure and promoting new handsets that can receive the broadcast channels.

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They're also encountering some problems that should give them pause in their deliberations of whether to proceed. The costs add up quickly. The costs of buying new spectrum and building out the radio infrastructure to ensure widespread coverage run well into the millions. Then there's the problem of handset compatibility. New broadcast standards such as Digital Video Broadcasting - Handheld (DVB-H) in Europe, multiple standards in Asia and elsewhere, and Qualcomm's MediaFLO in the U.S. drive the need for new handsets, which further delays adoption and increases costs.

Factoring in user attitudes is another challenge. Very few subscribers are likely to plan their days around pre-scheduled mobile broadcast television episodes. First of all, they'll be tuning into mobile video at odd times: waiting for a train, riding in a cab, etc. And they may not have a lot of time. So subscribers are less likely to spend time and money "channel surfing" on their phones or staying with a program they don't really want to watch. Traditional 30-minute programs are ill-suited for mobile TV viewing.

### **More options, more control**

Video on demand solves many of these problems as is apparent from watching early adopters. While Asia and Europe lead the way for adoption of new technologies such as Mobile TV, the U.S. has shown some small progress. More than a quarter of the handsets owned by the 250 million mobile subscribers in the U.S. are video capable, according to Nielsen and M:Metric estimates from mid-2007. Only a small percentage of those with video-enabled handsets subscribe to data services and use their phones' video capability. But studies show a trend that will continue as adoption grows and mobile TV becomes more widespread.

Music videos, movie trailers, weather, sports action clips, comedy videos, cartoons and amateur video shorts – typically a few minutes long at most – are the most popular content on these phones. Additional analysis shows that 85 percent of mobile video viewers watched viral videos (content sent or pointed out by others) rather than content they found themselves.

Those studies show that subscribers want short format, on-demand videos, like the increasingly popular two-to-three-minute mobisodes some operators are offering. They want the option of choosing whether to watch a sports highlight, TV show snippet, movie trailer, etc. and when to watch it.

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### **Mobile video on demand — 3/3**

Operators may generate added revenue with unique content, such as mobisodes that are exclusive to the operators' network and entice repeat subscribers to dial in to see what happens next. However, a key subscriber requirement is easy access to any content their friends may come across. This means access to video content on other operators' networks or on the Internet, for example on YouTube. Operators whose "walled gardens" limit their content to their subscribers will only actually slow adoption.

Differentiation and increased average revenue per user (ARPU) will continue to drive operator decisions about what new services they launch and how they launch them. Mobile TV is 21<sup>st</sup> century service that satisfies subscribers' demand for more entertainment value from their mobile phones. Mobile video on demand, not broadcast television, satisfies that demand while still fitting into subscribers' busy schedules. Its flexibility and adaptability to social networking will drive global adoption and perhaps deliver the added revenue mobile operators expect.

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