



Drivers for Our Connected Age
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The Video Evolution - Driver & Disrupter

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Consensus that video will be the main driver of IP traffic in years to come - 80% by 2016 (CISCO)

Consumption patterns show:

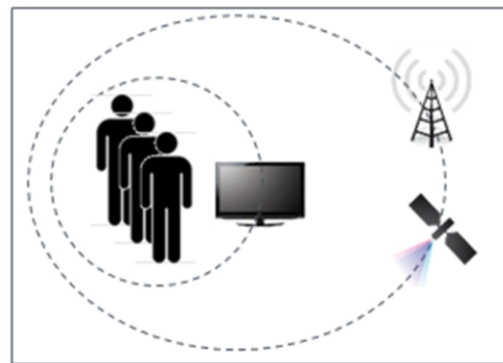
- Most TV viewing remains “linear” - standard TV viewing is not in decline
- Viewing of non-linear TV is migrating from DVD to OTT (Netflix etc.)
- Viewing is moving from *big* screens to *bigger* screens with some usage of smartphones & tablets to watch video



⇒ **While video dominates the pipes (broadband) it does not dominate consumption: people still consume TV mostly via broadcast, not broadband**

With the surge of video traffic on broadband networks, previously successful business models require re-thinking:

- Telcos cannot afford to deploy fibre universally/ cable only viable in urban areas
- Mobile operators can no longer pass on network costs to users given increasing competition & declining ARPU
- Terrestrial broadcasters face increased competition from satellite/cable/IPTV
- Content providers are less in control of advertising revenue as content is accessed 'online'



⇒ **Tomorrow's business models must be affordable for the user and commercially viable for operators**

Policymakers need to maintain users' trust & ensure an affordable, inclusive & quality user experience!

- Pressing need to deliver content in the most cost efficient way
 - The answer needs to include all user devices, wherever those devices are being used (home/ on the move/ urban/ remote)
 - No single solution can meet all of the above requirements & different regions will need different technological solutions
 - Spectrum alone is not the answer
- ⇒ **Essential to identify the service requirement & the 'right' technology mix required to serve it (where each technology plays to its strengths *e.g. satellite enables UHD & HD TV + total coverage*)**
- ⇒ **The 'right' technology mix will be a patchwork of solutions that will ensure efficiency, direct R&D investments & dictate what spectrum is required: i.e. it will guide policymaking!**