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Mobile TV space looks for growth in 2008

By Matt Kapko

Mobile television is all over the place, yet going nowhere fast all at the same time. Consumer choice for TV and video on their cellphones is pretty robust, but that's only if they know it even exists.

Sure, mobile TV and video usage is growing month over month, but none of the executives at the top service providers would say mobile TV has truly hit its stride. The numbers just aren't there yet, but momentum is in their corner, they say, and the foundation for new revenue streams is on the horizon.

The fact is most players in the space are experimenting -- hoping to pique consumers' interest in moving images on relatively small screens. The challenge is not for the weak of heart.

"Over the past year for us I would say it's been moderate momentum," GoTV Networks Inc. CEO Tom Ellsworth said. "It's a year of preparation as we look for a year of momentum in the market." True momentum for GoTV comes when all carriers are on board and at least half of all handsets in use are 3G-equipped, he said.

"As an industry we've created a whole lot of buzz over a year, but all of the consumers aren't equipped. And that's the way it goes," Ellsworth said.

"This is like the Olympics," he said. "I kind of think of us three years ago as a 16-year-old athlete with a vision and a passion, but it's going to take four years to get to the next Olympics."

Cutthroat competition hasn't reared its head. Instead, mobile TV and video players are focused on building consumer awareness and appetite for the services.

Ellsworth insists that his partnerships will rule the day in this space. Yet there are some clear dichotomies in this nascent market between options for broadcast-based services and cellular-reliant services that play more like an on-demand model.

Cellular-based services

GoTV Networks and MobiTV Inc. are the two biggest U.S. companies on the cellular side of aisle. Each company offers brand-name content from traditional networks and studios and creates their own content in house. Both distribute content directly through carriers' 3G networks while broadcast services like MediaFLO offer a standalone network dedicated exclusively to video and other media.

Comparing subscriber numbers is a tricky business for these companies because GoTV builds mobile TV products that require a monthly subscription fee for premium channels while MobiTV manages and equips a branded platform for carriers. GoTV counts less than half a million subscribers and MobiTV surpassed 3 million managed subscribers a few months ago. "People think we're competitors but we're really not," Ellsworth said. "We are very symbiotic."

Like Ellsworth, MobiTV's CTO Kay Johansson expects a sizeable shift in mobile TV interest through 2008. "A big part of this is not going to be about the networks, I think it's going to be about the user experience on the devices," he said. "As long as it's an IP network, I don't think it matters."

Johansson said MobiTV is still experiencing the highest overall usage in the market and that it continues to add customers at a faster clip than MediaFLO. Some sources say MediaFLO has surpassed 50,000 users, but the company has yet to disclose any subscriber counts or usage statistics related to the 10-month old service.

When it comes to broadcast, Johansson isn't yet convinced. "If you look at usage patterns it doesn't make sense to use broadcast," he said. "We are prepared for, hopefully, that so much usage occurs that broadcast really makes sense."

Still, GoTV's Ellsworth is a big fan of MediaFLO. "We think that MediaFLO is a really phenomenal demonstration of what's possible in wireless," he said. "We build content and we want to partner with people like MediaFLO."

Regardless of the business model at play, most agree that MediaFLO's service is remarkable and can only drive further interest in the entire market. "We have to make our content look great for the very first user," Ellsworth added.