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Mobile TV space looks for growth in 2008

Players believe pieces in place, but awareness needed

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 cellphones is pretty robust, but that's only if users know it exists.



ELLSWORTH

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 added. "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."

Different models

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. GoTV Networks can most closely be compared to MobiTV Inc. In addition to offering brand-name content from traditional networks and studios, both companies create their own content in-house.

Each company distributes content directly through carriers' 3G networks while broadcast services like Qualcomm Inc.'s MediaFLO USA Inc. 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."

Demand building

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 con-

vinced. "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.

Broadcast gaining followers

While MediaFLO is still the only game in town for broadcast services in the United States, there are plenty of big names following its tracks. Broadcast TV groups formed the Open Mobile Video Coalition last year to develop a mobile variant for digital broadcast TV and the Advanced Television Systems Committee is continuing to vet proposals for a voluntary standard for digital TV programming to be broadcast to mobile devices.

When a standard is adopted (some expect this by early year), broadcasters are planning to use their digital broadcast signals to deliver content directly to mobile devices in all of the local markets they serve.

Johansson called ATSC the "true contender" for broadcast mobile TV service. "That's where we see a really big movement," he said. "The bandwidth and the capacity of ATSC is so much larger."

Since the standard will be built on the existing backbone of the TV industry, ratings and everything else the industry relies on would stay in place, making the evolution to mobile that much closer to reality, Johansson said.

"The step isn't that far away," he said. "I'd be extremely surprised if it doesn't turn out in cellphones."

Making room for networks

But where do the networks fit in to all of this? After all, they're the companies responsible for the big shows that keep TV viewers coming back.

The market is flooded with too many formats and too many models, said Greg Clayman, executive VP at MTV Networks Digital Distribution. "It's still kind of messy, but having said that, we are still seeing growth in video use."

Again, it's all about awareness at this point.

"What MediaFLO does ... is they make consumers aware, they help make consumers aware that all this stuff exists," Clayman said.

Salil Dalvi, general manager of wireless platforms at NBC Universal, sees things quite similarly. "Having more competitors in the marketplace is always going to be good," he said.

All of the major networks are spending big money on mobile. "I think the challenge at this point is that we've done that before consumers have shown that they're interested in using the platform at this point," Dalvi added.

"What we believe is that there is a market for content and entertainment on a cellphone," he said. "There is very much a gray area about what the business is going to look like."

Yet, NBC's strategy is clear, he says. "Let's make our content available in as many places as we can," he said. "What we're focusing on a lot is creating experiences that are tied to our brands. Consumers are familiar with the brands that we have to offer."

If 2007 was about building the platforms, getting the platforms up and running and making sure that NBC has a foothold in the marketplace, 2008 is going to be more about leveraging its strengths and capitalizing on that foothold going forward, Dalvi concluded. (M)