

Impact of IPTV Trends on Market

Multimedia Research Group, Inc.
(MRG)

Gary Schultz

MRG President, Principal Analyst

About Multimedia Research Group, Inc.

- Founded in 1990
- Headquartered in Sunnyvale, California
- Dedicated to analyzing the Digital Media Value Chain
- Covers IPTV, Cable, DTT, Mobile TV
- A proven and objective research source
- Worldwide coverage
- The industry's only dedicated IPTV Tracker Service

MRG Staff

- **Gary Schultz**, President, Founder
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- **Bob Larribeau**, Senior Analyst and IP & Broadband Video Specialist
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- **Len Feldman**, Director of IPTV Research
- **Michelle Kabahit**, Research Administrator
- **John B. Jackson**, Director, Global Business Development
- **Grace Moyles**, Director, EMEA Business Development

How We Define IPTV

- Managed Networks
- Telco TV
- Not Internet Video

Agenda

- Global Forecast & Market Leader Trends
- Review of Key Issues
- Trends in European Market
- Conclusions
- Opportunities

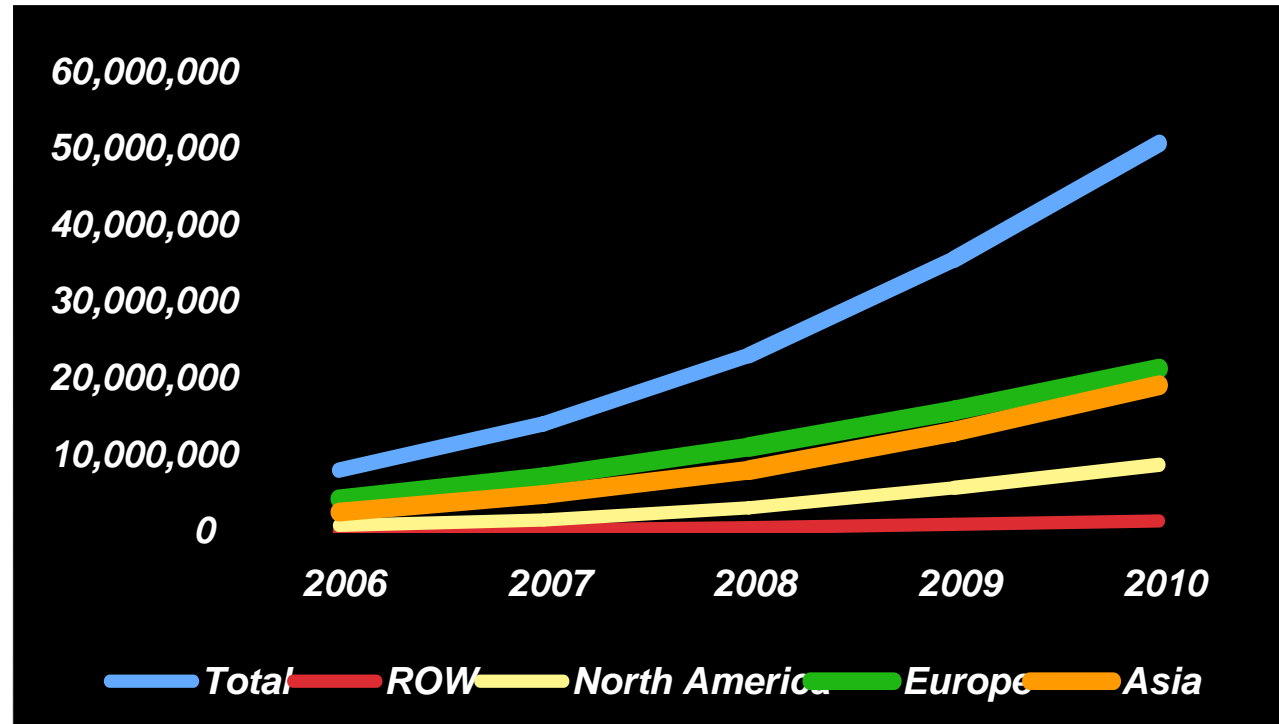
IPTV Service Providers

	March 2005	August 2005	February 2006	August 2006	February 2007
Asia	23	39	46	65	87
Europe	49	58	87	111	133
NA	139	176	213	258	309
ROW	12	14	24	40	47
Grand Total	223	287	370	474	576

28 Sub-Sectors Covered

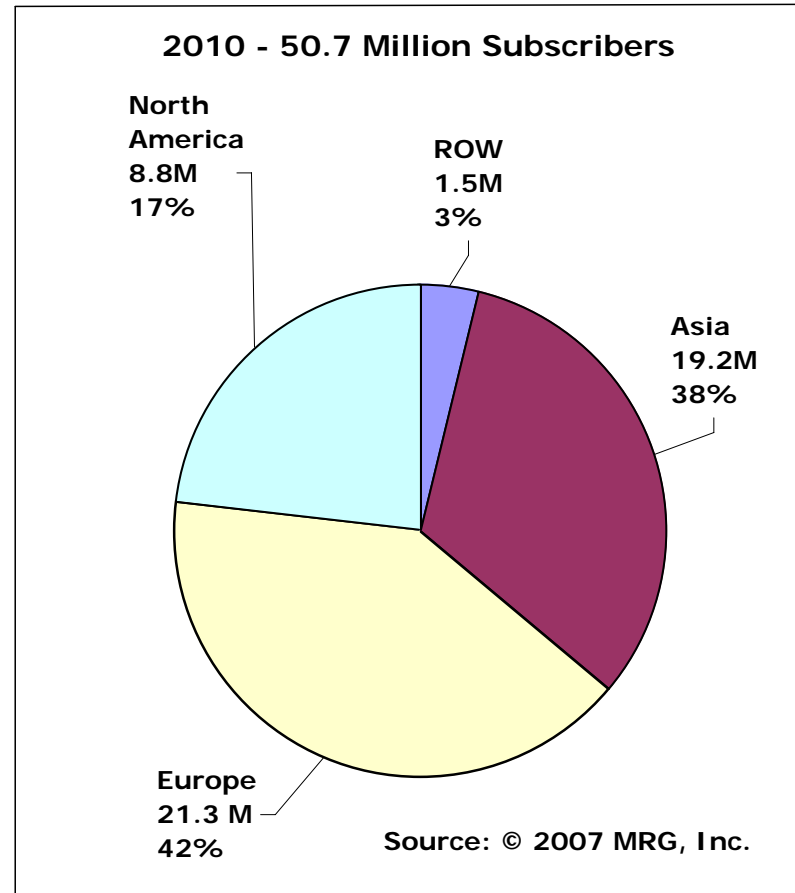
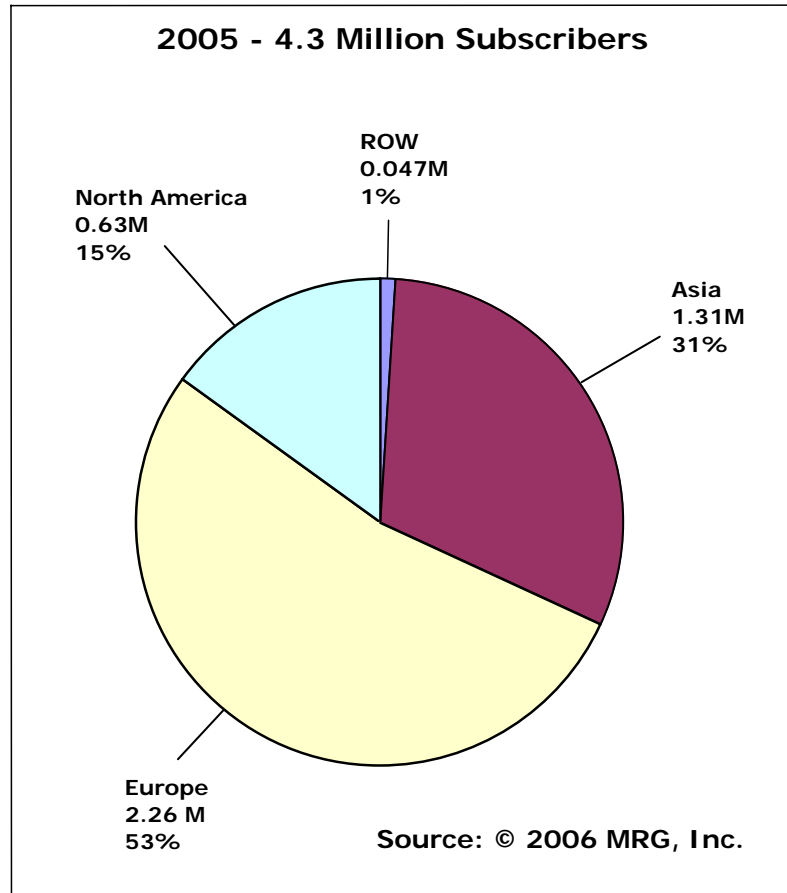
ASIA	EUROPE	N. America	ROW
STB	STB	STB	STB
VHE	VHE	VHE	VHE
VOD	VOD	VOD	VOD
MW	MW	MW	MW
CAS	CAS	CAS	CAS
ACCESS	ACCESS	ACCESS	ACCESS
SI	SI	SI	SI

Global IPTV Subscriber Forecast

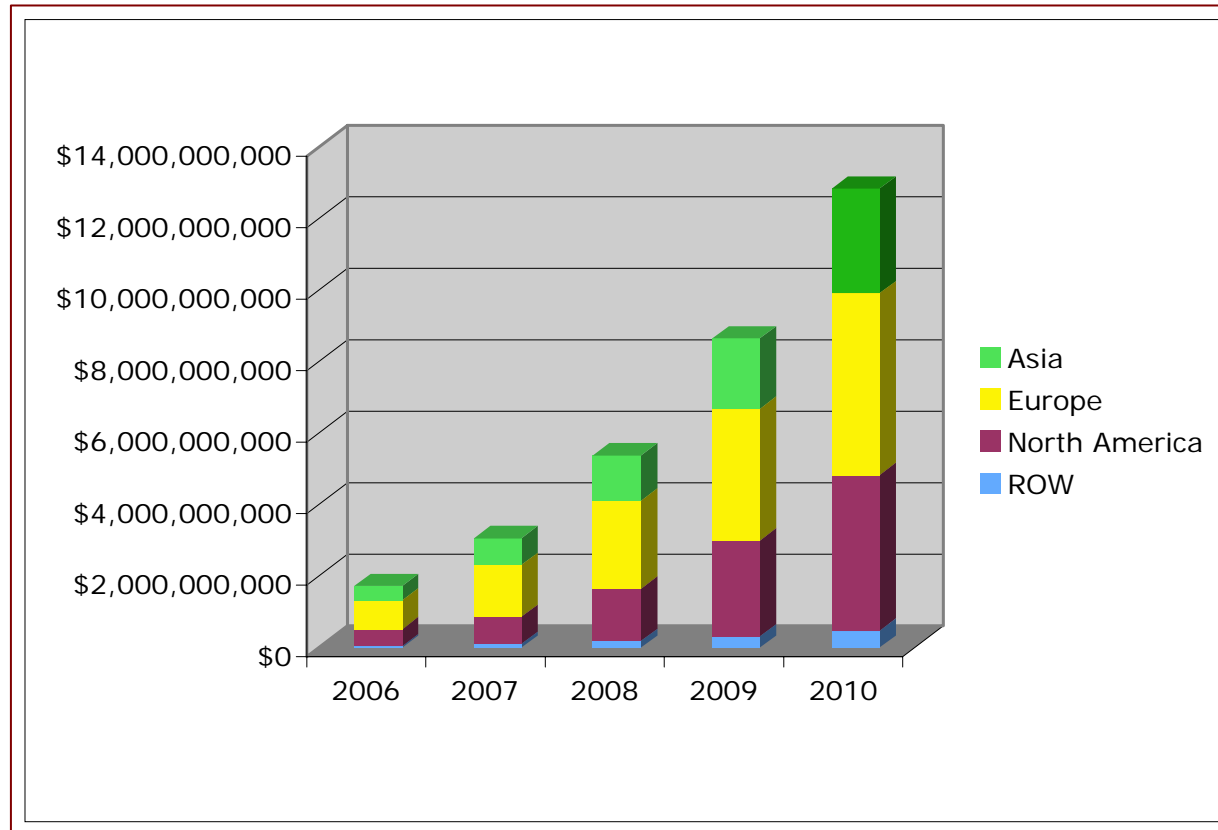


50.7 M subscribers in 2010

IPTV Subscribers by Region



Global Revenue Forecast

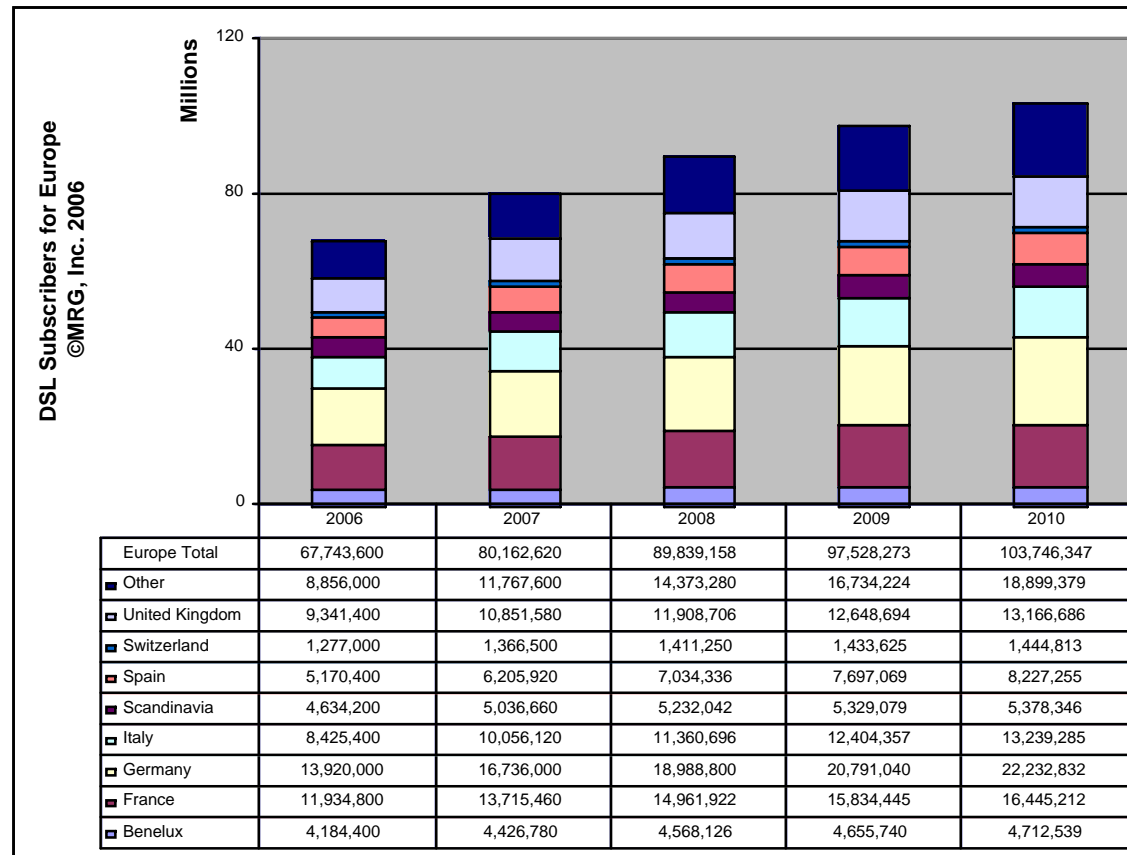


\$12.8 billion in 2010

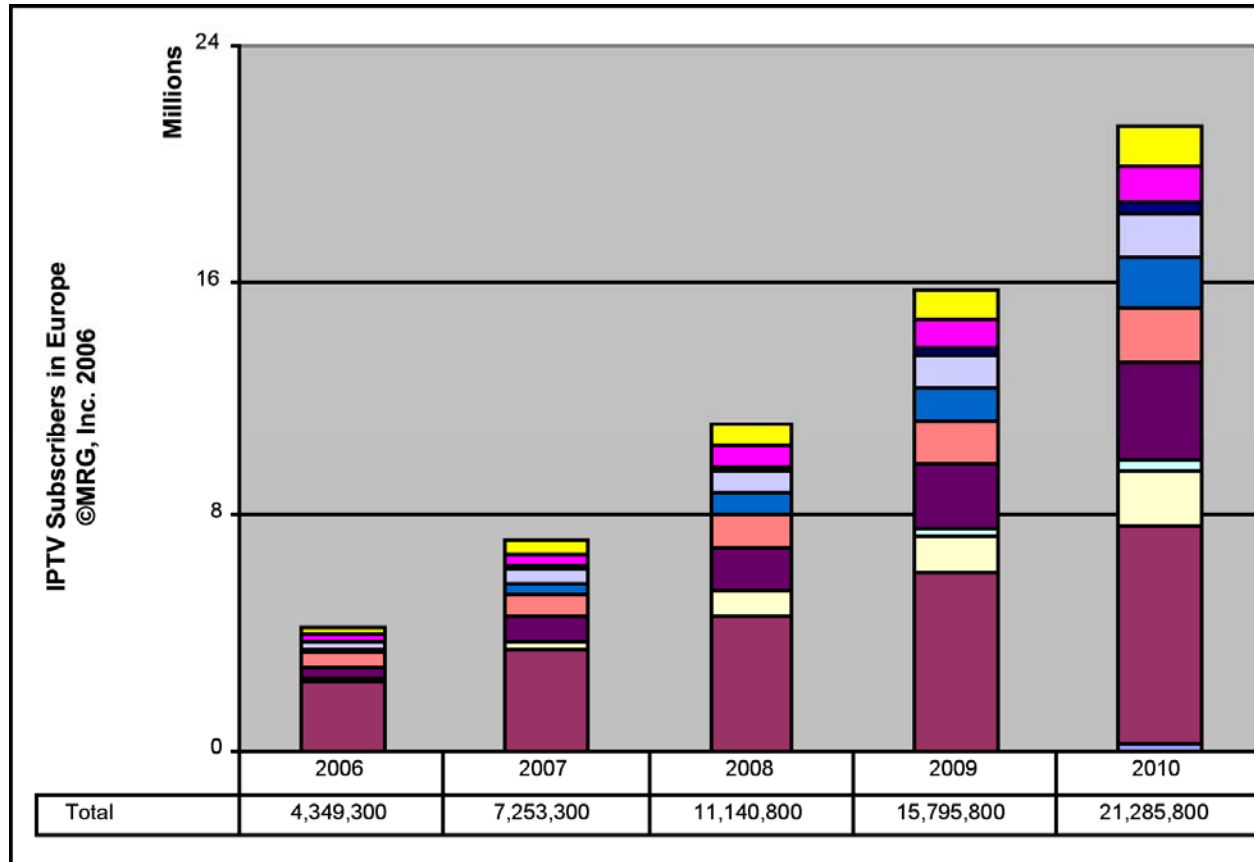
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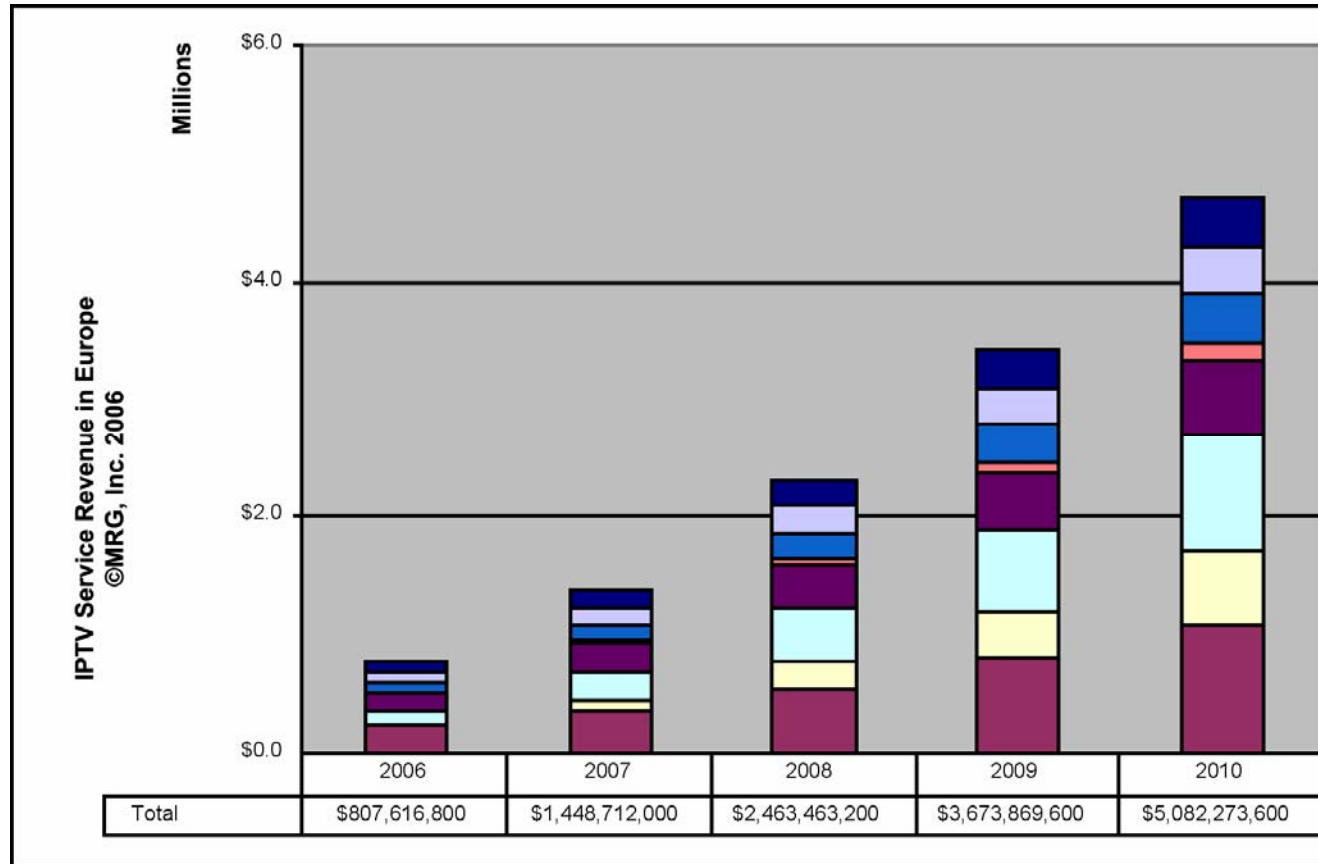
W. Europe: DSL Subscribers Forecast for Europe



W. Europe: IPTV Subscribers Forecast



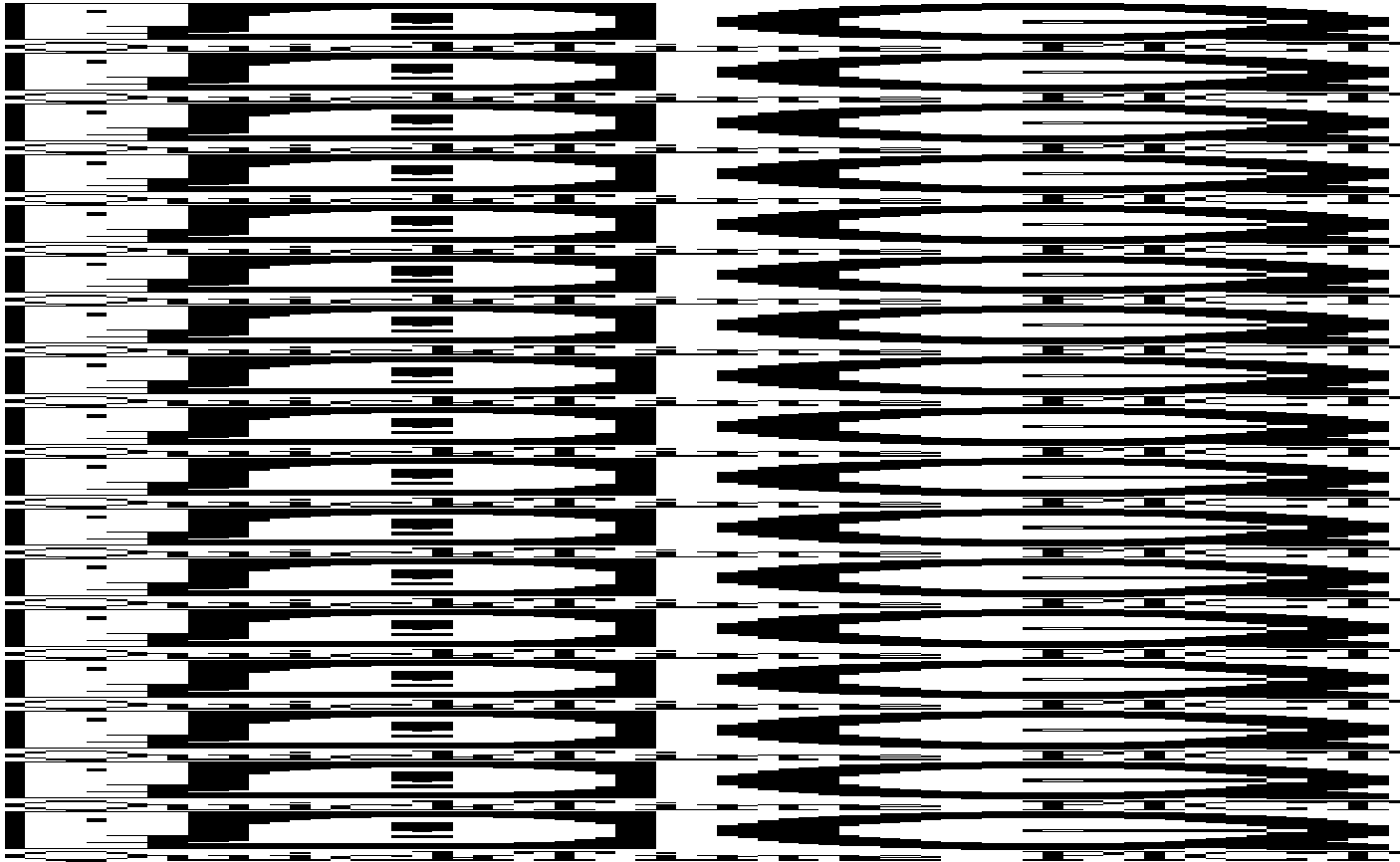
W. Europe: IPTV Service Revenue



W. Europe: Top 5 IPTV SPs: 2010

Company	Country	2010 IPTV Subscribers	Share in Europe
Free	France	3,700,000	17%
France Tdecom	France	3,000,000	14%
Telecom Italia	Italy	2,300,000	11%
Telefonica	Spain	1,700,000	8%
Deutsche Telekom	Germany	1,500,000	7%
Table Total		19,850,800	85%

W. Europe: IPTV System (Cap-Ex) Revenue



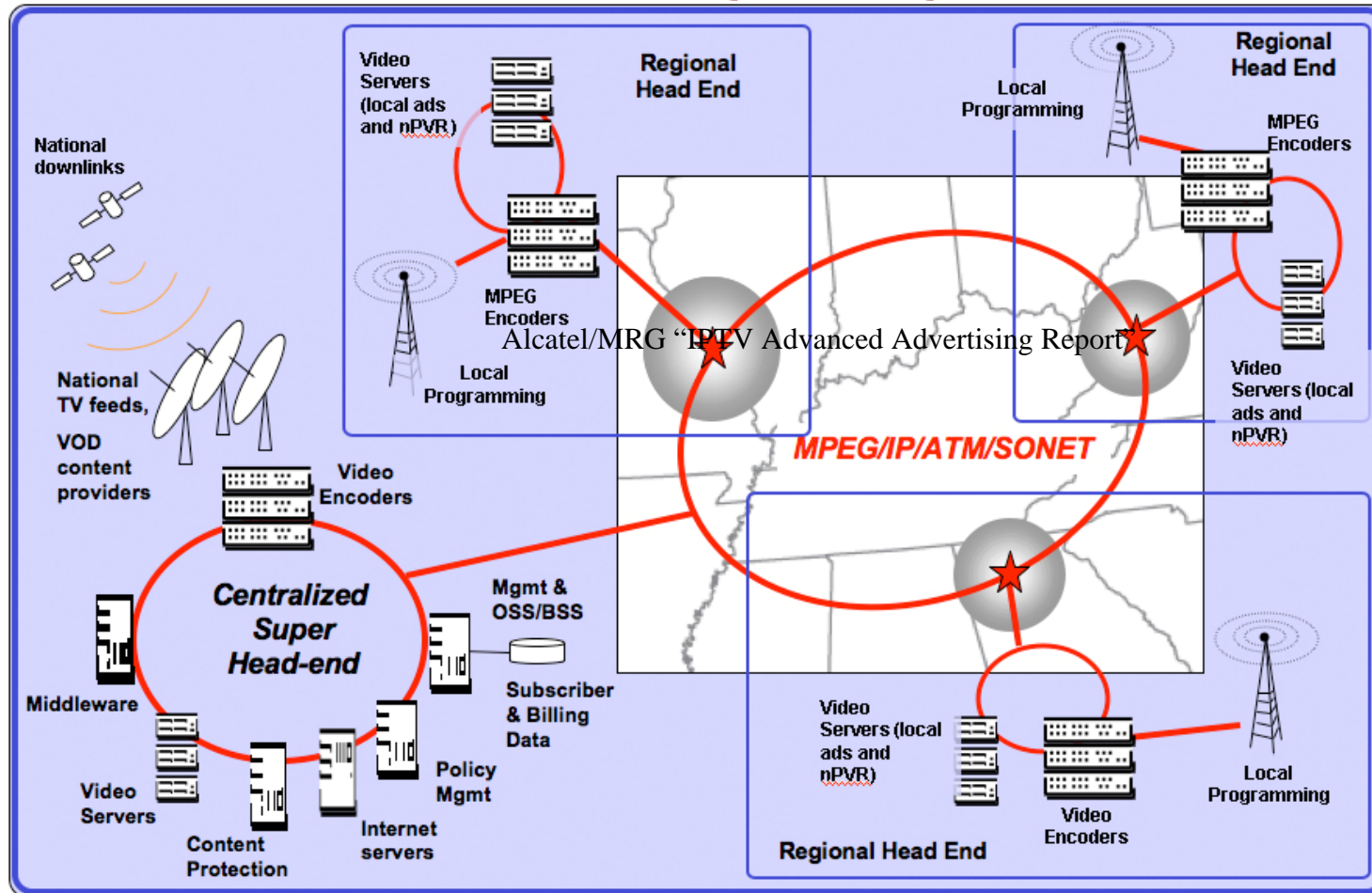
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Lessons So Far

- Cable can't be mimicked
- VOD, FOD, SVOD differentiators
- nPVR (nDVR) bigger differentiator
- Look for Multi-platform Delivery
- Triple/Quad-play a Reality
- QoS & QoE Hand in Glove

Linked QoS/QoE



•Source: MRG's "IPTV Video Quality Report -- 2007"

Advanced & Basic Advertising



Source: Alcatel/MRG "IPTV Advanced Advertising Report"

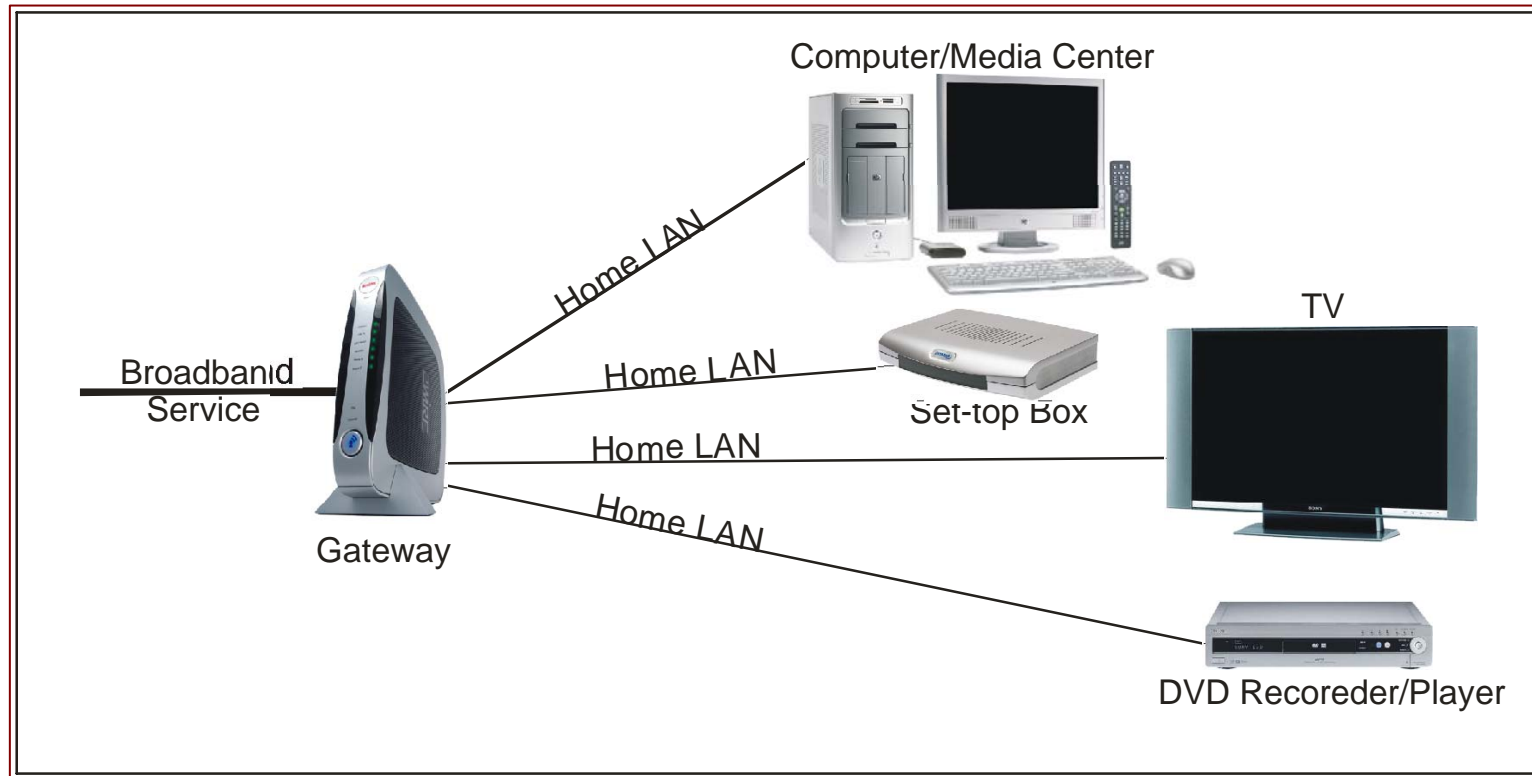
Internet Content Drives Differentiation: 10 Year Test

- Web content moving to the TV via IP (Revver, Joost)
- YouTube, Google Video follow MySpace
w/ Ad Model
- Viral Advertising through Affinity Groups
- Subscriber preferences reflected in ads
- New Demand for Innovative Content Aggregators
& Consultants

Key Differentiators

- Local High School/College Sports (On-Demand)
- Local Classified Advertising (Real-Estate, Auto, Jobs)
- Individual & Affinity Group Generated Content
- QoS - Quality of Service
- QoE - Quality of Experience

Home Networking is Real



Home Networks Are Ready

Mature Home Networks

- Home PNA
- MoCA
- Powerline Alliance

Installation

- Was 8 hrs
- Now 4-6 hrs

Multi-Platform Coming

- PC-Downloads



- iPod



- Mobile TV



- IPTV (Telco)



- Apple iTV



- TiVo



} Home Gateway

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Opportunities Recap

- Home Networking (Multi-Platform)
- Ad Brokering Services (Short form Ads)
- Local/Ethnic Content Aggregation (Long-Tail)
- Network PVR
- Advanced Advertising Technology (Long form/FOD)

Contact

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MRG's IPTV Tracking Service

- Unlimited posting of MRG research on your company intranet
 - Un-metered use of the inquiry privilege by your staff with four points contacts
 - Two Global Forecast reports (spring and fall)
 - Two Market Leader reports (spring and fall); identifies leaders in each IPTV segment
 - Monthly Bulletin Module (12 monthly bulletins)
 - Technology and Content Module (4 Reports; see 2006 and 2007 report lists)
 - Twice annual conference calls to discuss Forecasts and Leader reports
- [email info@mrgco.com](mailto:info@mrgco.com)