



How African telecommunications service providers can monetise television quickly and effectively

Introduction

The telecommunications industry in Africa has experienced significant change in the past decade, leading to increased market competition. Almost every country in Africa now has a fully competitive environment for mobile communications. Increasingly this is also true of fixed operators and broadband providers. This increased competition is driving high churn rates. Customers are renowned for being extremely disloyal when it comes to mobile, fixed line and broadband services, and churn rates across the continent as high as 40 per cent demonstrate how price sensitive the market is.

The unique benefit of television services

One area where churn rates are much lower is television. Traditionally rates of churn on pay TV services are less than 10% and can be as low as 4%. This provides an opportunity for Africa's fixed, mobile and broadband service providers to extend into an area where customer loyalty is markedly different to traditional fixed and mobile telecommunication services.

This is particularly relevant in the African continent. Historically fixed line penetration has been lower than almost anywhere else on earth. For many Africans, mobile was their first experience of telecommunications. In 2010, for example, more than 90% of all telecommunications services in the continent were mobile. The subsequent roll out of 3G networks on the continent created the first experience of broadband for many Africans.

4G rolls out

The growth in 4G – expected to be widely rolled out across the continent of Africa in 2017 – offers the potential for a new level of service. Globally, 4G offers speeds six times those of 3G on average, meaning that it is far more suited to video content than previous mobile technologies. The faster speeds of 4G make little difference for web browsing or social networking – effectively a page loads in 0.1 seconds rather than 0.5 seconds – not a noticeable difference. 4G's real USP is the effective delivery of video to the handset. Many Africans are likely to find that, much like their first experience of telecommunications or broadband, they will initially encounter television on a smartphone or tablet.

Technology change is breeding social change. New technologies are now available, such as the ability to catch up with programmes at a convenient time, streaming options across different devices and the ability to store content remotely. These are driving younger generations to consume television in a non-linear way. Many rate new Over-The-Top and internet-based options such as Netflix, Amazon, and YouTube, more highly than traditional broadcasters.

Complexity in delivery

Historically television was complicated and expensive for telecommunications service providers to roll out. It required a completely different set of skills to running a fixed or mobile network. Issues such as digital rights management, monitoring of a successful transmission signal, scheduling advertising breaks and pay per view are all challenging elements of creating a reliable TV service that telecommunications service providers will not necessarily be familiar with.

Faced with the huge investments to buy or lease this kind of expertise, many telecommunications service providers chose to avoid the TV opportunity. IPTV platforms can manage the implementation and roll out of television for service providers.

The key to effective TV services

A modern television service consists of four distinct but inter-related services. These are:

- Live TV – watching when the programme is broadcast
- Catch up – being able to view programmes that have previously been aired
- Recording – recording programmes for playback later or to keep
- On demand – watching premium content, whether it has been aired or not, at a time of the user's choice

Modern IPTV platforms can provide all this functionality across 4G and fixed line broadband networks. Live TV can be streamed effectively, as can on demand or catch up services. Recording can be implemented through a private and secure digital locker in the cloud that enables users to record programmes for playback later or to keep.

Another critical factor for a modern television service is multiscreen capabilities. The ability to deliver content to TVs, tablets and mobiles enables users to be more flexible in their TV viewing experience.

Alternative business models

The business model for television is usually subscriber-based but service providers can choose to roll out a combination of subscriber charges, advertising or freemium models (where certain programmes are free but encourage the purchase of other content). Value added services such as the secure digital locker to record programmes offer the opportunity for subscribers to upgrade to more storage for an additional monthly fee.

The latest OTT TV service in Africa

One company that saw the potential in African television services was TVCABO Angola. The Angolan company recently extended its services from Angola's capital city Luanda. The company has initially launched its OTT television services to mobile devices, expanding to FTTH customers in the near future. The new internet TV service, called Viv Mais, combines the best elements of an advanced living room TV service as well as mobile viewing via connected mobile devices. Subscribers can watch a wide range of live television channels, catch up with programmes broadcast over the past seven days and schedule up to 100GB's worth of programmes to be recorded and played back on any connected device. The service is available for around 1500 Angolan Kwanza (£7/\$8.50) a month for two concurrent licences offering subscribers instant access to high quality TV at home and on the move concurrently.

Deploying the right platform

TVCABO worked with specialist white label IPTV platform provider PerceptionTV Limited – to roll out the integrated TV service. The Perception platform delivers live TV with instant rewind, Catchup TV, nPVR, VoD, all pre-integrated into a single end user application available across multiple screens. It is completely scalable enabling TVCABO to manage and control cost, ensuring the company only invests more when there is demand from subscribers.

Perception was developed from the ground up to provide operators with a commercially sound, feature rich platform for the secure delivery of IPTV/OTT multiscreen video entertainment. As well as multiple deployments in Africa the platform has been successfully deployed in Europe, Middle East, South America and the USA , providing the necessary reassurance for TVCABO Angola to invest in the technology.

Most importantly the Perception platform provided a complete end-to-end solution to the service provider. Many TV platforms only include multiscreen middleware. Perception also includes all video server software and front end applications which can be easily branded for clients.

Other key benefits include:

- A simplified licensing structure through one supplier organisation
- The platform runs on industry standard servers, offering benefits with existing hardware suppliers
- Perception is modular enabling a flexible approach to the end user services provided
- A rapid deployment capability and a pricing policy that challenges the typically high costs associated with TV platforms

The Perception platform has enabled TVCABO to deliver a valuable and reliable entertainment service to customers generating additional subscription revenues for the business.

Conclusion

Service providers in the African continent face increasing competition across telecommunications services. Customers often fail to see a significant difference between performance levels from different services such as broadband or fixed and mobile telecommunications services. Customer service levels are similar and differentiation is hard to achieve. Pricing becomes the only effective tool to market share: a race to the bottom.

Internet television offers a new opportunity to service providers. It engenders more loyalty, provides a model for increased revenues and delivers a valuable service to customers in an engaging area. Little wonder therefore that service providers are trying to deploy TV.

The specialist skills required to make online TV a success are formidable and the availability of end-to-end TV platforms that can be rolled out quickly and cost effectively are still not easy to find.

Taking advantage of technology to create and deliver an engaging service across all manner of devices can transform the opportunities open to service providers. Television need no longer be a complex and expensive service but a scalable platform for customer engagement and revenue opportunities. As TVCABO has demonstrated across Central Africa, forward thinking service providers can use television to generate revenues, reduce churn and engage customers more effectively.