Frank Poppelsdorf, Product Director at Irdeto

The role of open platforms in the future of satellite and pay TV

OTT is a complicated hot topic right now – satellite operators and DTH service providers alike have voiced concerns over the rapid market shift as consumers reportedly move away from traditional broadcast TV in favour of the newer, on-demand OTT services. Frank Poppelsdorf, Product Director at Irdeto, opines on what this fast-changing landscape really means for operators.

The satellite and pay TV landscape has evolved rapidly over recent years, driven largely by device proliferation and increased content choice. Consumers now expect the content they want on the device they choose and as a result, in many markets, OTT is growing fast at the expense of broadcast TV. A report from Digital TV Research in December 2017 forecasted that global OTT revenues will more than double between 2016 and 2022, with OTT representing 42 percent of total pay TV revenues in 2022.

This has led to a highly competitive landscape where traditional satellite and pay TV operators face a big challenge to hold onto subscribers and market share. When you throw in the entry on the Internet giants into the content market, operators must look at how their business can evolve to make the most of the market opportunities today.

We've already seen this shift in attitude in the last couple of years; whereas operators used to view OTT services like Netflix as direct competitors, many are now looking at ways to collaborate with such services. This shift makes sense as, while the need to differentiate on content is more critical than ever, operators must adapt alongside the behaviour of today's consumers who are now relying on multiple sources of content to fulfill their entertainment needs.

Future-proofing business through open platforms

This collaboration is an important step, but the realistic outlook is that in ten to twenty years, all content will be delivered through OTT. What advantages operators have in broadcast services will eventually evaporate, which means they must make a smooth and cost-effective transition into hybrid quickly. Alongside this, you have the increasing move into media services by the big four technology companies – Amazon, Apple, Facebook and Google – which brings them into direct sight of operators' customer base. Operators must learn to collaborate and co-exist with the big technology companies as they have done with the pureplay OTT companies. To future-proof their businesses, operators must look to open platforms.

Take Android TV as an example – the money operators will save in using this platform and the substantially shorter time to market for services mean the benefits of getting into partnerships with Google greatly outweigh the risks. In addition, open platforms can provide a treasure-trove of data as consumers are likely to use many more services on them compared to closed platforms. By analyzing this data, operators can gain audience and business intelligence to help them improve their offering to satisfy the customers they are fighting so hard to keep.

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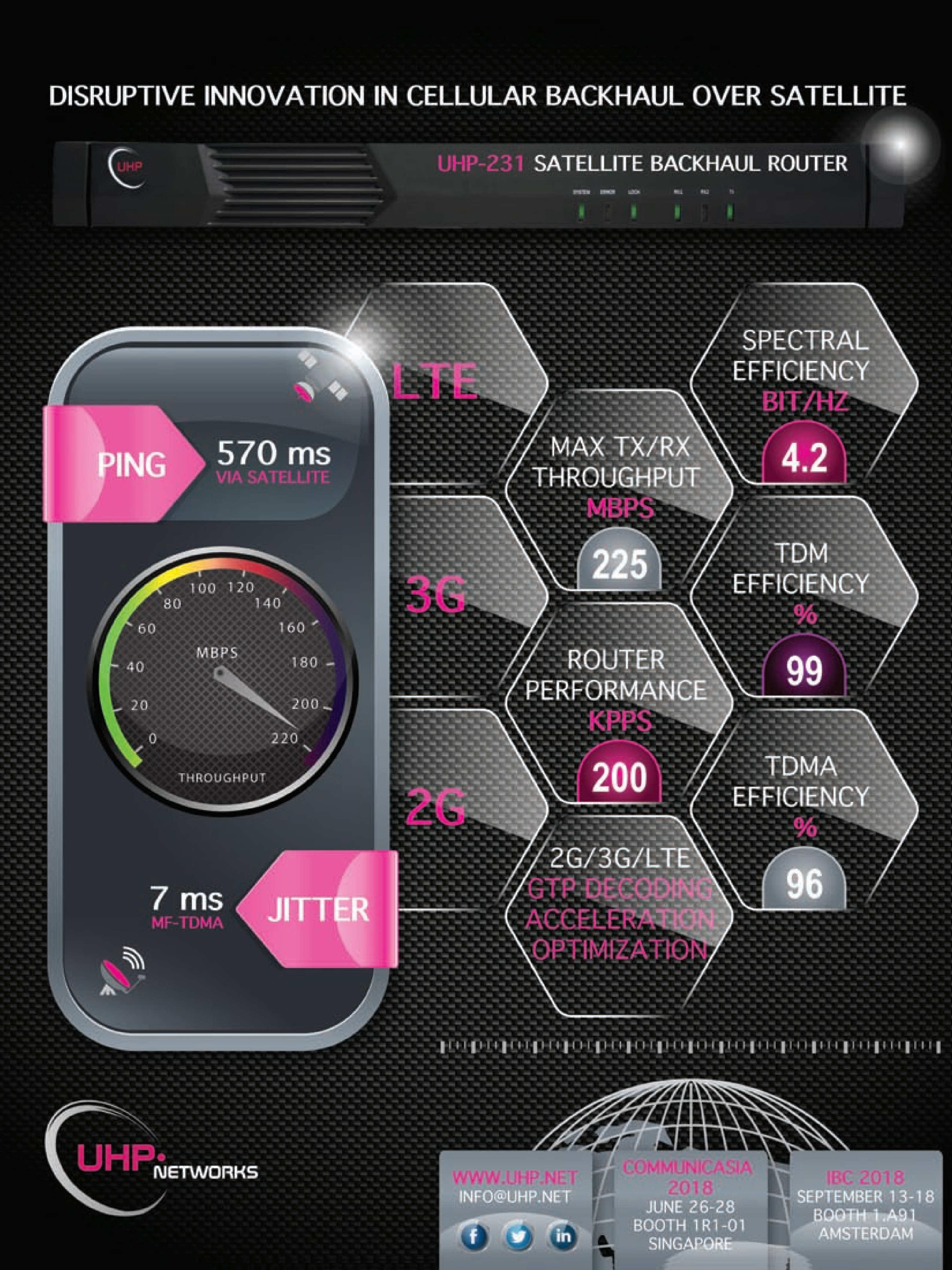
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Addressing Android TV apprehension

If worries exist around the collaborative nature of open platforms, operators must consider that Google's business model is focused on advertising revenue. As such, Google's main interest is to making Android TV the biggest platform for apps in order to drive ad revenue. In addition, with Android TV, the operator stills owns the set-top box (STB) and it is possible to replace Android TV with Android AOSP or other middleware to break the tie with Google if required.

Another point of apprehension for operators is around recuperation of their STB investment – that an Android TV box allows consumers to do so much more than just access services from a specific operator. There is also a possibility that consumers will sign up for an operators' subsidized Android TV box, then cancel the subscription and keep the box solely for the apps.

If this is the case then operators can explore commercial models, such as minimum subscriptions, or take technical steps, such as promoting their content first, to address these concerns. However, consumers using other OTT services and app stores is just as unavoidable as people getting Netflix in the past and collaboration should be the main motivation.

Open doesn't necessarily mean insecure

The nature of open platforms does mean there are inherent security risks that must be addressed by operators. These include content piracy (such as misuse of the Kodi app), STBs reloaded and repurposed with unauthorized software, and malicious apps side-loaded or from the app store attacking the STB. The potential consequences of these threats include loss of revenue, loss of STB investment, brand damage, piracy and the platform or data being compromised.

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While Google has taken some steps toward securing Android TV, operators must take additional steps to protect their service, platform and data. These include: defining specific security requirements for STB vendors to meet on Android TV, adding best-in-class content protection technologies, monitoring threats continuously, and having effective threat response capabilities.

Securing open platforms requires careful planning, but it is well worth it for the benefits that open platforms like Android TV offer operators both now and in the future. With Android TV, operators can let Google develop the investment-heavy features, and get them for free, while they focus on content and potentially UX differentiation through the Operator Tier. Open platforms such as Android TV are therefore an excellent option for operators who want to launch a hybrid or OTT set-top box quickly, with low development and operational costs. This will help them to future-proof their business and continue to compete in the rapidly evolving pay TV market. ■

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