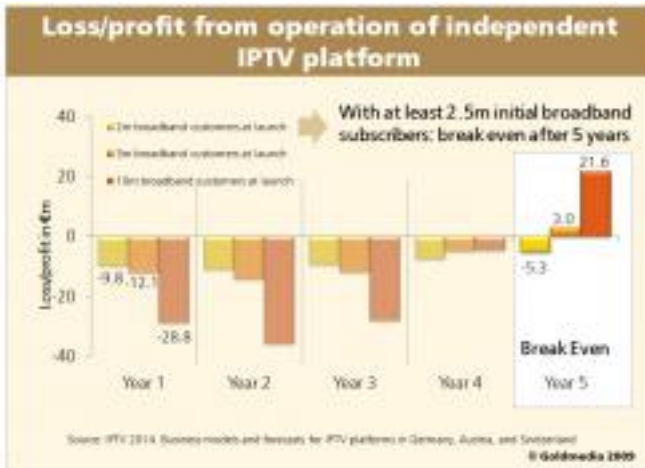


Cashing in on IPTV

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Berlin 23 June 2009. The market growth for Internet Protocol Television (IPTV) is crucially dependent on the economic viability of business models. This is shown in “IPTV 2014. Business models and prognoses for IPTV platforms in Germany, Austria, and Switzerland”, the latest study by Berlin-based consulting company Goldmedia (Goldmedia.com).

Today, IPTV platforms are primarily operated by the large national broadband providers such as Deutsche Telekom (Germany), Swisscom (Switzerland), and Telekom Austria. The construction and operation of an independent IPTV platform is economically viable only for telecom companies with at least 2.5 million broadband customers.

Revenues from TV services alone do not make IPTV an attractive business model for telecommunications providers. Even for the large network operators, IPTV makes economic sense only after the effects of subscriber churn and growth of customer base are taken into account.

A high degree of quality is decisive for IPTV’s success. Technical start-up difficulties and problems with the service can quickly diminish quality and lead to increased customer loss. Without customer growth and acquisition of new customers, IPTV will remain a subsidised undertaking, even among the large telecommunications companies (see chart).

IPTV can also be profitable for smaller companies if they market pre-existing offerings. This so-called “reselling model” is feasible for companies with only 250,000 broadband customers. To present, however, such offerings have spread only minimally in the GSA region (Germany, Switzerland, and Austria). Relevant examples can be found only in Switzerland. They are possible here because of compatible terms of copyright. (1)

“Whether the investment in IPTV is worthwhile for a provider also depends on the overall strategy of the company“, says Goldmedia consultant and IPTV expert Mathias Birkel. “The development of the networks necessary for IPTV demands a high level of investment. At present, few services require such a large bandwidth (16 Mbit/s) as IPTV does. That will change in the future, though. If a company plans long-term implementation of services with high bandwidths, the costs of network development for IPTV are diminished and compensated for over time. Moreover, high bandwidths are an important differentiating feature in competition today.”

Key Findings:

- * New Goldmedia study on the profitability of IPTV business models in Germany, Austria, and Switzerland
- * With at least 2.5m initial broadband subscribers: break even of independent IPTV platform after 5 years

- * Economic success through reduction of subscriber churn and customer growth
- * Alternative business models for small telecommunications providers

Chart: Loss/profit from operation of independent IPTV platform

(1) If TV programmes are receivable via terrestrial transmission within Switzerland, they may be transmitted to other national networks.

About this research:

The research in this press release is taken from Goldmedia's new report: "IPTV 2014. Business models and forecasts for IPTV-platforms in Germany, Switzerland, and Austria." This is the third Goldmedia study which analyses the development of IPTV in Germany, Austria and Switzerland. The report discusses the different business models and strategies adopted by IPTV platforms across the GSA-region (Germany, Switzerland, and Austria). In the report: Complete overview of all IPTV services in Germany, Switzerland and Austria, analyses of the different business models, costs for construction and operation of an IPTV platform including analyses of break even and ROI, five-year forecast on IPTV costumers in GSA till 2014.

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Report is available only in German. (40 ppt-charts)

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Please find more information and charts for downloading: www.Goldmedia.com

About Goldmedia:

Since 1998, Goldmedia has provided national and international clients with high quality consulting and research services in the fields of media, entertainment and telecommunications. Goldmedia offers: in-depth analyses of markets and competitors; forecasts and strategic consulting services; the implementation of new business models; and consulting for restructuring whole companies, including M&A processes in the field of corporate finance. Goldmedia-Group: Goldmedia GmbH Media Consulting & Research, Goldmedia Sales & Services GmbH and Goldmedia Custom Research GmbH. The Company's head office is in Berlin, Germany. www.Goldmedia.com Goldmedia is a member of the international network European Media Consulting Association – EMCA. www.emca.tv

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