TV Everywhere, Part II: Farther Down the Road to Revenue

By Carl Weinschenk
When it comes to TV Everywhere, cable operators don’t know what they are doing – and they know it. Indeed, it’s hardly an indictment: Having a healthy level of humility about an undertaking that is so new and formidable is prudent.

Many of the answers that operators will need in the long haul aren’t available yet. The technology and procedures that will constitute a mature TVE infrastructure do not yet exist. Like the early days of the cable modem business that it so closely resembles, TVE is inventing itself as operators are scurrying to get products into the field in order to learn more and lock up influential early adopters.

It’s a tricky business: At the same time as all this exploring is being done, operators must stand up services and attempt to monetize. That the business and the infrastructure upon which it rests will be far different tomorrow matters little as operators struggle to make a buck today.

Vendors have some advice for operators. The first step, as it is with most things, is creating a clear picture of what the issue or issues are. “Typically, when we talk to a customer, the first question is what TV Everywhere means to them,” said David Grubb, the CTO for Arris’ Cloud Solutions Business. “What kind of a service do they want to offer? It’s a term that is thrown around a lot, but it can cover a lot of ground.”

Often, Grubb said, a first strike into the world of TVE is linked to the operator’s DVR services. A key strategic decision will be whether to focus the DVR functionality in the home or the network. That, he said, will have a long term impact on an emerging TVE initiative.

TVE programming is available in what can be a dizzying array of channels: Subscribers can access content through operator portals and apps and directly from the content owners via their websites and apps. Steve Christian, the Vice President of Marketing for Verimatrix, said that operators should go to great lengths to keep “ownership” of their subscribers. Ceding the territory too easily to content owners is a strategic mistake that will have long term consequences.

Chris Rittler, the Senior Vice President of Sales and Marketing for Deluxe Digital Distribution, agrees. He said that keeping the customer is a technical and investment challenge. Generally, the answer is in the clouds, said Rittler, whose
company offers catalog services to operators for TVE and multiscreen initiatives. “Operators are saying that they really want to control the user experience,” he said. “They are asking, ‘How do I do it?’ It is hard to assemble that end to end workflow.”

Operators should try to deploy as little equipment as possible that will be prematurely obsolete and stranded as the industry evolves. Christian cited cable’s ongoing transition from QAM to IP. The parallel and overlapping adoption of TVE opens the possibility of installing technology that serves both TVE and the broader IP infrastructure. “That kind of future-proofing is important in this rapidly changing environment,” Christian said.

The efficiencies can be deep. David Helfrick, a partner at IBB Consulting, suggested that a new approach, known as unified ingestion, creates synergies and efficiencies by waiting until the last possible opportunity to determine which type of adaptive bitrate streaming and which profile within that ABR protocol is used. There is no reason that content handled in this way can’t serve IP-based non TVE services as well. This can streamline operations and free up hardware, software and networking assets, Helfrick said.

Efficiencies and avoiding reinventing the wheel is a common theme that makes sense: The industry is moving from a situation in which the TVE infrastructure aims to get products into the field as quickly as possible to extensible platforms that can be replicated across the operators’ entire footprint.

Buckeye CableSystem: “We want to be the Aggregator of Choice”

Joe Jensen, the CTO of Buckeye CableSystem, knows that when you are not the biggest you have to be extra smart and efficient. The operator’s rollout of TV Everywhere has to be sharp and excel in two areas: the user interface and utilization of the infrastructure in a way that reduces the duplication.

At the end of the day, Buckeye wants to be the shepherd that leads subscribers through the rocky terrain of the new world of television. “We want to be the aggregator of choice,” Jensen said.

“You can put up 500 channels, but unless you help subscribers enjoy the richness of the product, they lose the perspective of what is being offered to them. That’s 90 percent of the problem.”

Joe Jensen, CTO, Buckeye CableSystem
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Buckeye is in the experimenting stage. The company’s de facto lab will be a pair of local sports channels, Buckeye Cable Sports Networks I and II. Buckeye has partnered with Azuki Systems — which is being acquired by Ericsson – on an end-to-end streaming platform. Currently, Buckeye has iOS and Android apps in the field. It is a work in progress, Jensen said. “What we are trying to do is get to the point that we have a full and complete understanding of the platform and a better perspective of where we want to drive the user experience.”

Azuki is being brought in to provide the most efficient platform possible. Jensen’s aim is to use the same system to support both set-top boxes and the myriad second and third screen devices which, by definition, carry a number of unknown attributes.

The Ericsson acquisition of Azuki brings a lot to the table, but also introduces some uncertainty. “We are going to wait and see how that impacts our strategy,” Jensen said. “This may be an opportunity to continue and it may be opportunity to rethink where we want to go.”

The goal is to gradually create a single infrastructure that performs as many roles as possible. “We’d like to take advantage of the same technology used in the IP-centric realm to support our managed [IP] STBs,” Jensen said. “We’d like to gracefully evolve from an environment where we are heavily linear to an environment where we support content over both linear and a streamed IP network.”

At the end of the day, Buckeye recognizes that the lion’s share of the video revenue comes from traditional cable television services. TVE is a nice add on. At the same time, streamed IP content is the wave of the future. Today’s kids — who are being raised on YouTube, Hulu and the rest — are the check signers of the future. Thus, a plan for a manageable transition must be in place. The bottom line: When the market changes, Buckeye wants to go with it – not be left behind.

In addition to working with Azuki and other vendors on moving the platform forward – and finding, over time, the right mix of legacy and streamed IP elements – Buckeye is working to find a way to do perhaps the hardest thing: Engage and direct subscribers in an era with an almost limitless amount of content.

Thus, Buckeye will study the user interface. “The biggest obstacle is finding a way to create value in the minds of customers,” Jensen said. “You can put up 500 channels, but unless you help subscribers enjoy the richness of the product, they lose the perspective of what is being offered to them. That’s 90 percent of the problem.”

Midcontinent Communications: Bullish on TVE

TV Everywhere is a potentially lucrative business that has gotten operators’ attention. By the same token, it is clear that MSOs have a great number of promising endeavors, such as smart house services and cellular backhaul,
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on the table. Thus, moves to adopt TVE are varied across the spectrum: Some operators are hanging back and some are moving forward aggressively.

One of those that has taken up the TVE gauntlet eagerly is Midcontinent Communications. The operator believes that the future of video is, to a great extent, the TVE model and that service providers who do not act on this assumption risk being left behind.

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Gary Shawd, Vice President of Information Systems, Midcontinent Cable

TVE is not a replacement, but an important new complement, according to the company. “Our customers’ way of watching video is changing,” said Gary Shawd, the Vice President of Information Systems. “OTT taught that there are other ways to consume video. A lot (of subscribers) want to watch on multiple devices and not just in front of their TV. It is in our best interest to give consumers access to authorized content no matter where they are.”

Progress has been consistent and the learning curve steep since the operator launched TVE in 2012. At this point, Midcontinent supports 12 networks, Shawd said.
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on authentication," he said. "We see that as a challenge. When half the people trying to view content are getting an authentication failure, it is a problem you have to address."

Some of those failures are simply people who are trying to access content that they are not authorized to get. In other cases – too many, Midcontinent feels – the problem is that people don’t remember their user name and password.

Shawd said that Midcontinent is confronting this problem by providing the option of logging on through social networks such as Facebook, Twitter and Google Plus. The operator doesn’t think the mix of social networking and subscriber viewing choices raises issues. "We looked into it and it didn’t look like a concern," Shawd said, noting that, in any case, the approach is optional and those with privacy concerns can simply bypass it.

The easiest approach to authentication is to not ask subscribers anything. That is precisely what the operator rolled out in conjunction with the Winter Olympics. Simply, the system checks the IP addresses of customers who are trying to access the programming from inside their homes. The subscriber is good to go if the system verifies that the IP address is associated with an account that has access to the programming. Midcontinent is partnering with Synacor on this project as well.

Shawd said that 63 percent of viewers indeed are using the TVE system from home, so that feature will go a long way to meeting the authentication issue. Using the approach for the Olympics is the first instance of what will become common. "We are planning to aggressively expand it," he said.

**Cox: Move Slowly, but Purposefully**

Cox is taking a characteristically slow and deliberate approach to TV Everywhere. Indeed, it is considering its options for when it will take Contour, its multiscreen app, outside the home. No date has been set for the move.

That careful approach is characteristic of Cox, which launched Contour as an inside-the-home service three years ago. Today, it serves content from within the Contour app for more than 100 linear networks. Beyond that, Cox supports multiscreen for more than 50 programmer apps. The operator wants to have all its ducks in a row before moving it out of customers’ homes. And, at the same time, the iterative approach gives the TVE ecosystem a chance to mature.

The early signs are good. The profile of users is shifting from dominance on early adopters to a more general universe of subscribers, said Mark Gathen, the Senior Director of Video Product Management for Cox. "We are seeing drastic increases year over year...We’ve seen many, many more customers every single month," he said.

A major challenge facing broadband providers is simplification. Wringing out complexity takes many forms. For instance, Contour aggregates all the networks it offers in a single application,
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sort of an app of apps. It also provides a recommendation engine that serves as many as eight users registered in a household.

Another important step is simplifying the way in which subscribers move from one programming network to another.

“We are seeing drastic increases year over year. We’ve seen many, many more customers every single month.”

Mark Gathen, Senior Director of Video Product Management, Cox Communications

Simplifying this process can take three different forms, Gathen said. The gold standard would be a single sign-on similar to the procedures used by companies to allow one sign-on for employees, suppliers and others. Today, Gathen said, Cox is seeking to enable subscribers to use passwords with which they already are familiar, such as the one used for a Gmail account.

During the recent Winter Olympics, Cox tested an approach in which the system proactively examined the accounts of subscribers who tried to access the games and, if they had the proper rights, automatically logged them in.

Contour added support for Android in November after starting off with iOS. The next step is to take programming outside the home. “We are currently looking at which rights we have and making a determination on our roadmap of when to [offer programming] outside the home,” Gathen said. “We are working to refine our roadmap.”

Another top of agenda item is the introduction of dynamic ad insertion on multiscreen programming. “We are in the due diligence phase, understanding the space, the architecture, what it would take to participate in that arena,” Gathen said.

Cox is in the multiscreen game, but will not be rushed. “As we think about TV Everywhere, we are talking about the customer experience in a new architectural environment,” he said. “We will try to change the customer experience.”