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# Project Canvas

Nick Verkroost, Value Partners

Madrid, 12<sup>th</sup> May 2010


# Introduction

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- Explain the drivers behind the Project Canvas initiative in the UK
- Introduction to Project Canvas, looking at the technical standard, the platform and user experience
- Share the findings of Value Partners Market Impact Assessment of Project Canvas

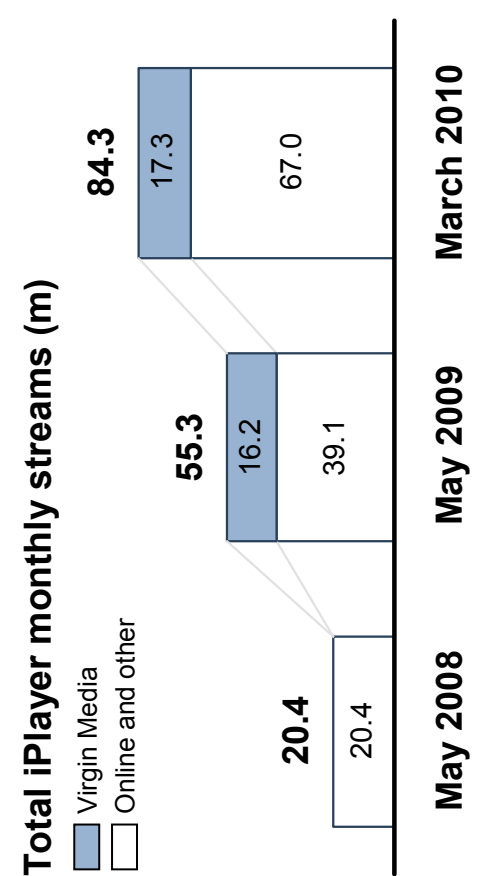
# TV-VOD services in the UK are developing rapidly with pay-TV operators and manufacturers entering the market

**Virgin Media: iPlayer via cable (launched 2008)**



- Launched BBC iPlayer mid 2007
  - 17m iPlayer views per month from 3.6 million subscribers
  - 20% of total iPlayer views
- 58% of subs use VOD (Q4 2009)
- Average of 35 views/user/month

**Total iPlayer monthly streams (m)**



Month	Virgin Media (m)	Online and other (m)	Total (m)
May 2008	0	20.4	20.4
May 2009	16.2	39.1	55.3
March 2010	17.3	67.0	84.3

**Sky: Project Darwin (expected 2010)**



- True VOD (Sky Player and iPlayer) via IP to TV STB
- New middleware (Fusion from NDS)
  - can handle web apps (e.g. Flash)
  - uses progressive downloading

**TV manufacturers: Internet TVs (from 2009)**



- Panasonic launched broadband-enabled HDTV offering content from online partner YouTube direct to the screen
- Samsung with Yahoo! and Intel developing web-based widgets for broadband-enabled HDTVs

Source: Value Partners analysis, BBC, Virgin Media, Sky, Press search, Screen Digest

# Fragmented market presents challenges for FTA broadcasters and non-linear content providers

## Why do we need Canvas?

Freeview and FreeSAT have been slow to evolve

- **Current DTT platforms offer only linear services**
- Digital Television Group (DTG) **Dbook6 standard enables VOD** but does not to support web based applications such as Flash
- **Risk that DTT proposition unable to compete**
  - Loss of investment in DTT platform
  - Restricts TV-VOD to those users who are willing to pay for it

No industry agreed standard for TV-VOD

- **Content providers must reversion content** for different devices
- Electronics manufacturers build to individual specifications
- Risk of standards war (e.g. Blu-ray vs. HD DVD)

Service providers act as gatekeepers

- **Content providers must have a commercial relationship with the TV platform** to obtain a route to market
- Platform operators control how and when users access content

Source: Value Partners analysis



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# Project Canvas is a partnership between content providers and ISPs to build an open internet-connected TV platform

## Canvas consortium

- **Joint Venture to promote the platform** to consumers and the content, service and developer community
- **No commercial relationship** between the consortium or any providers of content to the platform; **consortium does not act as a gatekeeper** to content on the platform



## 1 Technical standard

- **Agree with industry a technical standard for TV-VOD**
- Freely published
- Likely to form the DTG's Dbook7 standard

## 2 Open platform

- **Build, run and promote an open platform**
- Provide an upgrade to existing DTT
- Provide route to market for a wide range of content and service providers

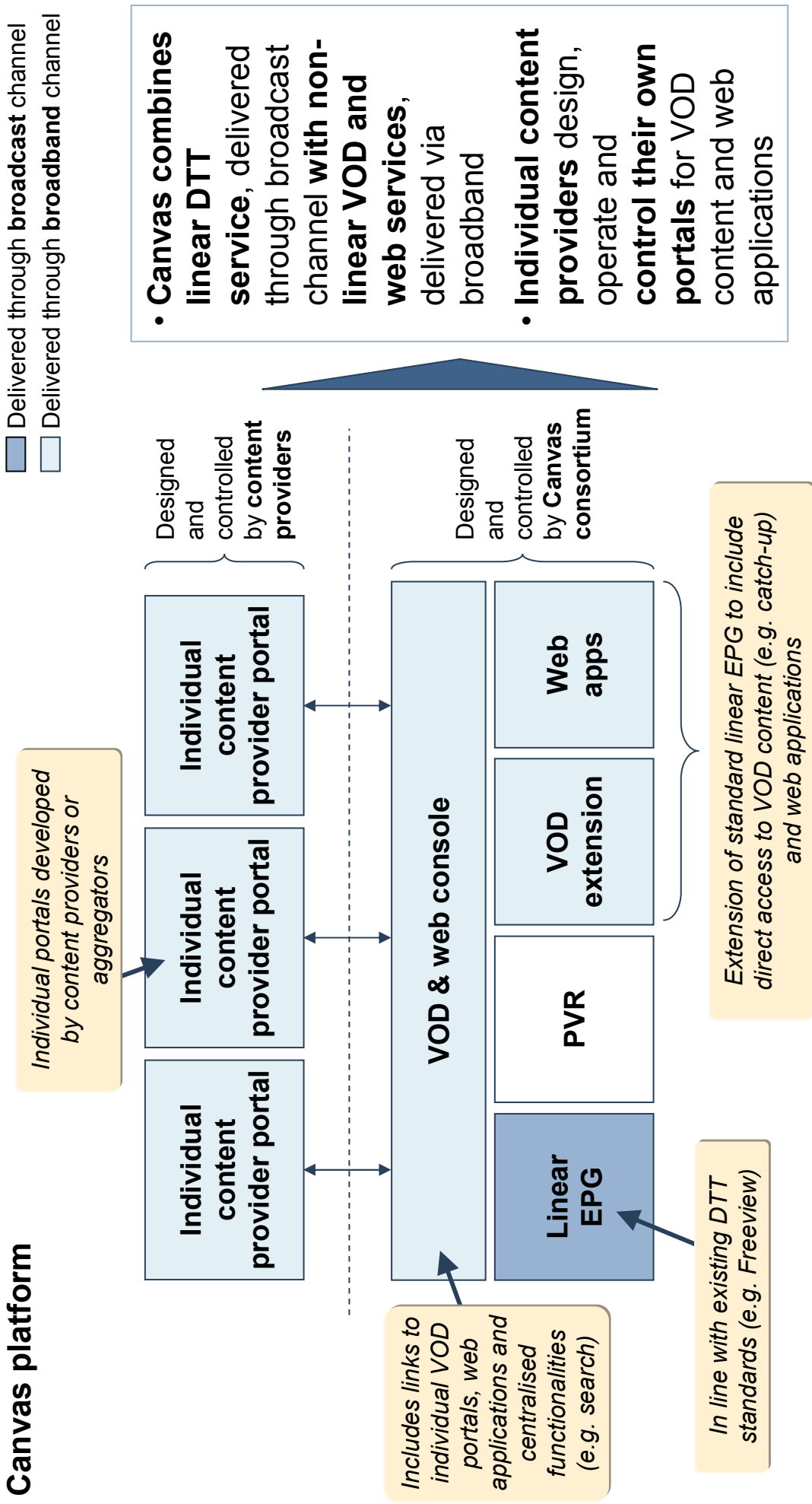
## 3 Electronic Program Guide (EPG)

- **Create a common and consistent UI**
- Seamlessly link linear and non-linear content
- Owned by JV and licensed to manufacturers

Source: Value Partners analysis, Project Canvas, BBC

# Canvas delivers an open platform for content providers, built on a common technical standard

## Canvas platform

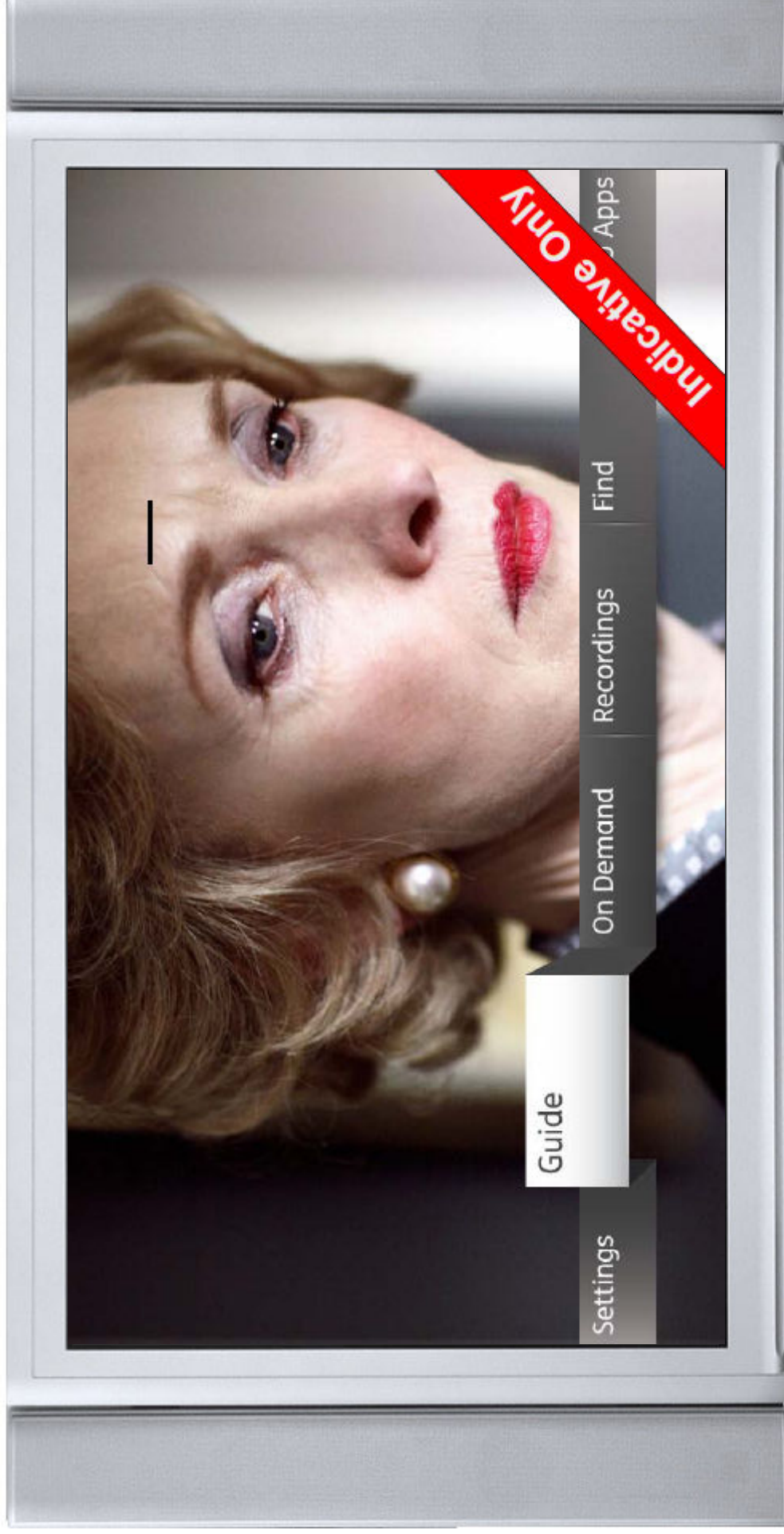


Source: Value Partners analysis, Project Canvas, BBC



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**Central to the Canvas proposition is a common user interface that seamlessly links broadcast and broadband content**



Source: Project Canvas, BBC

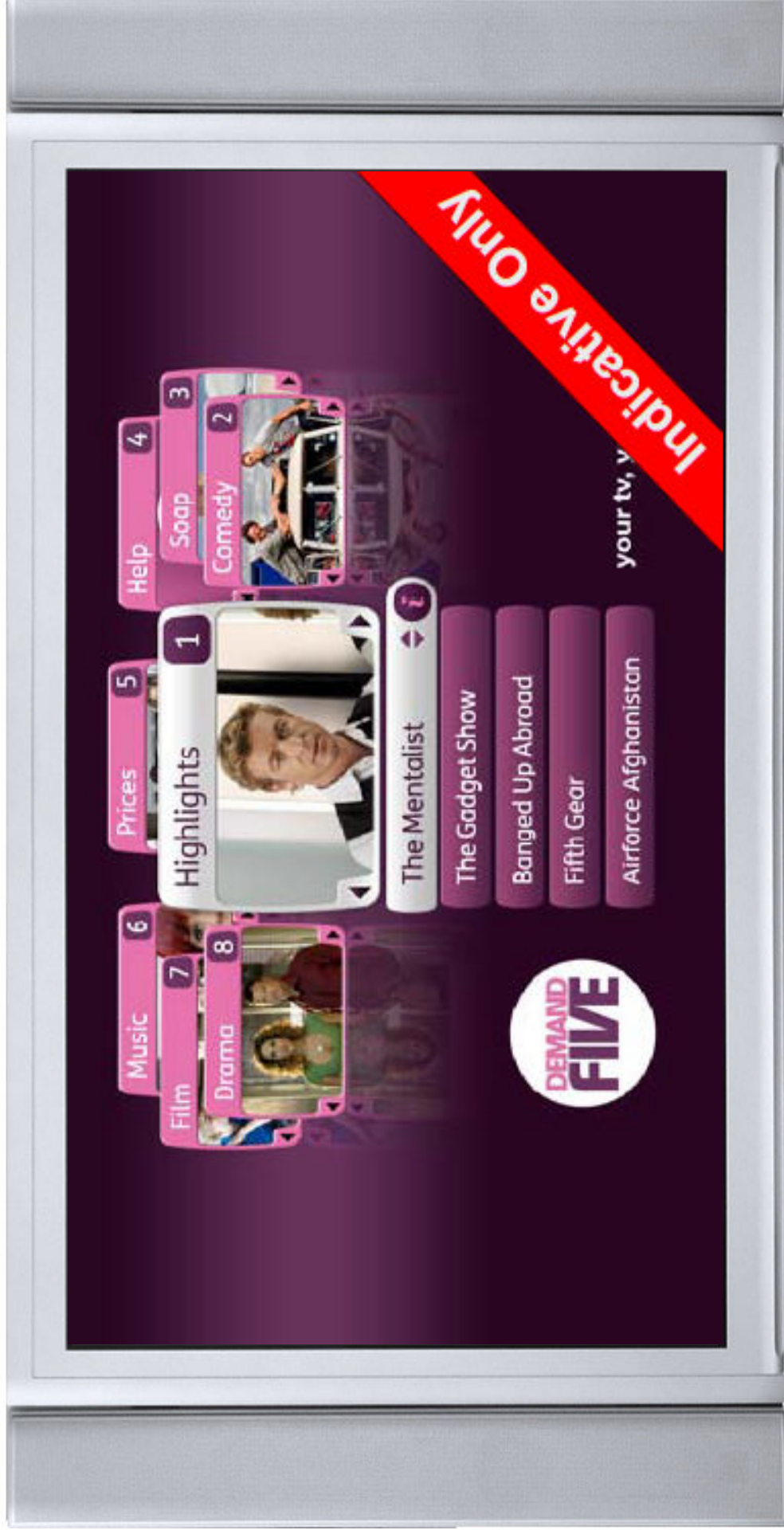
# Video On Demand EPG provides access to individual portals



Source: Project Canvas, BBC

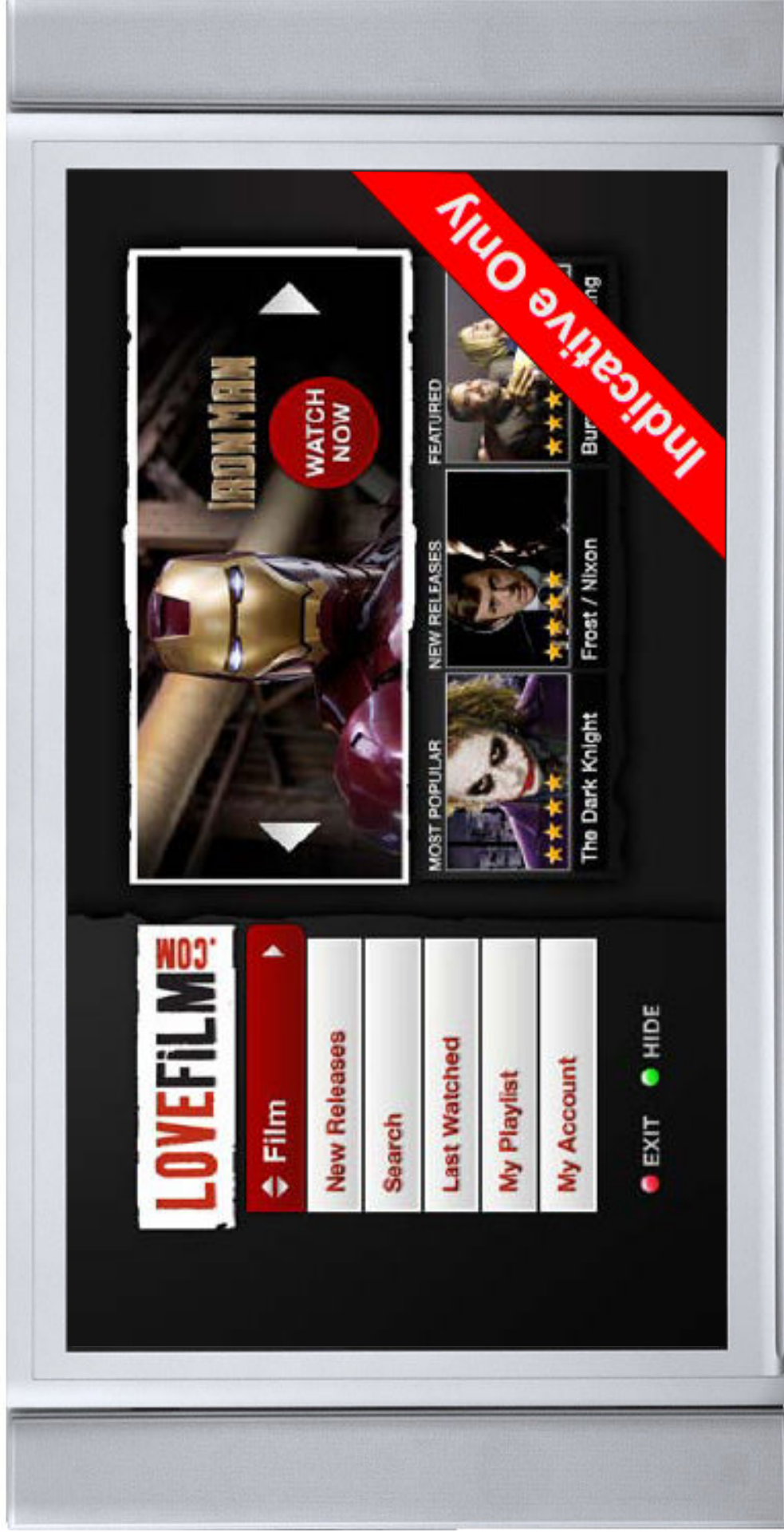


# Content providers retain full control of their VOD portal (1)



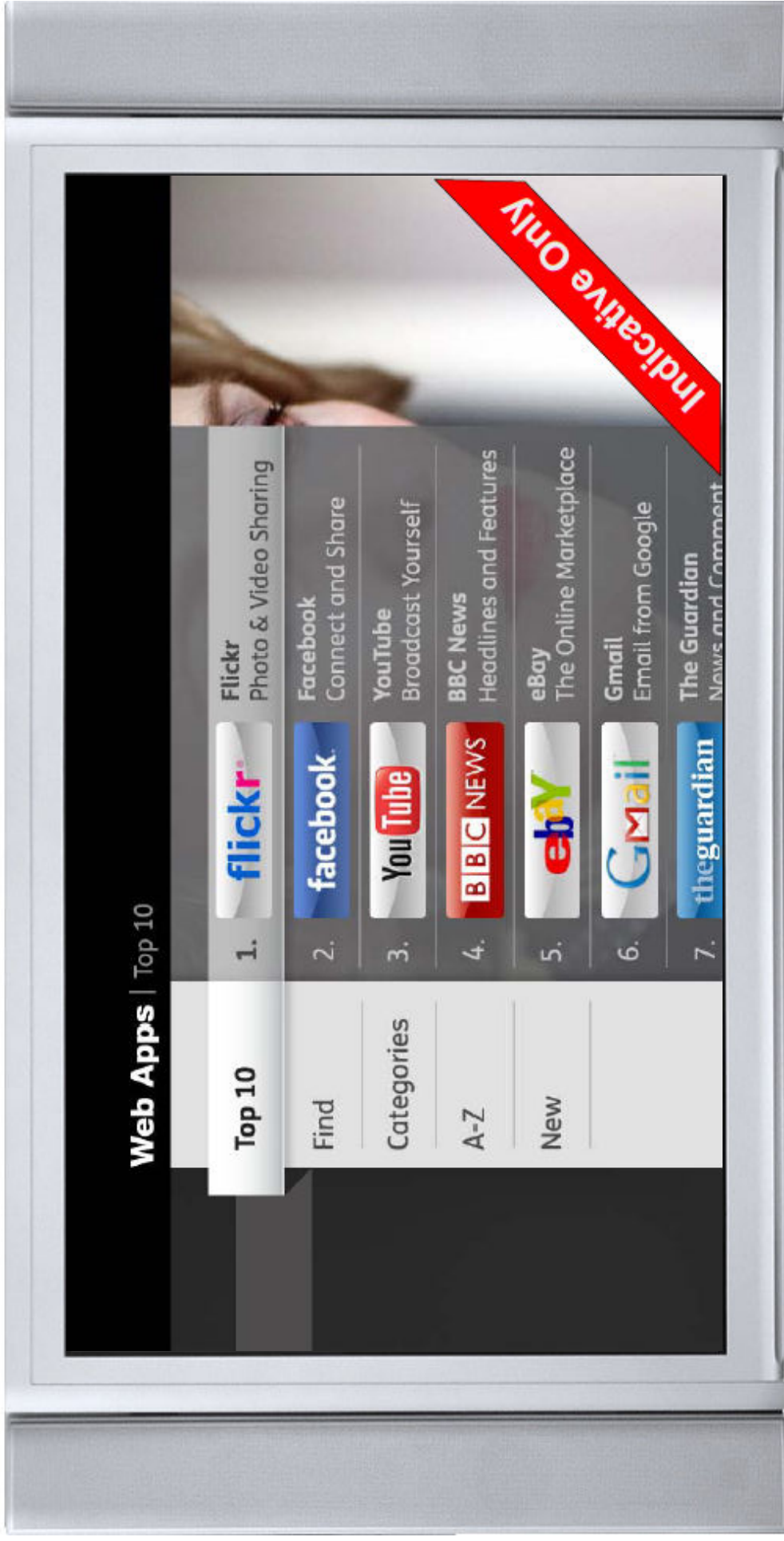
Source: Project Canvas, BBC

## Content providers retain full control of their VOD portal (2)



Source: Project Canvas, BBC

# Web applications provide access to popular online services and other features such as games, news feeds, and apps



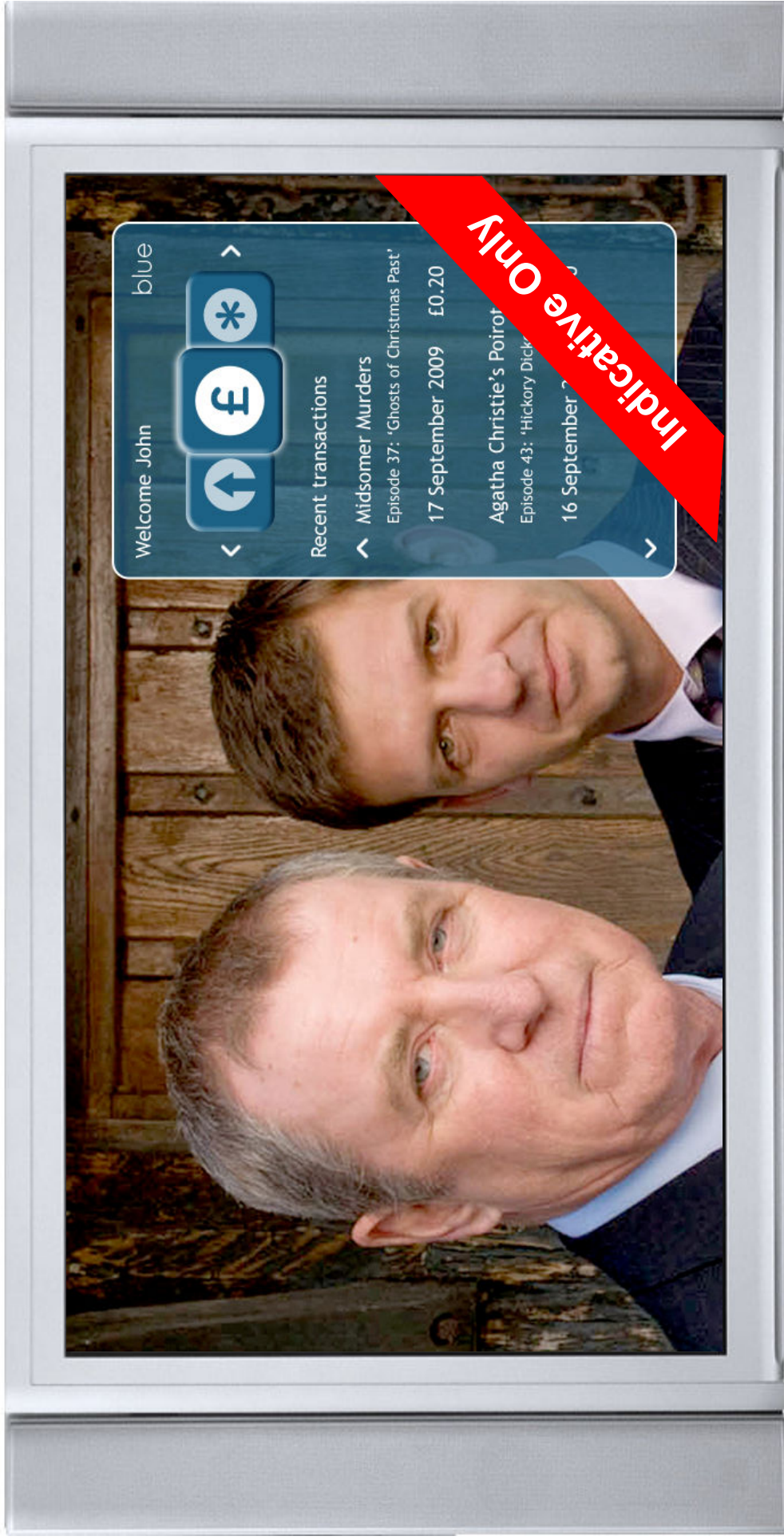
Source: Project Canvas, BBC

# Web apps may provide an opportunity for service providers to develop account management portals and sales channels



Source: Project Canvas, BBC

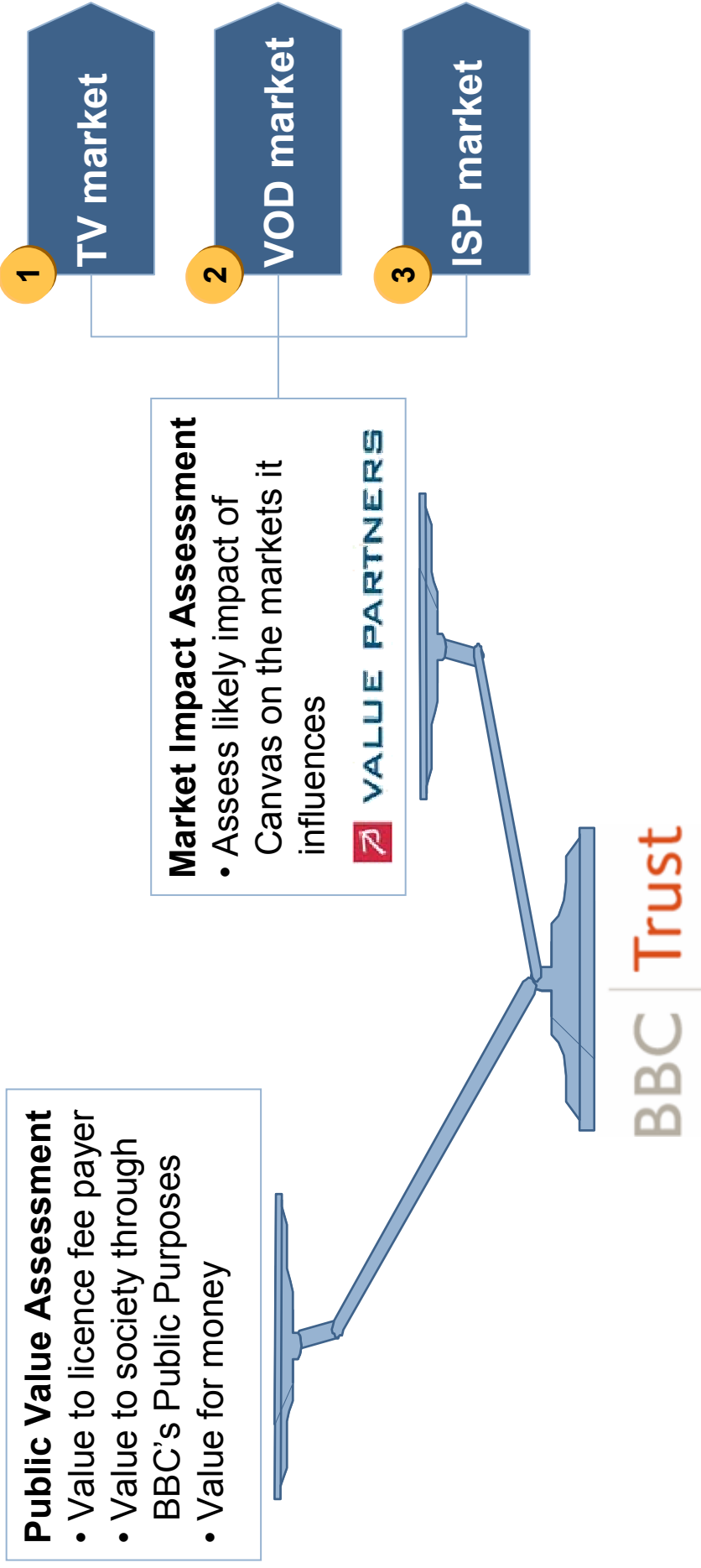
# Canvas creates new opportunities for pay VOD, including the development of 'pay-as-you-go' e-wallets



Source: Value Partner analysis

# BBC Trust must weigh up the public value of Canvas against an assessment of market impact, performed by Value Partners

## Process



Source: Value Partners analysis, BBC Trust

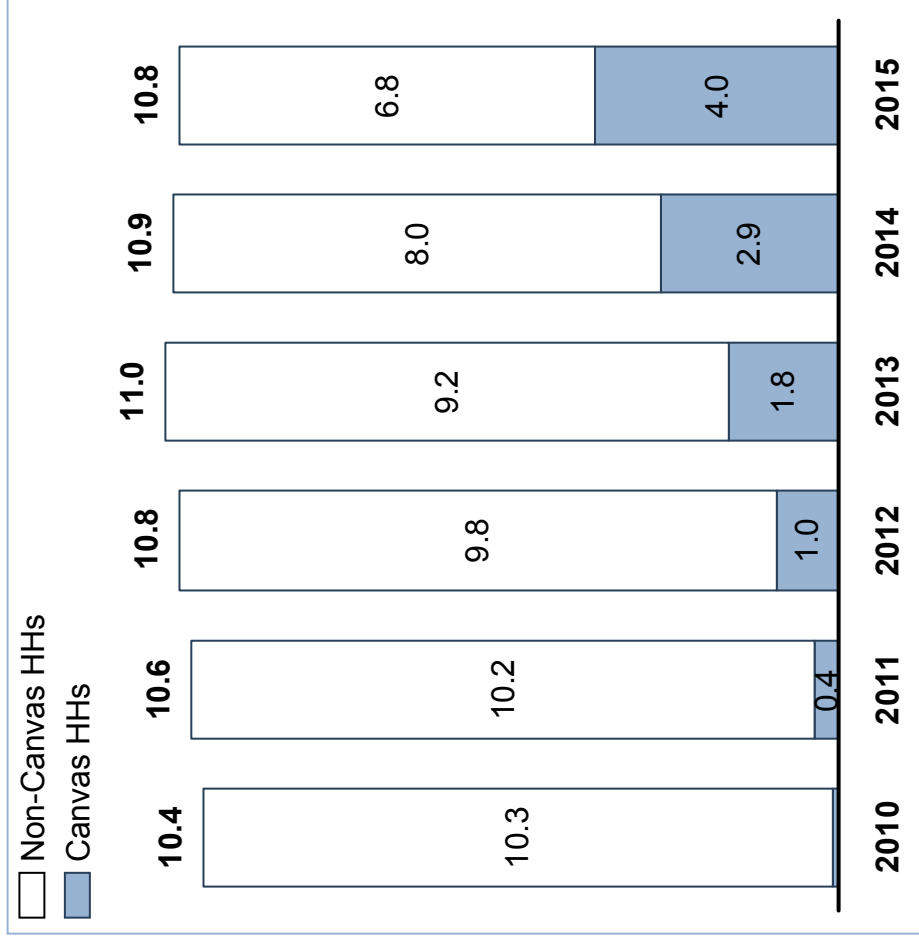


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# 1 Canvas is forecast to reach 4m households by 2015, securing investment in the DTT platform

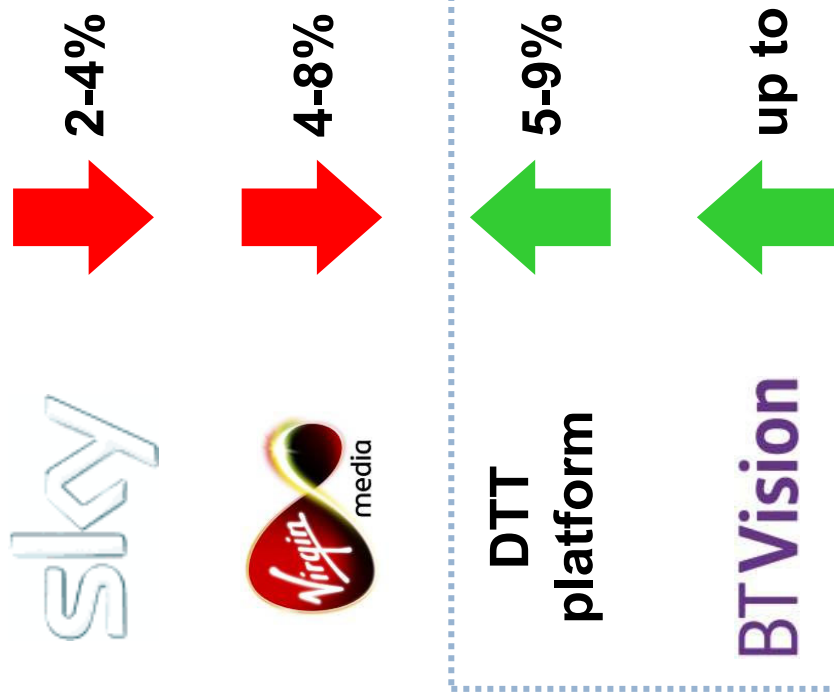
## TV market impact

Forecast DTT households, millions



Impact on subscriber base, in 2015

relative to a world without Canvas

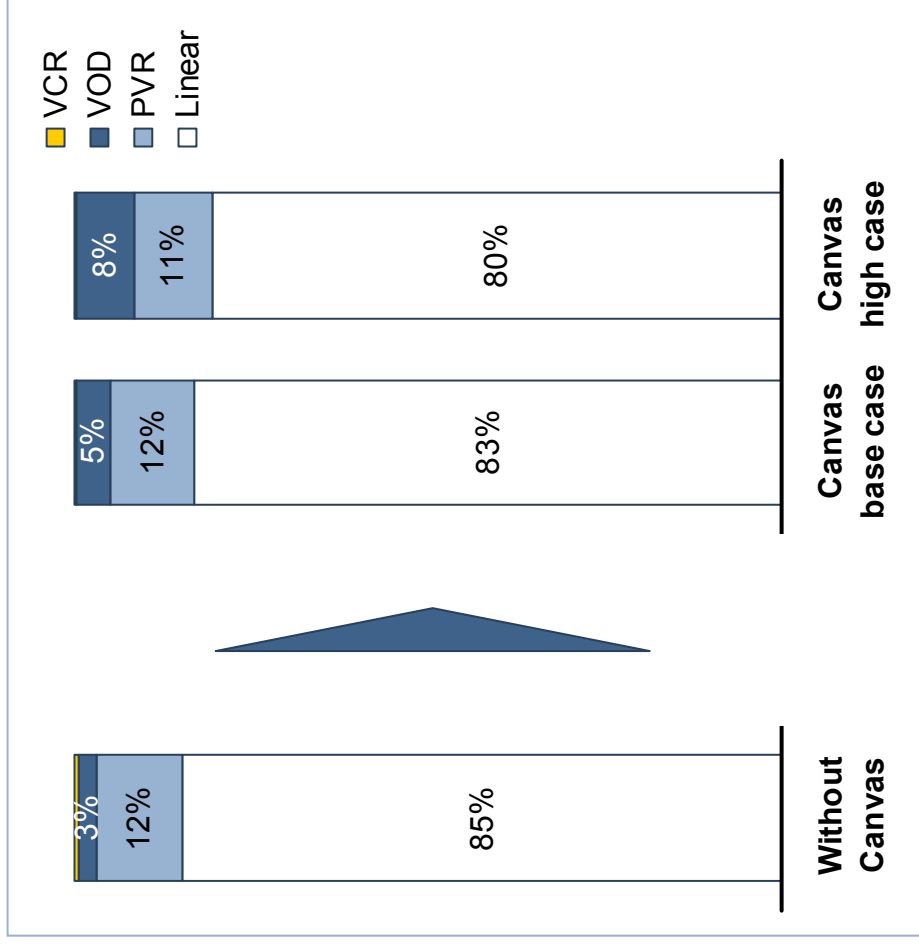


Source: Value Partners analysis

## 2 Canvas to increase VOD viewing to 5-8% of total viewing by 2015, paving the way for non-linear pay services

### VOD market impact

Share of television viewing in 2015, %



### Opportunities for pay VOD

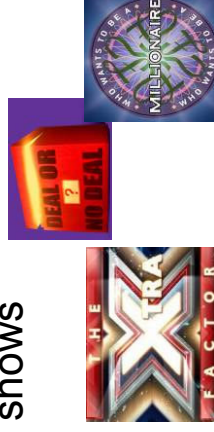
#### Catch-up PPV



“Archive” PPV, series stacking, DVD rental direct to TV

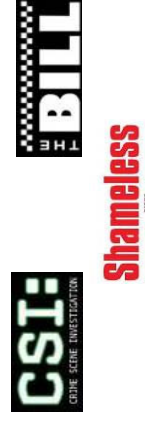


“Freemium” content, including reality shows and ‘play along’ game shows



Preview window, for a premium

“watch the next episode now”



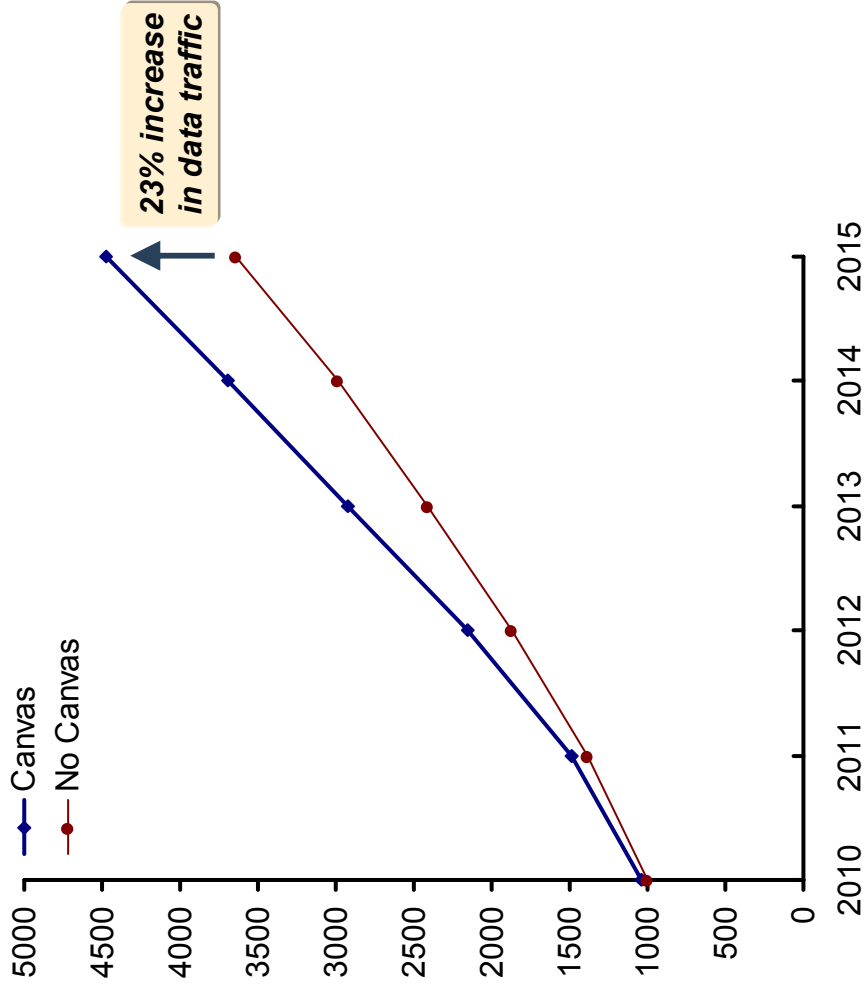
Source: Value Partners analysis



### 3 Canvas is likely to significantly increase the demand for capacity, but not necessarily increase network costs

#### ISP market impact

Total data traffic in peak hour, Gbps



#### LLU ISPs

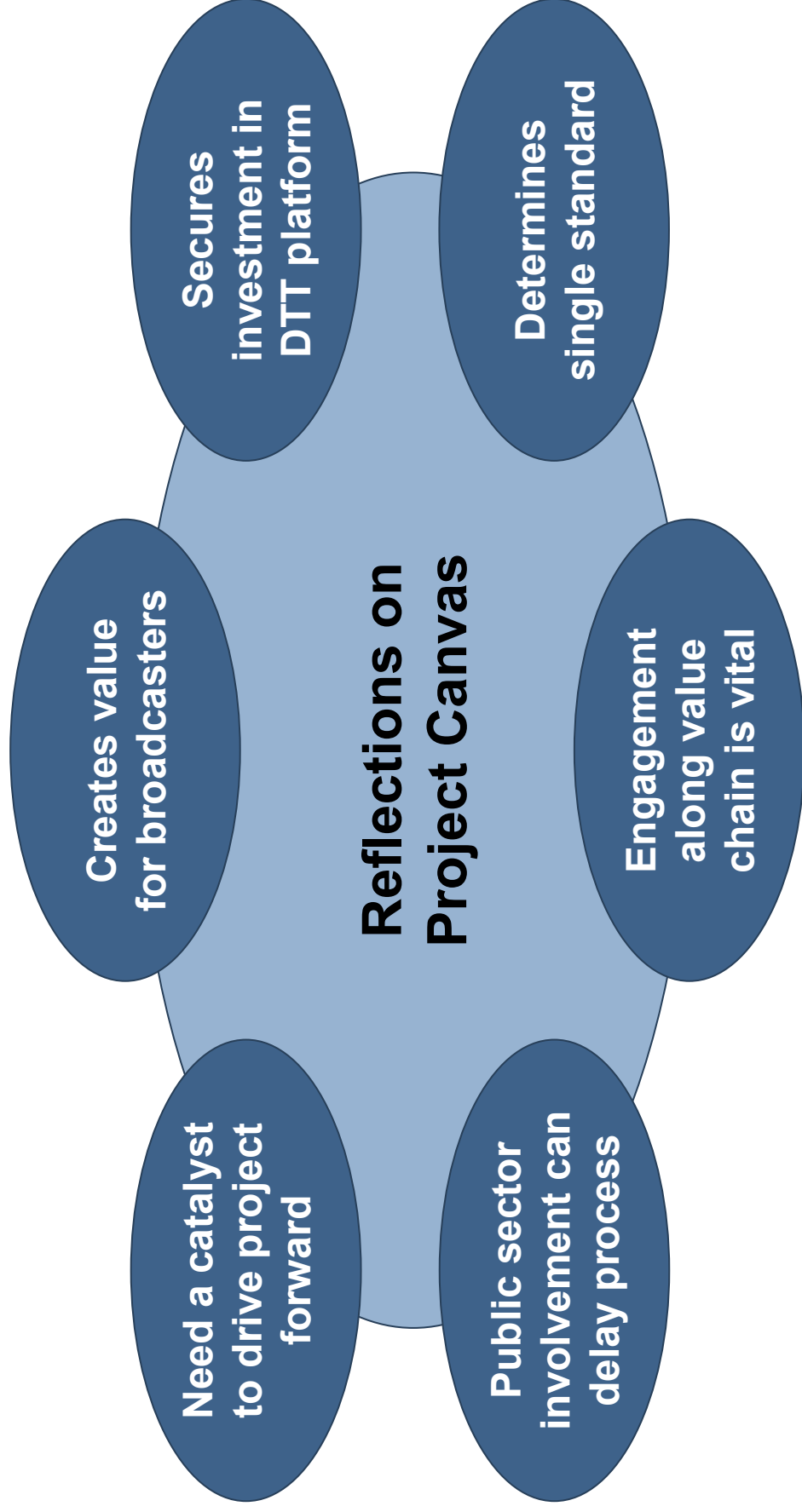
- **LLU ISPs are provisioning their network capacities for significant increases in usage** regardless of Canvas entering the market
- The increase in broadband traffic resulting from Canvas would **not necessitate any further increases in capacity**
- **Canvas would be unlikely to increase network costs for LLU ISPs**

#### Non-LLU ISPs

- **Costs increase in line with usage**  
Bitstream products on usage-based pricing
- **As such, Canvas would increase network costs** as the amount of network usage increases
- **Limitations in cost increases** could be achieved through **CDN technology** to efficiently transmit data across the network

Source: Value Partners analysis

## Lessons learned



## Thank you for listening...

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### ***Company profile:***

Value Partners is a global management consulting firm which draws on 400 professionals from 25 nationalities. We are the leading company in the Digital Media, Broadcasting and Telecoms sectors, supporting the top managers of multinationals engaged in change, globalisation and innovation. We deal not only with strategy, but with all those issues which are strategic for our clients. Our clients span all sectors of the rapidly evolving digital market-place including television, mobile telecoms, music, new media, the Internet, radio, fixed telecoms and sports. We have recently worked for the BBC, Vodafone, Ofcom, BT, Virgin Media, ITV, O2 and the Premier League.



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