HELSINKI UNIVERSITY OF TECHNOLOGY
Networking Laboratory

Techno-economic analysis of DVB-H business models.

CASE FINLAND

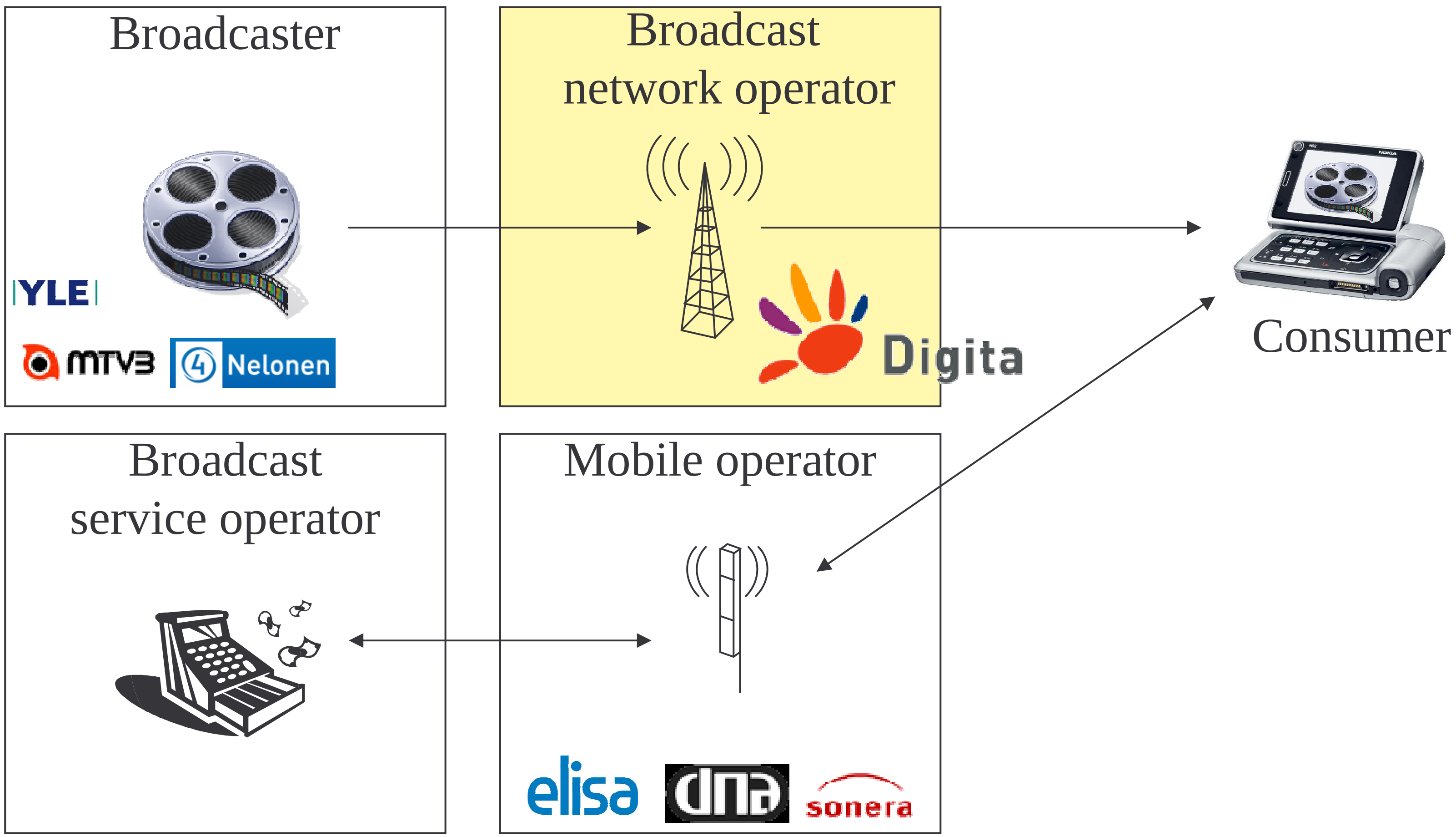
Tuukka Autio

COIN Seminar, 27 February 2007

Outline

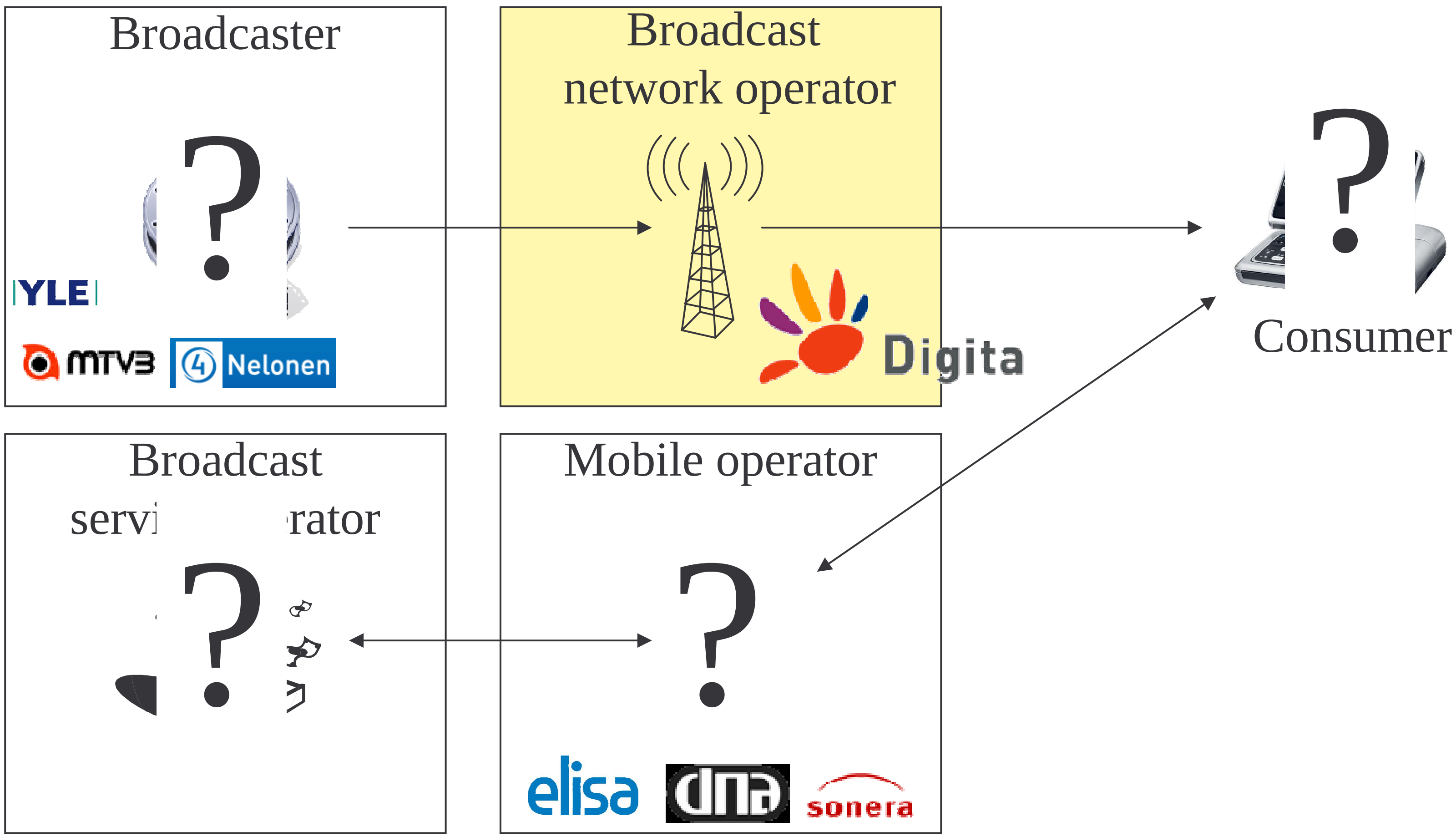
- Value network review
  - Business roles
  - Different business models
- Business model ranking
  - Methodology
  - Results
- Conclusions

Business roles in the value network

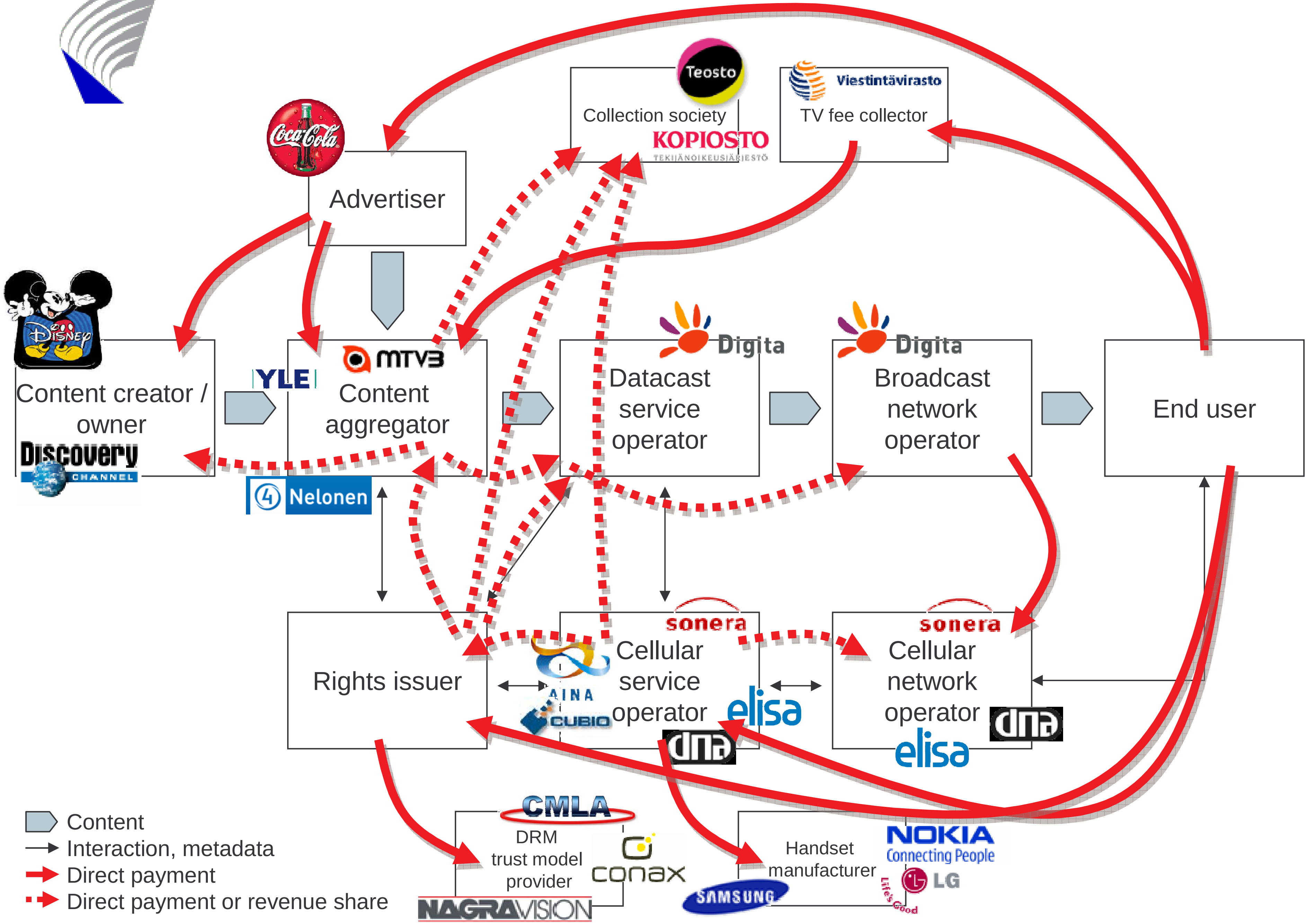


Situation 2/2007

DVB-H network up and running, but no handsets or service operators.



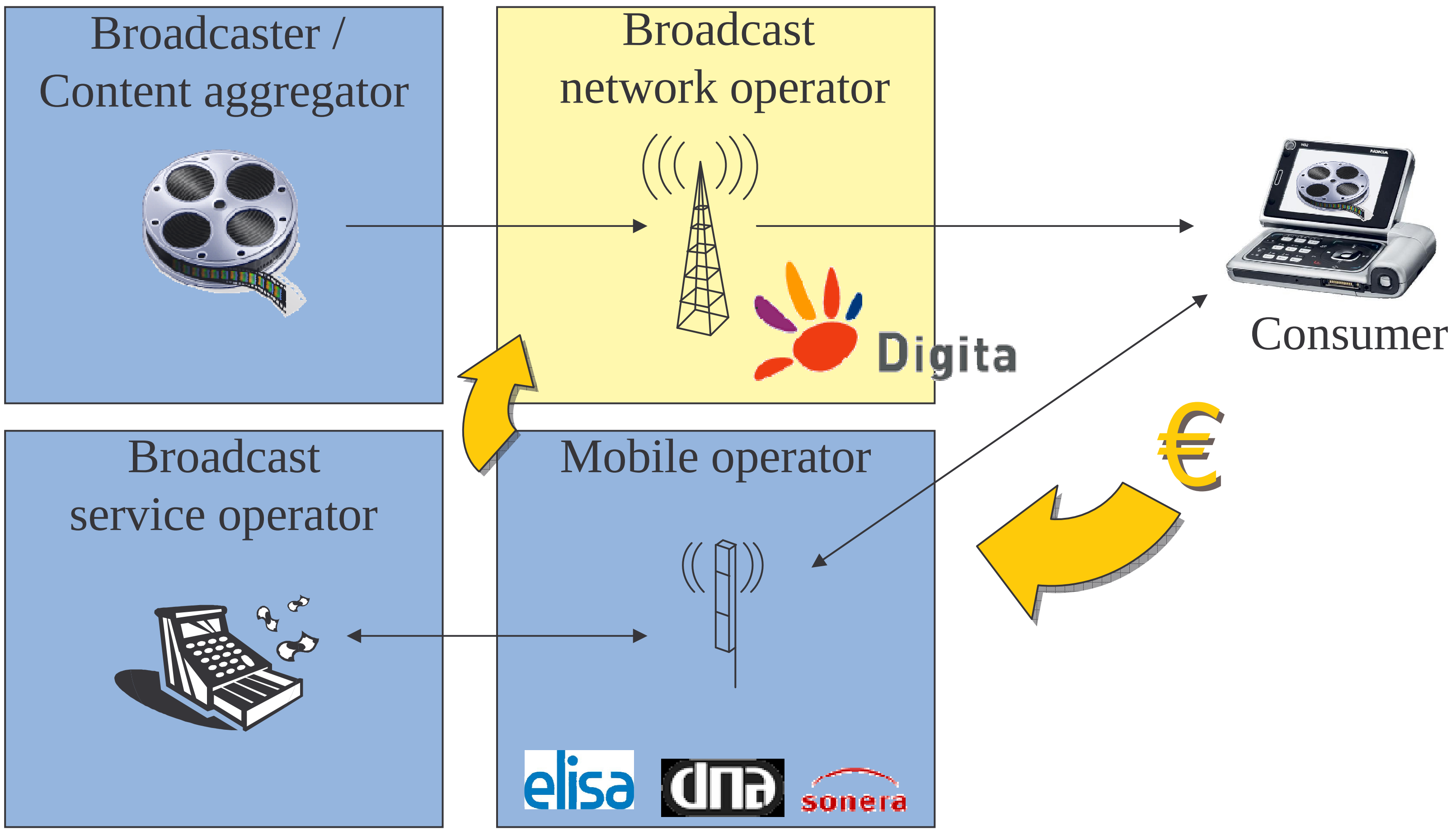
Generic value network



Business model 1:

Mobile operator approach

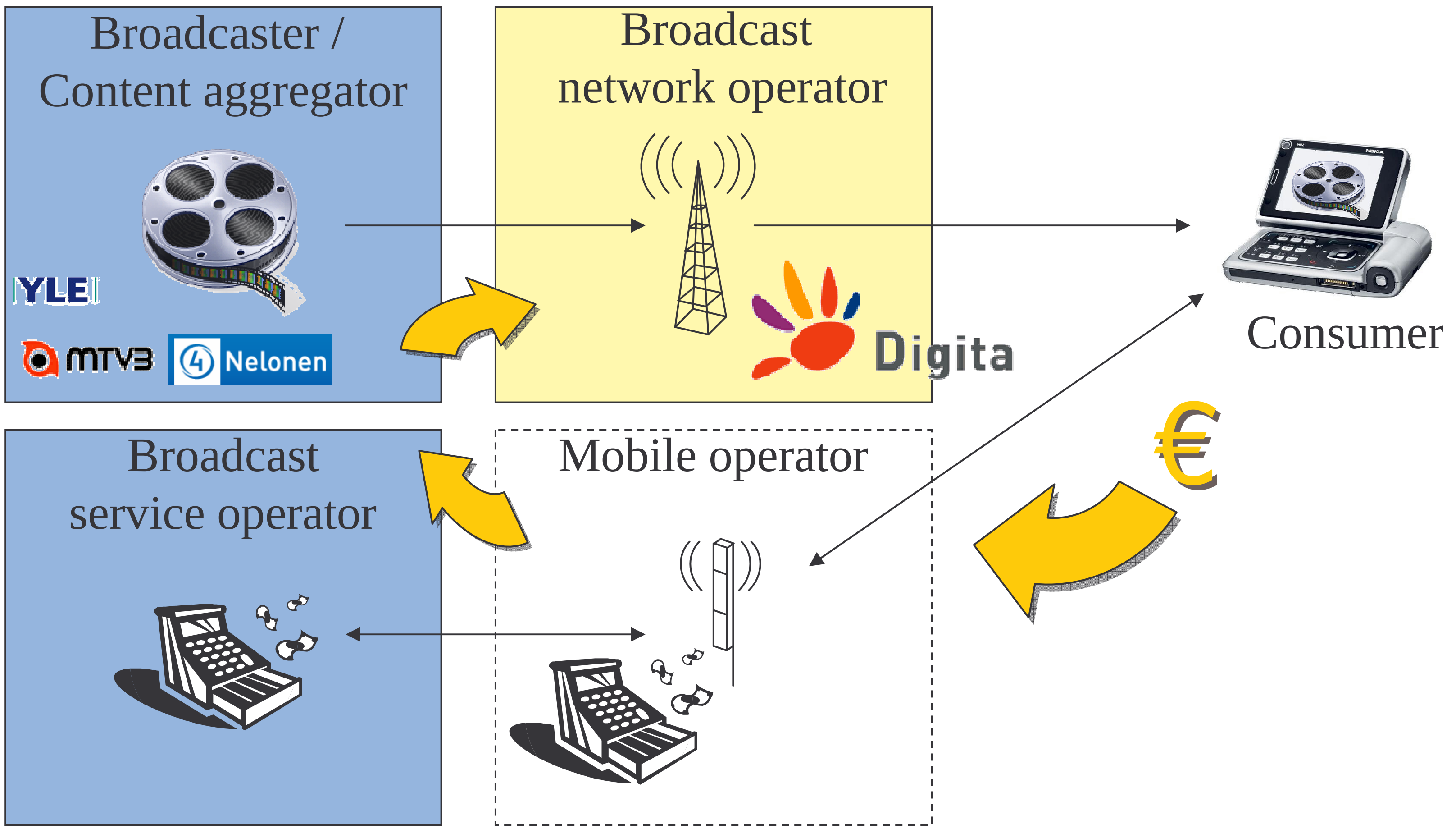
Mobile operator buys capacity and programming.



Business model 2:

Broadcaster approach

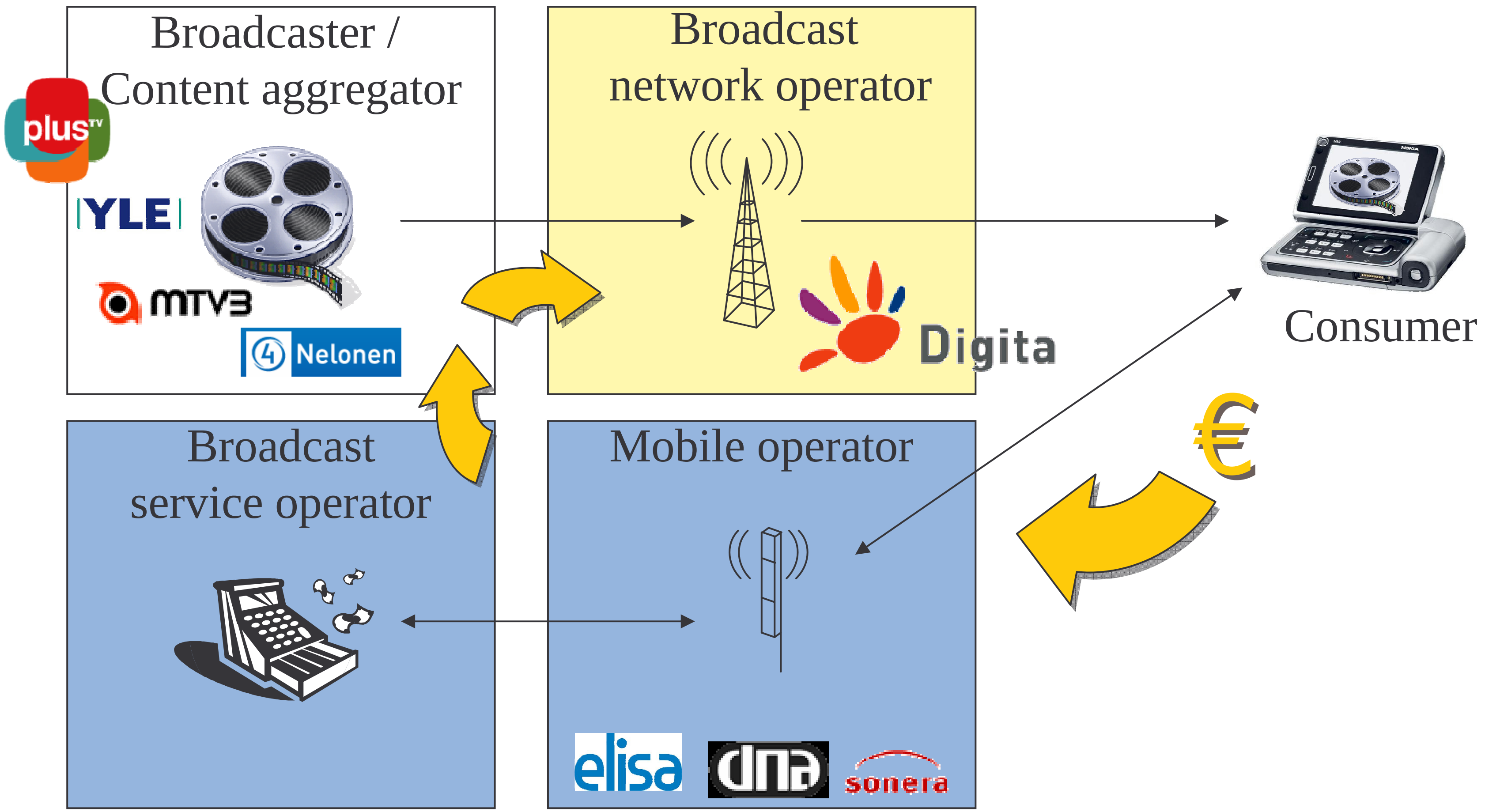
Broadcaster buys capacity and programming, sells services to consumers directly or indirectly (through mobile operators).



Business model 3:

Co-operation approach

Broadcaster buys capacity and programming, mobile operator sells services to consumers.



Outline

- Value network review
  - Business roles
  - Different business models
- Business model ranking
  - Methodology
  - Results
- Conclusions

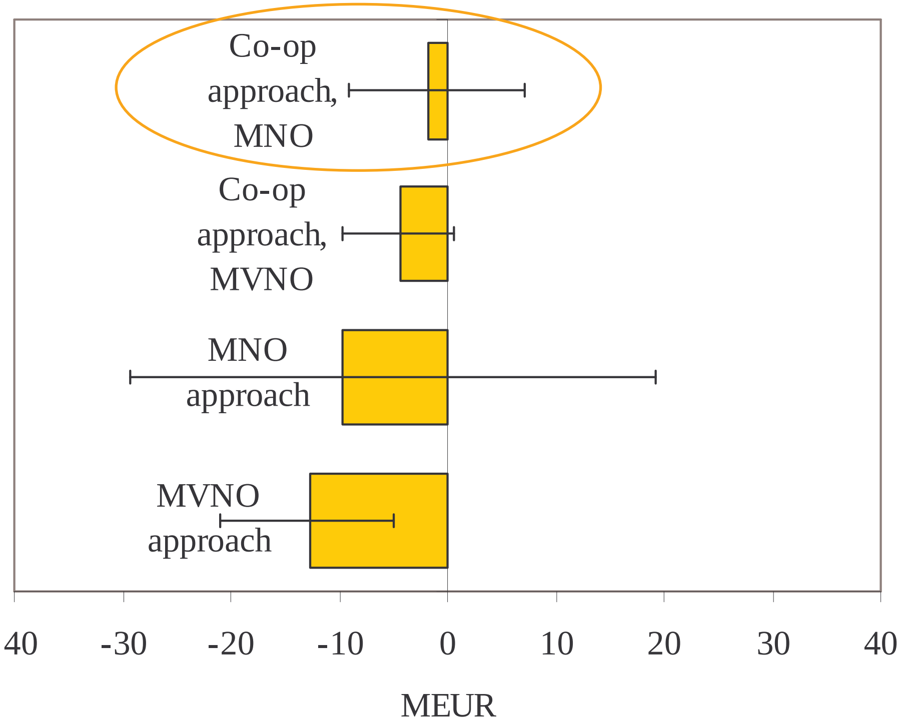
Methodology

- Ranking is based on a techno-economic model of the value network, created using the ECOSYS methodology and tool.
- Input data for the model was gathered through expert interviews and a literature review.
- Output is a cash flow analysis (NPV, r=8%).
- Study period 2007-2011.

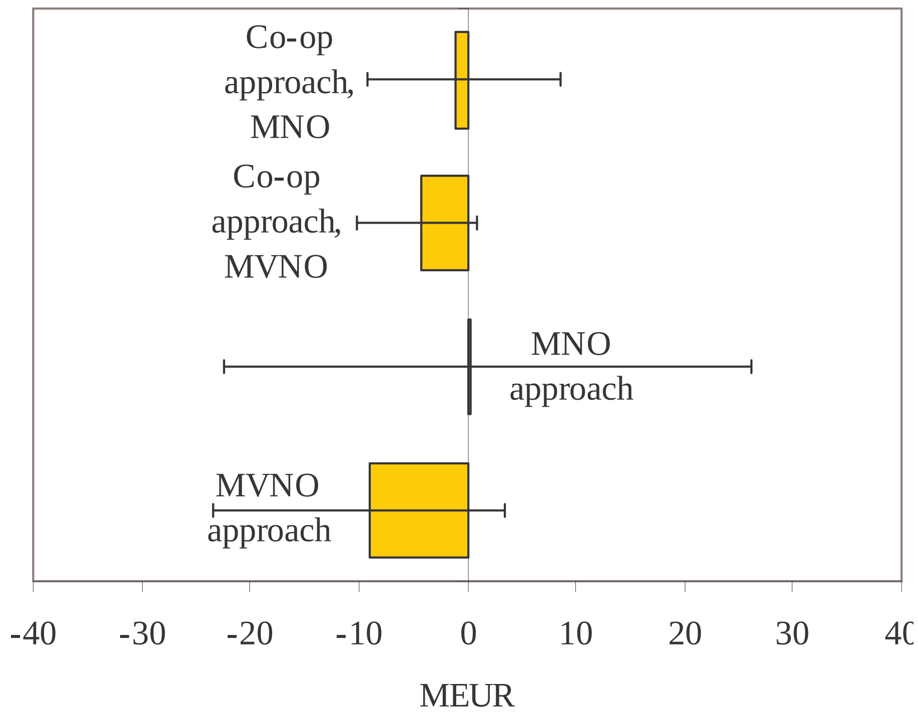
Co-operation approach seems easiest for mobile operators on average, if simulcasts are free.

- Results are less clear, if simulcasts are not free.

Mean NPV [MEUR] and extremes.
Simulcasts are free.

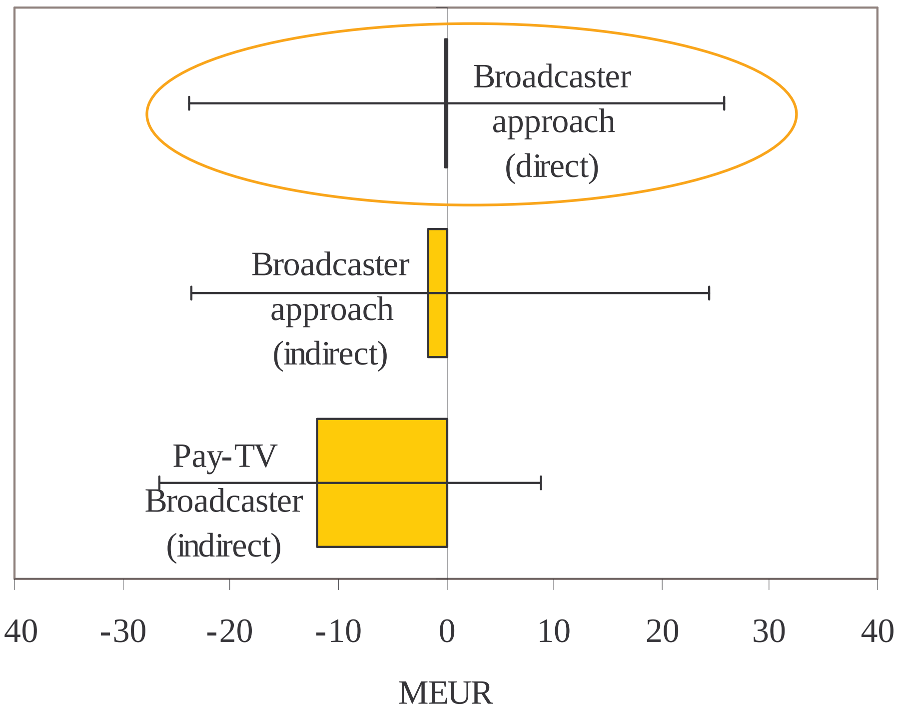


Mean NPV [MEUR] and extremes.
Simulcasts are NOT free.

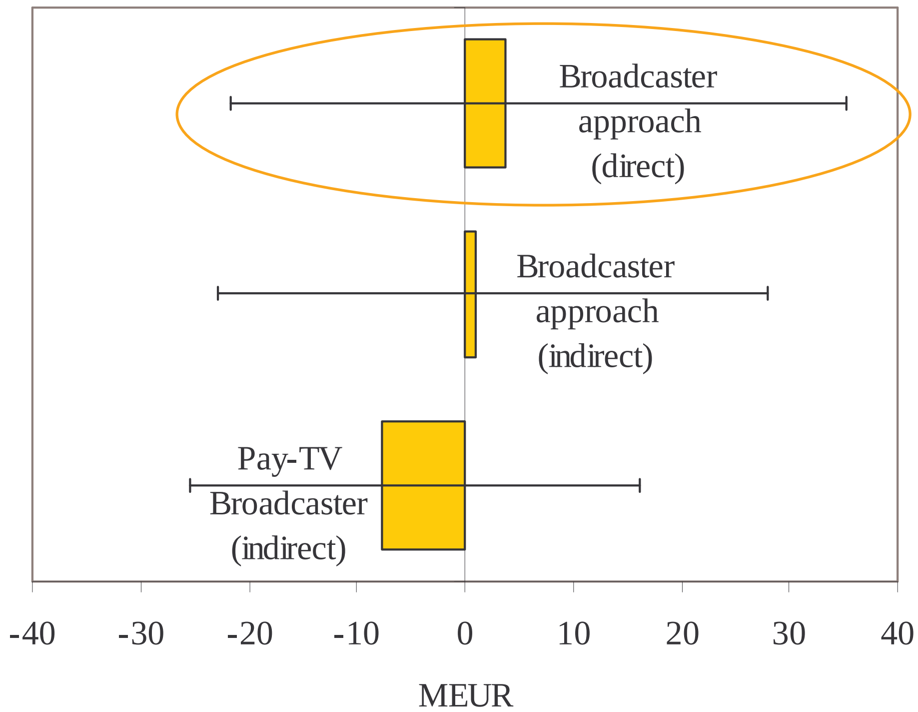


Bypassing mobile operators seems best for broadcasters on average.

Mean NPV [MEUR] and extremes.
Simulcasts are free.



Mean NPV [MEUR] and extremes.
Simulcasts are NOT free.



Summary

- Results support prevailing expectations among experts: DVB-H does not seem a gold mine in Finland - too few people, too many players sharing revenues.
- Co-operation seems easiest for mobile operators, but broadcasters might want to bypass them as a sales channel.
- High DVB-H handset adoption is needed, but quality content and reasonable pricing are vital to sell services.

References

M.Sc. Thesis, work in progress:

”Mobile television service in Finland: a techno-economic analysis.”

Soon available at:

http://www.netlab.tkk.fi/tutkimus/coin/