Techno-economic analysis of DVB-H business models.

CASE FINLAND

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Outline

• Value network review
  – Business roles
  – Different business models

• Business model ranking
  – Methodology
  – Results

• Conclusions
Business roles in the value network

- **Broadcaster**
  - YLE
  - MTV3
  - Nelonen

- **Broadcast service operator**
  - elisa
  - DNA
  - Sunera

- **Broadcast network operator**

- **Mobile operator**

- **Consumer**
Situation 2/2007
DVB-H network up and running, but no handsets or service operators.
Generic value network

- Advertiser
- Datacast service operator
- Broadcast network operator
- End user
- Collection society
- TV fee collector
- Content creator / owner
- Content aggregator
- Rights issuer
- Cellular service operator
- Cellular network operator
- Content interaction, metadata
- Direct payment
- Direct payment or revenue share
Business model 1:

**Mobile operator approach**

Mobile operator buys capacity and programming.

- **Broadcaster / Content aggregator**
- **Broadcast network operator**
- **Broadcast service operator**
- **Mobile operator**
- **Consumer**

The mobile operator buys capacity and programming from the broadcaster/content aggregator, using a broadcast service operator and the broadcast network operator. The consumer accesses the service through a mobile device.
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.
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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/