

MSOs are Better Positioned than Telcos to Launch Multi Play in India

Summary

1. Telcos/CMSPs must watch out as good MSOs are poised better to take away their market share of broad band, voice and IP TV.
2. Telcos/CMSPs are way ahead in their back end, core and edge network infrastructure as also OSS/BSS/CRM/Contact Center but they lack last mile. They also have no experience of managing Local Cable Operators (LCOs) who have band width bonanza reaching homes through their last mile HFC ([NSE:HFC/PB](#)) network, very aggressively exploited by good MSOs for analog and digital TV.

Analysis

Broad band is a key component of multi play. Both telcos and MSOs are vying for a huge pie of broad band in India . Telcos are focusing on quick roll out and expansion of their mobile networks to race ahead of each other to acquire as much market share from the current subs of 430 millions to go to 750 millions by 2012. MSOs are busy in promoting digital TV to ward off threat from DTH. Neither is paying much attention to true High Speed Internet (HSI) over broad band.

Progressive MSOs however have started thinking about innovative multi play consisting of voice, HSI, TV (analog, digital and IP TV) and finally Fixed Mobile Convergence (FMC ([NYSE:FTI](#))) in partnership with telcos/CMSPs . This would not only position them better against DTH for TV but also pose a very potent threat to telcos both for broad band and voice. Telcos initiative to launch IP TV is likely to be on small scale due to non availability of last mile to them. It is here that MSOs are better poised to quickly interconnect their fiber networks with Local Cable Operators (LCOs) last mile HFC.

Companies like DEN, Hathway ([MUMBAI STOCK EXCHANGE, MUMBAI:509073](#)), Digi Cable, WWIL, In Cable, Ortel and some others have been successful in consolidating smaller MSOs and LCOs and have seeded digital STBs for both analog and digital TV service. Even though their digital TV has CAS only in CAS declared areas but still a bundle of both analog and digital TV channels are being offered at USD 6.5 per month. In less than two years DEN has succeeded in seeding more than 10 million STBs. Likewise, few other progressive MSOs are also doing the same.

Telcos must watch out. MSOs like DEN would use similar strategy to combine voice and HSI as also start IP TV as a supplement to digital TV.

MSOs have the much needed ground experience of managing LCOs due to their mass proliferation of digital STBs. Telcos on the other hand though far superior in back end, core

and edge networks infrastructure as also in OSS/BSS/CRM/Contact Center lack experience in LCOs management. *MSOs thus are far more likely to take away the share of voice, broad band and IP TV from telcos.*

Imagine, India would have more than 100 million TV homes by 2010, though exact numbers are not known . *Following the same strategy, MSOs like DEN in two years would have more than 10 million homes with TV (analog, digital and IP TV), broad band and voice services over the interconnected Helvetica", "sans-serif";">DEN is planning to come out with IPO to raise USD 100 million, if they are aggressive and include multi play roll out in their plans, their IPO will get very good response.*