



## Who is changing my TV and how?

Cable TV Digitization will impact how millions engage with the characters of the famous soap operas and how the crazy cricket fans consume a Tendulkar six. With 88 million households across the country being impacted, it's worthwhile having a look at changes.

Cable TV digitization is truly a game changer. Not only the consumer but also the content producer and broadcaster will benefit from this move. While it has taken a long time coming, the consequences of this landmark move are truly phenomenal. The consumers are obviously set in for a real treat, as we would explore in the later part of this piece, the Cable TV industry itself is at the cusp of a revolution. A lot of positive change is expected but the move is certainly a challenging one as well for the industry. It is companies like Cisco with servicing capabilities at each end of the entire value chain (glass to glass) that are helping the cable TV industry take this big leap forward.

### Entertainment revolution

While the industry grapples with the technical demands of this move, the consumers can look forward to a far better entertainment experience. The prospects of digitization not only assures a whole array of superior entertainment services to the consumers but also of convergence of other technologies and features like high definition content and broadband accessibility coming their way. Peeush Mahajan, CEO, Fastway, a cable distribution company catering over 119 cities says, "Indian consumers will now get access to a world class TV watching experience with services like Video on Demand, more than 500+ channels and subsequent availability of

a broadband connection on their cable TV connection and all this at very affordable prices"

You might think that all these services are also available with DTH providers so what is the big deal? But there is more to the story. The switch from analog signals to digital ones is only the first step and the industry is gearing up for a massive change going forward. Sanjay Rohatgi, Senior Vice President, Service Provider, Cisco, India & SAARC, says "Today's consumers want their television viewing to be personal, social and an interactive experience. They want content to be delivered anytime, anywhere and on any device. Digitization opens a huge opportunity for cable service providers to monetize investments, and evolve as 'experience providers'".

### Industry metamorphosis

Cable TV digitization as a move is certainly a great policy initiative by the government as it is not only beneficial for the end user but it has all the ingredients to make the cable TV industry an attractive one for the corporates. The channels seen on TV (pay channels or free to air channels) are created by different broadcasters and transmitted from satellite to receiving stations (head-ends) owned by Multi System Operators (MSOs). The MSOs in turn re-transmit these signals through cables to the LCOs, who have their own last mile cable network to individual

homes. Over the years the LCOs have been dominating the market by offering Video/pay TV services and they had the end user relationship. With digitization this is set to change as billing relationship or end user management will be controlled by MSOs. New government policy streamlines the revenue distribution amongst BROADCASTERS, MSO and LCOs.

As per a study done by ASSOCHAM, MSOs will reap the greatest benefits. MSOs will get a share of revenue from a significantly larger volume of subscribers (as they will have the direct relationship with subscribers). In terms of ARPU, they will see an upside because of subscribers consuming and paying for value-added services and the opportunity to bundle broadband to some digital customers.

### The challenges

With such a massive step forward, challenges are apparent. MSOs being the biggest beneficiaries will also bear most of the execution challenge associated with meeting the aggressive digitization deadlines. The financial pressures associated with digitization could drive consolidation among the smaller MSOs, which have limited access to capital. Furthermore, about 20 per cent of analog cable TV subscribers are expected to churn to DTH (instead of migrating to digital cable) to avoid paying additional costs for set-top boxes. If MSOs fail to execute the

Here are a few excerpts from the discussion with Sanjay Rohatgi, Senior Vice President, Cisco, India & SAARC about the Cable TV digitization in India.

### How does Cisco look at this recent move enforcing the digitization of Cable TV in India? How do you think Cisco can play a role in this evolution?

Undoubtedly this is a great move from a policy perspective as it opens up the Indian entertainment space for tremendous innovation. The end consumers are set to gain through this move as they get access to more content of high quality through a platform that is truly world-class and can open up new possibilities like broadband etc. From an enabler perspective as well, we at Cisco have been looking forward to this change. Apart from some key acquisition that we made in this space, we have built some India specific products that will help us emerge as the single largest technology enabler for this transformation.

### What is Cisco's USP for being the preferred technology partner of MSOs around the country?

It is important to understand that Cisco has global expertise with regards to digitization. And our experience around the world has helped us expand our presence to every end of the value chain. Today Cisco has solutions that cater to the needs of content producers, broadcasters and now retail consumers. I cannot think of any other player who can boast of a comparable product & service portfolio therefore Cisco emerges as a natural choice for any foresighted MSO who understands the dynamics of this business. Also, we operate a world-class R&D center in Chennai, Atlanta and China for driving innovation in this particular field.



Sanjay Rohatgi,  
Senior Vice President, Service Provider,  
Cisco, India & SAARC

### How does the future look like with respect to the Indian TV entertainment industry?

This is just the beginning. We at Cisco believe that after this first phase of digitization is completed, a whole new industry will emerge. India will see a strong emergence of a whole new industry, which is well capitalised and a major force in the Broadcast media, Internet and entertainment industry. An advanced and interactive platform like this will put a lot of stress on content development. It is only with continuous innovation on the content front that MSOs can ensure the sustainability of their business. Taking cognizance of this, Cisco has already launched VIDEOSCAPE in which we have a truly world-class architecture that can change the video consumption landscape over TV and other digital consumption devices like smartphones, tablets etc.

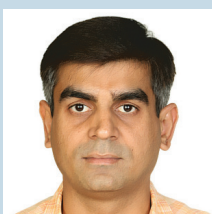
## CASE STUDY

### Connecting to the Fast-Lane

Fastway is one of the largest cable distribution companies with a strong emphasis on quality of service and content. This has enabled Fastway to cater its services to 119 cities and 25 districts across Punjab, Haryana and Himachal Pradesh. With fiber optic backbone across its networks and state-of-the-art distribution set ups, Fastway ushers in the digital age through cable, transforming the way viewers receive information and entertainment.

### The challenge

Fastway looked at this transformation from analog to digital cable TV signal transmission as a massive opportunity. Peeush Mahajan, CEO, Fastway says, "By enabling services like residential TV, HDTV, gaming, digital video recording, video on demand and future 'connect-



Peeush Mahajan,  
CEO, Fastway

ed home' services to retail consumers, we could suddenly evolve from a cable distribution company to a lifestyle-experience provider."

Fastway plans to provide broadband services and is currently working with universities and institutes in Punjab and Himachal Pradesh to offer educational services. But to make its plans a success story, it needed to transcend the enormous challenges with respect to hardware availability, a robust transmission platform and financial support as it prepares to embrace this massive transformation.

### The solution

Fastway chose to forge a strategic partnership with Cisco for providing it the hardware and technical backbone. Cisco's cable digitization solutions provide the massive scaling and operational cost optimization benefits that cable operators need to transition to a digital platform, apart from being able to take advantage of Cisco Capital@leasing and finance options.

Commenting on the importance of their strategic relationship with Cisco,

Gurdeep Singh, Managing Director, Fastway said, "Cable TV digitization is truly a massive opportunity for players like us. Choosing the



Gurdeep Singh,  
Managing Director,  
Fastway

right technology partners is not only critical but truly a source of competitive advantage for all service providers. I am certain that our partnership with Cisco will not only help us emerge as the MSO but also provide the end consumer with unparalleled TV watching experience."

Today, Fastway is geared up to not only meet the digital set top box demand unlike several others, but it is also confident of bringing advanced features like Video on Demand, broadband etc., faster and in more efficient manner than any of its competitors. This alliance with Cisco has certainly given them a competitive advantage over others and is slated to translate into real business gains in the near future.



### OUR KEY SET TOP BOXES

digitization process successfully, then the churn from analogue cable to DTH could be even higher.

Therefore it is critical that MSOs forge fruitful alliances on the technical, financial and operational fronts. On the technical front especially, technical partnerships with established players like Cisco who have global expertise, past experience and a comprehensive product portfolio can serve as a competitive advantage. The government has recently postponed the deadline of switching to digitization in the four metros primarily on account of unavailability of set top boxes that could meet the Indian requirements.

Sanjay Rohatgi of Cisco says, "Availability of the right set top box is certainly a constraint and we at Cisco could foresee this issue and hence were prepared. Cisco through its advanced R&D center in Chennai has introduced three India specific set top boxes that are giving our customers



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(MSOs) a competitive edge over their competitors." Capital availability and assuring a decent return on investment is also a worry. Experts believe that the ARPU rates would see a rise from presently ₹150 per month to about ₹180 per month and broadband bundling could increase substantially more, going forward.

### The road ahead

The opportunities far outweigh the challenges and hence India's evolution to a successful digital cable TV market is apparent. Experts believe that the quality of content will significantly improve thereby creating incentives at each end of the value chain from content production, distribution and consumption. So let's settle in our lazy boy chair and let the show begin!