

## DigiTAG Web Letter, May 2005

DigiTAG seeks to inform members and non-members about important developments in the digital terrestrial television market. Each month, DigiTAG distributes its web letter with news updates and further exploration of one topic. This month, we examine MHP interactive services in Europe.

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### MHP services in Europe

Across Europe, interactive services using the DVB Multimedia Home Platform (MHP) standard have been launched on the cable, satellite and terrestrial platforms. While not formally mandated by the European Commission, MHP has been embraced as an open and interoperable standard that can be actively encouraged and promoted. Already, several countries have launched MHP-based interactive services on the terrestrial platform.

**Finland** pioneered MHP-based interactive services on the digital terrestrial television (DTT) platform when it launched services in August 2001. Services currently include digital teletext, banking and game applications, advertising sites and a seven-day electronic programme guide (EPG). A mobile telephone assures the return channel. Currently, a regional MHP portal is available in the city of Tampere to provide local information and a similar portal will soon be launched in Helsinki. The government has actively supported the development of MHP-based services through its project ArviD.

Public service broadcasters have been very active in establishing the Nordic Migration Plan to ensure the introduction of MHP-based interactive services. The launch of DTT services in **Denmark** and **Norway** will likely include interactive services. Denmark is expected to launch its DTT services in July 2005 while Norway may launch its services in 2006.

In **Sweden**, interactive services were initially implemented using the proprietary system, OpenTV. However, the migration towards MHP-based services is underway and the public broadcaster SVT launched an MHP based digital teletext service in March 2004.

**Germany** has been a continued supporter of the roll-out of MHP-based interactive television services, especially on the satellite platform. MHP data services have been launched on the terrestrial television platform.

In **Austria**, a DTT trial with MHP-based interactive services provided

### DTT News Round-up

For all articles, please go to [DigiTAG News](#)

#### 2004 a record year for digital TV says Strategy Analytics

Integrated digital TV sets and the rise of digital terrestrial television (DTT) produced related revenues of \$16.2 billion (€12.50bn), according to Strategy Analytics. Manufacturers sold 49.3 million digital TV receivers worldwide, an increase of 50% on 2003, and an all time record.

A growing enthusiasm for the higher value integrated digital TV sets increased revenues by 70%. Looking ahead, Strategy Analytics predicts that growth during 2005 will move by a further 68.2 million units. By 2010 annual sales will have reached 181.3 million units, worth some \$39.1 billion in retail revenues.

Source: [Broadband TV News](#)

#### France - 90% DTT awareness

A study by Médiamétrie has shown that 94% of those interviewed were aware of DTT services. This compares with 35% awareness in 2002. In addition, one third of those interviewed stated that

150 households in Graz with access to an interactive television service called !TV4 using the telephone connection for the return channel. Using their television remote control, viewers could retrieve information services and vote. Given the success of the trial, it is likely that MHP-based interactive services will be launched alongside DTT services.

In **Hungary**, MHP-based interactive services are available in the DTT trials conducted by Antenna Hungaria. The services are information based and include digital teletext and an EPG.

In February 2002, the Ministry of Science and Technology in **Spain** sponsored an agreement for the promotion and implementation of interactive services based on the MHP standard signed by leading manufacturers and broadcasters. Currently MHP services are available in Catalunya, Madrid and the Basque region and are expected to be launched in Galicia. In Catalunya, the *Miromercats* pilot supplied 100 homes with advanced MHP applications and provided a return channel via the telephone line.

But the turning point for MHP has been in **Italy** where interactive content has been a cornerstone of the launch of DTT services. Broadcasters have provided a wide range of MHP-based interactive services such as digital teletext, news information, weather forecasts, audience polling and an EPG. Furthermore, the government seeks to develop "t-government" services in an aim to help bridge the digital divide. Government subsidies are available to encourage households to purchase interactive set-top boxes.

Of course MHP is not the only interactive television service system in the market. Proprietary systems such as MediaHighway and OpenTV have been installed in a large number of set-top boxes, often for cable and satellite platforms. In the United Kingdom, the MHEG standard is widely used on the terrestrial platform. As a result of the various products and services in the market, the DVB Project has been working on the development of the Portable Content Format (PCF) to deliver a wide range of interactive television services to multiple platforms with a minimum of re-authoring. It has significant interest for operators who wish to migrate towards MHP by allowing them to manage simultaneously a mixed population of devices.

#### **Launching MHP services**

As MHP-based interactive services are launched throughout Europe, will they encourage the uptake of digital television services? Country case-studies demonstrate that the strategy adopted for the launch of interactive services does impact the roll-out in the market. Two different types of launch strategies can be used for the free-to-air DTT platform.

In a first strategy, national governments focus on the roll-out of digital terrestrial services using simple (zapper) set-top boxes that converts the digital signal for reception on an analogue television set. This strategy encourages the uptake of DTT services by promoting the purchase of a relatively inexpensive zapper set-top box in order for viewers to access an increase in the number of television programme services. Once the DTT services are accepted by the general population, broadcasters can launch interactive services in a second step. However, this strategy results in a large quantity of zapper boxes in viewer households that will need to be

they had the intention of equipping their household with a DTT set-top box.

According to Olivier Gérolami, head of the French DTT group La Télévision numérique pour tous, these results are due to the media attention given to DTT as well as the group's publicity campaign.

Source: [Le Figaro](#)

#### **Norway - Telenor interest in DTT**

Telenor Broadcast has reported an interest in building and operating a digital terrestrial television network in Norway. The Telenor subsidiary Norkring currently owns and operates the national analogue terrestrial TV and radio network and would like to deliver the same services digitally.

Already, Telenor delivers television services to close to 2.9 million households in the Nordic region via the satellite, cable, broadband and digital terrestrial platforms through its subsidiary Canal Digital.

Source: [Broadband TV News](#)

#### **United Kingdom - ITV acquires Freeview multiplex**

In a deal worth £134 million, ITV has purchased SDN, a DTT multiplex operator. SDN is licenced to broadcast television service programmes on Multiplex A, one of the six multiplexes available for the DTT platform.

Multiplex A currently broadcasts 10 television service programmes including Channel 5, Disney and QVC. ITV has five television service programmes on Freeview - on Multiplex 2 and Multiplex D.

converted in order to access interactive services.

In a second strategy, interactive services are an integral part of the initial launch of DTT services and viewers are educated to understand that television can provide a wide range of new services. DTT is no longer a simple translation of a previously existing television services but rather a new television experience. However, this strategy requires a greater financial investment given the higher cost of an MHP-enabled set-top box when compared with zapper set-top box.

Generally, countries have tended mix the two strategies. Viewers have benefited from both an increase in the number of television service programmes available as well as interactive television services. Yet, this combination has not always allowed for an impressive take-off of MHP based interactive services. In the case of Finland, consumers could choose between a zapper set-top box that allows them to access more television service programmes or an MHP-enabled set-top box that allows them to access both the increased number of television services programmes as well as the interactive services. However, MHP-enabled set-top boxes make up only 5% of all set-top boxes currently purchased.

So as to encourage viewers to buy MHP-enabled set-top boxes, the Italian government has provided households with a subsidy towards the purchase of their interactive set-top boxes. While this subsidy can be used for any open platform interactive boxes, such as those used to receive TV via fibre optic broadband services, it has encouraged the purchase of MHP-enabled set-top boxes. It is estimated that 1.5 million MHP-enabled set-top boxes have already been purchased since February 2004. In addition, the decrease in subsidy from €150 in 2004 to €70 in 2005 reflects the drop in price for MHP-enabled set-top boxes following their massive uptake. The consumption of MHP-enabled set-top boxes has kick started the economies of scale for their manufacture. The marginal cost difference for an MHP-enabled set-top box and a zapper set-top box is now much reduced. By adopting this strategy, the Italian government has successfully prevented its market from being flooded with simple zapper set-top boxes.

It has been assumed that many consumers will invariably prefer the cheaper zapper set-top box to a more expensive MHP-enabled set-top box. However, this reasoning disregards the type of interactive services offered. For example, should viewers find interactive services compelling and easy to use, they may be willing to spend the extra money necessary for an interactive set-top box. Thus, it would seem that consumer education is key to the successful roll-out of interactive services.

Much will depend on the role and importance attributed to interactive services. Should governments wish to promote t-government services, it is necessary to encourage households to purchase an interactive set-top box. Broadcasters may use interactive services as a means to increase their revenue and as a result invest funds in the development of appealing content. The priorities of content developers, broadcasters and governments will impact the successful roll-out of interactive services and likely lead to variations between markets.

Source: [ITV press release](#)

#### In more United Kingdom news, E4 will launch on Freeview

Channel 4 has announced that it will launch its digital entertainment television service programme, E4, on the Freeview platform to coincide with the start of the sixth series of Big Brother at the end of May. The broadcaster also announced that it will also launch time-shifted television service, E4 +1, on Freeview.

E4 will continue to be available on cable and satellite. Following on its existing deal with BSkyB, E4 will continue to transmit on satellite as part of the Sky Digital package. However, E4 will withdraw from the Top Up TV package, a pay DTT service.

Source: [Digital Spy](#)

#### Slovakia - DTT progress

The launch of DTT has moved a step closer in Slovakia with the news that Slovak Telecom has been awarded digital terrestrial frequencies in Bratislava. Last year, shortly after the government approved the new electronic communications law, Slovak Telecom was granted frequencies in Banska Bystrica-Zvolen while Telecom Corp was granted frequencies in Kosice-Presov.

Slovak Digital Group (SDG), a wholly owned subsidiary of its Czech namesake backed by the media company GES Holding, was the favourite to secure the frequencies but failed to do so. Slovak Telecom's licence in Bratislava is only valid until mid-

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### About DigiTAG

DigiTAG aims to encourage and facilitate the implementation and introduction of digital terrestrial television services using the Digital Video Broadcasting Project's Standard (DVB-T). It has some 60 members from broadcasting, network operators, regulatory, and manufacturing organisations throughout Europe and beyond.

Visit the [DigiTAG website](#)

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2006 and both it and Telecom Corp, are expected to begin trials shortly. Analogue switch off in Slovakia is expected to be in 2015.

Source: [Broadband TV News](#)  
(Central & Eastern Europe)