

Digital content initiatives offer exciting opportunities

BY ROBERT BELL

During a recent trip to Hong Kong and Singapore, I witnessed both the challenged past and the challenging future of cable and satellite programme distribution in the region.

The occasion was the semi-annual board meeting of the World Teleport Association (WTA) at the beginning of November last year in Singapore, hosted by Ascent Media Network Services. Prior to the meeting, I attended the Cable & Satellite Broadcasting Association of Asia (CASBAA) convention in Hong Kong and met broadcasters and satellite services providers.

WTA is a non-profit association of commercial teleport operators in more than 20 countries. Teleports are the ground-based side of the global satellite network. However, they are more than simple "earth station farms". Teleports bridge incompatible systems and protocols, host and distribute content, and act as a hub for broadband business-to-business networks.

Today, the satellite communication business is evolving from basic information transport — voice, video and data — into an array of tightly-focused niches, to which competitors seek to provide high-value, end-to-end solutions. The teleport has become the linchpin of the transaction as it is only at teleports that value can be added to the basic, bent-pipe satellite circuit.

WTA serves its members — teleports, satellite and terrestrial carriers, technology providers, investors and consultants — by educating them on operational, technology and regulatory issues, researching their markets, increasing customer awareness and connecting them to sales opportunities and allies.

Challenged past

An example of the "challenged past" for the region's cable and satellite programme-distribution market is the long-running prob-

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lem of signal theft, said Bob Zitter, CTO for HBO, in a luncheon speech at the CASBAA convention.

It is believed that a large number of cable systems in many of the regional countries use cloned decoders and other systems to downlink their programming without paying the programme provider. This is an economic disaster for the producers, whether they depend on per-subscriber payment or advertiser support.

If programme providers cannot get paid, they have no incentive to expand their offerings. Thus, lack of protection for intellectual property punishes the entire region — viewers and distributors alike — by eliminating the incentive for growth in new channels.

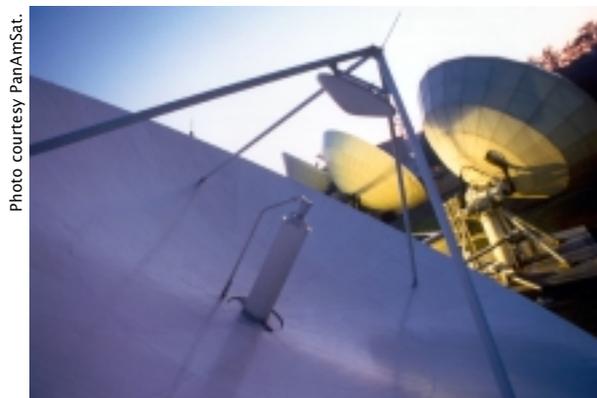
Zitter said technology alone cannot solve this problem. Programme providers have a chance to stay a few steps ahead of the thieves by regularly upgrading encryption and compression technology.

However, until intellectual property laws change and existing laws are enforced, this is no more than a stopgap measure. It also increases the risks and reduces the potential rewards for channels by adding yet another cost to distribution in the Asia-Pacific.

Speaking with Zitter after his speech, I noted that, to some extent, economic development was working in his favour. As the nations of the Asia-Pacific grow wealthier, they begin producing more of their own TV content, as well as other kinds of intellectual property.

Thus, when nations produce

World Teleport Association's board members at Infocomm Development Authority meeting, from right: Tohru Takahashi, executive researcher at InfoCom Research; WTA chairman Andrew Stimson, who is also director for global sales management at Intelsat; and Nick Thompson, managing director of Inmedia Communications.



Teleports bridge incompatible systems and protocols, host and distribute content, and act as the hubs of broadband business-to-business networks.

and market their own intellectual property to other countries, they discover why intellectual property protection is a good idea — because it protects them.

When content pirates turn into content producers, the arguments for protecting intellectual property acquire new meaning, and it becomes possible to make progress in legislatures and on the street.

Challenging future

In Singapore, I gained a different perspective on the same issue. WTA's board members met executives of the Infocomm Development Authority (IDA) and heard about IDA's drive to make Singapore a major hub for the development, management and digital distribution of content, from TV to games, movies to software.

IDA has defined the key elements of infrastructure needed to accomplish this goal. It is making targeted investments and is actively working to persuade both domestic and foreign companies to build systems and develop services.

Our host used digital cinema as an example of how its strategy might work. Movie distribu-

tors in the region face the same dismal situation as TV channels. A new movie distributed to theatres on 35mm film immediately becomes the target of thieves, who copy it, encode it and have DVDs selling on the street almost overnight.

The film industry of India, the world's largest, is seriously concerned and is pinning its hopes on technology. Recent pilot projects in digital cinema have shown promise.

Instead of sending a 35mm print to theatres, distributors arranged to distribute an encrypted digital copy via satellite to a group of theatres, where it was stored on physically secured servers. Decryption took place on the fly each time the movie was shown, so that no unencrypted copy was ever produced.

The distributors and theatres participating in the pilots were able to demonstrate that the technology substantially boosted theatre attendance and ticket sales. The technology could not stop pirates from smuggling video cameras into the theatres,

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but it did ensure that the theatres were the only local source of a high-quality version of the latest release.

In the US, digital cinema is largely considered a means to reduce distribution costs. In fact, the roll-out of digital cinema is being hindered by disagreement between theatre owners and the major studios over who should pay for the new digital projectors and server arrays in every theatre.

Theatre owners point out that it is the studios that would save millions of dollars in distribution costs, and so it is the studios that should make the investment. The studios, on the other hand, want owners to pay for the new equipment because — well, because that is what they want.

In Singapore, I heard a completely different argument. Digital cinema, by creating a closed electronic distribution network, may offer a means to bypass the pirates and increase the return on a filmmaker's investment. No encryption software can offer complete security, and continuous upgrading will be needed.

But this system holds the promise of cutting into the dominance of the content pirates and restoring some of the initiative to the content owners.

This and other digital content initiatives also offer exciting opportunities to WTA members. The three teleport operators in Singapore — Singapore Telecom, Ascent Media and GlobeCast — are well positioned to help the IDA implement its vision.

The World Teleport Association will alternate with Asia-Pacific Broadcasting Union and CASBAA to appear in every other issue of APB, highlighting various association news to the industry.



Robert Bell is executive director of World Teleport Association (WTA), www.worldteleport.org. WTA is a non-profit trade association representing the key commercial players in broadband. Its members in 20 nations include teleports, satellite and terrestrial carriers, technology providers, engineering firms, investment houses and consultants. WTA is based in New York City, with representatives in Los Angeles, London, Hong Kong and Tokyo. Bell invites readers to give their comments at rbell@worldteleport.org.