

NDS BETS ON THE INDIAN MARKET

In An Exclusive Interview, SCaT Spoke To Sue Taylor Vice President – NDS on her Company's plans & Views On The Indian Pay Market

NDS has been one of the oldest players in the Indian encryption market, providing encryption solutions to (your) News Corp Group Company - Star TV. NDS also provided one of India's first Pay CATV solutions to Hathway Cable & Datacom Pvt. Ltd, in which Star has a stake.



SUE TAYLOR
Vice President – NDS

NDS also has the distinction of winning contracts for encryption [conditional access] systems from competing Indian DTH platforms - Tata Sky & Bharti Airtel.

SCaT: What are your views on digitalisation of cable TV networks in India? Do you feel that the only way forward for Indian Cable TV networks is not only to digitise but also to encrypt and offer a-la-carte channel choices?

Sue Taylor: Digitization of cable TV is a necessity for cable operators to survive and prosper. With the introduction of multiple DTH players with deep pockets, investment in cable infrastructure and digital deployment will accelerate. The question of mandating CAS has become irrelevant due to market forces now driving deployment forward. NDS believes in an Indian cable market place. There are approximately 78 million cable subscribers in India, representing 61% of TV households. Of this number approximately 1.5 million are digital subscribers. There are some obvious benefits in cable, however only those MSO's grasping digitization and competing head on with DTH will be successful. This will

ultimately benefit viewers who will be presented with a broader selection of higher quality services at competitive prices.

SCaT: Worldwide NDS addresses larger distribution platforms, preferring offer solutions to more than 50,000 pay TV subscribers per system. However, India

has a huge, relatively fragmented CATV market. Does NDS plan to offer a customised solution for smaller networks? Could you tell us specific details of what you plan to offer in India? What would be the smallest CATV network size NDS would like to address in India?

Sue Taylor: In 2007, NDS unveiled a low cost digital

deployment. VideoGuard Express gives a low-cost solution now, and an upgrade path to implement new features and services in the future.

SCaT: Given the small network size and subsequent limited resources of these networks, do you plan to offer bundled solutions in collaboration with STB manufacturers and maybe even Subscriber Management Software?

Sue Taylor: As mentioned VideoGuard Express has been designed to meet the needs of smaller operators up to 250,000 subscribers. We have pre-integrated solutions with preferred partners allowing the cost effective delivery and a short time to market.

SCaT: What are the lead times that new digital CATV networks need to budget for, incase they plan to deploy NDS encryption and partnering digital STBs?

Sue Taylor: India is a challenging market as operators have very little patience for long lead times. We are typically able to work on a three month deployment for an MSO wanting full

functionality including Conditional Access (CAS) Solution, an EPG (Electronic Program Guide) and Middleware solution. For smaller operators implementing the VideoGuard Express CAS solution this time can be further reduced due to the pre-integrated features.

SCaT: Looking into the future, how do you see the Indian CATV, DTH, Mobile TV & IPTV markets coexisting?

Sue Taylor: IPTV is in it's infancy in India with penetration of



conditional access system (CAS) at the SCaT (Satellite and Cable TV) exhibition in October. NDS VideoGuard Express™ is based on NDS' world-leading technology but specifically designed for smaller cable networks offering fast time to market and local support for Indian cable operators implementing CAS.

NDS VideoGuard Express™ delivers robust CAS security at a competitive price and can support up to 250,000 subscribers. The system has been pre-integrated with a set-top box and programme guide for fast

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Broadband into around 1% of the homes (figures from the end of December 2006). At this stage there have not been any successful commercial IPTV deployments of any scale. Also companies such as Reliance and Bharti are now clearly turning their attention to DTH, faced with the infrastructure limitations.

So for the foreseeable future it would appear that Cable and DTH will be the primary movers and that IPTV will remain a niche or a longer term market opportunity.

Mobile has generated lots of buzz but globally there are few successful deployments and successful implementations are hard to find. Mobile does have a future but it seems likely for the foreseeable future it will be used as a complementary service to more traditional platform services.

The scale of the Indian market is such that it would appear able to defy traditional wisdom about the number of successful platforms that can be accommodated. We envisage that there will be exponential growth for several of the DTH and major cable MSO's. However, ultimately consolidation is inevitable. We are already seeing this within the cable industry - this trend will only increase and leave a small number of operators either from cable or DTH competing head-to-head. Those operators that are aggressive in their adoption of digital technologies and who grab the subscribers will be the ones that reap the rewards in the long run. At this stage, it is early in the game... it remains to be seen who will actually execute on their strategy most successfully.

In all of this it is the consumers who will benefit the most. You can expect to see heavy competition to win the hearts of the subscriber, new, innovative technologies and services and a plethora of new programming

targeting special interests - this is a great time for the Indian Pay TV customer!

SCaT: Worldwide, pre-established platforms have maintained their number one positions despite competition. Good examples would be CATV in the US and DTH in the UK, both of which have not been displaced by alternate, competing platforms. Hence do you see CATV maintaining its number one position a decade into the future?

Sue Taylor: There are a number of advantages in the cable platform. Better bandwidth, more services, a local presence and relationships with local communities. However, if cable operators do not invest and deploy digital solutions and new technologies they won't be successful. There is definitely opportunity to change the balance - cable is here to stay and those capable of investment

depends on the areas of the market that you are looking at. In the traditional cable and satellite market there are only a few global players that have the ability to deploy and support large scale systems.

However, in areas such as mobile, IPTV and internet there are a multitude of vendors. Most of these vendors are untested in all scale commercial deployments.

China is a different market altogether. Due to government regulations and control of networks they are less open to foreign technology. There is clearly a preference to local technology for political reasons. Generally, the whole pay TV market place is in very early stages and it doesn't have the momentum of the Indian market.

India is quite unlike China. India is looking for the best technology wherever it is produced

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in new technologies will be successful during the future period of consolidation.

SCaT: Worldwide, there are only a handful of encryption solution providers. Do you see significant new players establishing themselves for the rapidly growing global market? China with its huge consumer base is deploying its own encryption system. Do you see such systems as a competitive alternate to those offered by NDS and a handful of other global players that currently dominate the global market?

Sue Taylor: The number of Conditional Access providers

and the best products. NDS' investment in India is also unique in the market. The NDS service and support network in India is unrivalled with more than 850 staff and growing in our Bangalore research centre, Mumbai office and new Delhi centre opening in 2008.

SCaT: Any other thoughts or insights that you could provide related to pay solutions for the Indian CATV market?

Sue Taylor: Go digital now before your competitor does. The successful players in the market will ultimately be the operators who compete head on against the deep pocketed DTH players. ■