

Free-to-Air mobile TV services via T-DMB – an alternative to DVB-H for European broadcasters?

Bangor, Wales, UK, 12th February 2008 - With 8.7* million devices sold by the end of 2007, the market growth of T-DMB mobile TV in South Korea during the past two years has been impressive by any standards.

There are a total of 125 different T-DMB devices manufactured by more than 60 vendors and the device types range from mobile phones and car satellite navigation units to PMPs, laptops, USB sticks, portable TVs and even fixed phones and cameras. Prices of T-DMB devices range from €200-€350 for portable TVs and sophisticated PMP devices to less than €75 for the lowest cost mobile phone and under €35 for the cheapest USB stick.

Although initially confined to the Seoul metropolitan area, T-DMB networks are being rolled out across the country during 2007/08 and broadcasters have started to offer interactive pay-data services in conjunction with the main mobile operators. Despite an impressive number of devices sold, advertising revenue has been disappointing. However, Korean broadcasters expect advertisers to show a greater interest in T-DMB as the installed base of T-DMB receivers exceeds the 10 million threshold level.

“A lot of eyes will be trained on the Korean market in the next few months” said Gareth Owen, Research Director at Eureka Research. “Firstly, to see whether or not the broadcasters there can make a Free-To-Air business model work. Either way, this will have important implications for Europe and elsewhere. And secondly, to see whether consumers will pay for interactive data services and how much revenue can be generated from these services” he added.

T-DMB is a technology that has had major political and financial support from the Korean government over the past 3-4 years and replicating the same growth story outside South Korea will be difficult, particularly in Europe, where there is now a firm commitment behind DVB-H in a number of countries.

Nevertheless T-DMB - or any other mobile TV technology based on the Eureka-147 DAB standard - offers a number of advantages to broadcasters. Rather than be mere content providers, broadcasters will be able to control their own mobile TV infrastructure and cost-effectively deliver a combination of radio, data services plus three or four TV channels per multiplex. An attractive Free-To-Air service could be offered to consumers using three or four multiplexes with a minimum of business risk. This could provide an attractive alternative to pay-services via competing technologies, and possibly even undermine those pay-TV services - as has been the case in South Korea.

Although fewer TV channels can be carried on a 1.5 MHz Eureka-147 DAB multiplex compared to an 8 MHz DVB-H multiplex, a DAB multiplex offers a lot of flexibility with respect to business model options, multiplex ownership and network operation, all of which result in less complicated business cases and faster service roll-outs than is the case with DVB-H.

ER expects that the introduction of new technologies over the next two to three years will increase the number of radio and TV channels that can be carried on a 1.5 MHz multiplex thus improving the commercial attractiveness of DAB networks for delivering radio and TV content.

Making mobile TV a commercial success in Europe will not be easy and both DVB-H and T-DMB face considerable challenges. In the case of T-DMB, the primary challenge will be to convince mobile operators to sell T-DMB devices, particularly as it can be expected that many will be marketing competing DVB-H pay services. It will also not be easy to convince the major non-Korean phone manufacturers to offer T-DMB phones, although the introduction of multi-standard (DVB-H/T-DMB) chipsets may help to resolve this issue.

“Experiences in Korea over the past two years show that that total number of non-phone devices sold consistently exceeds the sales of mobile phone devices which indicates that the non-phone market may not be the niche market that many people think” said Owen. “In the short term, I think that broadcasters in Europe should firstly target this market and wait to see how the first wave of DVB-H service launches pan out in Europe” he added.

| | Mobile phones | Automotive devices | Handheld devices (i.e. non-phone) | USB-type devices | Others (notebooks, portable TVs, etc.) |
|----------------------|---------------|--------------------|-----------------------------------|------------------|--|
| % of installed base* | 43.0% | 42.4% | 8.8% | 5.0% | 0.8% |
| # devices available+ | 38 | 29 | 24 | 21 | 11 |
| # manufacturers+ | 8 | 24 | 18 | 6 | 4 |

* Data from Ministry of Information & Communications (MIC), South Korea (end Dec 07) + ER estimates

Broadcasters in a number of major European countries have plans to introduce T-DMB services in conjunction with their digital radio services during the next 1-2 years. There is also strong interest in rolling out T-DMB services amongst broadcasters in several of the smaller European countries, although their respective governments are slightly more cautious and have adopted a “wait-and-see” attitude with regards to the choice of mobile TV technology. Clearly a lot will depend on how DVB-H progresses in Europe during the next two to three years.

About the study:

T-DMB Mobile TV – A Global, Regional or Korean-Only Standard? is a 240 page non-commissioned, independent report which provides a detailed analysis of the market prospects of the Eureka-147 based T-DMB standard around the world.

A key feature of the report is a 55-page review of T-DMB developments in a number of key European and Asian country markets. In addition, this chapter also provides the latest regulatory and market development information on DAB digital radio following the RRC-06 spectrum planning conference in mid-2006. There is also a chapter providing details on DAB/T-DMB data technologies and services, including the latest information on Korean commercial data services which were launched in 2007.

Detailed profiles of the main T-DMB vendors are provided. The profiles provide information on their DAB and mobile TV products, their strategic partners and major customers, and highlight their core competences, major achievements and key product differentiators. The list of vendors includes head-end and RF network suppliers, major chipset design houses plus vendors offering content authoring and content protection solutions.

Publishing date: February 2008

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Further information about this study can be obtained by visiting <http://www.eureca-research.com>, by e-mail at sales@eureca-research.com or by phone on +44 1248 364 281 or +44 784 165 2086.

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