OUR COMMENTS ON STB INTEROPERABILITY CONSULTATION PAPER

At the outset this seems a very good thought. But it should have been discussed and implemented before the country went in for Digitalisation so that it could benefit the consumer and stakeholders.

The core reasons cited for STB interoperability is that :

1. it will help the consumer port from one operator to another.
2. it has an adverse effect on competition and service quality in the Pay TV distribution market
3. it is a major hindrance to technological innovation and
4. when migration happens it leads to e-waste

Let us now examine if these objectives are met and is the extra effort really worth it.

We will leave the technicalities to the experts and simply look at this if it makes commercial sense for our customers and the distribution chain.

Currently Indian market is being serviced by DTH with 50 million subscribers and MSOs which serve 60 million subscribers. Whilst this interoperability can be used in wireless services, how effective can it be in the case of wired services like Cable TV ?   In the case of wired services, is it possible for a customer to choose the MSO service provider unless both are available in his building. It is totally dependent on the LCO and with which MSO he has tied up with. At most it can help a customer who is shifting from his existing MSO area to another where another MSO operates. Even here the customer will have to buy a new Smart Card and pay some fees for activating the services.

This leads us to ask if any study of its sort to find out the percentage of Cable subscribers who migrate to different territories within the existing MSO area of operations or outside the existing MSO area of operations ?   What is the percentage of shifting cases that DTH has also recorded so far ? Is this migratory customer population a sufficiently large number that entire systems have to be changed to cater to them ? This data is essential to validate if the cost of undergoing this exercise is worth it for all stakeholders. The benefit to the small minority who migrate should not happen at the cost of the vast majority who do not. This needs to be compared with what the customer will pay in a new regime versus what they currently pay for the STB hardware ?

Today each platform be it DTH or MSOs are still subsidising the STB in some manner. Under this scheme the consumer will be capable of going to any Electronic Durable store and buy the type of STB that they want. So the onus of device sales falls on the OEM which will now have to spend a fair amount on marketing expenses, something that is not there today. Add to that the Distribution margins of the Retailers who stock and sell these STBs. Not only that the cost of setting up service centres in every nook and corner of the country will be an extra expenditure and also the fact that OEMs may be saddled with unsold/low moving stocks which they will need to recover in some form or the other by increasing margins somewhere else.

In our opinion this will not help the customer as much as it will help MSOs and LCOs who wish to migrate as the cost of switch over is only providing a new Smart Card and activating the services rather than physically swapping each customers STBs for another. Or it may ease the entry of any new player in the market.

The key to STB Interoperability success is essentially getting the Conditional Access providers on board. Since many of them are global companies doing business across the globe, they need to be mandatorily brought on board to the new system. Does it make business sense to them ?

What will be the impact on a platform if its existing CA vendor refuses to follow this model for whatever reasons ? Will all CA vendors accept the role of Trusted Authority and does the security measures of the Trusted Authority satisfy the CA vendors ? What will be the impact of a security breach in India on their business in other countries ?

Assuming this does become a reality, there has to a way in which existing legacy STBs will have to continue running. So all platforms will need to maintain the existing STBs using existing DVB workflows plus invest time and effort to carry additional commands for the new STBs. This is acknowledged in your paper as :

"In-order to support co-existence of the legacy STB systems and the new interoperable STBs, the content of current TS implementation by the operators may continue to exist as it is and the additional common (i.e across the operators) TS encoding and decoding specifications required for the implementation of interoperable STB. After a defined cut off date, the control information related to legacy systems can be removed from the TS."

After how many months/years will this cut off date set in ? Will legacy STBs continue to operate if their control information is removed from the TS ?

The Indian cable market has a high number of STBs that are cardless. What happens to these customers ? Will they be forced to upgrade ? and if that's a necessity, who bears the cost of upgrade – the customer or the platform ?
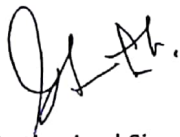
Assuming a life of 7 years, it will take a long time before customers start buying new STBs an slowly the older STBs are faded out. By which time STB as a product may also have outlived its life with IP replacing it.

The consumer experience is determined mainly by the Middleware, which is highly dependent on the product features, the processing power of the SOC and the memory installed. So with the middleware now being controlled by OEM or some specialist companies who do only middleware, the Platforms will necessarily have to support features eg. Karaoke, subtitles, PVR with series recording, that do not have any demand in their networks.

Considering all these points we do not find STB interoperability as making great commercial sense for a small minority of customers at this juncture.

Thanking you

For DCOAM

Authorised Signatory