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TDG – TV Service Providers Must Move Aggressively to Expand and Incorporate Online Video Offerings

New Report Asks Incumbent Operators “How Soon is Now?”

Dallas, TX (April 9, 2009) – According to The Diffusion Group, the nation’s leading research advisory for the broadband video ecosystem, PayTV operators must execute three specific tactics in order to defend against emerging competitors and take full advantage of their unique position in the video value chain. Specifically, TDG argues that PayTV operators must:

1. Push existing cable network TV programs online;
2. Deliver today’s Internet-only content and bonus material directly to the television; and
3. Offer broadband TV services without requiring a traditional PayTV subscription (as a stand-alone service).

By executing these three strategies, PayTV operators will enhance their defensive position, recapture the attention of the Internet generation, and generate an additional \$2 billion in annual revenue by 2013.

Colin Dixon, senior analyst with The Diffusion Group and author of the new report, points to the nascent but emerging threat from OTT video services as the primary reason why PayTV operators must aggressively pursue online video strategies. “More than half of adult Internet users are interested in an over-the-top broadband TV service,” notes Dixon. “So much that they would consider cancelling their existing PayTV subscription if the OTT service was priced appropriately.”

According to Dixon, it will not be long before a variety of companies including CE OEMs, web-based aggregators, and pure-play OTT providers look to tap into this interest and compete more directly with PayTV operators. “As TV-based web connectivity becomes more prominent, and as web-based content providers more fully exploit these new connections, the ‘local cable company’ becomes just one of many conduits serving the TV screen. This means that incumbent TV providers risk becoming just another TV input, even an icon on another company’s interface.”

Dixon notes that this multiplicity of access points has already allowed providers such as Netflix to economically introduce streaming functionality directly to the TV without the burden of proprietary hardware. “Content providers such as Netflix and Amazon are partnering with CE vendors to deliver their content directly to the TV, going ‘over the top’ of incumbent set-top boxes. As this happens, these simple services evolve to something more akin to premium movie services at a far more economical price than current Pay TV offerings.”

TDG’s new report, [*TV Service Providers and Online Video – How Soon is Now?*](#), examines the current state of the over-the-top (OTT) video marketplace, discusses new TDG research regarding consumer interest in TV-to-PC and OTT video services, and offers specific recommendations as to how incumbent TV service providers can best take advantage of online video to both defend against emerging threats and to provide new and enhanced products to their consumers.

The report is available at TDG’s website (www.asktdg.com) or by contacting the firm at 469.287.8050.

About TDG:

TDG is the leading voice in the digital video ecosystem providing market planning and research services to keep our clients In Front of the Curve™. Since 2004, TDG has helped more than 250 technology leaders, media companies, and service providers to master the quantum shifts impacting how consumers access, navigate, distribute, and consume broadband media - whenever and wherever they may be.