

Triple Play Express: Network Strategy Partners' Positioning Paper

MANAGEMENT CONSULTANTS TO THE NETWORKING INDUSTRY



Market forces are driving service providers to consider investments in Triple Play services. The wireline services market is in transition. Voice revenues are declining as subscribers move to mobile services and switch to bundled offerings of Internet and cable TV. First-generation broadband solutions require refreshing to deliver increased data rates and support video. Opportunities are emerging to offer new video services—HDTV, DVR, VoD, and interactive TV—and leverage multimedia services that go beyond single-service niches. Triple Play holds the potential to create the cash flow needed to upgrade the network and position service providers for future revenue opportunities.

Development of the business case for Triple Play begins with an assessment of the current business by asking questions such as:

- Are we sustaining revenue?
- Is the business operating as a cash cow?
- Are our broadband services meeting current consumer expectations?
- Where does the network stand in its life cycle?
- Do we need to invest to remain competitive?

Investment decisions must also include an assessment of the local market with questions like:

- Are we committed to the market?
- Does investment contribute to the community?
- What is the state of the competition?

Investment in new infrastructure requires a holistic approach because payback will be prolonged if it

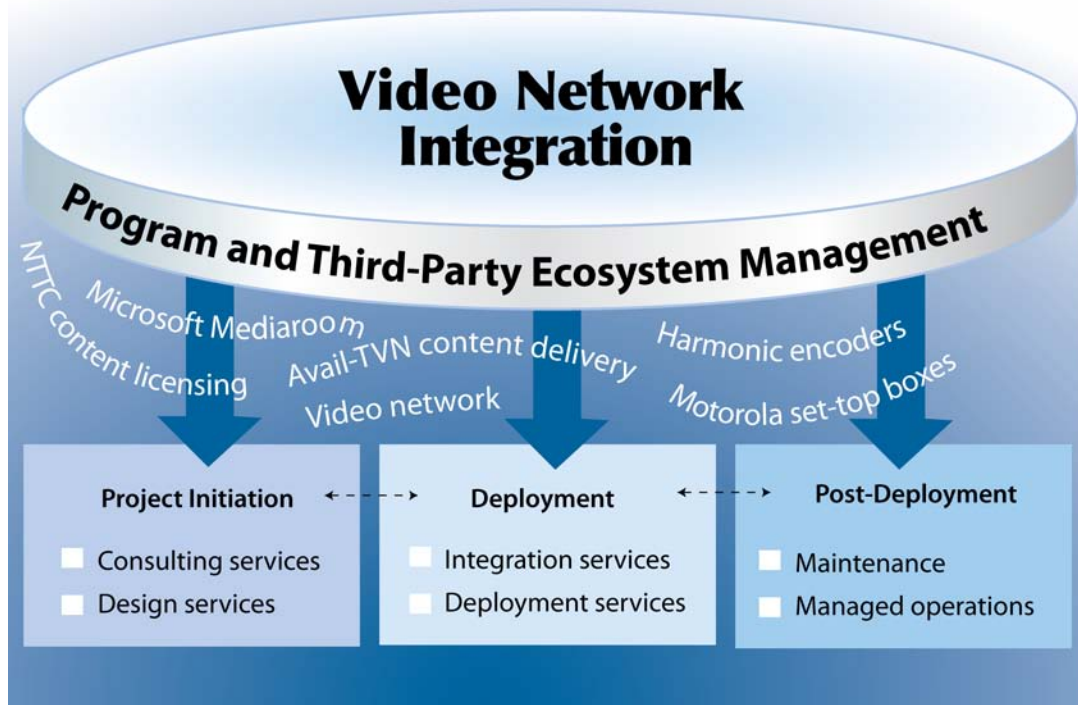
is supported by only one service. A Triple Play offer, on the other hand, reduces the payback time by leveraging common infrastructure and also through the increased customer-perceived value of bundled services. For example, the optical distribution network, which accounts for much of the total investment, is fully shared by the three services that distribute its cost more broadly. Market research, furthermore, shows that bundles of three or more services build customer loyalty, reduce churn, and sustain premium profit margins when compared to single service offerings. To compete effectively in today's Triple Play world, successful bundles must not only include the effective selection, sourcing, and marketing of the multimedia content with advanced voice and high-speed data services, but also deliver an interactive entertainment experience at a compelling price.

Triple Play Express

Alcatel-Lucent's Triple Play Express is a pre-integrated, end-to-end IP Triple Play solution for Tiers 2 through 4 service providers, utilities, municipalities, and developers. The solution includes video network integration services as well as Microsoft® Mediaroom™ middleware, NTTCC (National Telco Television Consortium) content licensing and acquisition services, Avail-TVN content delivery and content management services, Harmonic encoders, and set-top boxes for the home from Motorola. Because Alcatel-Lucent has created a complete Triple Play architecture that includes video sub-system pre-integration with key video asset-related partnerships, service providers can deploy and launch Triple Play services much more rapidly and drive revenues faster. Also, Alcatel-Lucent can provide complete life cycle management of the integrated multimedia experience, including

consulting and design services during project initiation, integration and deployment services, and maintenance and managed operations

services once deployment is complete (see figure).



Alcatel-Lucent has unmatched field experience in video network integration. It has depth and experience in IPTV, IP, and Triple Play attained through more than 100 worldwide implementation projects, including AT&T, Telefónica, France Telecom, and PCCW in Hong Kong. It is the largest reseller of Microsoft Mediaroom licenses and has provided end-to-end integration services with Microsoft for over 5 years. Alcatel-Lucent’s deployment of Microsoft IPTV for AT&T is the world’s largest.

To help local and regional service providers address the challenges of providing an enriched Triple Play multimedia offer, Alcatel-Lucent effectively leverages these experiences. For instance, as part of the Triple

Play Express solution, it pre-integrates the video subsystem into the solution and also provides documentation and configuration information to help ensure a high-quality end user experience and speed deployment. Alcatel-Lucent also can assist service providers to launch, perform, extend, and monetize their service offerings. Once a service provider launches its Triple Play offer, Alcatel-Lucent also can show it how to monetize and extend its investments through enhanced applications, targeted advertising, mobile extensions, and their application enablement strategy.

Alcatel-Lucent’s partnership with NTTC and Avail-TVN provides content licensing and delivery services and is particularly important

for increasing customer value because they provide skills and disciplines that are not core competencies for telecom service providers. For instance, NTTC and its sister company ViViCast Media provide a turnkey solution for video content acquisition and management of services between programmers and multi-channel television service providers utilizing Internet protocol television (IPTV) and over-the-top delivery. Its services include providing master national linear programming content licenses, domestic and international programming, customized content lineup development, local content lineup development, and IPTV rule and regulation compliance.

Avail-TVN is the largest provider of managed digital media services in North America. It delivers over 300 standard definition and high definition linear channels, more than 8,000 hours of On Demand content, and the best and most popular events in Pay Per

View. Its services include advising on optimum product, content mix and marketing strategies; managing ongoing, manual, costly content delivery operations; and managing metadata and asset delivery. In addition, Avail-TVN provides reporting and royalty management services, comprehensive marketing programs, and a 24/7 Network Operations Center.

In summary, Alcatel-Lucent is best positioned to help service providers deploy Triple Play/IPTV and evolve their businesses through application enablement projects that include wireless, vertical, and multi-screen applications. Triple Play Express leverages Alcatel-Lucent's deep IPTV experience with that of its partners to provide the holistic solution that combines video access and connectivity with Internet video content and applications needed to address current industry challenges and realize future revenue opportunities.

Network Strategy Partners, LLC (NSP)

As management consultants to the networking industry, NSP helps service providers, enterprises, and equipment vendors from around the globe make strategic decisions, mitigate risk, and effect change through custom consulting engagements. NSP's consultation services include business case and ROI analysis, go-to-market strategies, development of new service offers, pricing and bundling, as well as infrastructure consulting.

NSP's consultants are respected thought-leaders in the networking industry and influence its direction through confidential engagements with industry leaders and through public appearances, whitepapers, and trade magazine articles. Contact NSP at www.nspllc.com.