Press Release

For Immediate Release
September 2010

The Future of Broadcast: New market analysis from Futuresource Consulting

At the end of last year, over 600 million homes across the globe were connected to cable, satellite or IPTV subscription TV networks, with nearly 200 million set top boxes shipped last year alone, of which over 60% were pay-TV boxes, according to Futuresource Consulting.

Although worldwide set top box shipments and the subscriber base will continue to grow during the period under review, revenue growth will decelerate due to market saturation, price competition and the continued impact of the economic climate on consumer spending.

As margins shrink, businesses operating at all points along the capture and delivery pipeline will need to focus on greater efficiencies and improved workflow. Now more than ever, investments made within the broadcast industry will need to show a rapid - if not immediate - return on investment.

Capturing the action

In the first half of 2010, non-tape camcorders accounted for 48% of the EMEA pro camcorder market, driven primarily by the efficiencies afforded by non-tape workflows.

"For many, the painstaking task of digitizing footage from tape is a distant memory," says Adam Cox, Senior Market Analyst at Futuresource. "However, instead of digitizing, time-consuming transcoding can be required before post production, thus diluting one of the key benefits of non-tape. That said, the situation is improving, though the NLE vendors have been slow to catch up."

For non-tape to reach its full potential, camcorder manufacturers must work closely with NLE vendors to ensure that new acquisition codecs are adequately supported through post production.

Despite the importance of non-tape capture, tape-based products remain extremely popular, not simply because the format is familiar to users, but due to its ability to shoot in HD (HDV) as well as SD.

"Format flexibility is a key purchase trigger, as many broadcast professionals and videographers work on a freelance basis, moving from project to project, with varying

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demands placed upon them and their kit," says Cox. "Purchasing an HD and SD capable camcorder gives the end user the flexibility they need in this period of transition."

Investment in encoding

"Broadcasters and pay-TV operators are keen to reduce costs through increasingly sophisticated compression techniques, but highly compressed content remains a secondary concern, with the fidelity of the video produced being of primary importance," says Cox. "Any investment in new technology must therefore translate into 'on air' quality."

H.264 (MPEG-4 AVC) is a major driver for future encoder demand, but the factors behind uptake vary between distribution and contribution applications. In particular, there remains a huge global installed base of legacy MPEG-2 set top boxes for both HD and SD, meaning that many pay-TV operators will require significant investment to migrate to H.264.

Reaching out to the consumer

"Established pay-TV majors are focusing on the bigger picture, providing a bundle of benefits to attract various subscriber segments," says Carl Hibbert, Head of Broadcast Research at Futuresource.

"Depth of content, added value in the guise of HD, DVR, Free VoD and multi-room, and multi-platform distribution, including online & mobile are some of the strategies being rolled out. Cable and IPTV operators are focusing on broadband pipes, Triple or Quad Play, On-Demand and HD content. We're also seeing increasing Telco investment in sports and movie VoD rights."

The recent emergence of IP connected devices has opened the doors for traditional PC-based content to be delivered directly to the TV screen, creating another avenue of competition for pay-TV services and taking a portion of consumers' viewing time. In order to remain competitive against this threat, operators are reviewing IP connectivity within set top boxes and seeking to deploy hybrid broadcast/broadband solutions to support the roll-out of additional content and services.

"Pay-TV providers see IP as a way to enhance and complement their existing subscriber proposition, as well as reaching into markets with ad-funded and paid-for content on both PCs and Connected CE devices," says Hibbert, "and broadcasters are evaluating IP delivery as a way to tap into the growth of online advertising with catch-up TV and additional programming, as well as selective development of Pay-TV opportunities."

By the end of 2010, the European installed base of connected TVs will swell to 16m devices, representing nearly 10% of the total number of flat panel TVs in use. The next step for

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manufacturers will be to add more compelling video services, including paid for movie streaming that will create revenue sharing opportunities with content owners, aggregators and application developers.

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