

IPTV – moving into the new television era

Internet Protocol TV (IPTV) is TV delivered via high-performance broadband. The service will help reshape the TV experience for consumers and deliver interactivity, multiple digital streams and high-definition TV. IPTV is next-generation television and offers services beyond what traditional terrestrial, satellite and cable alternatives deliver. IPTV is growing fast and is increasingly becoming a key component in bundled service offerings

The opportunity set

IPTV may still be in its infancy, but is expected to turn into a mass-market service over the next few years. In short, the addressable market for IPTV services is as big as the fixed-broadband market – which, in another five years, will be approaching 600 million access lines. Ericsson estimates the number of IPTV subscribers to grow from approximately 14 million by end of 2007 to around 140 million households by 2013.

IPTV distributes broadcast TV services in a similar way to terrestrial, satellite or cable alternatives. However, IPTV differs from traditional TV by offering much more on-demand content. IPTV makes the TV experience more personal by putting the consumer in control to choose *what* content to watch and *when* without being restricted just by the scheduled TV programs. Examples of on-demand, personal, features are Personal Video Recording (PVR), Time-shift TV, Restart TV, Catch Up TV and Video On Demand (VOD).

IPTV service providers can also add applications to their IPTV offering, such as interactive gaming and information services such as weather and stock information. Subscribers may also produce own content which is stored by the IPTV service provider and accessible from the IPTV portal.

IPTV offers the possibility for interactive and targeted advertising to ensure that consumers only receive information or advertisements relevant to their personal profiles. Consumers can click on ads for further information and potentially order the advertised product online.

Key considerations

IPTV is regarded by operators as an important customer service, and as a vehicle to reduce churn and increase operator revenue in the phase of declining traditional telephony. For IPTV to become a mass-market service, operators need a combination of standardized and scalable technologies capable of delivering IPTV with good quality. This requires a combination of analysis and design to make the products fit together in the right way. Operators also need to address the issues of content, pricing, bundling, billing and customer care.

In turn, consumers want a high-quality, consistent service and will not accept viewing interruptions. Consumers should be able to buy any IPTV-ready TV knowing that it will work just as well as their traditional TV works today.

This is why Ericsson, with its history of delivering real-time, telecom-grade infrastructure, is driving the harmonization of IPTV and related services delivered over broadband, based on open standards. Ericsson is a co-founder and chairman of the Open IPTV Forum, an industry consortium that defines an interoperable end-to-end specification for delivery of IPTV services. By ensuring the interoperability between consumer equipment and services compliant to the Open IPTV Forum's specification, the consumers can easily access their choice of contents and services among

multiple service providers. Open IPTV Forum aggregates today's diverse standards into a complete delivery solution, with the goal to make IPTV a mass-market service.

The next generation

IPTV is the main driver for the shift from legacy broadband networks – which are primarily optimized for internet surfing at moderate speeds – to high-performance broadband networks. Deep fiber access provides powerful broadband connections so that users can connect to even more devices simultaneously, conveniently and experience TV in High Definition. A versatile IP edge platform enables enhanced network efficiency and simplified operation.

IPTV also has the potential to offer more services in the future. Integrating the IP Multimedia Subsystem (IMS) standard with IPTV will enable new interactive communication services. For example, consumers will not only be able to view video-on-demand wherever they are, but also talk, chat, send text messages and take part in activities such as voting and consumer polls. In turn, this could evolve into purchase transactions and targeted, interactive advertising. With IMS, the vision of the [Individual TV Experience](#) will become a mass-market reality.

Ericsson is the world's leading provider of technology and services to telecom operators. The market leader in 2G and 3G mobile technologies, Ericsson supplies communications services and manages networks that serve more than 195 million subscribers. The company's portfolio comprises mobile and fixed network infrastructure, and broadband and multimedia solutions for operators, enterprises and developers. The Sony Ericsson joint venture provides consumers with feature-rich personal mobile devices.

Ericsson is advancing its vision of 'communication for all' through innovation, technology, and sustainable business solutions. Working in 175 countries, more than 70,000 employees generated revenue of USD 27.9 billion (SEK 188 billion) in 2007. Founded in 1876 and headquartered in Stockholm, Sweden, Ericsson is listed on OMX Nordic Exchange Stockholm and NASDAQ.

For more information, visit www.ericsson.com or www.ericsson.mobi

FOR FURTHER INFORMATION, PLEASE CONTACT

Ericsson Media Relations
Phone: +46 8 719 69 92
E-mail: press.relations@ericsson.com