

# Research Excerpt

## Video Middleware Market

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## Ericsson Tops Video Middleware Market



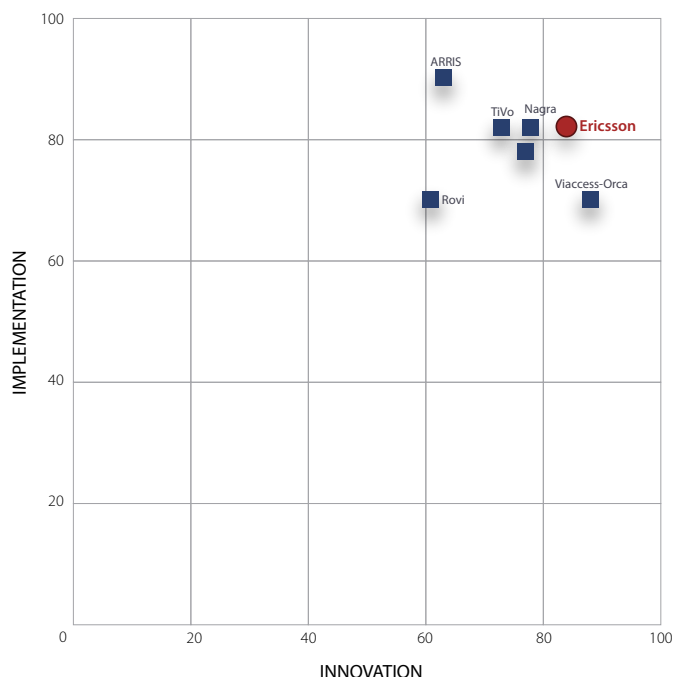
*“ERICSSON HAS BEEN MAKING CONTINUAL INVESTMENT IN THE MEDIAROOM PLATFORM TO MORE QUICKLY AND MORE COMPLETELY HELP SERVICE KEEP UP THE FAST EVOLUTION OF CONSUMER DEMANDS FOR VIDEO SERVICES. MEDIAROOM REACH, WHICH HELPS TRADITIONAL PAY TV OPERATORS DELIVER SERVICES TO ALL DEVICES AND MEDIAFIRST, WHICH HELPS SERVICE PROVIDERS DELIVER AN END-TO-END TV PLATFORM BUILT ON A MODERN CLOUD ARCHITECTURE, ARE BOTH EXTREMELY FLEXIBLE AND WELL ARCHITECTED PRODUCTS ENABLING FAST TIME TO MARKET. INTEGRATION OF MIDDLEWARE WITH ERICSSON’S LEADING INFRASTRUCTURE PRODUCTS, INCLUDING APPLICATIONS SUCH AS ENCODING, CLOUD DVR AND CONTENT DELIVERY FURTHER INCREASE THE VALUE.”*

Sam Rosen, Vice President  
ABI Research

Ericsson is the leading worldwide mobile network and service vendor, and has a historically strong wireline / video presence (from Tandberg TV). Ericsson’s middleware focus was significantly bolstered with the acquisition of Mediaroom from Microsoft in 2013. It has made a number of other acquisitions, notably in 2013-2014, to get a complete multiscreen solution, including Fabrix (cloud storage and cloud DVR), Azuki Systems (multiscreen implementation) as well as a host of companies in the broadcast services realm (notably, Technicolor Broadcast Services and Red Bee Media).

Ericsson’s aggressive acquisition strategy has enabled the company to build out a full video portfolio that helps keep its solutions at the leading-edge of the technology curve. With Mediaroom, Ericsson added to its market presence by acquiring the largest worldwide IPTV platform, while smaller M&A deals have been strategic in filling specific portfolio holes that work well to complement video solutions. In the broader video space, Technicolor Broadcast Services and Red Bee Media are also large adjacent organizations that show the thoughtfulness of the solution and the broader definition of the video market. While Azuki brings some multi-DRM capabilities, and Ericsson has entitlement / rights administration integrating some VOD capabilities with Azuki’s multiscreen capabilities, we believe Ericsson could benefit from a stronger security-focused acquisition. We believe the most natural and complementary fit is Verimatrix.

Ericsson has been focused on developing video oriented systems which take advantage of the cloud. MediaFirst (an integrated payTV and OTT service and delivery platform) - fits the definition of cloud oriented middleware solutions that is easier to deploy in both customer-hosted and public cloud



environments. The first few use cases have started to emerge, and we expect continued execution and steam in this space. Mediaroom has added Mediaroom Reach, a multiscreen solution, which is offered as an on-premise service based on customer requirements. Overall, we believe that Ericsson’s path here is very strong and going in the right direction, and with time we expect additional maturity and customer deployments of this not yet fully shipping product set, and that a full score will be in the cards for our next iteration of this research.

Ericsson (and the TV Platforms group, specifically, Mediaroom) has worked collaboratively with Tier 1 IPTV providers well in multiple continents. Historically, it has worked with a few integrators - most notably Alcatel-Lucent. Now, with in house Ericsson capabilities over time we believe it can achieve greater levels of cooperation and efficiency and further improve the customer experience. Other items which have historically been weaknesses on customer integration (relying on third parties for some application services, multiscreen solutions, etc) have also been remedied in the new & larger organization.

Ericsson has been investing heavily in adaptive bitrate technologies and multiscreen frameworks; making them a unified part of the platform, notably with its Azuki Systems acquisition and integration. Ericsson is very aware of the coming cable transition to IP technologies, and is ensuring that its original IP platform can grow to cover multiple and hybrid network deployments. While Mediaroom lost BT due to the lack of ABR, Ericsson has created a more complete technology stack.

Ericsson leads with mobile network integration of video, which is an enticing place to start from a network convergence perspective. This fact, including heavy investment in Broadcast LTE / eMBMS, plus bringing together a cable stronghold (Tandberg legacy groups) with Ericsson TV Platform group's IP and OTT focus and the broadcaster services (coming in through Technicolor and Red Bee) all provide Ericsson with a strong showing in network convergence.

Consumption-based analytics is an important aspect of customer care and monetization. Ericsson has leveraged analytics in both the content delivery realm as well as within VOD systems. In addition, Red Bee, a metadata and services centric organization, has good search and recommendation capabilities.

**The following criteria were used to assess each supplier:**

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## Implementation

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### CORPORATE FOCUS ON VIDEO.

This evaluation looks at both a corporate strategy, focus and management level dedication to video, as well as a breadth of understanding video which captures multiple business cases and the breadth of modern video use cases.

### EXECUTING STRATEGIC VIDEO M&A.

We evaluate the overall success and strategic relevance of a company's mergers and acquisitions over the last 18-24 months, as well as the ability to leverage the acquisitions for improved business results.

### MATURE CLOUD AND VIRTUALIZED SOLUTIONS.

Awarded based on how well the vendor is implementing cloud-based strategies, including securing relevant partnerships with hardware partners, embracing and prioritizing development of disruptive software-based products, offering hosted services instead of product oriented sales when appropriate, and understanding how to monetize SaaS and licensed products.

### CUSTOMER ENGAGEMENT STRATEGY.

Here, we evaluate the customer engagement strategy to see if it is well articulated, positions the vendor for appropriate growth and customer relevance, and is sustainable.

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## Innovation

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### ROBUST IP & OTT TRANSITION STRATEGY.

This criteria evaluates the elegance, comprehensiveness and sophistication of a vendor's IP & OTT strategy, as well as evidence that the strategy is being implemented in real operator deployments.

### IN-HOUSE VIDEO R&D

Awarded based on how well the vendor is investing internally to stay on pace with both predictable and industry-wide changes in the ecosystem (such as 4K, HEVC, adaptive bitrate, etc) as well as disruptive consumer model changes.

### ROBUST NETWORK CONVERGENCE STRATEGY.

Awarded based on how well a vendor's solutions give operators the ability to holistically manage multiple services over multiple networks as a single service, utilize common infrastructure and provisioning services uniformly, despite the fact they may originate on multiple networks.

### ANALYTICS CAPABILITIES.

Awarded based on how prepared the vendor is to assist operator's in understanding and optimizing video services using data, including search, recommendation and discovery, QoE for unmanaged network delivery and QoS, and subscriber based analytics which ties into market and customer service tools to improve ARPU and churn.

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## Rankings

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After individual scores are established for Innovation and Implementation, an overall company score is established using the Root Mean Square (RMS) method:

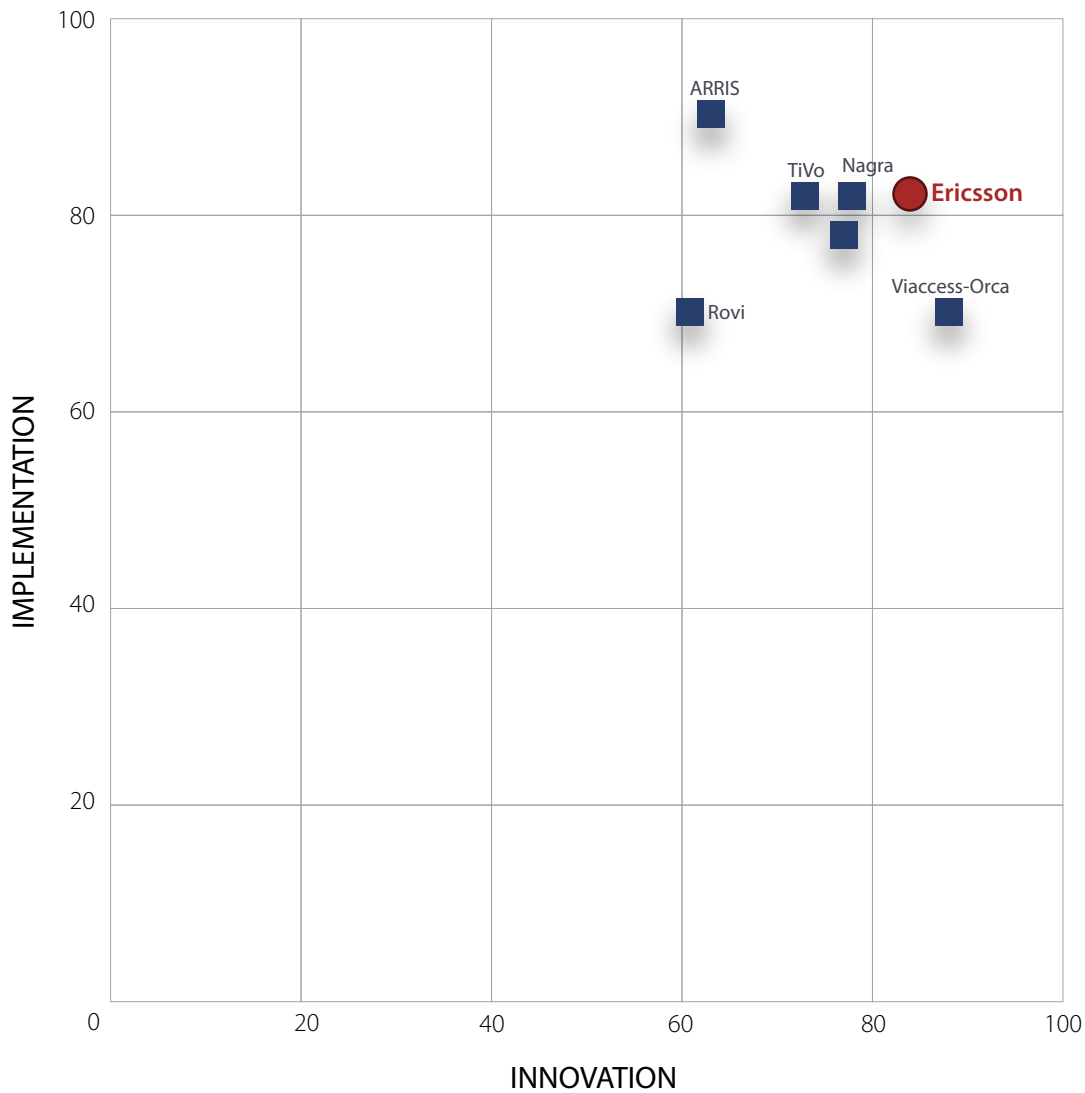
$$\text{Score} = \sqrt{\frac{\text{innovation}^2 + \text{implementation}^2}{2}}$$

The resulting overall scores are then ranked and used for percentile comparisons.

The RMS method, in comparison with a straight summation or average of individual innovation and implementation values, rewards companies for standout performance.

For example, using this method a company with an innovation score of 9 and an implementation score of 1 would score considerably higher than a company with a score of 5 in both areas, despite the mean score being the same. ABI Research believes this is appropriate as the goal of these matrices is to highlight those companies that stand out from the others.

## Video Middleware Market



Company	Score	Rank
Ericsson	83.0	1
Nagra	80.0	2
Viaccess-Orca	79.5	3
ARRIS	77.7	4
TiVo	77.6	5
Cisco	77.5	6
Rovi	65.7	7

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