

M-NET DTT READINESS

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TEAM



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OUTLINE OF PRESENTATION



	ISSUE	PRESENTER
1.	INTRODUCTION	Patricia
2.	M-NET'S LONG ROAD TO DTT & LESSONS LEARNT	Dave
3	REGULATORY HURDLES	Aynon
4	PREPARING FOR DTT LAUNCH	Calvo
5.	CONCLUSION	Patricia

INTRODUCTION



- M-Net presented to the Portfolio Committee on DTT Readiness in September 2011.
 - globally countries are moving to digital broadcasting and that the future is digital.
 - STB or digital convertor is an interim step for analogue TVs to receive digital transmissions.
 - Communication, cost of STB and new content will drive DTT take-up.

INTRODUCTION (2)

- After Analogue Switch-off (ASO) Analogue TVs with converters will gradually be phased out and replaced with Digital TVs (with integrated digital tuners).



INTRODUCTION (3)

- South Africa first African country to commence DTT trials in 2001.
- Rest of Africa has caught up and passed us by.
- DTT has commercially launched in:
 - Uganda
 - Nigeria
 - Kenya
 - Tanzania
 - Rwanda
 - Zambia
 - Mozambique
 - Burundi
 - Namibia



INTRODUCTION (4)



- In most of these countries:
 - New content driving uptake;
 - Decoders retailing for between \$35 to \$40;
 - FTA content is free and unencrypted; and
 - Pay bouquets retail between \$6 and \$22 a month.



INTRODUCTION (5)

- South Africa has not launched yet.
- Obstacles to launch will be focus of this presentation.

14 months later – still not out of the starting blocks



M-NET AND THE ROAD TO DTT



LONG ROAD TO DTT

- First trial with Orbicom 11 years ago
- Delays in launching DTT have had a negative impact :

UP – COSTS

To maintain, support and repair ageing analogue STBs and network



DOWN – SUBSCRIBERS, GROWTH

Stopped sale of analogue STBs with knowledge they would become redundant – unexpected market for 2nd hand analogue STBs emerged

SOWETO TRIAL LESSONS

- Delays have had some unexpected benefits
 - leapfrogging to the second generation of DVB standards (DVB-T2);
 - invaluable lessons learnt in our Soweto Trial; and
 - able to test integrated TV's.
- The Soweto Trial recruited 60 homes in Mzimhlope (LSM 3 to 6)



SOWETO TRIAL (2)



- M-Net established a mini call centre with a Helpdesk phone number.
- **Outcome:**
 - Very few calls received.
 - However, this did not mean that no problems were experienced.
 - For example, there were problems relating to loss of signal either because of bunny ears or unreliable roof antennae.
- **Reason:**
 - Trialists use pre-paid mobile vouchers and don't want to use up air time.

SOWETO TRIAL (3)



- **Solution:** Established Community Support Representatives (CSR) on the ground.
- **Lesson:** Face-to-face viewer communication, education and support is critical after conformant decoder and antennae are installed.
- Based on Trial experience - 1 person can support 200 homes. CSR Model findings shared with DOC.
- **Potential Job Creation:** 24,000 sustainable jobs (based on 5 million TV households)

SOWETO TRIAL (4)



- Other lessons learnt are that:
 - Viewers appreciate improvement in quality of picture
 - Content is important. More channels = improved consumer satisfaction.
 - Conformant antennae and proper installation is critical
 - Integrated TV's a hit.

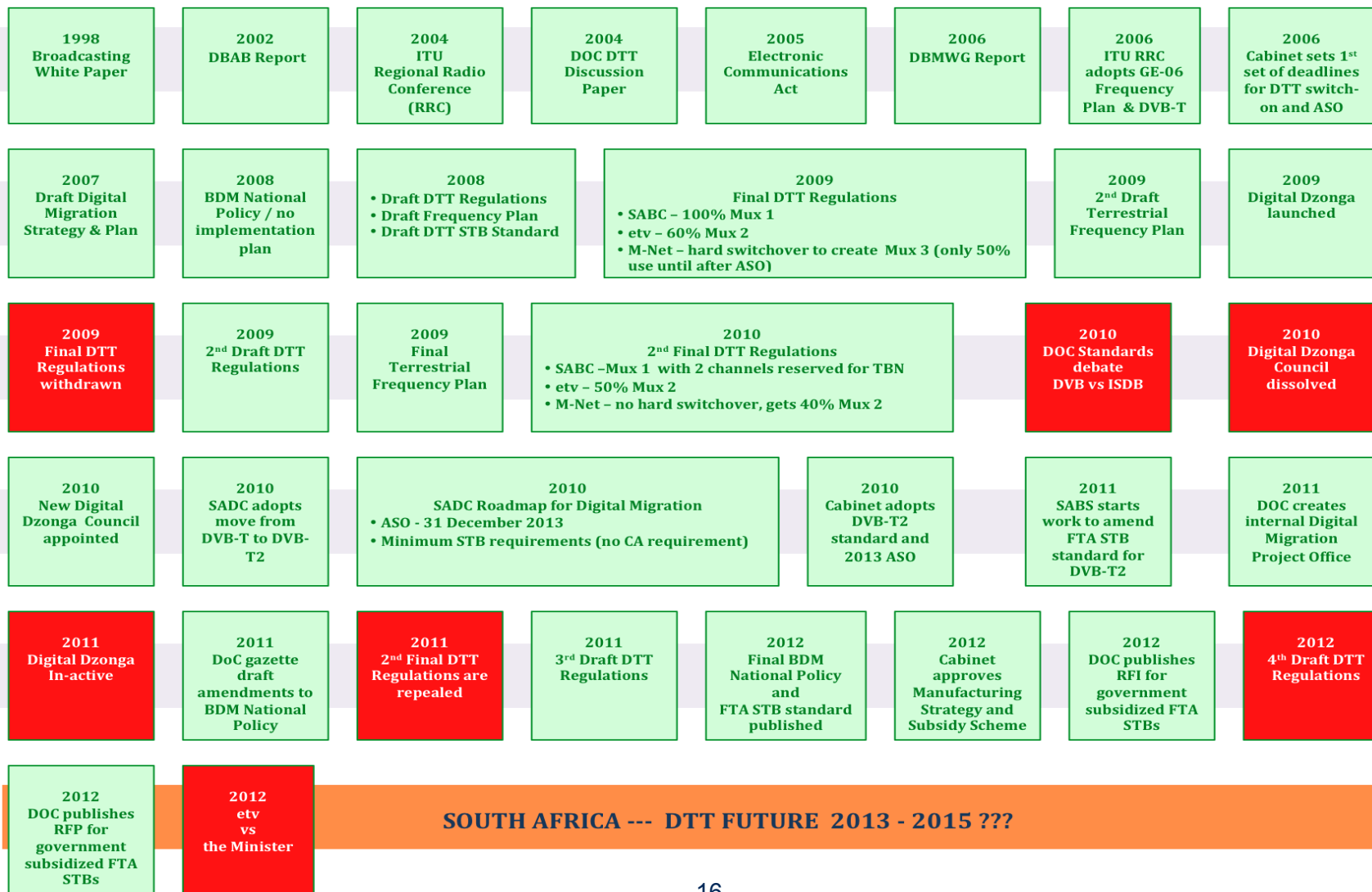


REGULATORY HURDLES



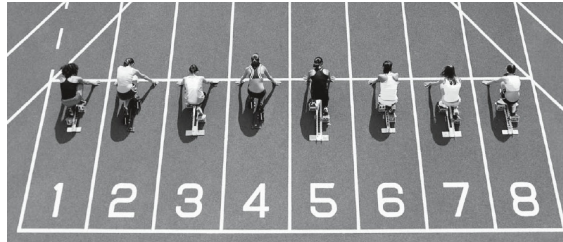
Need to keep an eye on the hamstrings for the regulatory hurdles

REGULATORY TIMELINE



BASICS NEED TO BE IN PLACE

- Starter pistol can only be fired if all the pre-requisites are in place.



Government has done the following:

- ✓ National Policy – BDM
- ✓ Supportive Legislative Framework – ECA
- ✓ Terrestrial Frequency Plan
- ✓ Digital Standard Adoption – DVB-T2
- ✓ Set Top Box standard
- ✓ Digital Migration Project Office

Outstanding Tasks:

- ✗ DTT Regulations
- ✗ Channel Authorisation
- ✗ STB Control (etv litigation)
- ✗ Conformance Regime
- ✗ Dates for Dual Illumination Period
- ✗ DTT Project Plan for ASO
- ✗ Sentech Rate Card (Correct Pricing)

CHALLENGE: NO DTT REGS



- No DTT Regulations = no legal basis for commercial launch.
- DTT Regulations alone are not enough, they must also enable **a fast track channel authorisation process**.
- No fast track channel authorisation = no new digital channels on DTT platform at commercial launch.
- DSO and ASO date (dual illumination period) need to be formally gazetted by Minister. These dates are critical for broadcaster's to prepare business plans and budgets.

CHALLENGE: UNCERTAINTY



- **Manufacturer uncertainty** - FTA DTT STB standard is in place, but uncertainty about STB control (etv litigation) = **no manufacture of FTA STBs yet.**
- Manufacturers require at least 6-8 month from signing contract to retail.
- This period can only be shortened if manufacturer goes on risk and procures components in advance
- **Consumer uncertainty** – No comprehensive consumer campaign or Digital Certification Mark Scheme in place

CHALLENGE: SENTECH TARIFFS



- In 2011, ICASA indicated it would proceed with Tariff Regulations.
- Delay in publishing these regulations means any commercial DTT launch would be at risk.
- Risk for SABC, etv and M-Net who have had difficulty in concluding negotiations with Sentech on the DTT rate card. As it appears to be 3.8 times higher than what the costs should be on comparison of analogue and digital.
- This may also impact on etv and M-Net decision, in the absence of “reasonable tariffs”, to use Sentech as the signal distributor for Mux 2.

PREPARING TO LAUNCH



KEYS FOR SUCCESS



- DVB-T2 Trial has been a valuable experience in preparing for commercial launch
- Key “C’s” for migration success.
 - CONTENT - to stimulate migration
 - COST vs FEATURES – keep it simple and get going
 - CONFORMANCE – of subsidized STB / retail STB
 - COMMUNICATION – national communication strategy for SA
 - CO OPERATION – with all key stakeholders
 - CONSUMER support - during and post migration

KEYS FOR SUCCESS (2)



- Pace of migration will be determined by South African TV households
- Viewers will need to be convinced that the DTT offering is compelling enough for them to purchase the STB
- M-Net is different from other broadcasters in that it must convince subscribers who have already bought an analogue STB, to pay for a second, DTT Pay TV STB
- Strong consumer launch of DTT critical – maximum number of channels available at launch or run the risk of slow consumer take up

GOING BEYOND ANALOGUE



- M-Net, depending on the capacity allocated in DTT Regulations on MUX 2, intends offering:
 - more TV channels at better quality than currently received on analogue;
 - EPG with on-screen now-next information over seven days;
 - Visually Impaired Audio service and Hard of Hearing subtitling for people with visual and audio impairments; and
 - Basic Interactive features, at a later stage, using MHEG SA Profile engine.
- Business plan and number of channels on bouquet is difficult to determine at this point in time, as each draft Regulation, changes the capacity allocated on multiplex making it difficult to plan.

M-NET PROJECT PLAN OUTLINE



Key functions	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9
ICASA Regulations	✓								
Sentech Rate Card		Contracting / SLA							
DSO Performance Period Gazetted		✓							
Channel Authorisation / Channel Acquisition									
STB Manufacture & Conformance									
Business Rules / Business Systems									
M-Net Commercial Launch								✓	
Subscriber Communication / Support			Marketing				Marketing & Support		

DSO Date

MESSAGE TO SUBSCRIBER



- M-Net will notify subscribers directly and through communication campaign of migration from analogue to digital broadcasting and need to acquire a DTT STB.
- Subscribers will be provided with a coverage map of the service and be provided with list of accredited DTT installers in their area.
- Subscribers will have to purchase digital STB during the dual illumination period and potentially check to see if new TV aerial is required before ASO.
- After ASO, subscribers will be notified of potential need to re-tune STB to accommodate the digital to digital migration

CONCLUSION

- If ...
 - The DTT Regulations are published
 - Digital Channel Authorisation is fast tracked
 - The Minister publishes the dual illumination period
 - FTA channels can be received on all STBs (FTA/Pay) in interest of single STB in household
 - Sentech Rate Card is finalised
- Then that is our Green Light and M-Net is ready to launch





THANK YOU

