



Flirting With Converged Services

Operators' choice: Build or buy?

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October 20, 2008

By mashing up features of TV, telephony, Internet access and mobile wireless, new converged applications are being created that will make people look up from their iPhones and ask, "Why didn't we think of that before?"

The opportunity to roll out these emerging software-defined applications raises a familiar question for MSOs: "Should we build our own technology platform, or buy from a third-party provider?"

As usual, the answer will differ among operators, depending on how they weigh factors such as up-front development costs versus ongoing licensing fees; time to market; flexibility to add new applications; control; operational challenges; internal engineering capabilities; offers from traditional equipment vendors; management bandwidth; other product priorities; and perceived market demand.

For example, both Time Warner Cable and Cablevision have deployed in-house versions of caller ID on TV. Meanwhile, Integra5, a third-party provider to cable and telco operators of caller ID on TV/PC/mobile and other cross-platform applications, recently announced MediaFriends TV Chat, an intriguing social media application that will enable subscribers, using their mobile phones, to participate in multiparty texting chat sessions on their TVs while watching the same TV shows.

Integra5 has a firsthand perspective on how operators view partnering with third-party technology providers for new converged applications. The following Q&A with Integra5's president and CEO, Meredith Flynn-Ripley, explores differences and similarities across a range of operators.

Integra 5's Web site lists 13 "announced customers" for your platform, including Videotron and Liberty Global's VTR in Chile as several recent additions. Apart from Videotron, are there other "big name" operators in North America among your unannounced customers and prospects?

Meredith Flynn-Ripley: We're working with nearly 40 customers across both North and South America. These run the gamut from smaller operators to overbuilders and large, national operators. The larger customers we've announced recently, like Videotron and VTR, are good examples of the increasing scope of the deployments.

How do telcos and MSOs differ in the way they look at converged services and, in particular, third-party platforms instead of internally developed systems?

Flynn-Ripley: Actually, we don't see major differences between cable and telco customers in terms of whether they choose to "build" or "buy." The difference tends to be based more on an operator's approach to service innovation overall—and whether it's proactive or reactive. The operators who are taking a long-term view of their business understand that they need to put in place a flexible, converged services infrastructure that allows them to quickly and easily layer on new communications services and features and deliver them not just to the TV, but to all devices—TVs, PCs and mobile phones and, increasingly, DECT phones as well.

When we see operators attempting to build these applications in-house it's typically a basic TV caller ID application—one service to one device. We've encountered operators who have been trying to build just this one application for several years, without success. As we move toward more advanced multi-application, multi-device rollouts, the "build it yourself" model becomes increasingly time-, resource- and cost-intensive.

How about the big MSOs versus smaller cable operators?

Flynn-Ripley: The size of the operator plays a role in that the larger MSOs tend to have many different internal product teams—often segmented by service area such as video, voice, broadband. In the case of converged services deployments, obviously you need to bring together people from these various groups, which just takes longer in general. However, we are beginning to see some larger operators integrate traditionally disparate service groups for a more unified approach to their internal operations as well as customer-facing services.

Because smaller operators typically have more centralized product teams, decisions tend to be made faster, which can translate to bringing services to market—and adding on new ones—faster.

Converged services have been discussed for a long time. Why has it taken so long to get these services

deployed?

Flynn-Ripley: I would argue that only TV caller ID—versus the broader category of converged services—has been discussed for a few years. But even in the case of TV caller ID, the reality is that the service has been deployed by many of our customers as far back as 2004.

The larger operators—in somewhat of a typical services adoption pattern—took more of a wait-and-see approach very early on. Over the next year or two, that one service alone showed a remarkable ability to spark loyalty in subscribers, as well as increase ARPU, upsells and landline retention, among other benefits. This has led to the more mainstream and advanced converged services rollouts that we're starting to hear about now.

What needs to change in order to get these services into the market more quickly?

Flynn-Ripley: I think it's primarily about awareness among operators of converged services as a key category—beyond TV caller ID—that can deliver a range of service types, from telephony and SMS text messaging to social media and broadcast or targeted customer care notifications—across all user devices. Communications is a primal human behavior, and operators need to place the same emphasis on bringing communications to multiple platforms as they're doing with video content.

Social media and SMS are rapidly shaping a whole new era of consumer communications behaviors and opportunities around "social entertainment." The ability to blend these new applications in nontraditional ways and extend them across the four screens will be a big factor in driving deployments. Beyond this, standardized video platforms like EBIF and tru2way should also help speed service rollouts.

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