

Key ARPU Drivers IPTV

1. Moving from Video only to 3P / 4P
 - Adding communication services
 - E.g. Messaging / video conferencing
 - Fixed / Mobile convergence
 - E.g. accessing EPG from Mobile for PVR
 2. Adding On Demand Services to Broadcast
 - VOD / SVOD: Prime & Catalogue Content
 3. Enhance base digital broadcast service
 - Premium channels
 - PVR / targetted advertising
 - PIP
 - Instant Channel Change
- => Focus on low cost STBs / Home Gateways, Network Service Delivery, and high security solution:
- Allowing commercial content and private home sharing content on same devices (PV / STBs)

4P Example



Meeting runs late: program your VCR



watch first 5 minutes on your way home



take your time



watch the whole match at your convenience



in parallel, AmigoTV your pals



miss the end



watch the end on a business trip



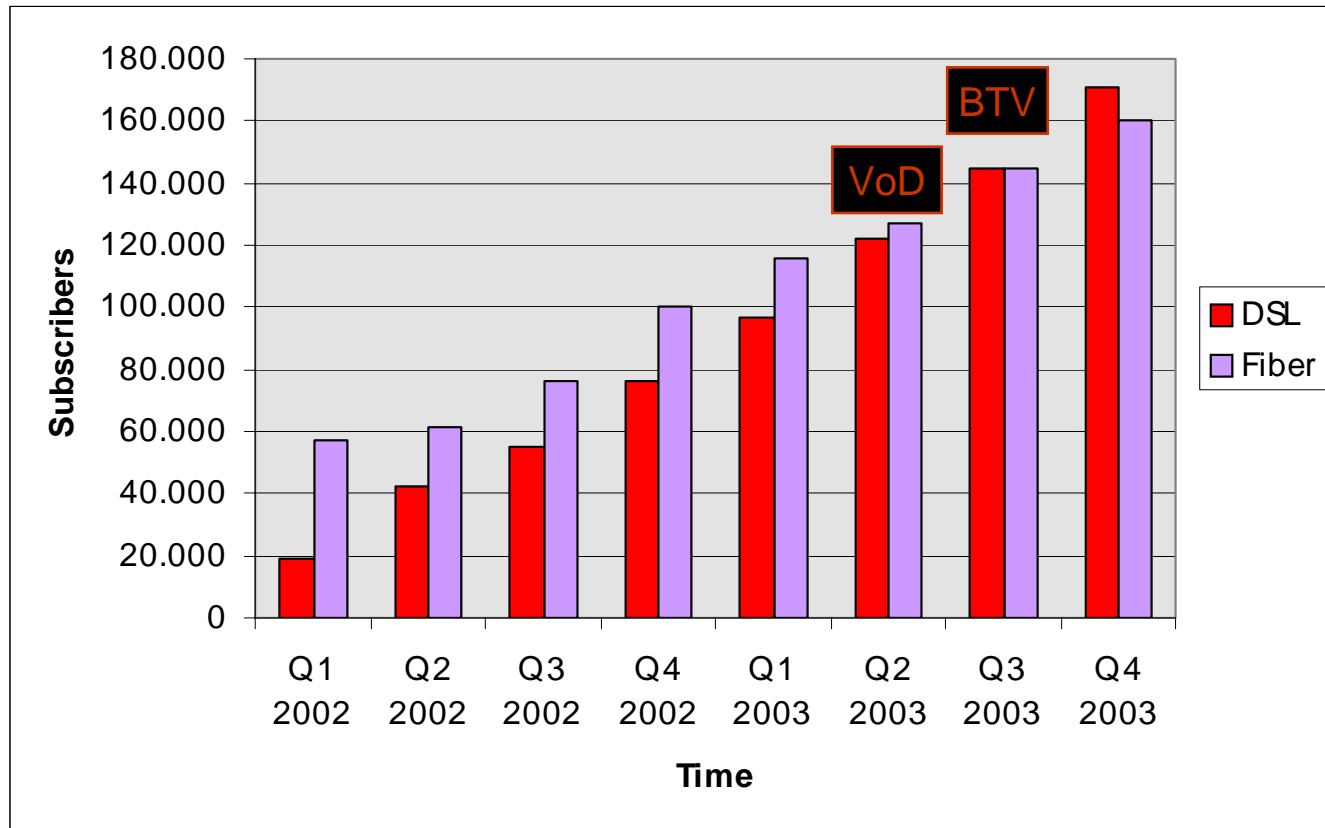
discuss denied goal with colleagues



Regional Differences

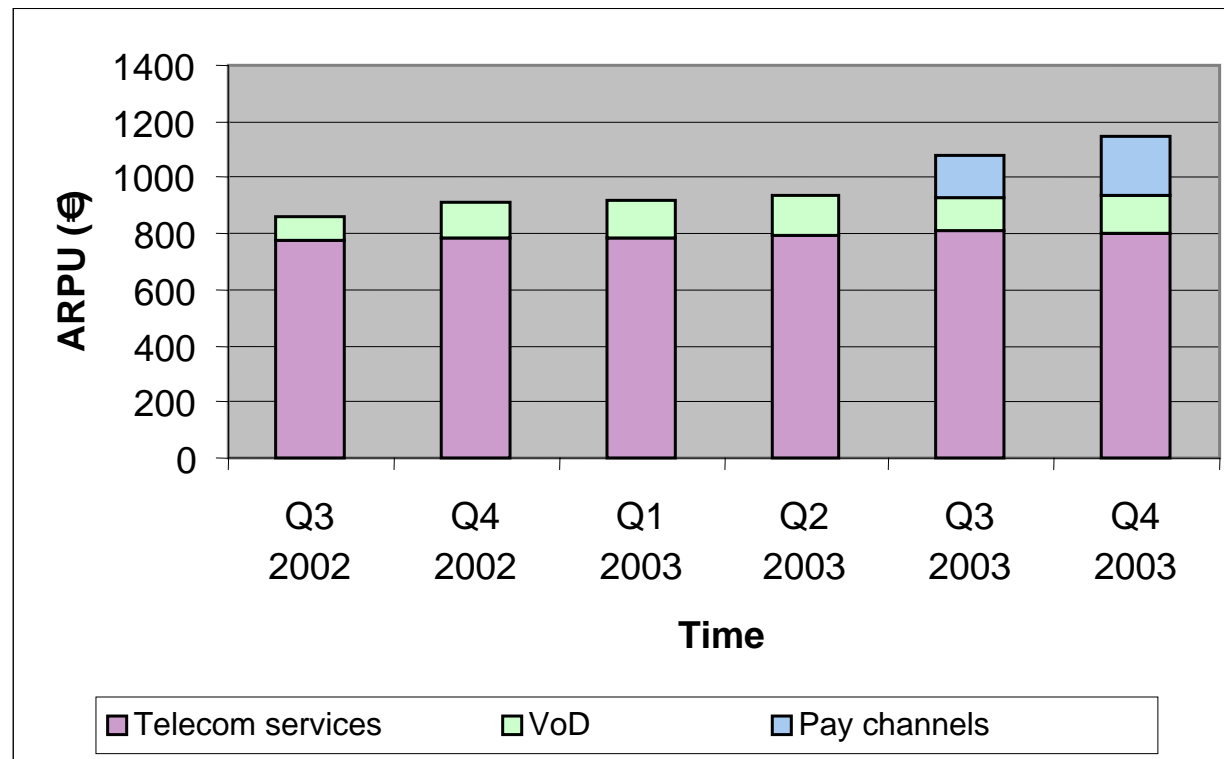
- North America
 - Cable/Sat driven market
 - IPTV needs to move beyond large number of channels and move goldpost with e.g.
 - Instant channel change
 - Local & network PVR & VOD / SVOD
- Europe
 - Strong free TV in many countries
 - DTT focus / support by governments
 - Still strong business opportunity for premium broadcast channels
 - PVR market still at its beginning as well as VOD / SVOD
- Asia
 - Strongest investment in IPTV today because cable / sat not as strong as in other territories
 - IP broadband networks ready for IPTV
 - e.g. Korea, Japan, Taiwan, HongKong
 - Focus on base & premium TV channels
 - PVR market still at its beginning as well as VOD / SVOD

European Competitive Telco Example



End 2004: over 300K subscribers in 6 cities

European Competitive Telco Example



End 2004: VoD: 15€/month, 20% take rate
Pay TV: 15€/month
About 20% non PC Users