

# ScreenPlays

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STRATEGIC INFORMATION FOR THE BROADBAND MARKETPLACE

## SeaChange, Siemens Bring New Clout To IPTV Playing Field

*Flexibility, experience in TV characterize new challenges to Microsoft*

The landscape on the supply side of IPTV is shifting rapidly, leaving little doubt that Microsoft's early run at domination is not the last chapter in the unfolding story.

Two new developments are especially significant for the competitive outlook among IPTV suppliers at a moment when the burden of proof surrounding the Microsoft effort is weighing heavily on telcos' attempts to gain credibility as entertainment providers. In an as-yet-unpublicized move SeaChange International has become a full-fledged IPTV player, having acquired middleware technology from long-time IPTV vendor Minerva Networks to complement new innovations developed internally. At the same time, Siemens' acquisition of Myrio Corp., announced in April, has cemented a partnership that already had provided both companies greater clout in pursuing new deals with telcos.

In contrast to Microsoft, SeaChange and the Siemens-owned Myrio bring deep experience in the TV business to the telco market and at the same time are big enough to suit major carriers' preferences

for doing business with tier-1 suppliers. These moves are all the more important for meeting the multi-sourcing requirements of the telecom business in light of the recent agreement between Alcatel and Microsoft to partner on IPTV integration, which leaves Alcatel promoting Microsoft's platform as the preferred solution over its own Open Media Platform (see May/June issue, p. 10).

"There's still enough jitter in situations where deals have been announced to make it an open question as to what's going to happen long term," says Chris Coles, CEO of Myrio. "Nothing I see says anybody is completely locked in at this point."

The market is wide open from SeaChange's perspective as well, says Joe Ambeault, the company's director of broadband systems. "Time to market is everything to the telcos," Ambeault says. "Our experience with telephone companies going back into the '90s allows us to bring them a solution pre-integrated into their network and operational environment. That helps us to get them turned on fast."

### **Simple Step**

Indeed, the step to becoming a full-fledged IPTV provider was not all that difficult for SeaChange, given the extent to which the vendor's video-on-demand, digital ad insertion, media distribution and

other product components are already IP based with open-platform extensions such as Java and XML that underlie operations in the web space. "We're taking the advantages of the IP technology we've used all along and delivering them into the IPTV environment," Ambeault says, noting that 90 percent of the installed base of SeaChange VOD streams are IP based. (In most cable systems VOD is delivered from servers in MPEG-2 format, wrapped in IP for injection into gigabit Ethernet pipes and transported to edge points where the IP elements are stripped off and the MPEG-2 streams are modulated onto RF carriers for distribution over the hybrid fiber-cable access network.)

The missing ingredient in the SeaChange portfolio was the client software essential to running its own electronic programming guide on IPTV set-tops, which is the technology the company purchased from Minerva. "Gaming, DVD on-demand, network DVR – all the applications where we were dependent on guide producers now are on our own guide," Ambeault says. And the company is taking care to ensure other suppliers' applications are easily run on its guide as well. "We're taking a modular approach where we provide the APIs (applications program interfaces) in the



*Joe Ambeault, director of broadband systems, SeaChange*

set-top to enable use of many types of applications clients," he notes. "The only application we include as part of the set-top middleware is the program guide."

Ambeault stresses the fact that IPTV middleware in the SeaChange environment applies solely to the operating tools that are essential to a service provider's product development and marketing team. These include support for setting up the applications, packaging services in triple-play or quadruple-play mode, assigning program categories, presenting them to users, managing advertising and reporting on usage. "We look on IPTV middleware as a sub-product management tool that is really for the non-technical people who are responsible for con-

tent and applications,” he says. “The software allows programmers and marketing people to administer the product without having to worry about delivery patterns and trafficking rules or other networking issues.”

## Greater Efficiency

Thus, the IPTV middleware is decoupled from the management of streaming servers, in contrast to some systems where the software posts demands for content to an FTP (file transfer protocol) server that manages propagation from all the servers in the network. “The FTP approach can waste 40 percent of your storage capacity with unnecessary replication of content that doesn’t need to be on every server in the network,” Ambeault notes. “We use a video OSS (operations support system) platform that responds to messages from the IPTV middleware but manages how content is stored and distributed across the network separately.”

Another example of the decoupled approach taken by SeaChange is resource management, where content is stored and transferred from one point to the next in the most efficient way possible depending on where storage capacity and bandwidth are available in the network. “In some IPTV systems you can’t do this, so you have to over provision for storage and bandwidth capacity,” Ambeault says, adding that this will be especially problematic as ever more high-definition content enters the product stream.

Along with providing the set-top APIs that allow service providers to work with these pre-existing applications

SeaChange is bringing its own suite of application clients that can run on IPTV set-tops, including a video games client, DVD-like presentation of VOD content, channel overlays and, shortly, real-time integration of network-based DVR functionality into the broadcast program viewing experience. “With our network DVR solution, when a user is watching a live broadcast and hits pause or rewind, the software immediately switches the user over to the on-demand platform,” Ambeault says.

While SeaChange is now competing directly in the IPTV space it also remains in a position to be a provider of incremental elements of its technology portfolio for integration with whatever elements from other vendors a service provider might want to put in play. This includes situations where Microsoft is a supplier, as is the case with Comcast in Seattle, where SeaChange is integrating its VOD platform with Microsoft’s Foundation guide, or with Verizon, which has chosen SeaChange for VOD as it prepares to roll out TV services that will include Microsoft’s interactive guide and, later, other Microsoft IPTV components.

## Vendor Neutral

The freedom to affiliate around whatever vendor product suite is in play is a key part of the Siemens-Myrio strategy as well, says Chris Coles. “We’ve always operated on a vendor partner-neutral basis, and we will continue to do so as a subsidiary of Siemens,” he says. The same applies for Siemens in instances where its customers might want some other supplier of IPTV middleware, although Myrio’s

platform is being marketed as part of the whole Siemens product set.

The most important factor in the acquisition is that now Myrio is positioned to market its platform globally in over 170 countries with the force of one of the world’s top telecommunications suppliers behind it, Coles says. “There were no force reductions on our side as part of this deal,” he adds. “Instead, we’ve actually got additional resources to work with, which translate to our development team and to sales and operations as well.”

Already the teaming of the two players is paying off with several wins with large independent operating companies that have yet to be announced and several deals in the final closing stages with major PTTs, Coles says. “You’ll see a lot of this coming to light around the time of SuperComm,” he adds.

On the development side, the marriage of the two companies allows them to bring their expertise to bear at points of interface between their respective entertainment and communications know-how as service providers call for new integrated service solutions. “As you look at our platforms, there’s a lot of opportunity for commingling of features from the mobile side that are relevant for TV and vice versa,” Coles says. “We’re looking at new and different ways to infuse entertainment and information into multiple devices that consumers will find of interest.” Demand for such integration is especially intense on the telco side as carriers seek to exploit their mobile plays to create services that are truly differentiated from cable’s, he adds.

Where cable is concerned,



Chris Coles, CEO, Myrio

IPTV is seen as a way to facilitate delivery of more dedicated “unicast” services, including the leveraging of web content for delivery to set-tops, Coles notes. And as cable operators seek to leverage their IP telecommunications capabilities to enhance their video applications, it’s a great help that Siemens has already made strong inroads in cable with its communications and softswitch capabilities, he adds.

“The interests of these different service provider sectors give us a lot of doors to go through,” he says.

Myrio is testing the next major version of its software – 4.0 – for release by the end of the year. Meanwhile, in May the company introduced version 3.7 of its current release, which provides end users greater control over applications like gaming and VOD and gives service providers flexibility to customize guides to suit local market conditions (see January issue, p. 18). There probably will be another 3.x release this fall in advance of the 4.0 release, Coles says. ■