

Chapter XXXIV

IPTV Business Model Analysis

Kate Carney Landow

University of Colorado at Boulder, USA

Michelle Fandre

University of Colorado at Boulder, USA

Raghu Nambiath

University of Colorado at Boulder, USA

Ninad Shringarpure

University of Colorado at Boulder, USA

Harvey Gates

University of Colorado at Boulder, USA

Artur Lugmayr

Tampere University of Technology, Finland

Scott Barker

Freelance Editor, Bridgewater, USA

ABSTRACT

This chapter focuses on evaluating Internet protocol television (IPTV) business models from different service providers through the prism of the Star Model. The tool is based on Porter's five forces, as developed by M.E. Porter. The Star Model extends the five Forces into a set of metrics to evaluate current and future business offerings. The Star Model is a simple tool used to identify the strengths and weaknesses of different business models in an appealing geometric shape. To highlight how to use this tool, sample partnership models are analyzed to evaluate the strength of a combined service. This tool will help IPTV service providers and all potential investors to build or identify a sound business model for their target market. The Star Model is explored through multiple case studies in this chapter including CBS, AOL, Google, Sling Media, and YouTube.

IPTV BUSINESS MODEL ANALYSIS

Growth of broadband has enabled convergence of voice, video, and data, resulting in the evolution of many new and exciting applications. One technology with wide customer appeal is Internet protocol television (IPTV), a service that promises to deliver television content across platforms and geopolitical borders.

During the last decade broadband-based access has been one of the fastest growing Internet services throughout the world (Miniwatts Marketing Group, 2006). Supportive regulatory environments and competitive pricing models are a couple of the primary factors that have contributed to the success of broadband-based Internet service. However, there is still a large disparity in growth of broadband among different countries. In some markets, the transition from narrow band to broadband has resulted in additional costs to both consumers and service providers. From the consumer point of view, there is a need for the value of service to offset the additional cost. From the service provider's perspective, the additional cost in laying out the infrastructure requires a supporting regulatory environment and a lucrative business model that opens the door to multiple services and opportunities. The absence of a killer application—one that can appeal to mass audiences and allow service providers to earn a profit—is the common factor contributing to slower growth.

Television content may be the product providing the greatest incentive for customers to purchase broadband solutions. When television is delivered via IPTV it increases the choices for content available to customers and allows providers to capitalize on the opportunities created in a market when more choices are available to customers. The traditional television market is mostly served by a monopoly service provider, a situation that affects the overall potential growth in a market and also reduces choices for consumers. Furthermore, there has been a lack of innovative applications that enhance the traditional television service. The limitations of traditional television can be overcome with the delivery of content to the market as IPTV. With these developments, television is no longer

bound to a traditional set. Television content is delivered to computers and mobile phones through newer, advanced telecommunication networks. IPTV will change the way consumers purchase entertainment. Content and service providers can now reach increasingly larger audiences through multiple devices.

Broadband penetration has increased steadily in European markets due to deregulation and unbundling of services, which has in turn led to competitive pricing from providers. In the United States, broadband penetration has increased because of the increasing number of services providers. In both regions, many vendors have experienced decreasing average revenue per user (ARPU) and increasing customer churn as a result of increase in competition in the market. Adding services like television to the existing broadband access can help these companies retain customers and offset the decrease in revenue (Frost & Sullivan, 2006).

IPTV is a technology that has the potential to propel growth of broadband across all markets and can provide an incentive for consumers to use newer, interactive applications. A viewer located in North America will have vast choices of content from a service provider located in China or in any other part of the world. When a television service is provided over broadband, the technology enables the entire world to connect. An IPTV provider must have a mature business model in order to successfully deliver content by additional means. There is now no readily available tool to evaluate a business model. This chapter helps readers evaluate an IPTV business model using the Star Model and its associated metric parameters and provides a readily available tool for business analysis.

IPTV has a variety of potential methods of delivery, which should be reflected in a business model. This chapter will focus on evaluating specific IPTV business models with the use of the Star Model, an extension of Porter's five forces (Porter, 1980). Porter's five forces are a set of metrics that are often used to evaluate business operations. This chapter conducts comparative analysis on a select number of IPTV service providers with the use of the Star Model. The Star Model is useful in its ease of application to each of the methods of

23 more pages are available in the full version of this document, which may be purchased using the "Add to Cart" button on the publisher's webpage: www.igi-global.com/chapter/internet-protocol-television/20461

Related Content

Orphan Node Connected Management in Multi-Hop Clustering-Based Routing Protocols for Wireless Sensor Networks

Wassim Jerbi, Abderrahmen Guermazi and Hafedh Trabelsi (2019). *International Journal of Interdisciplinary Telecommunications and Networking* (pp. 1-16).

www.irma-international.org/article/orphan-node-connected-management-in-multi-hop-clustering-based-routing-protocols-for-wireless-sensor-networks/235466

CLVA-Based Framework for College English Translation Teaching Quality Evaluation With 2-Tuple Linguistic Neutrosophic Information

Yunying He (2026). *International Journal of Interdisciplinary Telecommunications and Networking* (pp. 1-17).

www.irma-international.org/article/clva-based-framework-for-college-english-translation-teaching-quality-evaluation-with-2-tuple-linguistic-neutrosophic-information/397042

Secure Buffer-Based Routing Protocol for WMN

Geetanjali Rathee and Hemraj Saini (2017). *International Journal of Business Data Communications and Networking* (pp. 28-44).

www.irma-international.org/article/secure-buffer-based-routing-protocol-for-wmn/180321

Addressing WiFi Security Concerns

Kevin Curran and Elaine Smyth (2007). *Business Data Communications and Networking: A Research Perspective* (pp. 302-327).

www.irma-international.org/chapter/addressing-wifi-security-concerns/6049

The Telecommuting Life: Managing Issues of Work, Home and Technology

Gigi G. Kelly and Karen Locke (2006). *Cases on Telecommunications and Networking* (pp. 196-209).

www.irma-international.org/chapter/telecommuting-life-managing-issues-work/6462