

# Video OTT in the EU

## The fundamentals

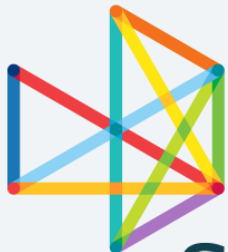
---

Hervé Cortada  
OTT workshop

---

03/05/2016

---



**Sofrecom**  
The Know-How Network





## Table of contents

---

1. Introduction to Sofrecom
2. Orange innovation
3. OTT Video : the fast rise of usage
4. Net Neutrality – European commission viewpoint
5. Players strategies (examples)

# Sofrecom is a leading international consulting company in the Telecom industry

Operating in  
**100 countries**



**47 years**  
of experience



**200 customers**  
**1,350 consultants**  
across all operator business functions



a worldwide network of partners  
“**end-to-end approach**”



**Leader in transformation,  
optimization, technological  
modernization, innovation and  
development**

● 11 local offices  
● Customers



**Orange**  
**subsidiary**

- 230 million customers
- 220 countries and territories
- 15 R&D labs and techno centers across 5 continents
- 172 000 employees worldwide

# A consulting firm with international focus

## ➤ Sofrecom's experience of different markets

- Our expertise in dynamics and challenges of different markets (mature and emerging), locally and globally
- Knowledge of operators ecosystems in all regions of the world

## ➤ Sofrecom's expertise

- Our tools, methodologies and experience proven by many projects
- Our ability to cover all issues, end to end, with a transversal methodology
- Our speed of reaction and ability to mobilize international teams

## ➤ Sofrecom's international certifications

- AFAQ
- CMMI
- Ethic Intelligence International
- PMI



**Business Consulting**



**IT solutions**



**Network and services**

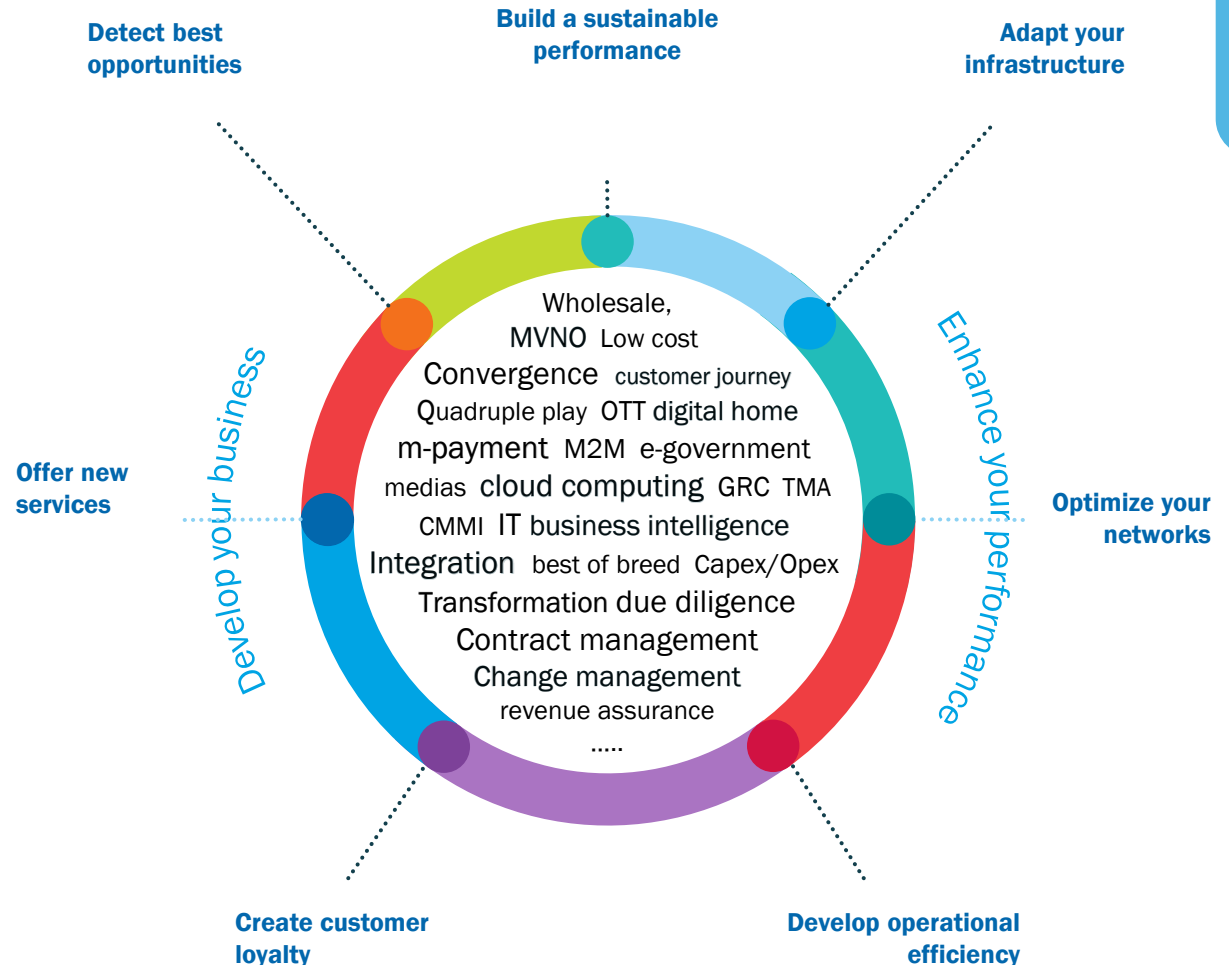


# Sofrecom leverage on its broaden network expertise to assist our customers face their challenges

## Sofrecom Business Consulting assists many operators with new service and continuous improvement



- Sofrecom, an Orange Group company, has developed unique expertise in all operator activities, making it today a world leading telecoms consulting and engineering specialist
- Sofrecom is present in the Asia Pacific through offices in Thailand, and Indonesia
- With 18 years of experience in APAC, we are able to bring local knowledge and hybrid competencies
- While bringing the benefits of the powerful Know-How Network through the Orange Group and its partners





## Table of contents

---

1. Introduction to Sofrecom
2. Orange innovation
3. OTT Video : the fast rise of usage
4. Net Neutrality – European commission viewpoint
5. Players strategies (examples)

# Our vision

Innovate and facilitate adoption of new telecom services

Aggregation of Content Services

Digital Emerging Countries

Cloud Platforms

Digital Home

Digital Enterprise

Trust & Data Services

Personal and Social Services

Network Management & Services

Digital Society

Customer Experience and Devices

Sustainable Digital World

Advanced Networks



# Innovation: part of our DNA...

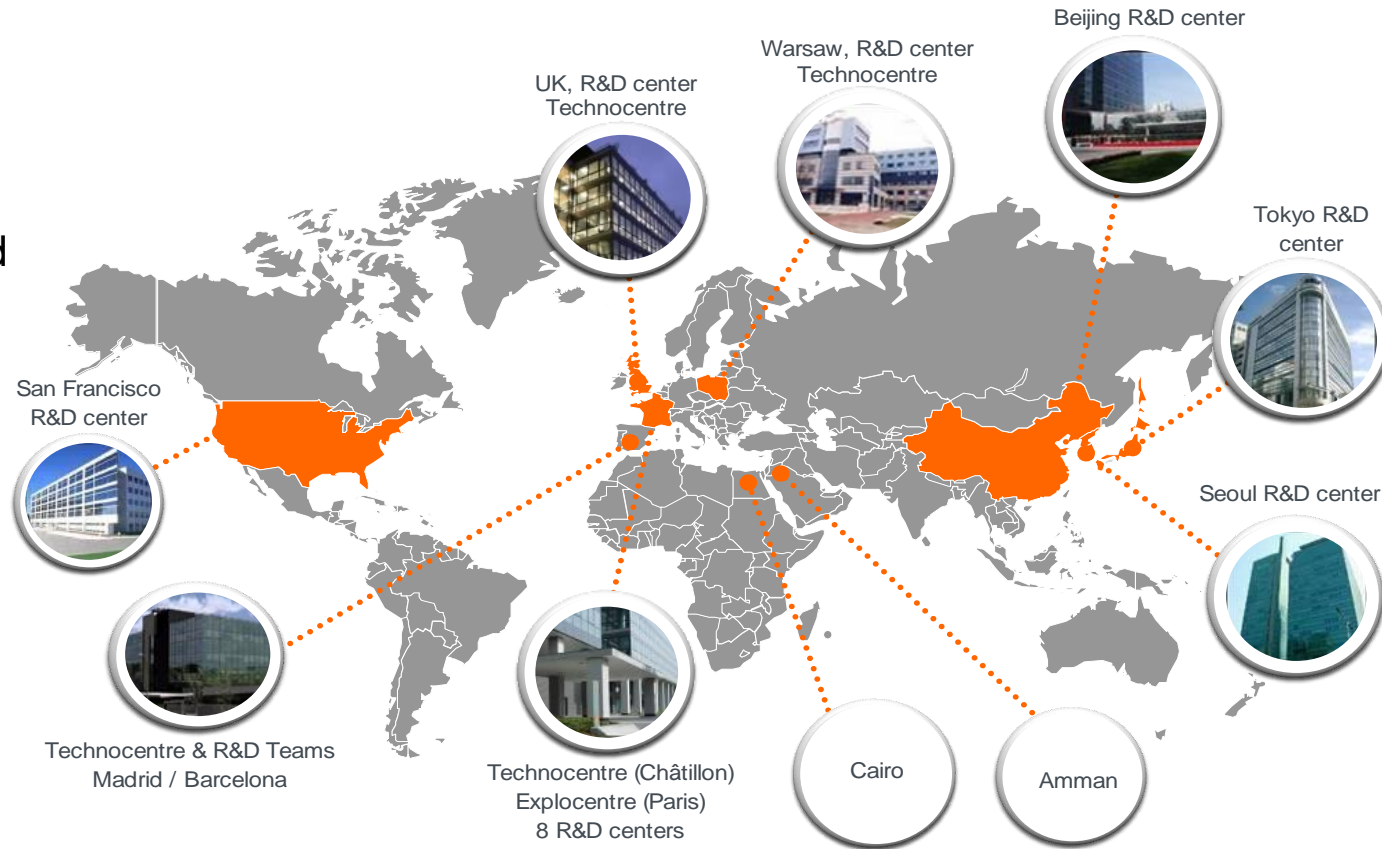
## Research & Development: Orange Labs

### expertise

- 7,892 patents in our portfolio
- 327 patent applications filed in 2010
- 3500 people working on innovation on the Group

### investments

- €845 m invested in 2010
- 1.9% of revenues





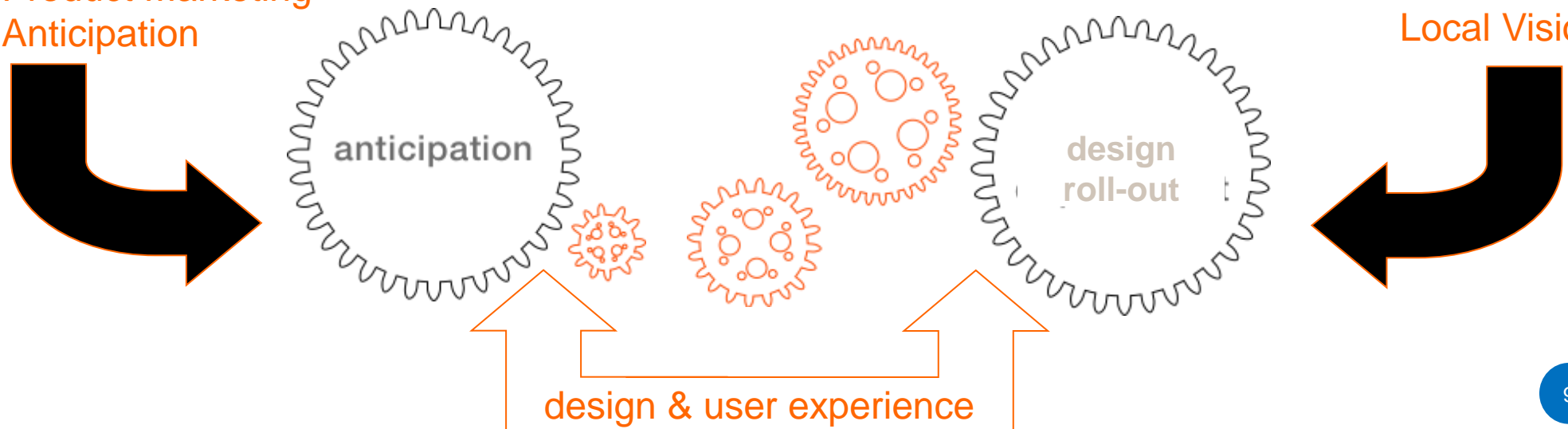
international customer centric innovation  
to create value added services



**product marketing for innovative solutions meeting  
countries needs**

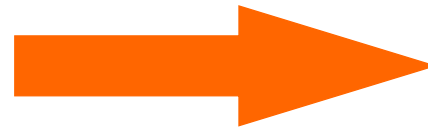
Product Marketing  
Anticipation

Product Marketing  
Local Vision



# we create value added innovation with...partners

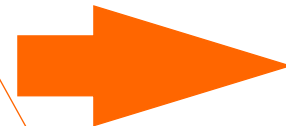
## OPEN INNOVATION



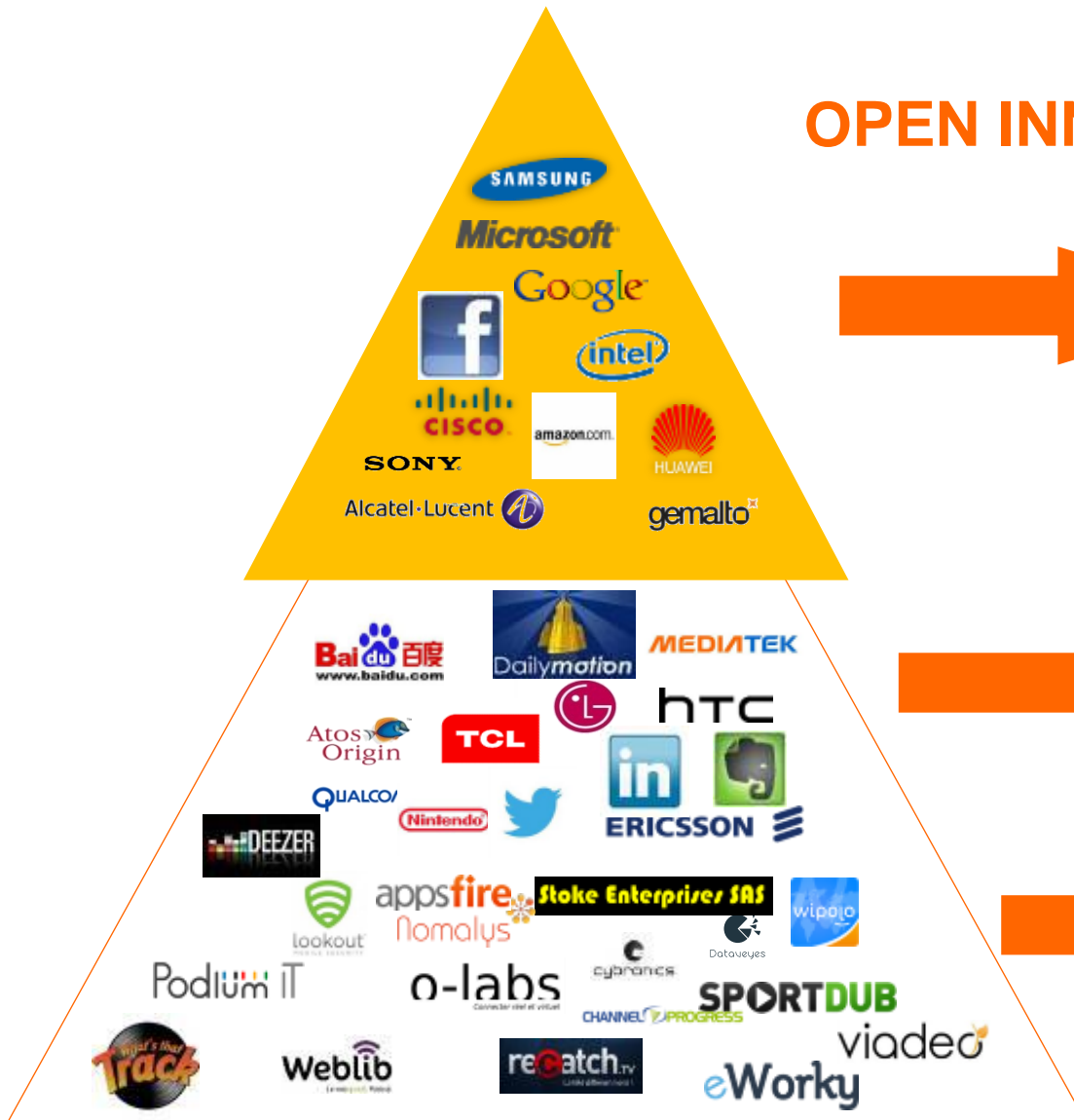
360° Strategic Partner



Ecosystem Partners



Startup Program &  
Orange Partner





## Table of contents

---

1. Introduction to Sofrecom
2. Orange innovation
3. **OTT Video : the fast rise of usage**
4. Net Neutrality – European commission viewpoint
5. Players strategies (examples)

# Main players in the internet content distribution ecosystem

## Content providers

- Create, aggregate or distribute content
- Gain revenue from subscriptions or advertising
- Buy wholesale connectivity from transit providers



## International transit operators

- Gain revenue from selling connectivity between ISPs and content providers, and transporting international traffic.
- Build and maintain an international backbone network, peer with each other.

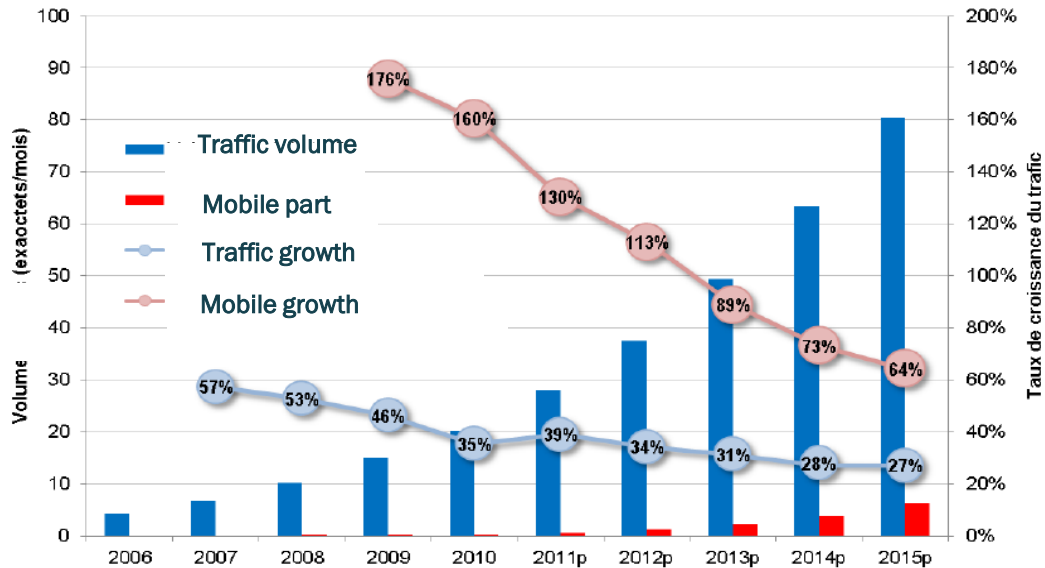


## Internet Service Providers

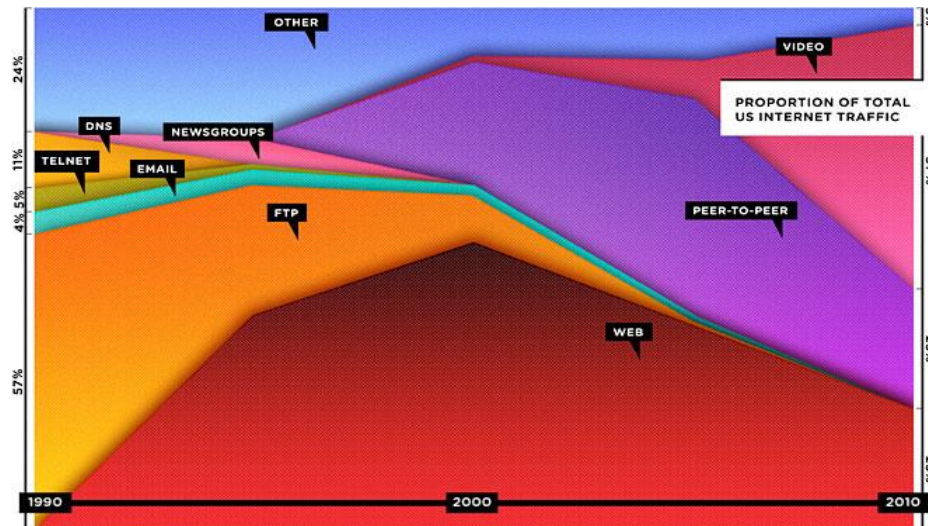
- Provide internet access to end users (fixed or mobile)
- Gain revenue from subscriptions
- Build and maintain a domestic network, purchase international bandwidth



# The trend: massive increase of internet traffic, partly caused by content providers themselves



- Traffic grows 30% yoy, x4 during 2010-2015
- This growth is mostly caused by video and HD content « pushed » by content providers toward internet users.
- The end user has limited control over his data consumption (adverts, encoding...)
- Traffic increase is therefore a shared responsibility between end users and content providers.





## Table of contents

---

1. Introduction to Sofrecom
2. Orange innovation
3. OTT Video : the fast rise of usage
4. Net Neutrality – European commission viewpoint
5. Players strategies (examples)

# Net Neutrality – What are we talking about ?

- Is it necessary to guarantee a right for consumers to have access over Internet to all services (lawful) of their choice ? (without any control by their Internet access provider) ?
- Is it necessary to guarantee all content and services providers a right to be reached by all consumers ? (without any prior authorisation by the access provider) ?
- Is there a need for regulatory intervention concerning traffic management practices implemented by the access providers to guarantee these rights and prevent access providers from discriminating different flows of Internet traffic ?
- Is it necessary to implement a contribution paid by the giants of Internet to fund the network knowing that those players use an increasing part of Internet access capacities ?

# Revision of the European Framework – NN provisions

Dec. 2009 → Directives “Better Regulation” and “Citizens’ rights”:

- Internet is a fundamental right (Recital 4 Directive “Better Regulation”)
- Regulation’s objective : access to contents and services (Art 8-4 (g) FWD)
- Traffic management practices authorised to prevent network congestion (Recital 34 Directive “Citizens’ rights”)
- Transparency in contracts for consumers (Art 20 (1) (b) + Art. 21 (3) (c) and (d) USD)
- New powers of NRA : min QoS (Art 22 (3) USD), monitoring of traffic management to avoid discriminatory behaviour, dispute resolution procedure extended (Art 20 (1) FWD)

Net Neutrality objective depending from efficient competition to the consumer’s benefit

May 2011 → entry into force in National law



# Position of the European Commission

## ➤ General principles

- Promotion of the Single Market : avoiding National discrepancies
- Availability of unrestricted Internet access offers. European consumers shall have the choice between different kinds of offers meeting their needs
- Competition and transparency are key for neutrality
- In case of market failure to reach the awaited results, the framework provides subsidiary instruments : dispute settlements between operators and OTT, setting of a minimum quality of service
- No need for new legislation

# BEREC and Arcep

- BEREC assessment on practices in Europe
  - **Majority of unrestricted Internet access offers**
  - *But often some restrictions over mobile Internet (VoIP and PtP). Sometimes over fixed Internet.*
  
- Legal analysis : no need for new legislation
  - Competition is the solution for most of the issues
  - NRA's powers following framework's revision allow to handle the remaining issues
  - **Strict non discrimination of the flows is the rule** : ARCEP considers that some partnerships (e.g. **unrestricted access to Facebook over mobile**) could infringe Net Neutrality provisions
  
- Commercial freedom and transparency for differentiated offers
  - Traffic management ***compliant with both regulation and competition law*** is in principle authorised. Operators managed services are authorized
  - Legitimate to define strategies meeting the various users' needs and promoting partnerships. Non discrimination applies. Zero rating on mobile is still debated.
  - Services' availability and tariff → best way to ensure transparency towards users



## Table of contents

---

1. Introduction to Sofrecom
2. Orange innovation
3. OTT Video : the fast rise of usage
4. Net Neutrality – European commission viewpoint
5. **Players strategies (examples)**

# Discrepancies between OTT and national players

## Licensing

## Delivery

## Taxation

## Consumer protection

### OTT

Generally no need of license. Still require content distribution rights.

Internet / best effort  
Negotiation with each ISP to promote

*For pay content*  
Since 2015 taxed based on consumer location : same as broadcaster.

*Country specific laws may not apply depending on the topic.*

### Broadcaster

Specific license required.

**Must carry obligation** for the cable / IPTV providers

Specific broadcast taxation, country specific.

Submitted to countries specific laws.

# Fixed operators strategies in France

- Beside public Internet, operators' services (telephony, TV, ...) require integrated network management and specific allocation of network resources
- Specific operators services are operated with managed QoS

Public Internet

Internet Services

Other Integrated services

telephony

TV

Internet Access  
Including OTT services

Network operators' activities

End user

*End users are able to choose the service they want at any given time : either pure OTT on managed services*

- Technological Neutrality
- Non discriminatory traffic management
- All services are provided with equal "best effort"

# Broadcasters strategies

- Partnerships with operators or device vendors (eg : Apple) to bring more services into the home on the BIG screen, and online:
  - Replay
  - Interactive services
  - VOD
  - SVOD
- Development of new and exclusive content with monetization :
  - Premium series and documentaries available after broadcast at a price (replay + purchase)
- Look for differentiation strategies :
  - Local language contents
  - Live event Broadcast

Thank you



**Sofrecom**  
The Know-How Network