

OTT Players: Challenges and Opportunities

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BACKGROUND

- Online content, applications and services are pervading all segments of commerce and society, and disrupts traditional industries.
- Consumers can use online video instead of traditional television, online communications instead of traditional telephone, and can download films and music that were once provided on physical media.

BACKGROUND

- The process of searching for services is increasingly online.
- These changes come because broadband connectivity provides instant & FAST access to a global network of services and applications, enabling applications providers and customers to bypass the services offered by traditional network operators and to cross national boundaries and market.

OTT: Over the Top

Definition:

- An over-the-top (OTT) application is any application or service that provides a product over the Internet and bypasses traditional distribution.
- Services that come over the top are most typically related to media and communication and are generally, if not always, lower in cost than the traditional method of delivery.

THE EXPECTED STRUCTURE

OTT KONTEN

Business model

WITH PAYMENT

WITHOUT PAYMENT

COOPERATION WITH TELCO

WITHOUT COOPERATION

COOPERATION WITH TELCO

WITHOUT COOPERATION

Konten OPERATOR

Konten PROVIDER

Server IN COUN

Server OVER

Konten OPERATOR

Qos and Revenue Share

Server IN COUNTRY

Server OVERSEAS

KEWAJIBAN DAN IMPLIKASI

- 1. Badan Hukum
- 2. Penyelenggara Telekomunikasi (CP)
- 3. Kewajiban BHP USO

- 1. Minimal BUT
- 2. Konten legal,
- 3. tanggung jawab mutlak di CP, termasuk censorship

- 1. Minimal BUT
- 2. Operator boleh melakukan Surcharge
- 3. tanggung jawab mutlak di BUT, termasuk censorship

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- 2. Operator boleh melakukan Surcharge
- 3. Network Managed (Operator boleh softblocking)
- 4. tanggung jawab mutlak di BUT, termasuk censorship

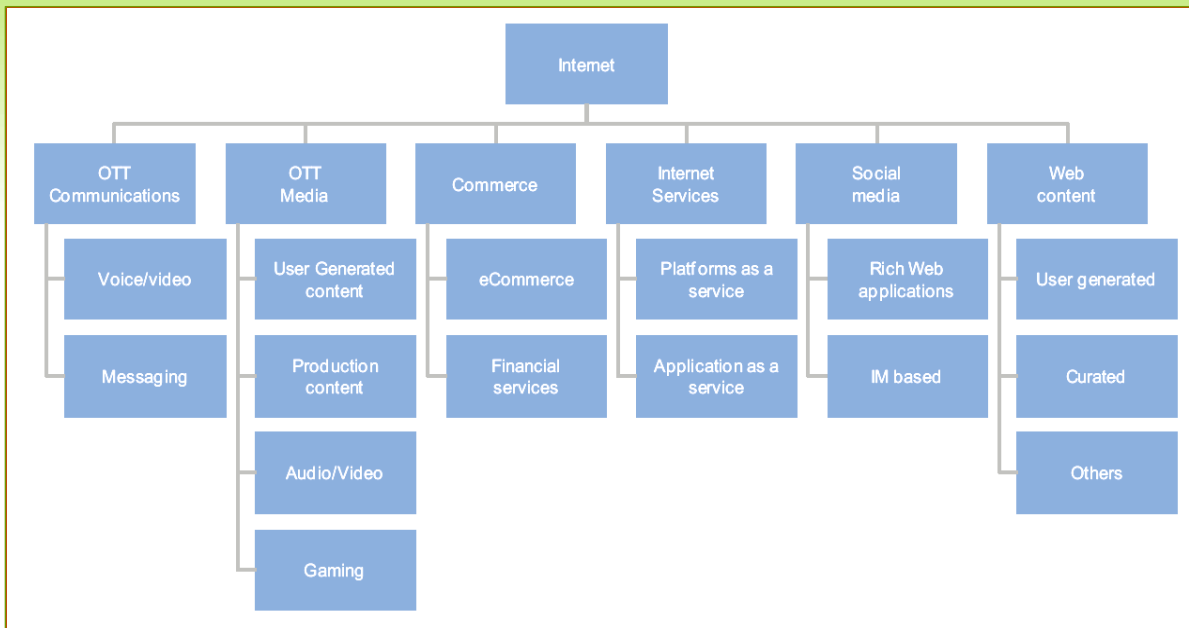
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Why OTT Players matter?

- Over-the-top application disrupts traditional billing models - from telcos or cable/satellite companies. Examples: Hulu or Netflix for video (replacing regular Pay TV) or Skype (replacing long distance provider).
- The OTT applications has led to conflict between companies that offer similar or overlapping services. The traditional ISPs and telcos have to anticipate challenges related to firms that offer over-the-top applications.
- Consumers still pay the cable company for access to the Internet, but they might get rid of their cable package in favor of the cheaper streaming video over the Internet.



OTT Players

- with vs. without payment
- monetized and non monetized
- Domestic and overseas
- public vs special interest

OTT Players



Challenges

- As over-the-top (OTT) companies like Netflix, Skype, and Google encroach on the telecom industry, operators need to find ways to counter the threat.
- That means leveraging their distinct assets and capabilities: their fixed and wireless networks, their millions of customers, and the data, logistics, and other services they can offer.
- OTT executes their business model with direct payment gateway untouched by taxation
- Driving down ARPU

CHALLENGES

- Risks of losing further ground to global competitors.
- Negative impact on revenues (decreasing ARPU), profit, and employment for impacted sectors and firms.
- Privacy and security risks and breaches.
- Risk of access and service monopolisation.

CHALLENGES FROM BIG PLAYER

- Global online TV and video revenues will reach US\$ 42.34 billion in 2020 according to Digital TV Research.
- The US will remain the dominant OTT for online TV and video revenues, according to the Global Online TV & Video Revenue; however, its share of total revenues will drop from 59% in 2010 (when the US recorded revenues of US\$ 2,326 million) to 37% in 2020 (US\$15,527 million). China's online television and video revenues will soar from just US\$ 37 million in 2010 to US\$ 3,033 million in 2020, pushing China up to third place in the world rankings (with Japan 2nd place).

OPPORTUNITIES

- New Technology
- More efficient business model
- Development of domestic OTT
- Offering large market

OPPORTUNITY - Way Forward

Operators are starting to realise that partnering with OTT players is the most beneficial way forward. This approach offers advantages to both parties and provides an opportunity for combined future growth.

Partnership OPPORTUNITY

70 per cent of mobile operators believe that over-the-top service providers present an opportunity for partnership, rather than a threat. Furthermore, 64 per cent of operators acknowledge that OTT players bring innovation to the industry, although 42 per cent of them claim they could offer any service an OTT player can deliver, but better.

THIS IS THE RESULT OF OUR OTT IDENTIFICATION - OUR LEARNING PROCESS

- THANK YOU
- SUKRIYA
- SUKRON
- TERIMA KASIH