

# New Power in the IPTV Wars

New initiatives by two leading IPTV platform suppliers bode well for carriers' ability to expand their supplier bases as they scale services beyond initial rollouts.

Both Myrio and Minerva Networks, providers of the most widely deployed middleware systems for IPTV, have shored up their market positions through tight integration with leading network system suppliers, and both are introducing new capabilities to their platforms that add new functionalities and provide modular approaches to expansion through open interfaces. The key to future sales success, both suppliers say, is to present carriers an end-to-end system that is fully integrated at the network level as an alternative to the Microsoft-Alcatel integrated solution.

"I think what you're seeing is carriers want IPTV solutions that leverage network functionalities to the greatest extent possible," says Ryan Petty, vice president of product management at Myrio, which was acquired by Siemens last year. "But the complexities of the integration task in a service category carriers aren't familiar with are driving them to look for pre-integrated solutions."

While the Microsoft-Alcatel tandem has promised the market an integrated solution, it's not yet deployable commercially, Petty asserts. This gives Siemens a significant opportunity to expand on its deployed base of over 85 service providers, including 75 in the U.S. and incumbent telecoms in Belgium, the Netherlands and Thailand. "We're telling customers, if you want to move, we can do it today," he adds.

"I think there are only two companies who are in a position to pull this off with end-to-end integration already demonstrated in the field," Petty says. "And one of them, Alcatel, has switched from using its own middleware platform to Microsoft, so there's a lot of new work to do there. The other is Siemens, and we're already there."

The advantages of tight integration are showing up not only in customer wins but in Siemens' ability to bring the next version (3.7) of Myrio's IPTV platform to market as part of the Siemens Surpass Home Entertainment solution ahead of when V. 3.7 will be available to customers of the standalone version of Myrio's middleware. Because there

are fewer partners to work with in adding V 3.7 on the Siemens' end-to-end system than there are within the full ecosystem of Myrio partners, the company was able to introduce these capabilities in the fall a few months ahead of the general release.

This third-generation platform features more advanced customization features where customers, without having to re-code, can tailor electronic program guides (EPGs), the presentation and content options in video-on-demand and other elements of the IPTV service to their needs whenever they choose, Petty notes. "We've also enhanced the scalability of the system in the way the system works with the combination of unicast and multicast streams in communications between servers and clients," he adds.

Siemens has also enhanced its platform with a security system supplied by Verimatrix that combines use of public key infrastructure-based digital rights management and watermarking to add new levels of protection to IPTV services. By embedding user-specific digital watermarks within video content, the Verimatrix solution captures complete histories of file usage and detects the individual's set-top box where piracy is occurring, Petty says.

The Verimatrix solution can embed three types of watermarks to track usage within the primary data center, at each edge site (or point of presence) and a third user-specific watermark on each client device. Additionally, Verimatrix's system tracks pirated content, identifies hackers and helps provide operators with the ability to deter hackers, resulting in a reduced likelihood of future piracy infringements.

Such capabilities reflect the flexibility open-interface suppliers have to enhance security without relying on one solution alone, Petty says. "We think the market wants the freedom to decouple DRM from codecs and other aspects of the system," he adds.

While Siemens has kept the Myrio team in tact in order to tap its software expertise, the Myrio label will eventually go away, Petty notes. "Our next version of the system will



Ryan Petty, vice president, product management, Siemens' Myrio division

come out as Siemens Surpass Home Entertainment 2.2," he says.

Taking a different approach to network integration Minerva Networks, while remaining independent, has deepened its collaboration with Nortel Networks through a reseller agreement and joint development strategy that is meant to extend Nortel's multimedia communications services to the TV set. This capability will give IPTV subscribers the ability to manage voice services and conduct text and instant message communications while watching television, says Matt Cuson, director of product marketing at Minerva.

"We've been working with Nortel a long time, along with other companies in this space," Cuson says. "This expanded relationship allows them to offer a more focused solution to customers. We're active with several of their accounts, in some cases where they've brought us in and in others where we already were selected independently of the Nortel relationship."

"We already support caller ID on the TV,

See **IPTV WARS** | 34



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# GOP Backing for Pro-Bell Bill Draws Heavy Fire in the House

Telecom policy reform in Washington at year's end took a sudden turn in the direction of deep quagmire as House backers of new pro-Bell legislation stirred howls of protest across a wide spectrum of affected parties, including some who had been supportive of earlier legislative efforts.

Democrats on the House Energy and Commerce Committee hit the roof when committee chairman Joe Barton (R-Tex.) brought out a revised version of an earlier draft bill that went much further toward serving Bell companies' interests than before (see October/November issue, p. 14). At a November 9 hearing on the measure Democrats noted the draft would put key Telecom Act provisions governing cable-telco mergers and other activities under the rulemaking powers of the FCC and charged the new measure would accord more freedom to the Bell companies to restrict competition.

Subcommittee chairman Fred Upton (R-Mich.) hailed the second draft of the Broadband Internet Transmission Services (BITS)

Act as a bi-partisan accomplishment. But Democrats said changes introduced in the second draft represented a serious breach in the bi-partisan spirit of negotiations that had prevailed over the previous eight months.

Ranking minority committee member Rep. John Dingell (D-Mich.) said that, based on his reading of the new draft, all the work the Republican and Democratic committee leadership had done to craft the first draft in a spirit of bi-partisanship "has vanished into a black hole." Dingell charged the committee majority with making changes from the first draft that strongly favor "one group of stakeholders," namely, the telephone companies, over others.

"The legitimate interests of cities are not protected," he said, citing reductions in franchise fee payments resulting from collections based solely on subscription revenues without counting advertising and other ancillary revenues. Cities' powers over protecting property would also be severely limited, he said.

Statutory requirements for video services, such as must-carry and retransmission consent affecting broadcast programming car-



John Dingell, ranking Democrat on House Energy and Commerce Committee

riage, program access and compatibility with consumer electronics equipment, were made subject to FCC review and possible elimination under the new draft. The new draft would

## IPTV WARS | from 32

and now we'll be able to add capabilities such as call initiation from the TV and displays of text messages," Cuson says. "All the unified messaging services that you can get on a PC client we'll be able to offer on the TV in a way that is appropriate to the TV interface."

Nortel's Multimedia Communications Service has components of IMS (IP multimedia sub-system) which opens a path for extension of IPTV to multiple devices as well, including mobile handsets. "But we're not looking to port our client to mobile phones," Cuson says, noting that content management from IPTV into the mobile environment would be managed through other aspects of the Nortel MCS platform.

Minerva is also looking at expanding IPTV capabilities to the content community in ways that ultimately could benefit IP-based video service providers by creating more differentiated services than they might be able to offer working exclusively through their own walled gardens.

Cuson says Minerva has been working with an unnamed media company to provide a means of connecting the content company's point of service origination directly to end users through Minerva's middleware. The idea is to offer viewers an option to connect with the media company's server, providing the media company the ability to offer personalized advertising, viewing options and other components independently of the local service provider's user interactive support mechanisms.

"We've developed interactive applications with this company where, when content is ordered by the user, we connect our interface to their server, allowing that server to take charge of the viewing experience," Cuson says. "They're very close to rolling this out, and we would follow that with preparations to release these capabilities as a product. The technology is completely done at this point."

Such arrangements would require peering agreements between service providers and content suppliers to provide an entry

point into the SP's IPTV service stream, but it would open opportunities for service differentiation that might not otherwise be available to the local SP. "Everybody wants to own the viewer," Cuson says, noting that the traditional approach involves a three-way agreement among content owners, advertisers and broadcasters that force feeds the same thing to everyone. "Now the approach to viewers can be more nuanced with innovations and personalization adding to viewer choice with a variety of business models defining the user-provider relationships."

Techniques like Minerva is developing would allow advertisers as well as content companies to establish direct personalized interactions with end users, Cuson adds. "Big advertisers like Procter and Gamble, Ford and Budweiser are spending tremendous sums of money creating content," he notes. "In the IPTV space that content doesn't have to be flattened into 30-second segments at fixed slots in the TV programming stream."