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POINT

IPTV – The Future Is Now!

Telco deregulation in Europe and Asia, and also to a smaller degree in the United States, has quickly led to a grab for market share both geographically – Europe, for example, is now a 300 million person (and rising) free telecom market – and also structurally whereby small telcos, or even the dominant national ones, enter new markets with innovative triple/quadruple play offers, all of which bundle services around a core Internet offering. One such service is IPTV.

IPTV is just a new digital TV distribution method with some unique advantages. There are other digital TV signal distribution methods available worldwide; the various DVB standards in Europe and ATSC and QAM in the U.S. have been with us for the last few years.

In reality we don't really care how TV signals arrive at our hotels, as long as we can get enough channels with suitable quality and at acceptable cost. What really matters to hoteliers is how those TV signals are re-transmitted to our hotel rooms and the quality of the delivered TV pictures. The good news for hoteliers is that we can use the same IPTV technology in rapid development worldwide to carry TV signals to our guestrooms.

What are the advantages of IPTV? The key issue, and this is really only applicable to new builds or major renovations, is whether to pull coax cable at all. IPTV uses a shared IP infrastructure which hotels will have to install anyway in order to remain competitive over time. True, IPTV does impose some constraints, the need for moderate bandwidth, a multicast-capable network and network quality of service, but these are in reality simple incremental additions to a robust Ethernet-based HSPA network which hotels already need for other IP-based services such as high-quality HSPA, HD-VoD and IP telephony.

There are certainly other advantages to IP:

1 An ability to carry a large number of channels. Many hundreds of channels can be simultaneously carried over an IP network. This is a very useful feature for hotels that have differing guest mixes at different times of year or for those hotels serving large groups.

2 Different channel mixes. IP flexibility can create different channel mixes for different guests based on perhaps their own personal preference or ethnicity, room type or rate plan. In fact, you can create as many individual channel lineups as you choose, providing the in-room decoders have the smarts to handle it.

3 Distance. IP is not distance limited in the way that coax is. For resort properties with large distances between buildings, IP is a very practical and probably less expensive TV signal distribution method than digital cable and associated expensive amplifiers.

4 Minimize diversity. Global hotel chains want a single global system supplier in order to standardize guest service and brand offerings. This is difficult to achieve with TV in part because of the different

global television standards (ATSC, DVB, etc). However, as IP is the same everywhere, the same equipment and suppliers can be used regardless of location. With IP, the diversity (different national/regional transmission methods, modulations, encoding, decryption, etc.) is managed at the IP head-end, and is not exported to every guestroom. So we can use the same TV and set-top box (and therefore suppliers) everywhere. This is a very big advantage for any hotel chain with an international presence or aspiration.

5 An ability to deliver high-quality digital and HDTV in countries where today there is mostly only analog broadcast such as China, India, SE Asia, Hong Kong, Singapore and Eastern Europe. Some hotel companies, including Mandarin Oriental, have realized the need to supplement local TV broadcast options with additional content more suitable for the guests they serve. They create and stream their own digital HDTV channels to offer guests something more appropriate and intelligible than the local, and limited, TV offerings, and certainly better matched to high-definition LCD TV sets (with analog tuners) that are already installed. IPTV is a key foundation technology enabling this capability.

In closing, let's just once again examine the alternatives to in-building IPTV distribution:

Digital cable is fine if you are in the United States and receive all your TV channels from a single cable-TV provider, but impractical if you need to take feeds from multiple satellite, cable and off-air providers and multiplex them onto a single in-building distribution system. It can be done, but it is expensive.

Analog cable is the in-building distribution method used in the majority of hotels today. But there are problems with this technology as it is becoming obsolete (the analog switch off is scheduled for 2009 in the U.S. and 2010-2015 in Europe), the picture quality is poorly suited to the new digital TVs that many hotels have installed, and it cannot carry high-definition TV programming.

So, unless you want to remain with in-building analog signal distribution (then why did you waste your money buying those expensive flat panel TV sets?); or choose to do some heroic and/or expensive engineering with digital cable, and do it differently in every country that you operate in; or you operate only in the U.S., then, IPTV is not just the only globally available in-building digital TV signal distribution method, it certainly is the most future proof, it certainly is the most flexible, and it may just be the cheapest.