

Opportunities in European market for Asian satellite firms, content providers

BY VIRGIL LABRADOR

AMSTERDAM – With increasing competition and regulatory barriers at home, Asian satellite companies and content providers are always looking for new markets for their services and programmes. The recently concluded IBC2010 conference and exhibition in Amsterdam, the Netherlands, which focused on the European broadcast market, provides unique insights for Asia satellite companies and content providers into this vibrant market.

IBC attendance this year grew by 8.7% over last year to nearly 50,000 participants from 140 countries. Asian countries were fairly represented at the show both as exhibitors and visitors.

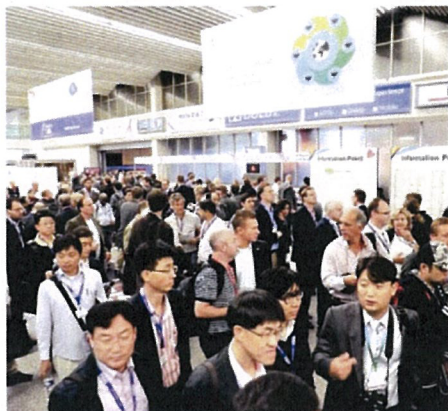
Asian satellite companies, in particular, were visibly present. Several Asian satellite companies such as Hong Kong-based Asia Broadcast Satellite and Malaysian satellite operator Measat derive a significant part of their revenues outside of Asia — thus, Europe would be a natural prospect for expansion for these companies.

Sven Koopmann, a representative of Asia Broadcast Satellite based in Europe, said that there are opportunities in distribution of programming both from Europe to Asia and vice versa, especially to and from the Middle East. He said that ABS offers commercially attractive alternatives to some of the European service providers.

Thomas Anthony, a marketing consultant for Hong Kong-based APT Satellite, said that he is at IBC2010 to seek opportunities for their upcoming Apstar-7 satellite due for launch next year which will have some European coverage. Anthony sees demand in distributing Asian content to Europe as well as services such as cellular backhaul and other applications.

To gain inroads in the European satellite markets, Asian satellite operators have a high bar to clear. The European satellite market is dominated by local players — with the three largest satellite companies in the world based in Europe — Intelsat and SES in Luxembourg and Eutelsat in Paris, France.

"The European fixed satellite services (FSS) market in the Ku- and C-bands have quite high barriers to entry for historical reason, where most of the commercially attractive slots,



Participants from Asia were present in large numbers at the IBC Conference and Exhibition in Amsterdam.

frequencies and coverage are held by the incumbent European operators. Part of the consolidation wave over the past 10 years was to a large extent driven by the strategic imperative to gain access to additional slots and frequencies, as many operators would not have been able to increase their revenues to the extend they have without new slots and in-orbit satellites," according to Jan Grøndrup-Vivanco, director, Emerald Advisors, a Europe-based consulting firm specialising in the satellite industry.

He added: "It is not easy for a new operator to get a foothold in the European market, though it is an attractive region as the European market commands some of the highest yields per transponder, especially compared to the Middle East and Asian markets. Grøndrup-Vivanco added, "It is still possible, but will require a new entrant to be creative in terms of how, and who they cooperate with. In the coming years, I think we will see operators from the Middle East and Asia moving into the European FSS arena."

Despite the barriers to entry, Asian satellite companies are undaunted. "European users of satellite services are very open to using any satellite that meets their requirements in terms of quality of service and their bud-



The Dutch Media Hub (DMH) hosted a forum and reception at IBC2010 specifically aimed at Asian content providers.

et for connectivity to the Middle East and Asia," said Koopmann of Asia Broadcast Satellite.

One area where Europe is actively courting Asian business is in the distribution and repurposing of content.

At IBC2010, the Dutch Media Hub (DMH), a consortium with expertise spanning outside broadcast, rental and production, digital film services, network storage, CDN, playout and production, file-based advertising exchange, among others, hosted a forum and reception specifically aimed at Asian content providers.

George Freniks, DMH's program director, explained how DMH could facilitate the entry into Europe by Asian content providers. "A content owner has to have an extensive network of contacts to ensure that his content is distributed in different formats, for different channels, to different European countries. The DMH can assist in routing all digital content entering Europe through the Netherlands," said Freniks.

Forty companies partner in

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the DHM consortium, which officially launched in 2009. Participating companies include Europe's biggest Internet exchange — the Amsterdam Internet Exchange (AMS-IX) — plus connectivity specialists such as BT, KPN Broadcast and Interxion, broadcast service providers such as Dutchtv, Team Facilities and InVision Subtitling, and delivery specialists such as JetStream and Parkpost.

The DHM has been talking to many Asian entities, including the Media Development Authority of Singapore, whereby DHM is in the process of finalising a Memorandum of Understanding with MDA.

DMH is aided by a favourable environment regulatory and fiscal environment in the Netherlands for foreign companies.

At the DMH forum, speakers lined up included Jamuna Ravi, vice-president and geo-head, Banking and Capital Markets, Europe at Infosys Technologies; Justus Verker, chief commercial officer of FCC, an international content company with offices in Japan and Singapore; and Jimmy Ji, head, China Desk at KPMG.

The speakers took turns in extolling the benefits of setting up companies in the Netherlands and the incentives that include tax breaks provided foreign companies as compelling reasons to base their European operations in the Netherlands.

Another European country making a play to be a media distribution centre is the Grand Duchy of Luxembourg — a Singapore-sized country right in the middle of Europe bordering Belgium, the Netherlands, France and Germany. Luxembourg is the

world headquarters for two of the largest satellite companies in the world — Intelsat and SES.

It is a pioneer in the field of radio and TV, with Radio Television Luxembourg (RTL) being the largest broadcaster in Europe as well as in the satellite business and SES Astra being the first to launch in 1988 the direct-to-home service in Europe.

Today, Luxembourg aims to be an ICT hub for Europe. Luxembourg's polyglot population and developed financial and ICT infrastructure, plus its open economy, has engendered successful ventures such as Skype, which started in Luxembourg and maintains its world headquarters there. Other leading companies such as PayPal, eBay, Amazon and iTunes have made Luxembourg their European headquarters.

Jean-Paul Zens, head for Media Development of the Luxembourg Government, wants to see more media companies, including those from Asia, locate in Luxembourg. Already it has attracted Rakuten — the largest Japanese online shopping site — and is hoping for more. Zens is speaking at the Luxembourg Pavilion @ Expo 2010 in Shanghai, China, this month to promote Luxembourg as a media hub for Asian companies looking into the European market.

What is evident in Europe is that there are opportunities for Asian not just in the traditional distribution of programme content via satellite but cross-platform distribution to different formats and media. This presents many different new revenue streams for content providers not just to broadcast or provide DTH service, but also to offer other services like IPTV and content for mobile devices, among others.

There certainly exists in Europe the expertise and favourable environment in several "media hubs" to foster the growth of these services.



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