Kane
media & telecom. consulting

Market Evaluation & Identification of Key Prospects

Summary

Sources

List of TV-Channels & groups

Segmentation of TV channels:premium, syndications

Segmentation of Countries ABCD

Segmentation of the market 11 segments

Existing installations

Remaining installations

Leads

Future Leads/segment

Future Leads/Market estimates

1. Estimation of TV-channels number

Several principles:

- First, Kane completes an exhaustive list of TV stations (existing and future TV projects) gained from several sources of information.

Source	Region
European Observatory of Audiovisual (Persky database)	European countries
Sat Adress	Middle East, Africa, CIS, South Asia
Search on the Internet	Middle East, Africa, CIS, South Asia
Kane own's investigation	Uzbekistan

- Kane makes a first estimate of possible installations based on this list of channels:
  - Each media group (premium, national, regional or international syndication) produces news, and so do all its regional stations, as well as all generalist independant national or international channels
  - Each station needs a playout center of one sort or another, but the central cast model is increasingly prevalent. We postulate a big central playout per group or syndication. However, for premium groups we try to assess the real number of playout facilities: BSkyB is more centralised than France Televisions for instance.
  - There is a comparable hypothesis for sports and other production (feature, documentaries, shows, autopromos).

2. Segmentation by TV channels category

Kane has developed a segmentation for TV stations based on 3 facts:

- 5 categories of client in the broadcast market: premium groups, national channels, regional channels, international channels and operators (cable, satellite or digital terrestrial)
- Premium channels (more than 7% audience in its national market) and their groups have greater purchasing power than all other channels
- Among national, regional and international TV channels: a syndicator and its affiliates have more purchasing power than independant TV channels.

2. Segmentation by TV channels category

- 2305 channels: 717 produced by “premium networks” + 471 nationwide audience channels + 1105 regional/local channels + 12 international

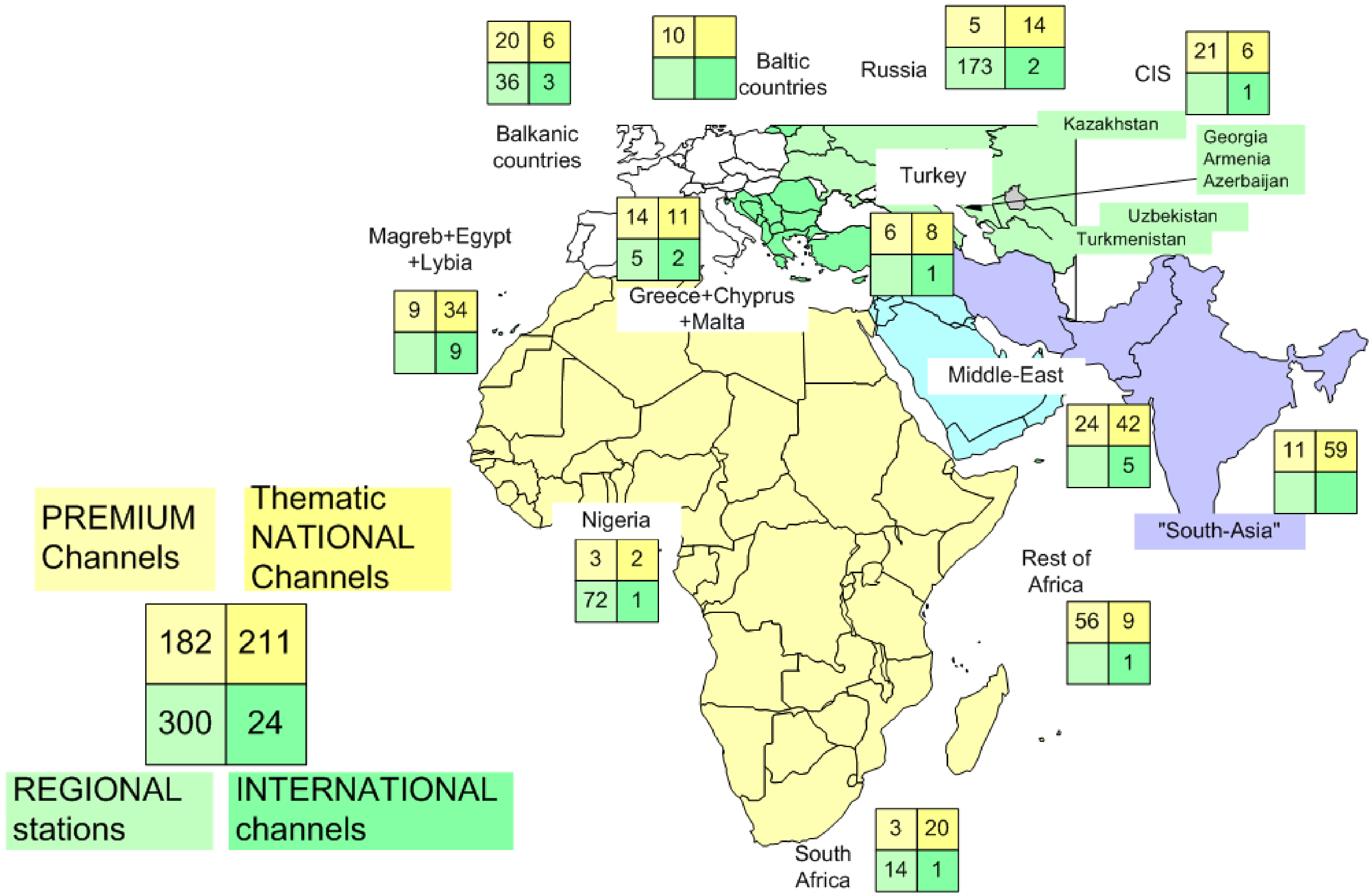
1. Premium networks						
Premium groups (1)	Premium network (1)	Premium channels	National channels	Regional & local stations	International channels	Total channels
162	168	182	211	300	24	717
	2. National channels (outside premium network) (2)					
Media groups (non premium) (3)	Network	Affiliates	Independant national channels	National channels Total		
115	106	173	298	471		
incl. 89 national and 26 multinational	3. Regional and local (2)					
	Network	Affiliates	Independant channels	Regional and local channels total		
	18	688	417	1105		
	4. International channels (2)					
	Network	Affiliates	Independant	# channels broadcast foreign market		
	10	12	0	12		
#Total channels						2305

(1) **168 « premium networks »** in the Rest of Emea (syndication with premium channels): Only 6 multinational groups

(2) **For each category**, Kane separates independent channels from networks and their affiliates

(3) Again, there is a difference between the “consolidated number” of networks (115) and the number of presence of “networks” in the EEMEA countries (106+18+12=136). MTV is present in 2 countries for instance

2. Segmentation by TV channels category



3. Segmentation by country category

- We split countries into 4 categories depending on the purchasing power of their TV channels: UAE channels have more money than those in Burkina Faso...

Country Category	Server penetration	Future projects
A	A majority of premium and syndications have got server-based playout and news production	All channels may have a project
B	A minority of premium and syndications have got server-based playout and news production	Premium groups, syndications and operators only are likely to have a project
C	Few premium "pioneer" have got server-based playout and news production	Premium and syndication only
D	Everybody is still on tape	Only premium

4. Different categories of installations & projects

- We identify 11 different segments according to installation size and category. It is obvious that there are playout centers of all sizes. We identify 5: big, medium, small, very small and very very small. The 2 last categories can be describes as «TV in a box » and are used by local or community TVs, or installations such as army bases.
- We also identify 3 sizes of installation for newsrooms, and 3 sizes for sport & other production.

2030 total channels		Category of investment budget			
		A	B	C	D
	News (1.5m)	premium network			
	Sports (1m)				
600k ^	Playout (.8m)				
	News (500k)	others	premium networks	premium networks	
	Prog prod (400k)				
	Playout (300k)				premium networks
	News (150k)		others		
	Production (150k)				
100k ^	Playout (150k)			others	
20k ^	News/Playout (70k)				
	News/Playout (20k)				
	Total m				
				Slower route to digital	
			Kane estimate 2004-2006		

5. Estimation on remaining projects

- On the other hand, the list of existing installations is permananently updated by Kane and derived from our benchmark studies « Newsroom » and « MAM ».
- It plays the following role: if a station has recently acquired a server-based production system, (news, sport, other), or server-based playout, this TV-station will not make the investment again before the end of the system's economic lifetime (typically 2007).

Remaining # of installations = Original # of installations - # of recent installations

6. Estimation of future leads and opportunities

- Kane tries to contact directly all premium channels in the most important countries. Where the countries are too numerous, we work from a representative sample. For instance number of interviews In EEMEA

Eastern Europe (non EC) , Africa, CIS, South Asia		
	Interviews	Companies
TV-Channels	84	60
Integrators	16	16
Vendors	11	9
Consultants	10	4
Total	121	89

Country	Organisation	Person	Title	Date	Visit/phone
1. Televisions					
Dubai	Reuters	Samir SABBAH	Head of Middle East	June 04	visit
Qatar	Al Jazeera	Wadah KHANFAR	Managing Director	June 04	visit
Qatar	Al Jazeera	Omar BEC MERHEBI	Head of News Gathering	June 04	visit
Qatar	Al Jazeera	Hussein JAAFAR	Technical Manager	June 04	visit
Qatar	Al Jazeera	Salh SIDIQUI	IT Manager	June 04	visit
Qatar	QatarTV	Abdulrahman ALOBAIDAN	Director of Broadcast	June 04	visit
Qatar	QatarTV	Mohammed Rashid AL-SAHLAWI	News Controller	June 04	visit
Qatar	QatarTV	Ahmed ODEH	Project Leader Digitization	June 04	visit
Dubai	DubaiTV	Badria AL SHAMCY	IT Director	June 04	visit
Dubai	DubaiTV	Mr. MOHSIN	Technical Manager	June 04	visit
Dubai	MBC	Amill LONE	IT Director/Station Engineer	June 04	visit
Dubai	CNBC Al Arabiya	Aaron SHAW	Technical Manager	June 04	visit
Dubai	E Vision	Fabrice PRAINO	Sr. Engineer Operations	Sept.04	IBC meeting
Dubai	ETISALAT	Abdulrahman ALMULLA	Manager Engineering CATV Broadband	Sept.04	IBC meeting
Abu Dhabi	ETISALAT	Sultan AL DHAHARI	Manager HFC Broadband	Sept.04	IBC meeting
Abu Dhabi	Emirates/Abu Dhabi TV	Abdullah ABDULADI	Deputy Dr of Techno.	June 04	visit
Abu Dhabi	Emirates/Abu Dhabi TV	Derek HOLLAND	Head of IT	June 04	visit
Abu Dhabi	Emirates/Abu Dhabi TV	Nart BOURAN	Director News Center	June 04	visit
Abu Dhabi	Emirates/Abu Dhabi TV	Mustapha ISHAG	Technical Adviser	June 04	visit
Kuwait	KTV	Ali ALQLAF	Technical Director	August 04	phone
Israel	RRSAT TV	Ziv MOR	Director	August 04	phone
Israel	Channel2 News	David YOGEV	Director of Engineering	June 03	visit

6. Estimation of future leads and opportunities

List of leads

Leads

TV Channel	Country	Project	Category	Year
Al Jazeera	Qatar	Youth Channel	Playout	2004
Al Jazeera	Qatar	International Channel	Newsroom	2005
AntenaTV	Greece	National Newsroom	Newsroom	2005
Yes TV	Israel	Cable TV	Playout	2005
…	…	…	…	…

- In addition we make an estimate of the « rhythm » of completion in each segment based both on real leads, and on the previous installation pattern (how many in 2002, 2003, 2004 ?)
  - Not everything that is left over as possible installations will be implemented by broadcasters within the next 3 years (2005-2007 is the scope).
  - For other production systems, and for sport, installation varried out by broadcasters themselves are more exceptional (there is a lot of sub-contracting, and very few installations among broadcasters for the moment). So we have made another estimate.

7. Pricing of projects

- Estimation in numbers of installations is transformed into estimations in Euros by using average prices of installations.
- There are 3 ways to use this market sizing :
  - One for server vendors, interested in servers and editing solutions
  - One for automation-MAM vendors interested only in these 2 aspects of the market
  - One for integrators, interested by total installation projects.
  - We integrate the MAM and automation estimates, because these 2 markets are merging, having in common media control and movements, as well as ingest. Even playout centres tend to order a minimum of MAM nowadays : they need browse and smart indexing for instance for a lot of nice-to-have or even compulsory applications.
- Our vision of average prices of installations:

Playout Centers

Application	Big	Medium	Small	TVbox1	TVbox2
Automation & MAM	1300	600	100	50	20
Servers & editing	1000	400	150	50	20
Mass storage	1000	400	50		
Video equipment/rest of the installation	1700	600	250	100	60
Total	5000	2000	550	200	100
Without mass storage	4000	1600	500	200	100

7. Pricing of projects

News Production

Application	Big	Medium	Small
Automation & MAM	1200	600	100
Servers & editing	1500	500	150
Mass storage	1000	300	50
Video equipment/rest of the installation	1700	600	250
Total	5400	2000	550
Without MAM&automation &mass storage	3200	1100	400

Sport & other production

Application	Big	Medium	Small
MAM	800	400	50
Servers & editing	1000	400	150
Mass storage	1000	300	50
Video equipment/rest of the installation			
With mass storage	2800	1100	250
Without MAM& mass storage	1000	400	150

Medium solution
Detail MAM& aurtomation

Application	Playout	News	Sports
Playout	250	150	
Transfert	100	50	50
Ingest	150	200	150
Indexation basic	100	100	100
Indexation MAM+service		100	100
Total	600	600	400

Big Solutions
Detail MAM& aurtomation

Application	Playout	News	Sports
Playout	700	250	
Transfert	100	100	100
Ingest	400	400	250
Indexation basic	100	100	100
Indexation MAM+service		350	350
Total	1300	1200	800

8. End results

- 11 segments estimated/calculated at € 103m

2305 total channels		Numbers of installations						
		How many originally ?	How many gone ?	How many Avid ?	How many remaining ?	# Opportunities	Amount remaining (m)	Amount opportunities (m)
	News (1.5m)	19	11	3	8	9	12,0	13,5
	Sports (1m)	5	1	0	4	4	4,0	4,0
600k ^	Playout (.8m)	17	10	1	7	8	5,6	6,4
	News (500k)	133	10	5	123	39	61,5	19,5
	Prog prod (400k)	7	0	0	7	7	2,8	2,8
	Playout (300k)	152	32	2	120	64	36,0	19,2
	News (150k)	934	0	17	934	107	140,1	16,1
	Production (150k)	0	0	0	0	0	0,0	0,0
100k ^	Playout (150k)	1008	6	0	1002	137	150,3	20,6
20k ^	News/Playout (70k)	10	0	0	10	10	0,7	0,7
	News/Playout (20k)	0	0	0	0	0	0,0	0,0
	Total m	454,0	41,0	11,0	413,0	102,7	413,0	102,7
						Kane estimate 2004-2006		Kane estimate 2004-2006