

BSkyB's Multi-Screen TV Services

Residential Connected Life Experiences



EXECUTIVE SUMMARY

COMPANY PROFILE

British Sky Broadcasting Group, better known as BSKyB, plays an important role in the British TV and radio landscape. BSKyB has an expanding niche market: satellite broadcasting of TV programs through pay channels.

COMPANY HISTORY

BSkyB (Sky) is the largest pay-TV service provider in the United Kingdom (UK) with over 9.5 million subscribers, which equates to 72 percent of the UK's pay-TV market and 37 percent of all UK households.

Challenge/Opportunity

Mobile provides a significant opportunity for Sky, which is not a mobile virtual network operator (MVNO). The company has partnered with four of the largest UK mobile operators, which together make up over 75 percent of the UK mobile market. This partnership provides Sky with a significant customer base to sell its premium content to, even if on a wholesale basis. At the end of 2009, Sky also launched a mobile application for the iPhone/iPod Touch, as well as more recently via the Nokia Ovi store, which allows the company to sell its mobile TV content directly to customers.

Although Sky needs to tread carefully if it is to avoid taking away from its own pay-TV base, Internet TV does present a potential opportunity for Sky. Approximately 50 percent of UK households do not buy any form of pay-TV service, and thus there is a significant untapped market if Sky can start to sell its content through hybrid initiatives such as Project Canvas or Internet TV set-top boxes (STBs) such as FetchTV.

Sky owns its own broadband network, but has yet to connect its TV set-top boxes. Doing so will open up new opportunities with regards to interactive TV and video applications. Sky aims to connect its set-top boxes in 2010. Embracing new online channels opens up new advertising opportunities to supplement the decline in traditional TV advertising revenue (according to Sky, the UK TV advertising sector declined by 13 percent over the past 12 months). Sky owns popular online portals such as Sky News and Sky Sports and has been a content partner to other popular portals such as The Microsoft Network (MSN) for a number of years. Utilizing such channels, as well as Sky Player and Sky Mobile TV, opens up new advertising opportunities beyond traditional TV.

Alliances/Partnerships

- Microsoft is a key technology partner for Sky in its multiscreen strategy. Its Silverlight and PlayReady technologies are a big part of the Sky Player solution, and Sky has partnered with Microsoft to put Sky Player on the Xbox.
- Another important partner is OpenTV, which has been a middleware partner for Sky since it launched its digital TV service in 1998. Sky is currently evaluating Core3, OpenTV's next-generation middleware platform. If Sky believes Core3 will provide significant value to its customers, then it may deploy Core3 to its Sky+ set-top boxes. OpenTV has stated that Core3 should be ready for deployment in the second half of 2010. NDS is also an important partner in this area and provides Sky with its conditional access technology and its electronic program guide (EPG).
- Sky also has a strong relationship with Sony. It has appointed Sony's Professional Services Team for a number of projects, including in 2008 as lead system integrators to support the technical provisioning of its state-of-the-art new broadcasting facility. Sky has also partnered with Sony to develop a video on-demand service for the PlayStation Portable (PSP), called Go!View.

Strategy

Sky's multiscreen TV services allow existing clients to:

- Access content on other screens such as a second TV screen via an Xbox console, PC, and mobile phone.
- Use value-added features such as remote record functionality via the user's mobile phone.

The solutions also provide access to Sky content to customers who cannot get access to Sky's content through the satellite or cable networks. Access can be gained via a PC, Xbox, or dedicated STBs such as Fetch TV.

Sky Player on the Xbox, in particular, offers a new, innovative experience:

- For Sky Sports, live coverage is supported by a range of interactive applications to enhance the viewing experience. Fans can communicate with one another in real time via their broadband connections. They can also check news and access features, league tables, and other on-demand information.
- Sky Player on the Xbox also supports Avatar Party Mode. This feature allows users to invite remote friends to watch content together, interacting with them live as they watch.

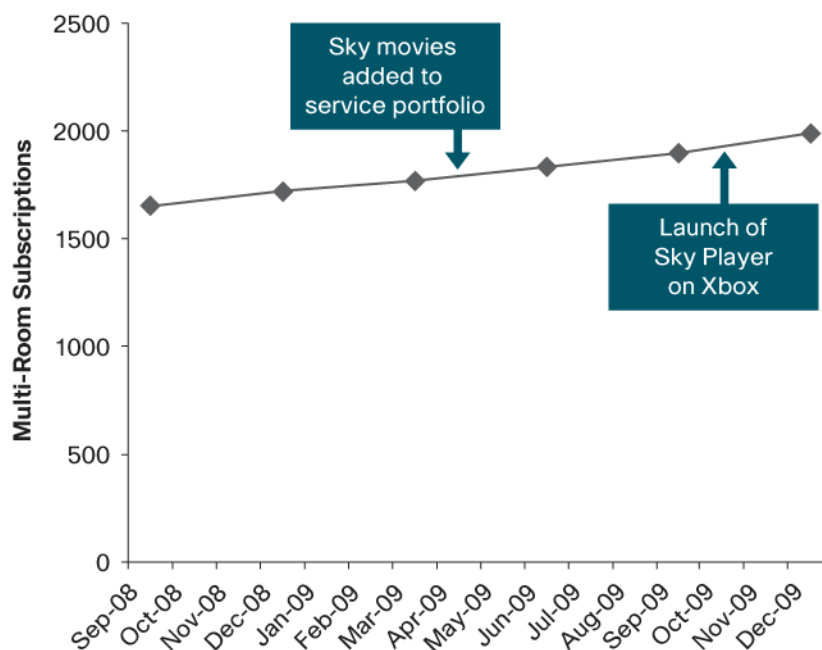
"In less than a year, we've already seen millions of downloads of Sky's Apps from the App Store. Our new Sky Mobile TV App combines the demand for great live TV on the move with the high-quality viewing experience offered by iPhone and iPod touch. Sky Mobile TV offers more choice, control, and flexibility for customers ensuring they can access the content they want, at a time that's convenient to them, on the screen of their choosing."

— David Gibbs, General Manager for Mobile at Sky

Success Factors/Metrics/Monetization

- As of December 2009, approximately 2 million subscribers took the Sky multiroom option (21 percent of Sky's subscriber base), and the subscription rate is still growing. Although other options such as HD TV will have been bigger revenue drivers, according to Ovum estimations, multiroom TV now accounts for £2 of the company's £41 average revenue per user (ARPU).
- It is not clear how many of these multiroom subscriptions are due to Sky Player technology, but even though it is still very early days, Sky Player via Xbox already looks to have had some positive impact (see Figure 1).

Figure 1. BSKyB Multi-Room Subscription Growth



- Sky provides wholesale TV services to four of the largest mobile operators in the United Kingdom. The company claims that through these arrangements it has “hundreds of thousands of users” and thus provides the largest mobile TV service in the United Kingdom.
- In FY 2009, Sky generated £206 million from wholesale content deals, approximately 4 percent of total revenues. Currently a large proportion of this wholesale revenue comes from large TV deals (with Virgin Media, for example), but with over 77 million mobile phone contracts in the United Kingdom, and an increasing percentage of those being 3G-enabled, the potential market for Sky's mobile wholesale offerings is significant and growing.

Company Background

- Read [Sky Corporate overview](#)

“As more and more commercial players harness broadband distribution to extend consumer choice, there’s an opportunity for all content owners to reach new audiences. Sky will continue to look to support new, secure delivery platforms as this fast and dynamic sector evolves.”

— Griff Parry, Director of On Demand, BSkyB



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