

Q1-08

Q2-08

ADOPTION ANALYSIS

CURRENT ANALYSIS

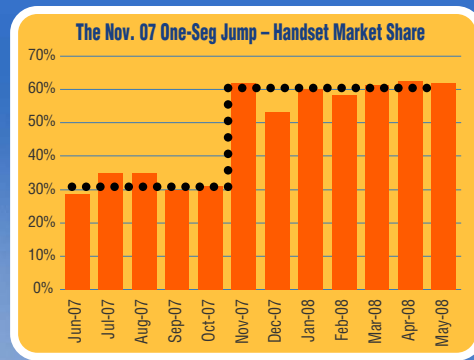
MoTV Users (mil.)

40
35
30
25
20
15
10
5

Jun-05 Sep-05 Dec-05 Mar-06 Jun-06 Sep-06 Dec-06 Mar-07 Jun-07 Sep-07 Dec-07 Mar-08 June-08

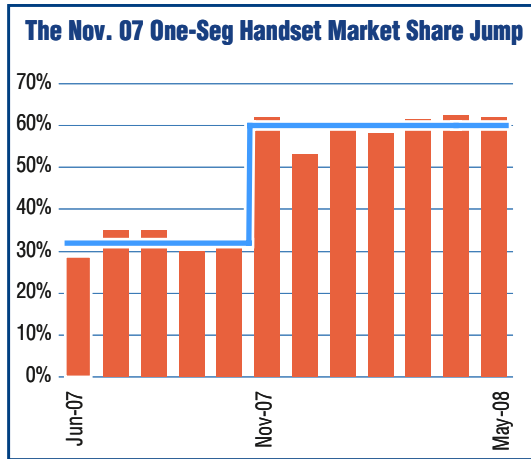
HIGHLIGHTS

In This Issue: *End 2008 MoTV Projections*



MOTV TRACKING SERVICE





Thursday, August 21, 2008

TORONTO, Canada: Issue No. 5 of the quarterly TeleAnalytics MoTV Tracking Service (**TMTS**) was just released. **TMTS** tracks and analyzes facts and adoption figures for all commercial Mobile TV (Broadcast) networks around the world on a monthly basis. Issue **No. 5** analyzes the Q1-08 adoption figures, summarizes the key Mobile TV developments up until the end of July 2008, and provides detailed, quantitative, short-term end-08 projections for all MoTV metrics of interest, based on the detailed adoption and devices-sold time series from the beginning of the MoTV Times (May 2005) up until March 2008 or later.

HIGHLIGHTS FROM ISSUE NO. 5 FOLLOW

(All figures refer to MoTV Broadcast networks)

The End 2008 MoTV Metrics: Issue No. 5 includes end-08 projections (and projections for the months in between) covering all metrics of potential interest including user counts and devices sold both on a regional and AI basis. The short term projections are developed on the basis of network specific monthly adoption and device (four per network) time series from the beginning of the MoTV Times (May 2005) up until March 2008 or later

World: The Q1-08 MoTV new-adds exceeded 28% of the end Q4-08 MoTV user count and Q1-08 was the first quarter where more than 10 million (10.73M) MoTV devices were sold. Issue No. 5 shows end-08 MoTV user counts of 51.6 million, a value that is within 1.5% of the 2008 figure determined by the TeleAnalytics

long-term MoTV forecasts for the 2007-2011 period.

Europe: In Q1-08, Europe still had only the Italian DVB-H market trying to compete with the exploding markets of Korea and Japan. In Q1-08, this was not much of a duel and APAC ended the quarter with 33 times more MoTV users than the EU. DVB-H's market share in terms of MoTV handsets sold worldwide fell to 3.3%.

US: In Q1-08, FLO still had to rely only on the Verizon retail product, which as discussed in **TMTS-4** in 2007, failed to deliver subscriber counts in line with the investments made. AT&T finally launched in May and the Qualcomm demonstrations of FLO automotive reception may signal the future diversification of the US FLO retail channels and an expansion of the FLO Ecosystem.

Japan: As discussed, the Japanese One-Seg has been growing in waves. The third wave arrived in November 2007 and for the next six months the One-Seg monthly market share among all handsets sold in Japan only mildly fluctuated around the 60% mark (figure at top of the page). Two recent events may somewhat disturb the One-Seg rally but by the end of the year the Japanese One-Seg will be looking into a more than 32% penetration of the total Japanese mobile subscriber base.

Korea: In the first half of 2008, the Korean government had more urgent priorities than to focus on the brave decisions needed to pull both Korean networks out of their financial troubles and the recent Korean MoTV developments, without being exactly of the "beating the bush" variety, hardly address the fundamentals. On the other hand, the Korean MoTV explosion continues. In Q1-08, T-DMB reversed the slight quarter after quarter decrease of its new-adds figures and S-DMB rose out of its pre-Christmas stagnation and added 47,000 new subs.

Italy: It may well be time for some brave decisions to be made in the Italian market as well. In Q1-08, the growth engine of the Italian DVB-H market, 3-Italy, added just about 15% of the number of DVB-H subs that it added a year ago. Issue No. 5 analyzes both the challenges of the Italian DVB-H market and also the new strategy that 3-Italy introduced at the end of Q2-08.

Austria: The Austrian DVB-H launch came just in time for the soccer games and in the Austrian case the DVB civil war is fought exclusively among the country's MNOs. Additionally, an Austrian MNO became the first ever MoTV retailer to publicly complain about the quality of the DVB-H product he sells. The first two-month adoption track record and the end-year targets of the DVB-H supporting MNOs point towards an annualized population penetration rate in the [0.4%-0.7%] range, or approximately half of what was attained in the first 12 months after the Italian DVB-H launch.

Switzerland & The Netherlands: In both countries, the MoTV retailer/operators are made up by the mobile arms of the ILECs, plus the ILEC-owned national DTT providers. As discussed, it is not yet known officially if these two countries will follow the Austrian example in terms of annual MoTV population penetration rates and the phenomenal indoor-outdoor coverage figures claimed by KPN would normally help things out. The Netherlands is a very cooperative wireless broadband geography, but KPN has yet to provide any insight into its definition of "indoor" and "outdoor" coverage.

France: In August, France grinds to a virtual halt, but the regulator's first deadline is for the 15th of September. At the end of July, many in France doubted if the thorny issues that were not addressed before or during the licensing process would allow for the deadline to be met.

China and Brazil: These major markets are coming on line and as discussed, the Chinese situation makes the early Brazilian challenges, although significant, look like Sunday war games when compared to the massive Chinese MoTV maneuvers. The outlook for both the Chinese CMMB and the Brazilian ISDB-T is good, but due to both launches coming so late in the year, 2008 sales are considered unlikely to go higher than the levels discussed before and in both markets, 2009 will be the first year when these two markets would really be operational.

Mobile 3.0 (DE) and MOBAHO (JP): On the surface of things, the Mobile 3.0 and MOBAHO misfortunes share few commonalities, but as discussed, both ventures failed to properly account

for the specific weight of the mobile network and its owners in the MoTV equation. The Broadcaster-driven MoTV explosions in Korea and Japan obviously do not suggest that the mobile network and the MNOs can be ignored, but simply that they realistically have to be categorized as friends, foes, or anything else in between, provided that the end position is realistically arrived at. Among other points made on the subject, TMTS-5 analyzes the experiences up until now vis-à-vis somewhat common visions of laptops being used as mainstream MoTV devices (laptop DTT usage is another, much longer story) in new markets like Brazil and China or in some Broadcaster-driven markets that are likely to come on line 12-18 months from now. The facts up to now are summarized in the graph at the bottom of the page.

E-Audience Measurement & CA/DRM: Due to events currently unfolding in China, Korea and Italy, TMTS-5 includes an analysis of the long ago TeleAnalytics-identified need for MoTV Electronic Audience Measurement Systems (MEAMS) and launch date support for comprehensive and flexible OTA based CA/DRM capabilities. Seriously tapping the advertising revenue can only be enabled by having a MEAMS in place and the existence of a CA/DRM solution at launch time is necessary even for operators planning to launch on an FTA basis. Launching without such a solution simply creates a continuously increasing liability and the more successful the network is, the bigger the liability becomes.

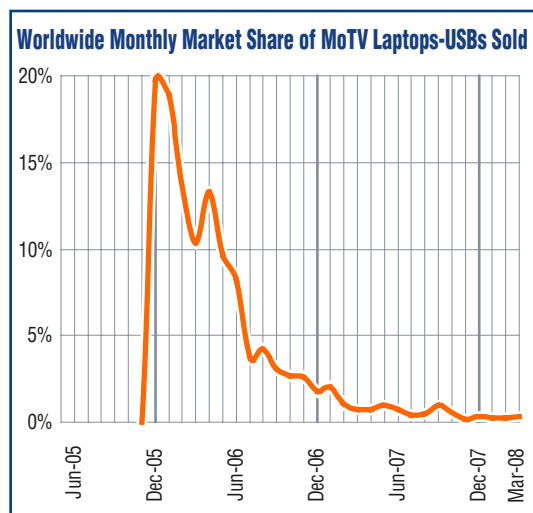


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