

Swisscom Broadcast Ltd, a wholly-owned subsidiary of Swisscom Ltd, is the leading infrastructure provider for wireless transmission of television signals and all related supplementary services in Switzerland. At the same time, Swisscom Broadcast is also a distribution partner for TV signals for the fragmented cable market which, with a penetration rate of some 85%, is currently the main distribution platform for B2C television in Switzerland.

With around 500 transmission sites, Swisscom Broadcast also acts as the traditional site/transmission partner for all mobile telecommunications providers, and is responsible for transmitting radio signals for police, fire and emergency services.

Two years ago, as part of a DVB (Digital Video Broadcasting) project, Swisscom Broadcast decided to examine the possibility of entering the digital transmission market, and identified three attractive rollout areas for Switzerland.

- **DVB-T:** Provision of a DVB-T distribution platform for service providers wishing to base their business model on this distribution option.
- **DVB-C:** Aggregation of pay-TV content and the provision of a comprehensive range of technical and marketing-oriented pay-TV services (B2B) for independent cable operators.
- **DVB-H:** Provision of a DVB-H platform as an independent platform provider, with interfaces for the integration of interactive services for mobile telecommunications providers, television companies and/or other interested partners

The market research conducted for the above-mentioned projects revealed that one particular DVB product, "TV on mobile phone", held a particular attraction for end customers. At the beginning of 2004, Swisscom Broadcast then set up a strategic project to clarify the main open issues such as:

- Market/end customers,
- Content industry,
- Terminal devices industry,
- Technology partners (coding/encryption),
- Infrastructure investments related to the business model.

In the course of this project, products were developed and their acceptance was gauged on the basis of qualitative market research. On the back of highly promising findings from this research, Swisscom Broadcast decided to launch a pilot project in the Berne region as a further step in verifying these initial results. The pilot project will take the form of a market trial, in which end customers can purchase the "TV over mobile phone" product at a realistic end customer price.

The schedule should enable the most important partners for the project to be acquired by year-end. In addition to technology partners in the fields of system solutions including integration of mobile billing, DRM, transmitters, and terminal equipment, Swisscom Broadcast has now contacted various broadcasters, including RTL, to determine whether they are interested in participating. In addition, dialogue will be sought with all Swiss mobile providers over the next few weeks. Swisscom Broadcast is aiming here to position itself as an independent DVB-H platform operator, although the business model developed should be of interest to the content industry as well as B2C players.

The licence for the DVB-H trial project in Berne should be granted by the end of November; discussions in this regard are currently in progress with the Federal Office for Communications (OFCOM). The technical

consortium for the pilot trial will then be defined. Partners will be selected on the basis of their performance capability and are largely already confirmed. Swisscom Broadcast is hoping to give the go-ahead for the trial's implementation at the end of December.

The plan is to implement and test the "TV over mobile phone for Berne" project in collaboration with the partners between January and July 2005, and launch the product on the market for 500 customers in August.

The aim of the Swisscom Broadcast trial in Berne is to determine whether the interest in "TV over mobile phone" which was identified in market research and customer interviews genuinely exists among end customers, and to verify the availability of the technology and partners that will ensure implementation of a business model that is attractive to all concerned.

Klaus Pilz  
DVB-H Project Manager

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