



Appendix 3 - Overview of licensing models

Overview of licensing models for Mobile TV on dedicated terrestrial networks in selected European Member states

Document No:	08 / 44a
Date:	18 June 2008

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3.1 Introduction

ComReg has analysed the current set of practices used by regulators in the licensing of Mobile TV Services in other countries for insight into how a Mobile TV Service could be licensed in Ireland. ComReg has also analysed the value chain for Mobile TV Services in some of these countries to gauge where regulatory intervention may be required.

3.2 Italy

Figure 3.0 depicts the value chain for Mobile TV Services in Italy where two different Mobile TV models are in operation. The first model is led by a consortium of broadcasters and mobile network operators (MNOs) and the second model is led solely by a mobile network operator. Italy was also the location of the first DVB-H channel in Europe, launched on 5 June 2006.

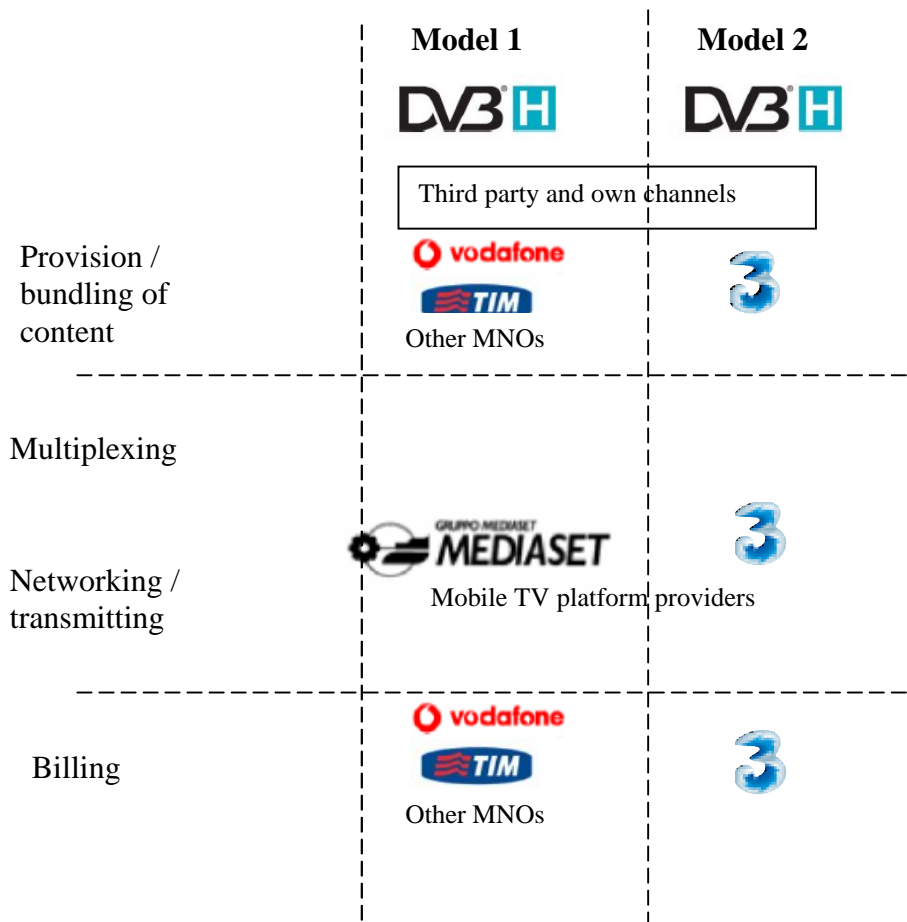


Figure 3.0 Operators in the value chain for Mobile TV in Italy.

In Model 1, the frequency licence is held by Mediaset, which is a consortium of MNOs, TIM and Vodafone Plc, and broadcasters. Mediaset is the main investor in the Mobile TV Service.

In Model 2, 3Italia, a MNO, is the main investor in the Mobile TV Service. It holds the frequency licence for its own DVB-H network. 3Italia performs functions right across the value chain from provision and bundling of content to transmission and billing with the end users.

The assignment of the frequencies for Mobile TV Services, in Italy, is quite complex with legal provisions enabling analogue broadcasting services to be “converted” to digital broadcasting services.

This licensing approach is not suitable in Ireland as the 2007 Act sets out the specific legislative framework for the licensing of future digital broadcasting services.

3.3 Germany

In Germany there is an existing Mobile TV Service and a second one currently being established, both using the dedicated terrestrial network approach, see Figure 4.0. In Model 1, the technical standard is DMB. The State Media Authorities allocated licences for a Mobile TV Service based on the DMB technical standard. Following a successful application in an open tender process, Mobiles Fernsehen Deutschland GmbH (MFD) was awarded a nationwide platform licence to operate a Mobile TV Service based on the DMB technical standard. Another company, T-Systems Media and Broadcast (T-Systems) has built and operates the transmitter network for MFD.

Model 2 is expected to be established shortly using the DVB-H technical standard, by Mobile 3 (a joint venture of MFD and Nevia Media) which was successful in its bid for a licence in February 2008. The frequency licence for the DVB-H technical standard is to be granted by the Federal Network Agency (BNetzA).

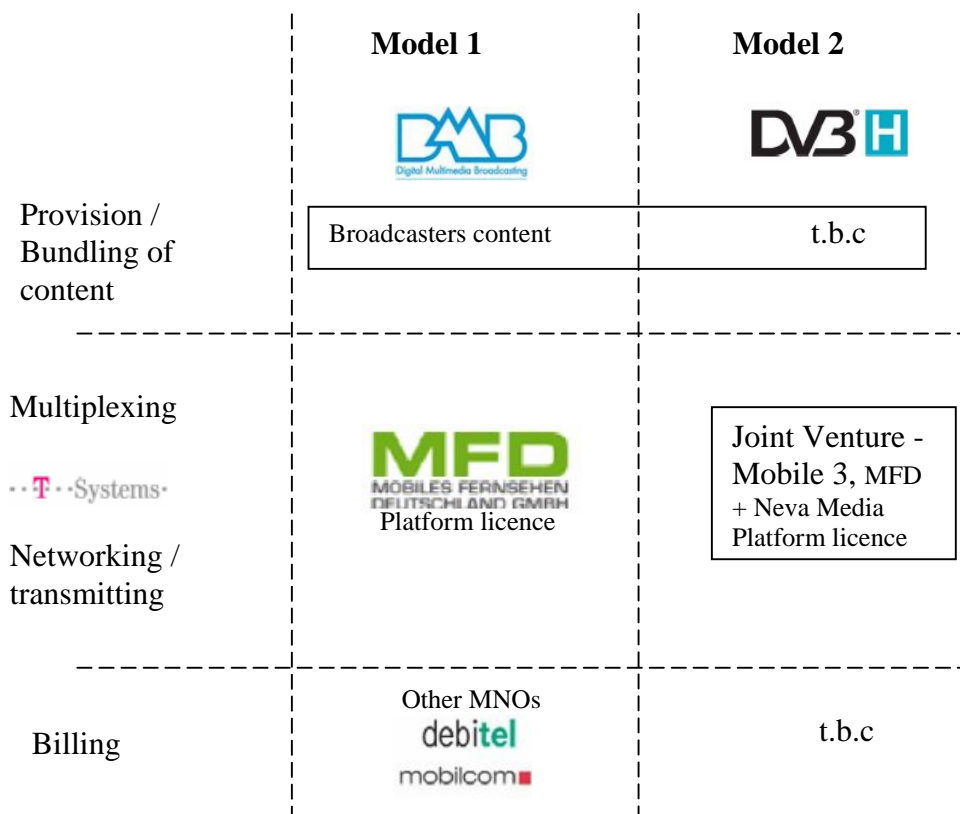


Figure 4.0 Operators in the value chain for Mobile TV in Germany.

The tender processes adopted in Germany for the operation of Mobile TV Services have involved an evaluation by the Media Authorities of the Federal States. In Model 2, for example, the model which will use the DVB-H technical standard, the applicant’s proposed content, technical and business plans were evaluated by the Media Authorities.

ComReg notes that some of the following evaluation criteria relate to the content to be carried by the Mobile TV Service:

- attractive channels with a broad reach;
- news music and sports programmes;
- radio channels and regional offerings;
- access for programme and telemedia service operators would be under non-discriminatory conditions;
- financial security; and
- support of various technical means of reception specified.

3.4 Finland

The Mobile TV Service in Finland is led by a network operator, Digita, which obtained the network licence following a comparative selection process (or “beauty contest”). Although Digita acts as the platform operator, it is not permitted to act as a service provider by offering distribution services to end-users. In this regard, it is required to sell multiplex capacity on equal terms to MNOs and cannot sell more than one third of the network capacity to a single

entity. Mobile TV in Finland therefore also follows a wholesale regulatory model. The network licence is for a duration of 20 years and content is currently offered on a free-to-air basis.

3.5 France

The licensing environment in relation to Mobile TV on dedicated terrestrial networks in France is advancing following the publication by the French Broadcasting Regulator (CSA) of the list of services to be broadcast as part of the mobile television service which will commence later this year. A nationwide multi-city network consisting of 73 cities has been defined as the Mobile TV network and the current licensing stage has resulted in 13 channels, from 36 applicants, being selected. This approach is again premised on the regulation of the content aspect of a Mobile TV Service.

The proposals in relation to the type of content to be broadcast were analysed before a public hearing for qualified applicants in April 2008. The authorisation to use the frequencies identified for the 73 cities is expected to be valid for 10 years and renewable for a further 5 years without a call for a new tender.

Two of the channels on the bouquet are to be subscription services but the service will be largely free to air.

The DVB-H standard is imposed by law in France together with other standards for the electronic programme guide (EPG), associated data, conditional access and coding systems.

3.6 What might this mean for a Mobile TV licensing process in Ireland?

It seems to ComReg that a wholesale model approach to licensing any Mobile TV Service in Ireland would be appropriate given the limited amount of spectrum being made available at this time, which is likely to be sufficient only for a single dedicated terrestrial network.

ComReg also understands that a Mobile TV Service in Ireland is likely to be commercially based. It considers that a wholesale model would be likely to satisfy the necessary commercial aspirations of the licensee, while enabling a high degree of collaboration between parties offering distribution services to end-users.¹

Figure 5.0 below shows a possible example of how collaboration could be achieved in the wholesale model, were it to be adopted in Ireland. Collaboration could allow providers of distribution services to end-users to receive capacity for one programme service of their own in the multiplex as indicated in the schematic diagram of the multiplex by the letters A, B, C and D.

¹ ComReg considers that MNOs may not be the only parties to provide distribution services to end users via the Mobile TV service in the future. The provision of wholesale services may be important in fostering new distribution services to end users. For example, "in-transport" Mobile TV display devices for trains, buses and cars.

This could facilitate providers of distribution services to end users in branding their offerings. Prospective licensees may have alternative proposals regarding how collaboration could be achieved in a wholesale model.

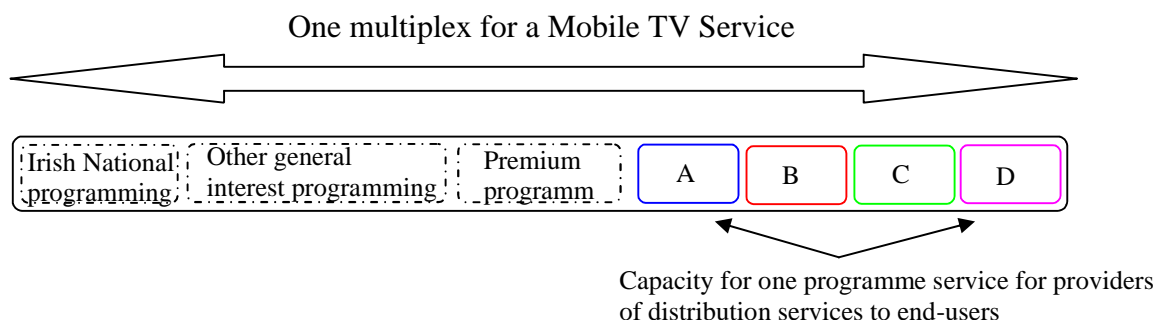


Figure 5.0 Schematic of a possible collaboration between Mobile TV Service multiplex licensee (the wholesaler) and providers of distribution services to end-users.

This reserved capacity could be offered on a “first come, first served” basis by the licensee, and it may be necessary for ComReg to ensure such capacity is made available as a licence condition.

In light of the above discussion, and having regard to the need to maximise benefits for users and to facilitate the development of competition, ComReg considers that the following wholesale service elements could be set as conditions of any Mobile TV Wireless Telegraphy Licence (see Section 6.1.3):

- wholesale access to the content carried on the multiplex;
- transparency of terms and conditions relating to wholesale access;
- non-discrimination and transparency in relation to the terms and conditions for equivalent wholesale access;
- Access to capacity, subject to capacity constraints on the multiplex, to enable providers of distribution services to end-users to provide one programme service of their own within the multiplex; and
- an appropriate dispute resolution mechanism in relation to these obligations.

ComReg is not minded to specify rules regarding content. ComReg is minded, subject to the Television Without Frontiers Directive and any requirements of the BCI, to leave the provision and bundling of content to the commercial decisions of the multiplex licensee. Furthermore, the licensee may need flexibility to alter the content based on the rapidly changing environment in the way that content is being consumed by viewers.

It is possible that future legislation to be introduced by the Minister for Communications Energy and Natural Resources may require the four Irish National programming services to be carried by the Mobile TV Service.