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2021: The beginning of TV as we know it

A story about a fish, a shrimp, and the reincarnation of TV



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It's a rainy day in the Netherlands, and I just lit up the fireplace to keep us cozy and warm. We are still in a lockdown state due to COVID that doesn't seem to want to leave the world just yet. In my melancholic state of mind, I think about a book I recently finished after it was given to me by a dear friend a long time ago; it carried the also very uplifting title "2020, The End Of Television"¹ While watching my youngest son browsing through the available apps on our TV I can't help myself to see a clear resemblance to how I used to browse the EPG. While the sun appears from behind a cloud, I ask myself, what if TV isn't dead but has just reincarnated in a new form?

My name is Jeroen van Vliet and this November, I have achieved the doubtful milestone of being a decade working in the so-called "TV & Media Industry" in various roles looking at the market from different perspectives. One thing that has always stayed the same is

¹ 2020 The End Of Television by Stephanie Maude Savard

the desire to discuss the future of “our business” with colleagues and business partners. On trade shows like IBC & NAB a general chit chat is mostly followed by a market prediction on “how the STB will die”, “OTT will take over” or the famous “Cord cutters dilemma”.

In this article, I like to share my thoughts and personal vision on why I think TV is not dying at all, but instead, we are on the verge of a second TV revolution, and to benefit from it, I believe we only have to look to the past. History is about to repeat itself!

With three examples, I will try to strengthen my opinion with some facts and a moderate history lesson before I will summarize and conclude for you to judge.

1. To bundle or to unbundle?

The late twenties and early thirties are the birth years for our beloved “Television” as we still know it today. The BBC is a real pioneer starting the first regular broadcast in 1932, quickly followed by the German TV station “Paul Nipkow”.² In 1941 the first TV commercial was aired on New York station WNBT (now WNBC) before a baseball game between the Brooklyn Dodgers and Philadelphia Phillies. From that point in time, its commercial value became clear and more channels rapidly emerged.

In that period, most Channels broadcasted directly to the consumers using their own TV stations. But not all channels had a budget or license to transmit their own channels and started to ask the Cable and later Satellite operators to broadcast the channels for them. The operators quickly learned that if they bundled the channels, they could be sold as packages increasing the price of a package and thus increasing the turnover and profit. This slowly evolved to a situation where the operators controlled the distribution chain, and as this also as a result, this also meant they started to control the revenue stream.

This situation stayed relatively the same till the early 00’s when Internet TV started to give the content owners a different method of distribution as OTT (Over The Top) TV was born. Basically, this meant they could seize back control over the distribution, and as we established before, this would also give them back control over the revenue streams. We have all been witness to this uprising of the D2C (Direct to Consumer) strategies of all major content houses, with examples like Disney+ showing the success of this strategy, reaching a whopping 100 million users in the first year.³

² [History of television](#)

³ [Disney Plus Reaches 100 Million Subscribers 16 Months After Launching](#)

So in the Toddler years of TV, most channels had a direct relationship with their customers and were responsible for their own distribution. It was only during its puberty that the content owners didn't know their real value or were too dependent on others giving away much of their own value to Cable and Satellite operators. Now TV is reaching its adolescent stage, and channels are taking back control.

If you think about the above, it seems we have done a full 360 and have landed back to where we started. The big question here is if that means there is no more room for the Operators in these distribution models? I am quite sure it doesn't. I believe what has happened is that the power balance has been restored and that it will result in a better product for the consumer and, in the end, also a better business model for the operator... but let me get back to that soon...

1. Because quality matters

Now let's have a look at my second argument why we can be successful in the future if we are willing to learn of the past.

Back in the days when all broadcasts were done over the air, the whole distribution chain was controlled by the TV stations. Large antennas were placed on high buildings as a line of sight was needed for receiving the signals on your TV when cable networks and later satellite networks started to be able to carry digitally modulated signals, the "contribution encoders" were mostly placed in the Operators network to ensure the highest quality in the network.

When I started my first job at a System Integrator called Divitel,⁴ the ABR (Adaptive Bitrate Streaming) was the newest kid on the block and cost roughly 10.000 EUR per channel. The investments from Operators into their head-ends were enormous as the consumer quickly expected to have all his favorite channels available on their mobile devices. It has definitely been a great time for Encoding/Transcoding manufacturers as in the high days; you could almost fill Hall 1 on IBC with these vendors.

But following the hypothesis that we are making a transition back into time, we are witnessing a trend of Broadcasters and Content owners taking back control over Encoding and Transcoding. By delivering the content directly to consumers through their own apps, they are able to improve the experience and quality.

⁴ www.divitel.com

So again, I believe what we are witnessing is a natural evolution, where we are moving back to the balance in the landscape how it originally started. Content creators are again responsible for the contribution, and the network operators are responsible for distribution as to how it started in the 30's.

For some of my customers or partners I talk to; this is a large worry or challenge. Still, again I am very sure that it is only providing us with opportunities, and the customer will in the end benefit, but more about that later!

2. The EPG strikes back

This final example unfolded right in front of me, in my own living room with my own family. The kids decided to go and watch their current favorite TV show but couldn't agree where to find it. My daughter was sure it was to be found on Netflix, while my son was extremely sure it was on Disney+ where in the end, neither of them was right as it was part of one of the many other streaming apps we have installed these days.

In the article written by my colleague Vikram Rozario, it is mentioned an average household is to be expected to have at least 6 six streaming services⁵ installed, and frankly, I see this number go way up. What I basically see happening is that the channels of the 1930s are the apps of today. We used to be able to remember what show was on what channel, but when the number of channels grew beyond anything reasonable to remember, a new way of navigating was needed, and the EPG was introduced in the 80's by the United Video Group⁶ as it still is being used today.

So if the EPG was the key to solving the basic issue of consumers getting lost in the number of available channels, it's easy to make a parallel to my kids getting lost in the overflow of apps on our TV. As I have mentioned in one of my previous articles, "finding content on TV can be like drinking water from a fire-hose."

But the solution to this old problem is as easy as it was in the 80's. In our latest solutions, we can offer a grid-based overview of available content with the benefit of it being tailored to your preferences. When selecting a program or channel⁷, we will deep link the user directly into the right place in the appropriate app making the experience and search as easy as we are used to with our traditional EPG.

⁵ [NORDIJA INSIGHTS · JANUARY 2021 How TV operators can strike back from the cloud.](#)

⁶ [Electronic program guide](#)

⁷ [Netflix is testing a regular, old-fashioned TV channel](#)

So once again, I realize that you sometimes only have to look back in time to know what might be in front of you.

Conclusion

Many of my customers are asking themselves the question where the TV will be in 5- 10 years. Is there still a role for the Operator or Telco, and how would that look? If we take the above examples and follow my “history repeats” theory, we will witness the growth of an immense number of apps that will be tailored to all kinds of specific needs and niches. When this number grows beyond our imagination, the consumers (and this is happening today) will demand an easier way to navigate through their favorite content, and the “new” EPG is born what we today in our product call “Discover”⁸ what is again an ideal role to be fulfilled by your Operator.

Although the above gives new life to the operators of modern times, a part of the value chain has moved (back) to the Content owners. This can be seen as a threat but could also spark great opportunities. Like in every place where there is a natural Symbiosis, it has to be clear what every party adds to the equation. Operators are now able to deep-link into all available apps without the large investments into HW. This is putting them back where they are strongest, delivering the content in the highest quality over their networks and making the soup of apps (channels) discoverable in an easy way like they did when introducing the EPG in 1982

When my kids finished watching their cartoons, I was flicking through some channels stopping at a deep-sea documentary. It described a Goby fish that lived together with a shrimp. The shrimp was blind but was very good at digging holes in the sand where both the fish and the shrimp could live together. When danger would occur, the fish would tap his fin on the shoulder of the shrimp, warning it of danger. Seeing this beautiful form of Mutualism, I realized that I couldn't figure out if the Operator was the shrimp or the fish.

⁸ <https://www.nordija.com/product/#discover>