



The State of IPTV and OTT in 2020

Introduction

According to Juniper Research, the number of global Over-the-Top (OTT) video subscribers will exceed 330 million by 2019. Compared to the 92 million in 2014, that's nearly a 100% year-on-year growth. All things considered, OTT is causing a definite shift in the way we consume media - but what impact is it having on the current global media landscape, and what can service providers do to ensure they end up on the right side of history?

In this eBook, we'll examine eight trends that are pertinent to the future of IPTV and OTT, and do our best to paint an accurate picture of what the OTT market will look like in the next three to five years.

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The Trends



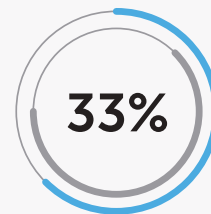
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Trend 1: IPTV Will Go Extinct in Favour of OTT by 2020

With the ubiquity of broadband fibre for both private and business users around the world and the ever-pressing demand for higher bitrate and higher resolution streams, IPTV has been effectively pushed out the door in favour of OTT. With major international players like Amazon Prime Video and Netflix delivering OTT services virtually all around the world, and the trend towards Video on Demand (VOD), we predict that OTT will have eclipsed IPTV as the definitive online broadcast format within the next four years.

That's not to say that today's IPTV providers will be sidelined. According to Moody's Investor Services, broadcast TV operators are in a good position to combat OTT entrants who don't enjoy the pre-existing infrastructure available to traditional TV providers. Unisphere's OTT video services market survey also indicated that an increasing number of cable providers are making inroads to the OTT market: nearly

45% of those surveyed responded that they currently offer OTT services, compared to 35% the previous year.



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While around 33% of respondents indicated that they don't have plans to offer OTT in the future, the remaining two-thirds have plans to offer OTT, already offer the service alongside another distribution method, or are 100% pure-play OTT providers. It's interesting to note that the majority of those who indicated that they had no plans to offer OTT consists of government, educational and non-profit organisations, all of whom would be more likely to consume OTT content than create it.

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Trend 2: The Traditional Set-Top Box Will Be a Thing of the Past

One of the major drivers of OTT uptake at the expense of IPTV is the fact that OTT content can be consumed on any device. Take Netflix as an overused example: users can access the app through their desktop or laptop, mobile phone, tablet, Smart TV or gaming console. Laptops, tablets, and streaming 'sticks', like the Chromecast, are already replacing set-top boxes for tech-savvy consumers. As providers engage more profoundly with mobile OTT apps and services, this trend will only continue. In other words, a set-top box will look as out

of place in your lounge circa 2020 as a VCR player or a cassette deck.

As the number of devices per person increases globally, users are coming to expect a seamless user experience across all their devices - not only with respect to the availability and quality of content, but also the interoperability of OTT VOD apps. Media providers will need to be aware of the digital ecosystems in which they exist and offer a connected experience across all points of contact.

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Trend 3: Increased Demand For - And Interest In - Traffic Management

As OTT becomes the norm for video consumption worldwide, providers will be faced with balancing high-quality delivery without demanding too much bandwidth.



Existing web infrastructures are well-equipped to handle 1080p HD streaming (thanks in part to the compression algorithms used by major players in OTT),

but as 4K and HDR slowly move closer to mainstream adoption, bandwidth will become a key concern. HDR 4K streaming will likely be delivered at an approximate bit-rate of 18Mb/s - compared to just over 3Mb/s required to stream HD video on Netflix.

Consequently, traffic management will become key for OTT providers to ensure they're consistently delivering the quality users expect. Providers with a geographically-defined market will move away from Content Delivery Networks (CDNs) and towards more tailored dedicated server solutions in order to save costs and better manage their service levels. ISPs will also face increasing pressure to deliver rising levels of uptime and bandwidth in order to accommodate this new demand.

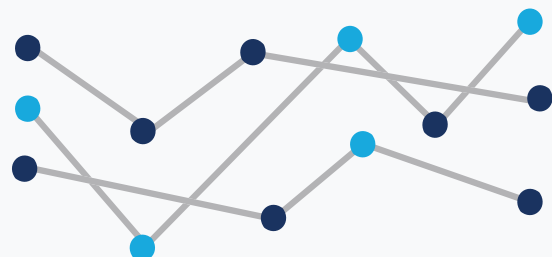
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Trend 4: New Broadcasters Will Look To Profit Off Existing OTT Backends, Not Create New Ones

With so many competitors in the OTT VOD arena, the expanding gap between the big dogs (Netflix, Hulu, etc.) and smaller providers will make it impractical for new entrants to create a broadcasting system from scratch. A more likely outcome is for major players to start selling white-label OTT VOD infrastructure to smaller providers, who will then be able to capitalise on their backend.

As more live broadcasts and traditional TV-like programming reinvent themselves

in an OTT context, it's likely that we'll start seeing multiple providers offer content through a single system. In much the same way as we have channel bouquet providers on traditional TV, we might see a similar framework emerge for OTT.



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Trend 5: 'Live' Broadcasts Will Become More Challenging For OTT Providers

The one disadvantage of OTT when compared to IPTV is the ability to deliver live broadcasts, thanks to the closed, proprietary nature of IPTV networks. As more consumers shift from traditional TV and IPTV services to OTT, providing live video over the open internet will become more challenging. Aggravating this will be the increased expectation from consumers of traditional TV media to be served live content alongside OTT offerings.

Since it will be impossible to keep tabs on everything happening on the network, media providers will need to keep buffers of up to 45 seconds to ensure uninterrupted livestreams. However, the difficulty of providing the same live service to all consumers will present a challenge that service providers will need to get around to deliver a true live experience to users in multiple locations.



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Trend 6: 4K and UHD Will Be Mainstream by 2022

As we mentioned above, existing internet infrastructures are ill-equipped to handle the pressures of 4K, UHD and HDR video streaming.



We're still a few years away from 4K becoming the standard, but service providers should already be preparing for the increased demand on bandwidth that will accompany the shift. Content providers will also have to consider the impact of 4K and higher resolution files on storage requirements. An average 4K movie file can reach up to 100GB in size, compared to just 8GB for HD-quality files.

Service providers and content providers will need to work closely together to ensure that viewers get access to the highest possible quality media, without impacting speeds for other users, while ensuring best levels of uptime.

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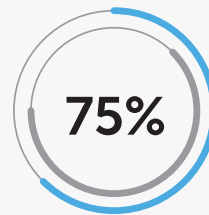
Trend 7: Mobile Media Will Be Even More Abundant Than it is Today

Facebook video posts increased by 94% between 2016 and 2017 in the US, and the total monthly active users reach around 1.7 billion. YouTube reports that mobile video views increase by 100% every year, and there's no sign of things slowing down anytime soon.

According to Cisco's study, 75% of global mobile traffic will be video content by 2020. The same study indicates that global mobile data traffic will top 30 exabytes per month, compared to just under 4 exabytes in 2015.

OTT providers like Netflix already offer mobile apps, but these will constitute a far

higher percentage of their viewer base in 2020 than they do today. Consequently, mobile delivery will become vitally important for providers looking to stay competitive.

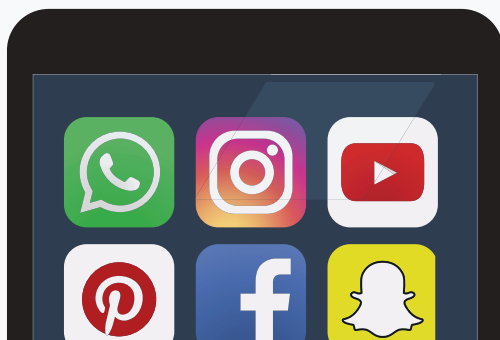


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Trend 8: Providers That Are Currently VOD Only Will Start to 'Go Live'

Live video has made its presence felt on virtually every social media platform in the past few months.



Early entrants like Periscope gave way to Facebook and Twitter's live video functionality, and Instagram and Snapchat have both 'gone live' on their platforms. While this trend revolves primarily around user generated content for now, it won't be long before users expect live streaming features from their OTT video providers too. Content providers will need to be aware of the challenges involved in delivering live OTT streams, particularly the difficulty of providing true live streams to large user bases.

Conclusion

If there's one thing we can be sure of, it's that the OTT landscape in 2020 will look very different than today. To that end, if you plan on remaining competitive in the coming years it is vital to secure a partner that can help you deliver outstanding OTT service, both now and in the future. POST Telecom provides complete, integrated broadcasting and OTT services for digital media companies. Our experience and technical expertise gives us the flexibility to tailor best-practice solutions to ensure that we deliver a custom solution that satisfies our clients' needs on an individual level.

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