



# INSTALLED IN FOUR HOURS

Since its launch in 2006, DTH platform **Tata Sky** has been building on its shareholders' well-known brands and partnered with leaders in digital technology to bring a state-of-the-art satellite TV service to India. Chief Content and Business Development Officer **Nicola Bamford** is relishing the challenge of working in an incredibly vibrant economy where things can and do happen very quickly – we asked her to put the label 'India's leading DTH platform' into context

**I**would use the word 'leading' in the sense that of the six DTH platforms in the market we have the highest brand recognition, and that we are number 1 in terms of how many customers we are adding on a monthly basis – people who are active paying subscribers. To date we have sold 9m+ boxes.

We have a pre-paid model so customers pay upfront creating a positive balance on their account and then depending on which packages they choose that balance declines to zero and then they need recharge.

In India, more people work in the informal sector than the formal sector. Banking has grown tremendously but there are still many people who don't have a bank account, and certainly the use of direct debits is fairly low. So the majority of our customers pay us on a monthly basis and for those who don't want to recharge every month we offer long duration packs – for example our 12 month Mega Pack and other semi-annual packs.

**What are your editorial priorities?**

India is a very large country with many languages, religions and

interests. One of the great challenges is looking at those many Indias. Core to our platform are the big Hindi GEC channels, Bollywood movie channels, a suite of sports channels – because the cricket rights are split up – leading news and general entertainment channels in all the major Indian languages. Kids are incredibly important too as India is a very young market. Then you have people who want to watch English movies and recent US and UK series. We have an international-minded audience and we offer international news channels like Al Jazeera, BBC World, Bloomberg, CNN - I think it is important that there are multiple voices heard in the provision of news.

We do spend a lot of time looking at the sizes of the various states and linguistic blocs and always try to make sure that we have the leading regional channels. In total there are over 820 channels licensed in India and that does present us with a challenge because unlike a local cable operator we are running a national footprint and have limited bandwidth and so we are constantly looking at how to present an offering that works both regionally and on a customer segmentation basis. Our ▶

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customers range from people who travel extensively and earn large amounts of money to others who potentially struggle to pay for our basic pack. Our mantra is that we want to have a disproportionately large share of the higher end of the market but we absolutely want to have our fair share of the mass market too.

None of the DTH companies has any exclusive channels as the channels themselves are under a 'must provide' provision to any platform who wants to take that channel. There are regulated wholesale prices at which you can take that channel as a platform. So content differentiation through pay-per-view, VOD, different ways in which you package content, those things become very important.

**How big is the demand for international channels?**

If you take the big international providers, Fox International Channels group is one and Discovery is another, Disney is here with its kids channels. And what the kids channels and the documentary-factual infotainment channels have done very well is use

“ Although ARPU and price points are much lower, expectations of customer service are very high ”

multiple audio tracks – that significantly helps grow their appeal. Research gets a little tricky as some 80% of the TAM panel households are cable households and of the remaining 20% only 90% of that is DTH.

Going forward, I think that the international channels group have an advantage in that they tend to own a wider range of rights for their programmes than some of the other channels. This is important for us as we have a VOD offering, we run a catch-up service, and as we start to think about what we are going to do for tablets and mobile and IP.

**What about DD Direct?**

The concept of Free-to-Air doesn't exist to nearly the same extent in India as it does for example in the UK. In terms of competition we know DD Direct is there, but we focus more on the other commercial DTH platforms - Airtel, DISH, Videocon, etc. It is impossible to tell how many boxes have been sold for watching DD Direct.

**Talk us through installation**

You can call one of our call centres, we have a network of local

distributors and they then in turn run a network of local installers. We can generally install in most parts of the country within four hours. What's important to understand is that although ARPU and price points are much lower, expectations of customer service are extremely high. Having a widely disbursed network of installers and distributors is extremely important. If your nearest recharge outlet is 10km from your home the probability of you recharging on time every month is going to be lower than if your nearest recharge outlet is 100m down the road.

**Are you leading with your STB?**

We do put a great deal of emphasis on things like picture quality, audio quality, the robustness of the set top box, the quality of the EPG - effectively the whole user experience. We are the only DTH platform offering VOD at the moment, we certainly lead the market in terms of pay-per-view buys versus the other DTH platforms.

The Tata brand is enormously well respected in India and that has significantly helped in terms of brand recognition and trust. For those people who have travelled abroad the Sky brand also has resonance. One of the attributes that we work hard at is being seen as technically innovative. And I think it is very important to be both a brand that serves high end customers but also works for people who are aspirational for example in terms of 'at some point I want an HD PVR'. We think of ourselves of being in the business of delivering entertainment and whilst there are differences between India and other markets, we look around, we see what other people do, how they use mobile technology for example.

**Is the second screen a reality?**

Are people watching a lot of video on phones and tablets – hard to tell exactly. Most people's mobile phones are used on a prepaid model so as a consequence of that handsets are not subsidised. In the office, in the street, it's more an Android market than an Apple





“ I think it is important there are multiple voices in news ”

market although Apple has a significant presence here. A lot of video is served up, and certainly India is showing significant growth in video consumption via IP. One of the issues is bandwidth availability and speeds.

**How is the Indian media market going to evolve?**

It will continue to be incredibly diverse. One of the big themes in India is digitalisation which has just been delayed. If digitalisation occurs - and we would be as a business very disappointed if it did not happen because at the moment there is not a level playing field between cable and DTH - then huge opportunities arise for us to continue to grow TV subscribers.

4G is coming soon, at the end of this year or beginning of next year. Let's see how bandwidth allocation happens in mobile. The majority of Internet growth will come via mobile technologies rather than wired Internet connections. If there is sufficient broadband speed one will see a lot more consumption of entertainment on mobile devices,

and I think potentially there is going to be a greater differentiation in terms of products and services that people offer, primarily based on income.

Sport is an interesting area to watch. Sony who have the IPL rights have launched a new sports channel, STAR recently purchased the BCCI rights from the Indian cricket board, and NewsCorp (STAR) announced that they are going to be buying Disney/ESPN out of their ESS Asian joint venture. Without doubt, sports other than cricket are becoming increasingly popular – football for example. As more sports become followed by larger audiences, it will be interesting to watch what works and how sports are actually broadcast.

**Where is Tata Sky heading?**

There is ample opportunity for expansion in India. The data that I have is that total TV households as a percentage of total households is around 62%, there are approximately 21m terrestrial households, 88m analogue cable households, and

DTH is around 32m. DTH penetration of the pay-TV environment is still only about 26%, so TV penetration has a way to go, and pay-TV penetration too.

We fire on a lot of cylinders. Continuing to push HD and HD PVRs is obviously important, HD provides us with an incremental revenue stream. VOD is increasingly important, we now have a wireless dongle that you can plug into your box which will help uptake because not everybody has a wired Internet connection or wants more wires trailing across the living room. And as and when we get more bandwidth that will allow us to expand our content offering and the ways in which we present content and entertainment to our subscribers.

One of the other things that is likely to happen is that as content producers recognise there are more routes to monetise that content, there is going to be a bit of a hiatus as everyone works out what's the difference between granting someone an IP right versus a mobile right, but over time these things will largely get resolved, and there will be greater clarity on windowing. And windowing again provides an opportunity to segment the demand curve. So for example on pay-per-view at the moment sometimes we get the Bollywood movies days prior to broadcast, sometimes we get them 4-5 weeks before broadcast, sometimes we get them after they have been broadcast on one of the main channels.

**What was the incentive for you to go to Tata Sky?**

I've long been fascinated by India and thought it would be a great challenge to work in an incredibly vibrant economy and be part of an industry that really is growing and changing, in a country where things can and do happen very quickly. I have met some fantastically smart people. Tata Sky is growing at a rate of knots that BSkyB and Sky Deutschland would love - we'd love their ARPU's but they would like our subscriber growth rate!

Nicola Bamford, thank you.

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