

## IDATE 2005

### Contents Industries & Broadband Economics

Record attendance and lively debates marked IDATE's International Conference held on 22, 23 and 24 November 2005 in Montpellier

- ❑ **Close to 1,200 delegates from the telecom, internet, audiovisual and video game industries** (a 20% increase).
- ❑ **Attended by internationally-renowned personalities and a line-up of speakers from around the globe.**
- ❑ **Opening day Seminars & Workshops one of the Conference's highlights, with debates over a range of topics: TV 2015, 3G mobile services, video games, very high-speed access...**
- ❑ **IDATE's International Conference further strengthens its reputation as a key annual event for Europe's ICT industry professionals.**

**Conference proceedings online at IDATE'S site: <http://conference.idate.org>**

Transcripts and Conference highlights are available at IDATE's website, including:

- **Presentation of the speeches** given at the seminars on 22 November, and at the plenary sessions on 23 & 24 November 2005,
- A selection of **video** footage on the website of our partner: [www.satellite-multimedia.com](http://www.satellite-multimedia.com)
- **Conference diary and video interviews** with the speakers, produced by our official partner: Telecommunications online;
- Conference **photo album**.

## IDATE 2005: outstanding conclusions

More than 1,200 people from over 30 countries took part in IDATE's three-day Conference in Montpellier last week. Even more than in previous years, this event stood out as *the place to be* to discuss the key issues facing the TV, internet and telecom sectors. Among the wide array of topics discussed in the various sessions and seminars, some of the most outstanding and recurring points included:

- Although broadband triple play bundles and mobile TV are getting a lot of attention, **the somewhat tense relationship between telcos and TV production companies** becomes tenser still when the issue of distribution arises. Telcos have no intention of buying the studios, but may want to design channel packages themselves, buying programmes directly for their VoD services...
- **VoD seems to be finally becoming a reality**, although nobody expects TV channels to disappear anytime soon: surveys show that viewers still want to access their regular channels, and the new platforms only create additional opportunities to watch them...
- Nevertheless, **the "TV 2015" seminar** – organised with the Media Club, and inspired by a recent IDATE study on the future of TV – pinpointed current elements that are fuelling the sector's transformation, including the internet's rising popularity, changes in TV viewing habits and advertisers' changing attitude in the face of TV's relative loss of efficiency as an advertising medium. This seminar also offered the chance to take another look at the positions being taken up by the sector's new entrants, with the expansion of the telco-TV channel relationship, and recent forays into TV by companies from the world of computing (Microsoft...) and internet heavyweights (AOL and Google, to name but two).
- The real concern, or claim, expressed by telcos is the substantial free cash flow they are generating. A number of speakers nevertheless pointed out that that operators had limited options for endowing their access services with value. The reality is that **the telecom services market's growth rate is declining steadily**. At best, growth is at around 0-1%, while mobile, which has been carrying the sector's growth for the past ten years, is losing steam. A recent IDATE study forecasts that average annual growth in Europe's leading markets will be around 4% up to 2010. Under these conditions, it seems logical that the industry's consolidation differential, which has set in on both sides of the Atlantic in recent months, will begin to slow down, even if we are far from having achieved a single European market.
- And, finally, on several occasions debates focused on **network regulations and the conditions for investing in very high-speed**, a situation that can be summed up by noting that, in the United States, recently loosened access regulations were tied to the virtual duopoly in the cable industry (or a situation of "2.5" competition, with half a point being attributed to wireless). Europe, in the meantime, with its "1.5" access market should be capable of sustaining stricter regulation. The question then (which is addressed extensively in the latest issue of IDATE's Communication & Strategies review, *"Dynamic solutions to policy failures,"* is to establish whether "1.5 regulation" can include certain flexibilities and incentives that would lead to the creation of a "2.5" competition.
- The **"very high-speed challenge"** seminar, organised in collaboration with FTTH Council Europe, offered reassurance on the maturity of FTTH/VDSL technologies, which are now being deployed in Asia and the US. Several examples of very high-speed deployments were given, and so helping to identify the drivers and obstacles associated with these technologies. Focus was on the role that governments could play: agnostic networks, actions to lower engineering costs... The service side of very high-speed was addressed as well, particularly with respect to IPTV.
- For its part, the **"Broadband for all"** seminar confirmed the key role played by local authorities in regional digital development, with potential investments over the next three years totalling more than 1.1 billion EUR, along with their current position as the chief driving force behind the geographical expansion of unbundling. In addition to the deployment of collection networks in their region, local authorities are now focused on very high-speed connection and delivery in their business districts and industrial zones and, for some of the most proactive like the city of Pau, providing FTTH for consumers.
- The **"4<sup>th</sup> International Video Game Forum"** provided a comprehensive round-up of the new deal that the sector is expecting for the coming years. All the players agree not only that mobile gaming has massive potential, but that time is needed to allow the technologies to be deployed, for take-up to develop and for business models to be more formalised. Next gen consoles are expected to be unveiled between November 2005 and late 2006. The Xbox 360 has made spectacular progress in its performance. The same will be true on rival machines. For publishers, these new devices mean

taking greater risks than in the past. Game development investments are rising, as are marketing costs and the price of acquiring licences. For designers, the challenge lies still and always in optimising production, both at the technical level and with respect to project management. They depend more than ever on the publishers. Projects undertaken by a single independent developer appear on the verge of extinction if their business model does not make the transition to one where the risks, and the revenues, are shared more evenly. Governments can provide the means to create a dynamic video game sector. The most outstanding case in point is the Quebec government's initiative begun in 1998. They implemented a creative support programme whereby they cover 37.5% of the development studios' salary expenditures. The impact was instantaneous, and Quebec is now home to 3,000 video game sector jobs, with investments since 1999 totalling 265 million EUR. The sector continues to consolidate, and product globalisation is fully entrenched. Having long lingered in the background when it came to video games, media conglomerates are now showing a keen interest in this sector which can create powerful content synergies.

- The first edition of the “**Mobile services: business models & strategies**” seminar, organised along with the UMTS Forum, was a time for presentations and discussions on new mobile services and the 3G economy. Mobile TV was one particular area of focus, evoking the services and trials now taking place in Europe (3G streaming and DVB-H trials) and in the United States (very first demonstration of the MediaFlo system in Europe). Focus too was on regulatory frameworks and on the stakes that the wireless spectrum represents – two major factors that will be shaping the mobile sector over the next five years.

## **IDATE 2006**

### **28<sup>th</sup> annual IDATE International Conference**

More than 1,000 delegates from over 30 countries:

*The event for Telecoms - Internet – Media industry professionals*

**Coming next year: 14-15-16 November 2006**

**Guest country: China**

- **Venue:** Le Corum, Montpellier (France)
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## About IDATE

IDATE is one of Europe's foremost study and consulting centres, specialised in analysis of the information and communication technologies industries, and offering the following services:

- **Consulting:** an operational consultancy: reports and expert missions.
- **DigiWorld:** Digital World Observatory. A singular tool for understanding and monitoring the telecom, internet and media sectors, the markets and the players' strategies: market reports, databases, strategic monitoring services.
- **Forum:** a prominent centre for debate: IDATE's annual International Conference, the COMMUNICATIONS & STRATEGIES review, the IDATE corporate Foundation, the ENCIP European research network...

Founded in 1977, IDATE is based in France (Montpellier). Under the guidance of our President, Mr. Francis Lorentz, and our General Manager, Mr. Yves Gassot, our centre employs a staff of over 60 people specialised in telecommunications, networks, the internet and the audiovisual industry. For over 25 years now, IDATE's International Conference has been a benchmark event for industry professionals working in information and communications technologies. It is one of Europe's largest conferences devoted to analysis, debate and forecasting.

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