

DIGITALEUROPE Policy Statement on Connected TV within the Global Media Value Chain

Brussels, 27 June 2016

Background and Introduction

Across Europe a number of initiatives have recently emerged relating to the implementation and development of new or additional features and functionality aimed at the horizontal Connected TV (CTV) market. Most of these initiatives and projects are being organised and managed at the national level and many of them raise very similar issues and questions.

DIGITALEUROPE has therefore consolidated some common themes so that a harmonised CE manufacturer view can be presented across Europe for the benefit of all constituencies, not the least that of the consumer.

Global Industry Context

Consumer purchase prices of televisions has consistently declined over the last 20 years. This partly driven by economies of scale, thanks to globalisation of platform engineering and production. Therefore it is clear that individual territories cannot operate as purely separate and unique entities, especially in the field of setting technology standards and platform specifications.

Both TV user experience and content distribution landscape are changing more and more, bringing new and diverse services to the market and increasing options for delivering and consuming entertainment. Hence the CTV platform user interfaces also need to be able to adapt to this dynamic environment, to provide consumers with relevant and optimal choices of local and global content.

Manufacturers acknowledge that good progress has been made in Europe toward increased harmonisation, particularly in Italy and UK with their planned migrations to the HbbTV standard. However much still remains to be done: For example device manufacturers suffer from unnecessary complexity for delivering public service broadcaster (PSB) content to viewers and listeners across unnecessarily diverse DVB-T, C and S platforms.

We are also now in a situation where across Europe digital switchover (DSO) is essentially complete and core¹ digital television functionality and interoperability has successfully been delivered to the market. We are entering a phase where “new” functionality is essentially “added value” which may not be appropriate for all devices in all circumstances. Many of these features can be extremely complicated to implement, thus costly for the manufacturer to develop, implement and certify.

¹ By Core Digital TV we mean Digital Video, Stereo Audio (including AD), Subtitles and for CTVs also basic catch-up type services, including both FTA and PayTV; in essence the basic consumer expectation of a DTV.

Sometimes the purpose of the new functionality is to enable significant revenues through data driven marketing and greater integration with the digital economy. It is extremely unlikely that CTV manufacturers will be able to recover their costs and receive their fair share of the revenues from such features from only the purchase revenues of such devices. Normal consumer buying behaviour will essentially remain driven by traditional core TV features such as Picture Quality, Price, Screen Size, Brand Reputation, Aesthetic Design, etc. In order to be economically viable it will be necessary for manufacturers to participate in the on-going revenue chain associated with such new features.

The “Bi-Lateral” Trend

A new trend is starting to emerge in the development of technical specifications whereby some features may not be enabled unless there is a mutually acceptable bi-lateral agreement between all the relevant players and partners within the value chain. DIGITALEUROPE expects this phenomenon to continue to grow over time.

It must however be clear that it is not the role of DIGITALEUROPE or the Standards Development Organisations (SDO)² to be involved in a bi-lateral arrangement in any manner. Manufacturers must have the choice to make such features freely available at their own discretion, rather than being a requirement to follow the mandatory statements of a given specification or compliance regime.

Compliance Requirements

DIGITALEUROPE does not support heavy touch compliance frameworks for market devices and does not perceive that any of the issues raised in this paper would necessitate regulation or intervention. Some non-manufacturer participants in the value chain have acknowledged and accepted many of these notions and are moving in a mutually acceptable direction.

The needs of broadcasters and network operators must be set within the context of global digital device design with the associated standards and specifications. Overall device compliance requirements must be light touch and not prescribe how CE manufacturers design their UIs, which advanced features must be included, nor excessively define performance capability. Globally oriented CTVs are increasingly offering and delivering pan-European and international content and services. As such, it is no longer appropriate to artificially restrict, ring-fence, or prescribe how (local) services and content are supplied to the consumer.

As a consequence of advanced feature development, it is also not appropriate that compliance and certification requirements would be designed with a one-size-fits-all approach. Whilst that was possibly a valid approach for core DTV, it will no longer be appropriate to require that all CTVs include all possible (advanced) features. Consumers expect a myriad of capabilities in their devices and manufacturers must be free to design products accordingly. Market fragmentation is not a risk since they remain committed to implement such features in an open and standardised manner.

Furthermore, for both core features and those subject to bi-lateral agreements, it remains important that common solutions are used across markets and operators. The need to avoid increased costs would be a natural market prevention against fragmentation, for all technologies and especially for features with costly development

²Such as ETSI, CENELEC or DVB.

costs and long lead times due to hardware dependency. “Toolbox” specifications, for example on audio and video formats and application security, would in contrast be unhelpful and damaging to the market.

Guiding Principles

Rather than drawing up an exhaustive or definitive list on features, DIGITALEUROPE proposes the following principles as guidance for the scope of bi-lateral agreements:

- Manufacturers must not be expected to develop and implement advanced features without concrete assurance that services will utilise such features.
- Where advanced features are being used to generate additional revenues on top of the core DTV offering, then fair and appropriate on-going remuneration will be due.
- Consumer usage data and personalisation or profiling needs to fully comply with data protection rules (e.g. on fair processing, consent, etc.).
- No responsibility in regards to data protection compliance can be simply transferred to manufacturers when broadcasters launch new services.
- Provision and exchange of data will be subject to commercial or bi-lateral agreement.
- Example features of an agreement include:
 - Synchronised adverts on companion screens
 - Commercial exploitation of personalized usage data
 - Targeted and Programmatic real-time advertising
 - User recommendations

Connected Application Management

DIGITALEUROPE acknowledges that it is very important that popular and sought after PSB content in particular is invariably surfaced to the consumer as easily as possible and that search tools are user-friendly, efficient and meet the needs of the consumer. We support continued universal access to core PSB channels on all the established main broadcasting platforms and remain committed to preserving the values of broadcasting content integrity, including recognising and not obfuscating content ownership and attribution.

That said, manufacturers are concerned that it could be seen as an anti-competitive practice should content providers deny access to content and global services if requirements for display and prominence are not met. Explicit prominence rules for devices should not be mandated from a Trademark Licensor or compliance basis.

Collaboration & Communication

DIGITALEUROPE stresses its commitment to a collaborative approach with all other parties in the value chain and encourages on-going dialogue between all parties. However we strongly encourage local and national organisations not to act in isolation from the rest of the European context and to refrain from any unnecessary specification of local variations. DIGITALEUROPE advocates instead where necessary the use of “local best practices” or “guidelines” rather than prescriptive exceptions.

By working together in such a collaborative manner, DIGITALEUROPE believes we will collectively deliver the best possible consumer experience, in an environment where all parties receive a fair recompense for the effort and value that they have added to the equation.

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ABOUT DIGITALEUROPE

DIGITALEUROPE represents the digital technology industry in Europe. Our members include some of the world's largest IT, telecoms and consumer electronics companies and national associations from every part of Europe. DIGITALEUROPE wants European businesses and citizens to benefit fully from digital technologies and for Europe to grow, attract and sustain the world's best digital technology companies.

DIGITALEUROPE ensures industry participation in the development and implementation of EU policies. DIGITALEUROPE's members include 62 corporate members and 37 national trade associations from across Europe. Our website provides further information on our recent news and activities: <http://www.digitaleurope.org>

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National Trade Associations

Austria: IOÖ	Germany: BITKOM, ZVEI	Slovakia: ITAS
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Cyprus: CITEA	Italy: ANITEC	IT&Telekomföretagen
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Estonia: ITL	Netherlands: Nederland ICT, FIAR	Turkey: Digital Turkey Platform, ECID
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