

REBOOTING THE CABLE, SATELLITE & BROADBAND BUSINESS

The impact of the Covid 19 pandemic has been severe across the satellite, cable and broadband industry. But at this critical juncture the network of 1000 MSOs and more than 50,000 Local Cable Operators, supporting over 500 satellite channels have ensured that



the consumers have been able to get to watch their favourite channels.

Satellite & Cable TV Magazine reached out to some of the leading players in the satellite, cable and broadband business to get their views on the impact of Covid-19 and how to reboot the business for the future.

INTERVIEW WITH DEVCHAND HARIA, MANAGING DIRECTOR OF OPTILINK NETWORKS PVT. LTD.

Optilink Networks Pvt. Ltd., India is a leading company which provides IP, FTTH/FTTx solutions and IPTV technology expertise. Devchand Haria, Managing Director of Optilink Networks gives an insight on the impact of Covid -19 pandemic on the business and the way forward.

With the Covid-19 outbreak followed by the nationwide lockdown, businesses are facing a major slump, no matter how established they are. The total Indian economy is impacted & all business sectors are hit by it. Our Cable & Broadband industry too has been affected. Let us look at the current scenario during the lockdown and how it may open up after the lockdown is lifted.

CURRENT SCENARIO DURING LOCKDOWN

Before the Covid-19 outbreak, the fixed broadband network was growing at a slower pace because of the cheap mobile bandwidth available. Due to the aggressive play by the telcos, which started giving the fast 4G connectivity at low rates, the growth of fixed broadband network had stagnated.

From the day the lockdown was announced on 25 March, offices were closed. "Work from Home" became the new buzzword for the business community. Remote online login, video conference apps like Zoom, online education for children in



DEVCHAND HARIA



FOCUS STORY

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schools and universities emerged as the basic requirements for all. Also online streaming services like Amazon Prime, Netflix have increased the broadband data requirements for all homes. This resulted in a surge in data usage and requirement for high speed internet. Since fixed broadband network could provide higher speeds and stable data networks, there was a surge in the subscribers asking for new connections and higher bandwidth and data.

Since broadband, telecom and cable TV services were declared as essential services, this industry was one of the few industries who could manage to continue business. To cater to new connectivities the internet service providers (ISPs) required the FTTH hardware. But due to the lockdown the hardware manufacturers and dealers were not working and also the transport services were closed. The movement of the installation staff was restricted as they could not enter the buildings or the homes. So the service providers could not take full advantage of the sudden surge for the connectivity except in some areas.

Similar to the internet service providers ISPs, the cable networks and industry have been working to provide the wide range of channels to keep all connected, entertained and informed at home during the lockdown. Though fresh content is not available and the old programs are being telecast, the viewership has increased substantially. Also there is a surge in the number of connectivities for cable TV. But Cable TV operators also faced similar problems like the ISPs of lack of hardware and accessibility to homes. Also cable operators who had digital mode of payments active could make the monthly collections easily while others struggled to get their monthly cable rents.

For the hardware manufacturers and the suppliers, the business has been totally impacted like all other business sectors. Though Internet and Cable services were considered as essential services, the hardware manufacturers and suppliers were not allowed to keep their businesses open. Because of the lockdown the hardware industry has seen very low revenue generation due to the halt on the sales of product.

AFTER LOCKDOWN

The cable and broadband service industry has remained more or less unscathed from the pandemic and the resultant lockdown. But the hardware industry has suffered like every other sector due to complete shutdown of factories and unavailability of labour and transport. They can only be restored once the lockdown is lifted and normal transport services are restored back. In the current lockdown 4 we are slowly seeing it happening now. We are currently in the lockdown 4 and we are still seeing a steep rise in the number of Corona cases. So when the lockdown is lifted slowly in phases, the cases are still going to rise and India expects to see the peak of the pandemic in June or July. It will be a very difficult blow as government wants to restart the economy now even when the pandemic is not under control. So this industry will also be pushed down and see slow growth rate in the next 4~6 months even after the lockdown completely lifted.

But the good news is that the broadband and cable industry would be one of the first to come out of the crisis and move on the growth path. The requirement for the data, speed & entertainment will grow further and give a boost to this industry. The FTTH business will get a new thrust and will boom once the pandemic reaches its end or a vaccine or medical cure is found.

GOVERNMENT SUPPORT REQUIRED

The government has to support this industry by easing taxes and levies and relaxing costs on financial aids to ease the burden on the service sector and the manufacturing sector. This industry is a capital intensive industry and requires huge investments in infrastructure for setting up the fibre networks and high speed data networks.

Though government wants to push up the digital culture, it has always loaded this sector with huge taxes and duties. The telecom industry was already in doldrums before the pandemic due to the AGR issue and still needs to come out of it. The fixed broadband industry requires FTTH access equipments like PON and Ethernet switches to lay down the last mile. Government looks into the FTTH access network equipments same as the core networks equipments used by the telcos and tries to levy higher duties on it and making the hardware more expensive and increasing the investments for the service providers. Government has to look seriously to reduce the taxes and levies to make the industry stable and grow fast. The growth of this industry will ensure the growth of the digital culture in India and definitely help other industrial sectors to grow quickly. ■

INTERVIEW WITH N.K. ROUSE, COO OF INDUSIND MEDIA & COMMUNICATIONS LTD

IndusInd Media & Communications Ltd is a subsidiary of Hinduja Ventures Limited and one of India's largest integrated media companies (IMCL). IMCL is one of the largest multi system operators in the country. Hinduja Group's NXT DIGITAL is India's premier digital television services provider which is based on the revolutionary Headend-in-the-Sky or HITS platform. NXT DIGITAL combines the benefits of cable and DTH technologies to provide a world class TV viewing experience.

N.K. Rouse, COO of IndusInd Media & Communications Ltd spoke to Satellite & Cable TV Magazine in an exclusive interview of the Covid-19 impact on the business and how to kick-start the business for the future.

Q: *The impact of the Corona Virus lockdown has been severe across the board. More so when we look at the implications on the cable, satellite and the broadband business. How do you look at this whole scenario?*

Ans: We always believed that the future of this business will be driven by technology and technology can only be as successful as its reliability in terms of system and processes. So, one of the key focus area for us was to proactively put in place a Business Continuity Plan (BCP) which could ensure that the business goes on seamlessly even amidst this Covid-19 pandemic. Hence we had put in place a very well planned BCP much before the pandemic set in. The plan was implemented in 3 levels, namely L1, L2 and L3 with low, moderate and high degree of restrictions, in line with government guidelines, depending on prevailing pandemic situation. This helped us tremendously.

Another mantra that we strongly believe in is INNOVATION. You must constantly keep innovating. There is no other rule book in this business for success other than innovation. Everyone must innovate to stay ahead of the curve.

The challenge is on revenue and margins. Revenues are going to be hit, but margins will be hit harder. The only way to do that is to substantiate the margins, by building layers. So, you have a cable TV layer and you build broadband and offer OTT with it; not your own OTT but partnering with someone to offer it as a hybrid product. You build a digital payment App to ensure smooth and safe collection. So, you build a stack of useful products to deal with current situation. It is going to be tough and challenging in the coming days. But as they say, this could be the storm before the calm.

Q: *How soon do you think the business can bounce back from this impact and attempt to make a recovery?*

Ans: I think as long as the subscribers are taken care of and we are able to constantly innovate to stay ahead of the curve, the journey would be smoother. For e.g., the Broadcasters have developed a portal for uploading reports, downloading reports. So, I think, the business model of being digital is already coming into play, I think we have to take it to the next level. We have already



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“Currently this industry is witnessing quite a few challenges which are in turn slowing down the growth process. The biggest challenge comes from the OTT platform which currently has almost no regulations. Some of the OTT apps are even showing content of pay channel absolutely free of cost. Some kind of relevant regulations may be required to be put in place to create a level playing field for all”

emphasised and reinforced Digital/Online collection tool for our LCOs and the subscribers. I think, that is what we are working on for the next 3 months.

Our main endeavour is to focus on few fundamental aspects like adhering to the government guidelines, putting the well-being of all our stakeholder as the top-most priority and serving the subscribers seamlessly. As long as we follow these aspects religiously, we are quite positive that we will be able to make a sound recovery.

Q: How can the government support this sector in a larger way?

Ans: With this kind of unprecedented on-going Pandemic situation, it is imperative that government comes forward with some concrete support to re-energise this industry.

Firstly, a due consideration to bring down the GST partially may be a significant help to all the players in the industry.

Secondly, this may be an apt time to implement the much-awaited recommendations on “Infrastructure sharing” which could ease the cost burden for many DPOs resulting in consolidation and expansion of the business.

Another critical aspect is to promote Online/Digital payment amongst end consumers. This is absolutely necessary, especially in current situation, to ensure contact less payment collection. A major impetus towards this would be to reduce the charges on online payment of cable TV subscription fees.

Last but not least, we ought to work out a structured and uniform policy on “Grant of right to way” so as to enable the LCOs to smoothly establish the last mile connectivity across all cities of India. A “Common Duct approach” could be a probable solution in this direction. Prompt intervention from Government towards this aspect may lead to operational excellence.

Q: What are the other bottlenecks which hinder the growth in the cable, satellite and broadband industry?

Ans: Currently this industry is witnessing quite a few challenges which are in turn slowing down the growth process. The biggest challenge comes from the OTT platform which currently has almost no regulations. Some of the OTT apps are even showing content of pay channel absolutely free of cost. Some kind of relevant regulations may be required to be put in place to create a level playing field for all. Another significant challenge remains the Right of Way for Local Cable Operators to upgrading their Networks with Fibre. The huge investment required for upgrading the last mile with fibre for FTTH which is critical for growing the business is another challenge for the Local Cable Operators. This FTTH piece must be addressed in order to realize our dream of Digital India.

The other long drawn pain area has been the high custom duty on Set Top Boxes which, if not addressed, may become a hindrance, especially in the price sensitive markets. ■



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INTERVIEW WITH AMIT BINDROO, CEO OF INVAS TECHNOLOGIES

INVAS Technologies is a leading company offering telecom test equipment and value added services in India, Nepal, Bangladesh and Sri Lanka. Amit Bindroo, CEO of INVAS Technologies speaks on the impact of Covid-19 on the business and the how the future looks like in an exclusive interview.



Q *The impact of the Corona Virus lockdown has been severe across the board. More so when we look at the implications on the cable, satellite and the broadband business. How do you look at this whole scenario?*



AMIT BINDROO

Ans: Thanks to the Indian Government for classifying the internet and cable TV under ‘essential services’ during the Corona Virus lockdown. As a matter of fact a lot of corporate giants and MSMEs have tried to imply (WFH: Work From Home Policy) considering ongoing Lockdown scenario. This has impacted the overall surge in internet traffic in all cities making it rise up to 30%, as compared with a normal traffic for all households. Eventually new connections also being sought for Optical Fibre based internet connections so as to continue their business through Video call sessions from Zoom, Microsoft Teams etc... Most of the tech companies management kept their pace to keep the business growing in terms of knowledge improvement, trainings and providing customer support.

Overall if one looks at the worldwide analysis and claims and if they are to be believed, then the virus is here to stay longer than expected. In our view in India, every house needs an average of 1GE connection to meet present and future requirements.

Also Cable TV (MSOs, LCOs) are facing tough competition from Web-based media. Despite this it has still managed to provide major entertainment to every house hold and all cable operators have ensured easy availability of channels possible and provided good service to their customers. The Govt came to their rescue in providing them essential passes to maintain their services and network.

Q *How soon do you think the business can bounce back from this impact and attempt to make a recovery?*

Ans: In our view now every industry is looking at online and digital services support to their customers to avoid human one to one meetings. Here in continuity of last two months we see a huge demand for Internet and Cable TV with higher bandwidth supports in coming days.

As per a lot of studies the industry should rise by 40% approximately to meet the requirement of demand from various sectors. Now it becomes the responsibility of ISPs / MSOs/ LCOs to make sure that the customers do not leave because of poor service or lack of quality. To overcome this service provider has to use better tools like 10G Networks as backend and use test and measurement equipment and improve capacity and replace faulty line and clear bottlenecks to provide quality service in no time.

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FOCUS STORY

“If 5G comes to every household, then it is recommended that every MSOs/LCOs must move to mini datacenter concept supported at their back end to provide enhanced services and new technologies like IoT and machine control device with AI (Artificial Intelligence).”

Q. How can the government support this sector in a larger way?

Ans: Indian government is focused on Digital India movement and current Covid-19 situation has shown a path to everyone that country’s progress is dependent on internet services and support services. Government should further extend support to MSOs/LCOs/ISPs in providing ‘low interest bank loan support’ to invest in enhancing network equipment and machinery capacity for provision of Internet and Cable TV of higher rates and quality network connections.

Q. What are the other bottlenecks which hinder the growth in the cable, satellite and broadband industry?

Ans: Unless MSOs/LCOs scale up their network to give best user experience to their customers in terms of good bandwidth and uninterrupted internet TV connection, they cannot retain the customer base as options are many in present market for a customer to change in a jiffy.

Due to Lockdown many MSOs / LCOs are facing lack of on ground manpower because a lot of people have moved back to their hometowns. This has made it little difficult for the companies to address the increasing number of network requests. Currently for MSOs /LCOs the Investment they put towards network and the revenues they get from market are not in good proportions. Currently industry is suffering with low margins and is unable to sustain as ROI (Return on Investment) is very low.

This is due to heavy competition and large companies are putting their resource heavily and even are acquiring mid-sized and existing companies to increase their market share. Due to this the number of MSOs/LCOs will shrink and their market share will fall and they will have poor ROI.

If 5G comes to every household, then it is recommended that every MSOs/LCOs must move to mini datacenter concept supported at their back end to provide enhanced services and new technologies like IoT and machine control device with AI (Artificial Intelligence).

MSOs/LCOs should shift their focus and make sure that the teams are equipped with smart solutions for and simplifying complex routines. Improve all phases of your service delivery chain (Development, deployment, maintenance and Troubleshooting) to deliver the high quality of experience to the subscribers. Our company will always be in the forefront to guide and provide solutions which will in-turn improve the ROI. ■



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INTERVIEW WITH JIGNEISH MEHTA , FOUNDER & OWNER OF MEHTA INFOCOM PVT. LTD.

Mehta Infocom is a Distributor and Value Added Reseller with a vast experience in System Integration, providing a single window solution for Digital Addressable System (DAS), CATV, HFC Telecom and Broadband Networks . They provide a complete range of Fibre Optic Components, Equipments, Accessories, Instruments, Tools & Services for Telecom, CATV, MSOs, LCOs, ISPs, Networking, Basic service providers, Cellular service providers, Contractors and Manufacturers. Jigneish Mehta, Founder & Owner of Mehta Infocom Pvt. Ltd shares his insights on the impact of the Corona pandemic on the business and way forward.

The time for the industry, nation and the world is very tough and challenging. Almost all the industries and part of the population is affected physically, psychologically or financially. This may continue for months. To be honest, I am least bothered about the growth of the business as of now. Survival is the most important aspect today. To survive and to help people associated with the organisation for survival is a prime concern.

Our Products and Services fall under Essential Guidelines which makes it easy for us to bounce back soon. After 'Roti', 'Healthcare' and 'Pharma Industries', we are next in the queue: Cable, Satellite and Broadband Industry. The Government should support our Industry by lowering Import Duties and offer GST concessions and relaxations.

Positivity, Precaution, Patience, Perseverance and Hope is the Mantra to fight against Corona. ■



JIGNEISH MEHTA

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