ITU/IDA ICT Regulators' Leadership Retreat

*Preparing for tomorrow:
regulation in a data-driven connected world*

Session 2:
Over-the-top (OTT) services: business trends and regulatory issues

Mira Burri
University of Bern

What are OTTs?

Is it a bird, is it a plane ...?

OTT services: a miscellaneous category

- catch-all term for all video/audio delivery services provided over the Internet, without the intervention of the network operator

- different types of content offered, different business models

- **defining characteritics:**
- dependence on traffic; quality of service essential
- direct link with the user

service	primary content	primary business model(s)
iTunes	broadcast and cable programmes; movies	pay to download/rent
Amazon	broadcast and cable programmes; movies	subscription; pay to download
Netflix	broadcast and cable programmes; movies	subscription
Hulu	NBC, ABC and Fox TV series; some cable content/web-only video	advertising; subscribtion (Hulu plus)
CBS interactive	CBS broadcast programmes	advertising
Viacom Digital	Viacom cable networks (MTV, comedy central, Nickelodeon, etc)	advertising or MVPD authentification
Crackle	Sony-owned movie and TV content	advertising
Comcast Xfinity (and other major cable operators)	broadcast and cable programmes; movies	MVPD authentification
Verizon FiOS (an other telcos)	broadcast and cable programmes; movies	MVPD authentification
HBO Go	HBO series and licensed movies	authentification of HBO subscription
TNT	TNT television programming	MVPD authentification
USA	USA television programming	MVPD authentification or advertising

Sherman e al. 2014

OTT services: evolution in time

- technologically enabled change

- no significant players until 2005

- despite recent growth, comparatively small market share (e.g. average adult in 2014 watched 40 hours of traditional and time-shifted TV per week vs. 60 min of watching video on the Internet; Nielsen, 2014)

- markets still not mature, still in flux

- yet, leading firms have already emerged

OTT services: challenges down the road

- competition from multichannel video programming distributors (MVPDs) and potential development of large scale aggregation of online entertainment suppliers
- windows and programming exclusivity: willingness of content suppliers to grant online distribution rights
- development of effective online business models, particularly video advertising
- ISPs, regulation and pricing

Netflix value chain / traffic controversies

content providers

CDN

user / device / local network
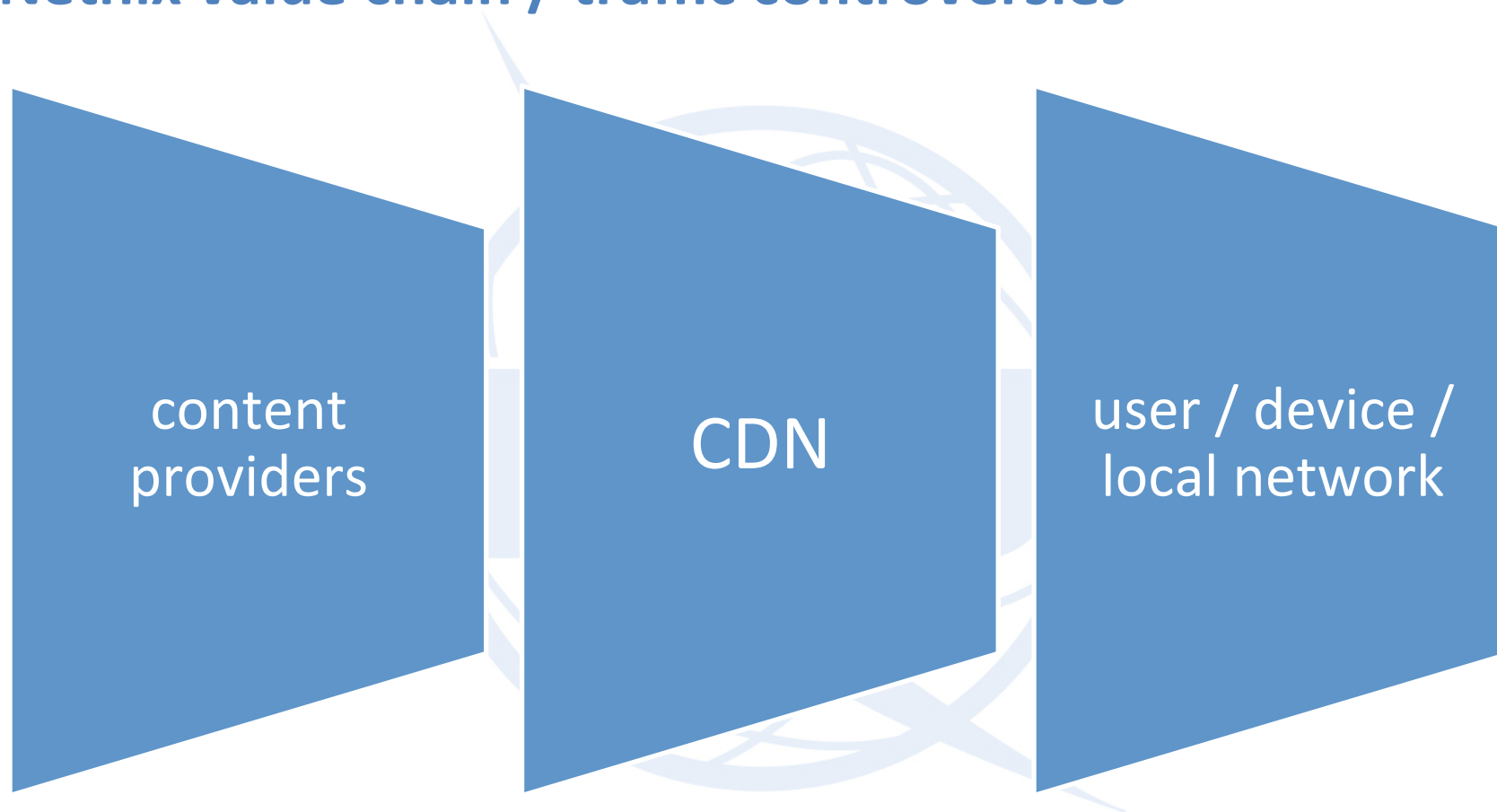
Policy issues and the quest for appropriate regulatory toolbox

legacy vs. new regulation / tailored vs. universal framework

- treating equal things equally
- avoiding discrimination and technological bias
- levelling the playing field while not stifling innovation
- catering for key public interests that have underlied both media and telecommunication regulation (universal access, privacy and free speech, IPRs protection, etc).
- anticipating change: technology as the problem and the solution

- net neutrality as a core regulatory stance

new specific rules

The FCC proposes granting program access and retransmission consent rights to OTT providers of linear video programming (i.e. scheduled programs, like those carried on cable channels or aired by broadcast television stations) by expanding the FCC's definition of "multichannel video programming distributors", which are entitled to such rights under the FCC's existing rules

OTT providers of non-linear video programming (i.e. non-scheduled or on-demand programs, like those currently offered by Amazon Prime, Google Play or Netflix) would not have such rights

thank you for your attention !
contact: mira.burri@wti.org