



**HANSEN**  
INSIGHTS

## **Pay-TV Operators**

Driving Digital Transformation  
through New Technology

# Driving Digital Transformation through New Technology

## A New Environment

### Digital Disruption

Having transformed the print media and music industries, digital disruption is now rapidly sweeping through the Pay-TV industry in a comparable manner. Traditional video distribution models are being left outdated.

### Digital User Experience

Individuals throughout the world are consuming more video content than ever before. These individuals or digital natives now expect a digital user experience. They expect the acts of purchasing, onboarding and engaging with products and services to be seamless, personalised and accessible to them anytime, anywhere and on any device. Long gone are the days when operators could operate solely in a transactional manner, providing a service and billing once a month.

### Legacy systems struggle to keep up

Shifting to this digital or 'customer centric' strategy, proves quite the challenge for traditional Pay-TV operators. Operators of traditional business models are struggling to find an approach to take their legacy systems and processes to deliver this on-demand, online, real time digital user experience.

US Pay-TV market lost 655,000 subscribers in the traditionally weak second quarter, with overall net losses slightly lower than in last year's second quarter. *Leichtman Research Group*

As competition increases and OTT (Over-The-Top) entrants continue to attack at traditional Pay-TV subscriber bases, Pay-TV operators understand that today's customer has shown a willingness not only to shop around, but to vote with their wallet on the service provider with the best experience. The largest Pay-TV providers in the US, representing about 95% of the market, lost about 655,000 net video subscribers in 2Q 2017, compared to a loss of about 715,000 subscribers in 2Q 2016.

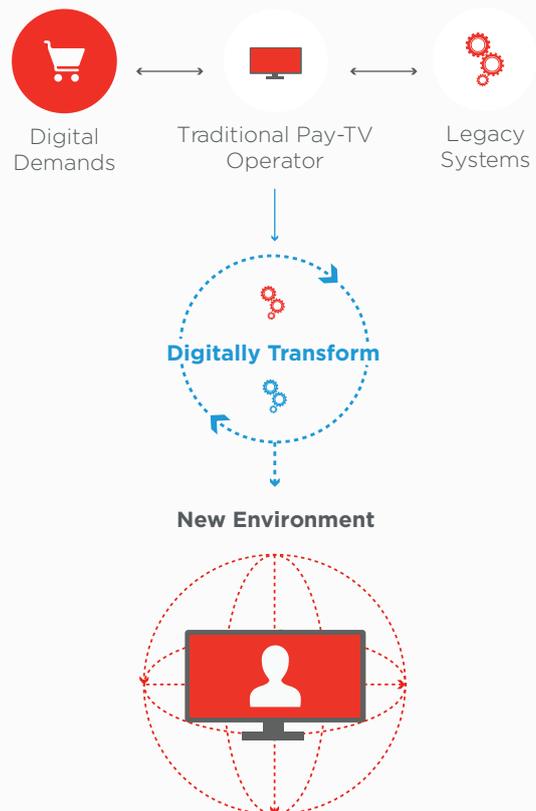
How does a traditional Pay-TV operator provide this competitive digital user experience in order to survive in this rapidly changing environment?

## The Challenge: Technology

For most traditional Pay-TV operators trying to adapt to the change, the biggest challenge is technology. Most are hindered by legacy system platforms and technical capabilities, struggling to meet the digital demands necessary to exist in this new environment. It's not just any environment, but a fast-moving, rapidly evolving habitat. Digitally enabled capabilities such as configurability, the speed to market of new functionalities and services; such as OTT, multi-screen offerings and multiple billing models, are critical to success.

Pay-TV operators have a strong advantage in the content they distribute and produce. However if they are to stay relevant to this new digital user, they must digitally transform, embracing technology and the system platforms that allow them to offer these additional services. Only then can they stay relevant to this new type of customer, maintaining, if not growing their position in the market.

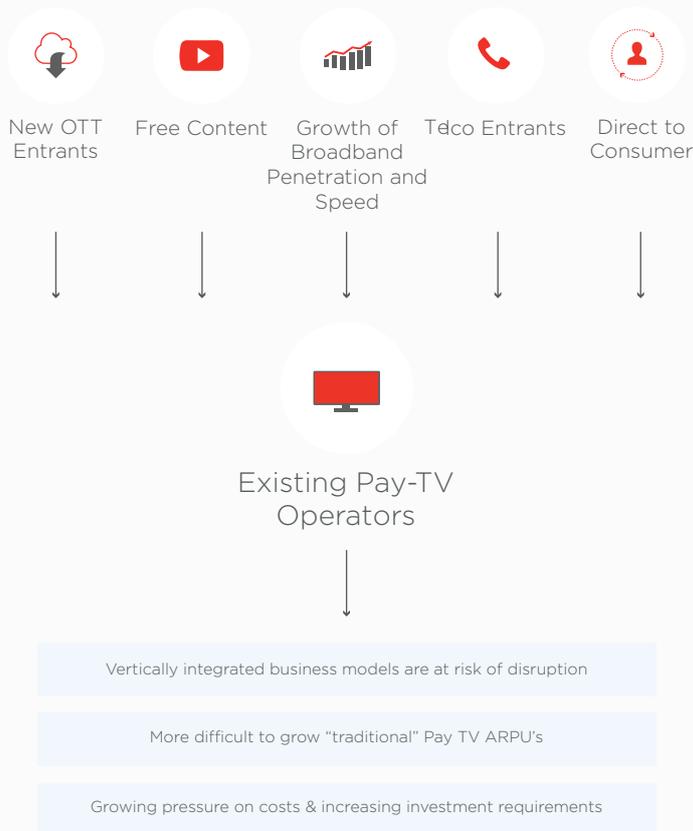
"Digital" means the broad range of technologies and applications that enable more efficient automation, better decision making, stronger connectivity with customers and more data-driven innovations. These technologies, together with business process redesign, make possible a new way of working that can fundamentally transform a Pay TV operator.



# Driving Digital Transformation through New Technology

## The Challenge: Divergence

The Pay Media landscape is diverging and creating challenges for traditional players in the market. Growth of broadband penetration and speed is increasing the number of players, increasing their competence, and encouraging players to innovate in order to create competitive advantages. These include: offering new services, reducing of costs, improving customer care, and introducing new business models.



## The Solution

Overcoming this disruption and shifting to a digital 'customer centric' strategy, requires a Pay-TV operator to look at and evaluate their Business Support Systems (BSS), specifically their subscriber management and billing systems. The question that needs to be asked is, do these systems give an operator the capabilities necessary to offer digital products and services in order to cater for these new digital demands?

In order to do so the subscriber management and billing system must support an agile environment, flexible billing models, third-party integration and data management capabilities in order to build this digital foundation.

## Agile Environment

With an OTT product offering, the delivery model moves from a walled garden, where the operator owns or subsidises the equipment, to Open standards where the customer brings their own devices. As a consequence, this makes it a lot easier for customers to switch between providers, therefore the operator must be more agile. For a billing system this means a focus on quickly bringing products to the market and allowing flexible packaging, pricing and introduction offers.

A billing system must easily allow for any number of product and pricing combinations which is critical when launching new products and services such as OTT or multi-screen offerings. Pay-TV operators that can centralise their core operations such as billing on a highly agile system enables fast delivery cycles and smooth deployment.

## Flexible Billing Models

For Pay-TV operators today, making money is no longer a simple process of selling subscriptions and advertising, where delivering content is no longer a sole direct route. Pay-TV operators must be able to work across multiple distribution channels (a broadband delivery mechanism is critical) as well as different types of billing models, including post, prepaid and beyond.

Offering services such as OTT, moves a Pay-TV operator towards Open standards far from their typical Walled gardens. Not having to provide CPE's lowers the customer acquisition cost and consequently allows for more creative prepaid models. As a result the ability to build solutions based on operators specific needs is enhanced and at the same time implementation risks and costs are reduced.

Digitally transformed Pay-TV operators now offer short-term subscriptions (for example, day based instead of monthly, weekend only subscriptions), VOD, seasonal and event subscriptions (such as the NFL, EPL or even Dancing with the Stars). This allow Pay-TV operators to dip their toes into new streams of revenue whilst providing flexibility.

All of these types of distribution channels and billing models require highly efficient and integrated billing systems. To allow a Pay-TV operator to digitally transform, a flexible billing system that allows for a combinations of billing models; at the individual level, is key. For example, different subscribers in the same household may consume video content through different distribution channels and may pay for this content either post or prepaid.

# Driving Digital Transformation through New Technology

## Flexible Billing Models cont.

Furthermore, one subscriber could have multiple billing models tied to different products. This functionality needs to be a part of the core billing system, allowing operators to quickly initiate and run different distribution channels and billing models.

## Third Party Integration

Having the capability to develop strong and efficient integrations with multiple Conditional Access and DRM systems, is essential for today's Pay-TV Operators. To do this, the billing system must allow Conditional Access interfaces to coexist in a single setup to ensure simulcrypt operations. Hence, it is vital that the billing system has a strong integration framework, allowing quickly created inbound and outbound communications with the external systems.

As Pay-TV operators increasingly engage with partners, partner integration and management becomes more important. Pay-TV operators may engage with partners to help provide additional services, such as OTT, allowing them address current and future market needs.

Operators must have a clear understanding of their core offerings, business models and if their billing system possesses the capabilities necessary to build a digital foundation.

To do this, Pay-TV operators require a highly configurable billing system that does not require development efforts every time they want to launch a new service. OTT products have characteristics and rules unlike traditional Pay-TV, whereby the product can be setup by a business analyst in hours instead of weeks or months of development.

Furthermore, when offering OTT, the first interaction a customer has with a Pay-TV operator is almost always via the internet. For an operator this requires a rethinking of customer service or "self-service".

This "self-service" means that the billing system must have flexible APIs to allow an operator to customise

their web services. To enable a smooth and seamless experience for the end user, the billing system must allow this shift in focus. For example, if a step in the OTT sign up process requires a check with an external system for authorization, the flow should be effortlessly and quickly added to create a single cohesive process.

## Data Management

In the age of data, it is crucial for any system to collect, store and analyze the information from customers including their behavior. Pay-TV operators that exist in today's environment; through their core billing systems, must have the ability to capture data and manage that data to create value for their business. That is, using that data to perform predictive and drill-down analysis to monitor and analyse key performance indicators, consequently making appropriate strategic decisions for the business.

Unlike traditional Pay-TV, offering OTT opens the possibility for operators to know viewer habits - something that was not possible through typical distribution models, specifically one-way models like DTT and DTH. Possessing this viewing data is a great asset, but what's even more powerful is if this can be combined with customer's product and billing data. Having this capability allows an operator to spot trends which as a result can increase workflow efficiency, improve service performance, enhance customer satisfaction and reduce operating expenses.

To do this, an operator's billing system needs to be able to provide a data warehouse which allows the billing data to be used in combination with the data from external sources such as viewing data.

## In Summary

Media is becoming a digital game, and data and technology are setting many of the new rules. Running a Pay-TV business in today's fast-changing environment presents a unique set of challenges and the horizon for predicting market and consumer trends with any certainty becomes shorter each year.

For any Pay-TV industry player, adapting to this new digital environment is essential and it is no small pill to swallow. Pay-TV operators who are not quick enough or who deploy the wrong choice of billing system will see themselves unable to manage growth or respond to competitive threats, finding themselves left behind or more significantly will not survive the transformation.

# Driving Digital Transformation through New Technology

## ICC7 At A Glance

**7 reasons to consider the world-leading Pay-TV platform ICC7.**

1. Maximise your CSR's efficiency
2. Improve customer satisfaction
3. Support subscribers from multiple platforms & browsers
4. Manage payment methods easily – cash, prepaid & postpaid
5. Launch new bundles quickly to market
6. Customise & build competitive advantage easily
7. Future proof your business as you scale & grow

Find out more success stories of implementing new technologies in Pay-TV operations worldwide. Plus find out about improving key KPI's of your business and guaranteeing a clear return-on-investment.

**Speak to a Hansen expert today.**

## About Hansen

With over 40 years' experience, Hansen Technologies (ASX: HSN) is a leading global provider of billing and customer care technologies for Pay-TV operators, utilities and telcos.

Employing over 1000 experts, Hansen's proven and scalable solutions as well as its innovative and flexible offerings, enable more than 600 clients to deliver cost-effective end-to-end business initiatives to improve their customers' experience.

Hansen has offices in Argentina, Brazil, Australia, USA, New Zealand, China, Denmark, Germany, South Africa, Norway, Finland, Netherlands, Sweden, Switzerland and the United Kingdom servicing customers in over 80 countries around the world.



✉ info@hsntech.com

☎ +61 3 9840 3000

🌐 [hsntech.com](http://hsntech.com)

🌐 [linkedin.com/company/hansen-technologies](https://www.linkedin.com/company/hansen-technologies)

🐦 @Hansen\_tech