



DIGITAL TELEVISION DATA

EU MARKET FOR DIGITAL TELEVISION

REPORT PREPARED FOR THE
**EUROPEAN
COMMISSION**

INFORMATION SOCIETY AND
MEDIA DIRECTORATE-GENERAL

FOREWORD

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This paper provides information on the EU market for digital television. All data come from Databis. The following areas are covered:

- 👉 Market penetration
- 👉 Operators and interactive TV services

The following abbreviations are used:

- 👉 DTV : Digital television,
- 👉 EC : European Commission,
- 👉 FTA : Free-to-air,
- 👉 HH : Households,
- 👉 iTV : Interactive television (video on demand is not included in iTV)
- 👉 MS : Member States,
- 👉 DSL : Digital subscriber line,
- 👉 FfTx : Fibre to the home/building,
- 👉 IPTV : TV over IP,
- 👉 MMDS : Microwave Multipoint Distribution System,
- 👉 EPG : Electronic Programme Guide.

EU DIGITAL TELEVISION MARKET PENETRATION

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2.1 GENERAL CONSIDERATIONS

Market penetration data presented here cover both pay and free to air (FTA) services and comments are provided where additional information is available. In general, no consistent information was obtained as to the FTA analogue or digital satellite markets. Most of the data come from satellite operator's market research, in particular SES Astra.

Data for France includes its overseas territories.

Unless otherwise specified, percentages of DTV HH are expressed as a percentage of national HH, estimated at the end Q3 2005, and at the end of 2004. National households' statistics come from national statistical bodies. Market penetration data are broken down by TV delivery mechanism (cable, satellite, terrestrial, IPTV via DSL or Fttx).

There should be no overlaps in the market data if the statistics provided correspond to one single TV set (the main TV set in the home). However, this approach may not always have been respected so that there may be some overlapping corresponding to those HH which receive services from different TV networks on secondary TV sets.

2.2 MARKET DATA

No reliable data were available for HH with only terrestrial TV reception. This has been estimated as follows: total TV HH minus satellite and cable HH and IPTV households. Some Germany figures have been estimated.

Table 1A: TV households (analogue and digital) at the end of Q305 (in millions and in percentage of national households)

	No. of HHs (million)	Terrestrial	%	Satel-lite	%	Cable	%	IPTV	%
Austria	3,280	0,370	11,3%	1,600	48,8%	1,310	39,9%	0,000	0,0%
Belgium	4,340	0,060	1,4%	0,330	7,6%	3,940	90,8%	0,010	0,2%
Bulgaria	2,930	1,220	41,6%	0,210	7,2%	1,500	51,2%	0,000	0,0%
Czech Rep.	4,100	2,666	65,0%	0,574	14,0%	0,860	21,0%	0,000	0,0%
Cyprus	0,248	0,227	91,5%	0,016	6,5%	0,000	0,0%	0,005	2,0%
Denmark	2,480	0,640	25,8%	0,520	21,0%	1,320	53,2%	0,000	0,0%
Estonia	0,610	0,310	50,8%	0,050	8,2%	0,250	41,0%	0,000	0,0%
Finland	2,420	1,090	45,0%	0,200	8,3%	1,130	46,7%	0,000	0,0%
France	26,300	15,924	60,5%	6,210	23,6%	3,340	12,7%	0,826	3,1%
Germany	39,100	3,500	9,0%	13,920	35,6%	21,68	55,4%	0,000	0,0%
Greece	3,910	3,688	94,3%	0,222	5,7%	0,000	0,0%	0,000	0,0%
Hungary	3,900	1,300	33,3%	0,600	15,4%	2,000	51,3%	0,000	0,0%
Ireland	1,400	0,588	42,0%	0,372	26,6%	0,440	31,4%	0,000	0,0%
Italy	22,500	17,260	76,7%	5,000	22,2%	0,000	0,0%	0,240	1,1%
Latvia	0,910	0,637	69,9%	0,070	7,7%	0,204	22,4%	0,000	0,0%
Lithuania	1,370	1,001	73,1%	0,060	4,4%	0,309	22,6%	0,000	0,0%
Luxembourg	0,175	0,025	14,3%	0,040	22,9%	0,110	62,9%	0,000	0,0%
Malta	0,130	0,030	23,1%	0,000	0,0%	0,100	76,9%	0,000	0,0%
Netherlands	7,050	0,200	2,8%	0,650	9,2%	6,200	87,9%	0,000	0,0%
Poland	13,700	8,330	60,8%	2,370	17,3%	3,000	21,9%	0,000	0,0%
Portugal	5,100	3,190	62,5%	0,530	10,4%	1,380	27,1%	0,000	0,0%
Romania	7,700	4,820	62,6%	0,230	3,0%	2,650	34,4%	0,000	0,0%
Slovakia	1,840	0,950	51,6%	0,440	23,9%	0,450	24,5%	0,000	0,0%
Slovenia	0,690	0,285	41,3%	0,090	13,0%	0,310	44,9%	0,005	0,7%
Spain	14,430	10,678	74,0%	2,480	17,2%	1,180	8,2%	0,092	0,6%
Sweden	4,505	1,157	25,7%	0,940	20,9%	2,400	53,3%	0,008	0,2%
UK	24,750	13,397	54,1%	8,017	32,4%	3,296	13,3%	0,040	0,2%
Total	199,868	93,543	46,8%	45,741	22,9%	59,36	29,7%	1,226	0,6%

Figure 1A: TV households (analogue and digital) per platform at the end of Q305

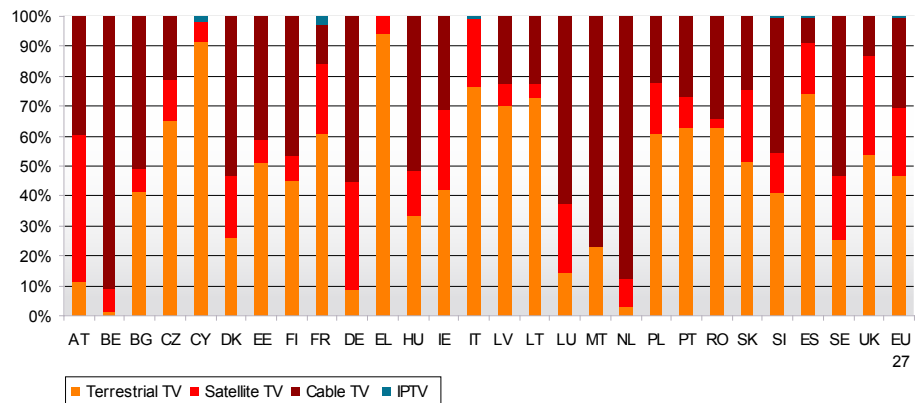


Table 1B: TV households (analogue and digital) at the end of 2004 (in millions and in percentage of national households)

	No of HHs (million)	Terrestrial	%	Satel-lite	%	Cable	%	IPTV	%
Austria	3,2	0,381	12%	1,568	48%	1,298	40%	0,000	0%
Belgium	4,3	0,071	2%	0,330	8%	3,896	91%	0,000	0%
Bulgaria	2,9	1,231	42%	0,170	6%	1,500	52%	0,000	0%
Czech Rep.	4,1	2,631	65%	0,568	14%	0,860	21%	0,000	0%
Cyprus	0,2	0,234	95%	0,010	4%	0,000	0%	0,002	1%
Denmark	2,5	0,638	26%	0,511	21%	1,306	53%	0,000	0%
Estonia	0,6	0,307	51%	0,047	8%	0,250	41%	0,000	0%
Finland	2,4	1,102	46%	0,200	8%	1,094	46%	0,000	0%
France	26,0	15,946	61%	6,277	24%	3,340	13%	0,474	2%
Germany	38,9	3,475	9%	13,819	36%	21,630	56%	0,000	0%
Greece	3,9	3,672	95%	0,199	5%	0,000	0%	0,000	0%
Hungary	3,9	1,273	33%	0,588	15%	2,000	52%	0,000	0%
Ireland	1,4	0,623	45%	0,347	25%	0,416	30%	0,000	0%
Italy	22,3	17,365	78%	4,700	21%	0,000	0%	0,210	1%
Latvia	0,9	0,640	71%	0,067	7%	0,194	21%	0,000	0%
Lithuania	1,4	0,990	73%	0,057	4%	0,309	23%	0,000	0%
Luxembourg	0,2	0,024	14%	0,040	23%	0,109	63%	0,000	0%
Malta	0,1	0,032	25%	0,000	0%	0,097	75%	0,000	0%
Netherlands	7,0	0,276	4%	0,560	8%	6,144	88%	0,000	0%
Poland	13,6	8,423	62%	2,160	16%	2,980	22%	0,000	0%
Portugal	5,0	3,254	64%	0,534	11%	1,261	25%	0,000	0%
Romania	7,6	4,803	63%	0,170	2%	2,650	35%	0,000	0%
Slovakia	1,8	0,932	51%	0,440	24%	0,450	25%	0,000	0%
Slovenia	0,7	0,282	41%	0,090	13%	0,308	45%	0,003	0%
Spain	14,3	10,977	77%	2,279	16%	1,024	7%	0,006	0%
Sweden	4,5	1,188	27%	0,936	21%	2,336	52%	0,000	0%
UK	24,5	13,679	56%	7,647	31%	3,156	13%	0,021	0%
Total	198	94,447	48%	44,314	22%	58,608	30%	0,716	0%

Figure 1B: TV households (analogue & digital) per platform at Q4 2004

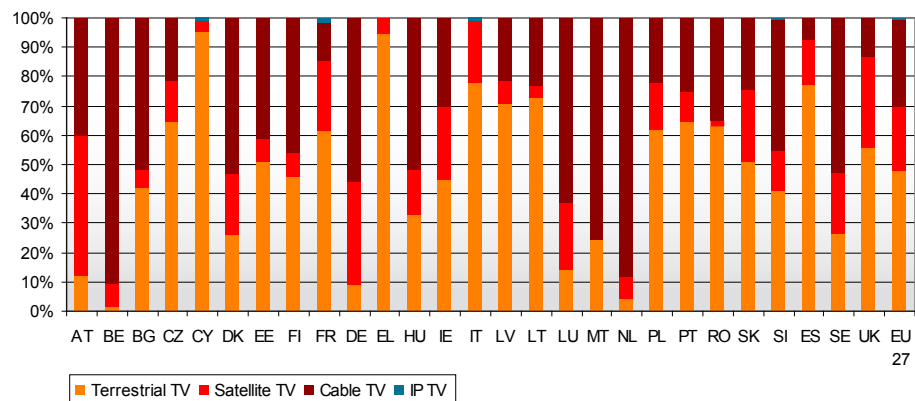


Table 2A : Digital TV Subscribers in the EU27 at the end Sept 2005 vs end 2004 (in millions)

	Number of HH		Digital Cable / MMDS Pay		Digital Satellite Pay & Free		DTTV TV Pay & Free		DSL IPTV Pay & Free		FTTP/LAN IPTV Pay		Total Digital TV	
	2004	Q305	2004	Q305	2004	Q305	2004	Q305	2004	Q305	2004	Q305	2004	Q305
AT	3,2	3,3	0,053	0,065	0,205	0,237	0,000	0,000	0,000	0,000	0,000	0,000	0,258	0,302
BE	4,3	4,3	0,130	0,174	0,000	0,000	0,080	0,010	0,000	0,010	0,000	0,000	0,210	0,194
BG	2,9	2,9	0,000	0,000	0,000	0,040	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,040
CY	0,2	0,2	0,000	0,000	0,090	0,012	0,000	0,000	0,000	0,005	0,000	0,000	0,090	0,017
CZ	4,1	4,1	0,000	0,000	0,006	0,096	0,000	0,000	0,002	0,000	0,000	0,000	0,008	0,096
DK	2,5	2,5	0,126	0,140	0,331	0,340	0,000	0,000	0,000	0,000	0,000	0,000	0,457	0,480
EE	0,6	0,6	0,000	0,000	0,005	0,008	0,000	0,001	0,000	0,000	0,000	0,000	0,005	0,009
FI	2,4	2,4	0,104	0,140	0,067	0,067	0,600	0,800	0,000	0,000	0,000	0,000	0,771	1,007
FR	26,0	26,3	1,000	1,000	4,267	4,200	0,000	0,685	0,474	0,826	0,000	0,000	5,741	6,711
DE	38,7	39,1	1,830	2,180	2,319	2,480	1,475	2,500	0,000	0,000	0,000	0,000	5,624	7,160
EL	3,9	3,9	0,000	0,000	0,199	0,222	0,000	0,000	0,000	0,000	0,000	0,000	0,199	0,222
HU	3,9	3,9	0,000	0,000	0,140	0,152	0,000	0,005	0,000	0,000	0,000	0,000	0,140	0,157
IE	1,4	1,4	0,151	0,175	0,347	0,372	0,000	0,000	0,000	0,000	0,000	0,000	0,498	0,547
IT	22,3	22,5	0,000	0,000	3,100	3,400	0,900	3,265	0,120	0,150	0,090	0,090	4,210	6,905
LV	0,9	0,9	0,005	0,002	0,005	0,008	0,000	0,000	0,000	0,000	0,000	0,000	0,010	0,010
LT	1,4	1,4	0,000	0,001	0,005	0,008	0,000	0,000	0,000	0,000	0,000	0,000	0,005	0,009
LU	0,2	0,2	0,000	0,001	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,001
MT	0,1	0,1	0,000	0,003	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,003
NL	7,0	7,1	0,134	0,190	0,490	0,580	0,074	0,152	0,000	0,000	0,000	0,000	0,698	0,922
PL	13,6	13,7	0,025	0,045	1,090	1,300	0,000	0,000	0,000	0,000	0,000	0,000	1,115	1,345
PT	5,0	5,1	0,309	0,428	0,393	0,389	0,000	0,000	0,000	0,000	0,000	0,000	0,702	0,817
RO	7,6	7,7	0,000	0,000	0,000	0,060	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,060
SK	1,8	1,8	0,000	0,000	0,015	0,015	0,000	0,000	0,000	0,000	0,000	0,000	0,015	0,015
SI	0,7	0,7	0,000	0,002	0,000	0,000	0,000	0,000	0,003	0,005	0,000	0,000	0,003	0,007
ES	14,3	14,4	0,544	0,700	1,653	1,854	0,000	0,000	0,006	0,092	0,000	0,000	2,203	2,646
SE	4,5	4,5	0,206	0,270	0,606	0,610	0,375	0,483	0,000	0,000	0,000	0,008	1,187	1,371
UK	24,5	24,8	2,503	2,643	7,647	8,017	4,592	5,775	0,021	0,040	0,000	0,000	14,763	16,475
EU 27	197,9	199,9	7,120	8,159	22,980	24,467	8,096	13,676	0,626	1,128	0,090	0,098	38,912	47,528

Figure 2A : Percentage of digital TV households over total TV households at Q3 05

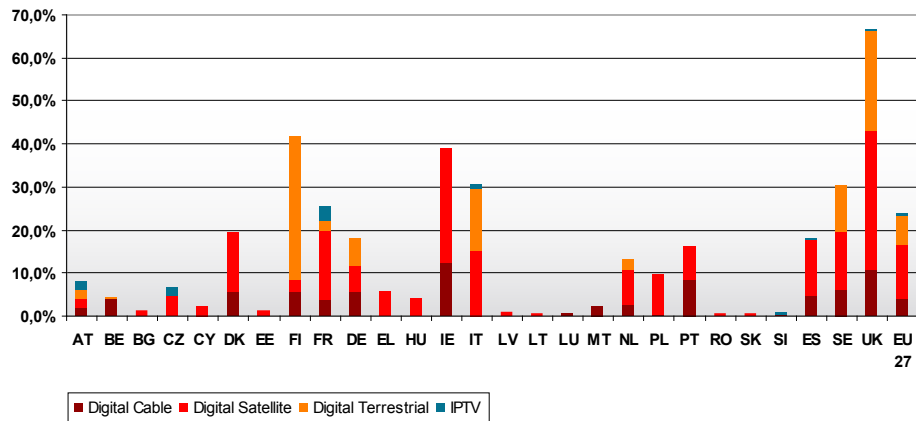


Table 2B : Digital TV Subscribers in the EU27 at the end Sept 2005 vs end 2004 (in % of national households)

	Number of HH		Digital Cable / MMDS Pay		Digital Satellite Pay & Free		DTTV TV Pay & Free		DSL IPTV Pay & Free		FTTP/LAN IPTV Pay		Total Digital TV	
	2004	Q305	2004	Q305	2004	Q305	2004	Q305	2004	Q305	2004	Q305	2004	Q305
AT	3,2	3,3	1,6%	2,0%	6,3%	7,2%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	7,9%	9,2%
BE	4,3	4,3	3,0%	4,0%	0,0%	0,0%	1,9%	0,2%	0,0%	0,2%	0,0%	0,0%	4,9%	4,5%
BG	2,9	2,9	0,0%	0,0%	0,0%	1,4%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	1,4%
CY	0,2	0,2	0,0%	0,0%	36,7%	4,8%	0,0%	0,0%	0,0%	2,0%	0,0%	0,0%	36,7%	6,9%
CZ	4,1	4,1	0,0%	0,0%	0,1%	2,3%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,2%	2,3%
DK	2,5	2,5	5,1%	5,6%	13,5%	13,7%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	18,6%	19,4%
EE	0,6	0,6	0,0%	0,0%	0,8%	1,3%	0,0%	0,2%	0,0%	0,0%	0,0%	0,0%	0,8%	1,5%
FI	2,4	2,4	4,3%	5,8%	2,8%	2,8%	25,0%	33,1%	0,0%	0,0%	0,0%	0,0%	32,2%	41,6%
FR	26,0	26,3	3,8%	3,8%	16,4%	16,0%	0,0%	2,6%	1,8%	3,1%	0,0%	0,0%	22,0%	25,5%
DE	38,7	39,1	4,7%	5,6%	6,0%	6,3%	3,8%	6,4%	0,0%	0,0%	0,0%	0,0%	14,5%	18,3%
EL	3,9	3,9	0,0%	0,0%	5,1%	5,7%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	5,1%	5,7%
HU	3,9	3,9	0,0%	0,0%	3,6%	3,9%	0,0%	0,1%	0,0%	0,0%	0,0%	0,0%	3,6%	4,0%
IE	1,4	1,4	10,9%	12,5%	25,0%	26,6%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	35,9%	39,1%
IT	22,3	22,5	0,0%	0,0%	13,9%	15,1%	4,0%	14,5%	0,5%	0,7%	0,4%	0,4%	18,9%	30,7%
LV	0,9	0,9	0,6%	0,2%	0,6%	0,9%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	1,1%	1,0%
LT	1,4	1,4	0,0%	0,1%	0,4%	0,6%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,4%	0,7%
LU	0,2	0,2	0,0%	0,6%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,6%
MT	0,1	0,1	0,0%	2,3%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	2,3%
NL	7,0	7,1	1,9%	2,7%	7,0%	8,2%	1,1%	2,2%	0,0%	0,0%	0,0%	0,0%	10,0%	13,1%
PL	13,6	13,7	0,2%	0,3%	8,0%	9,5%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	8,2%	9,8%
PT	5,0	5,1	6,1%	8,4%	7,8%	7,6%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	13,9%	16,0%
RO	7,6	7,7	0,0%	0,0%	0,0%	0,8%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,8%
SK	1,8	1,8	0,0%	0,0%	0,8%	0,8%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,8%	0,8%
SI	0,7	0,7	0,0%	0,3%	0,0%	0,0%	0,0%	0,0%	0,4%	0,7%	0,0%	0,0%	0,4%	1,0%
ES	14,3	14,4	3,8%	4,9%	11,6%	12,8%	0,0%	0,0%	0,0%	0,6%	0,0%	0,0%	15,4%	18,3%
SE	4,5	4,5	4,6%	6,0%	13,6%	13,5%	8,4%	10,7%	0,0%	0,0%	0,0%	0,2%	26,6%	30,4%
UK	24,5	24,8	10,2%	10,7%	31,2%	32,4%	18,7%	23,3%	0,1%	0,2%	0,0%	0,0%	60,3%	66,6%
EU 27	197,9	199,9	3,6%	4,1%	11,6%	12,2%	4,1%	6,8%	0,3%	0,6%	0,0%	0,0%	19,7%	23,8%

Figure 2B: Chart 4: Digital TV households per platform in EU at Q3 2005

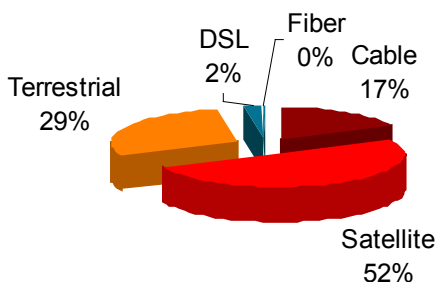


Figure 2B: Chart 5: Digital TV households per platform in EU at Q4 2004

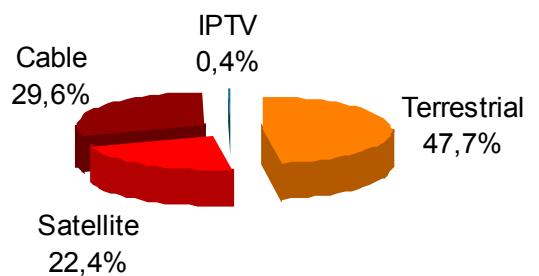


Figure 2C

Percentage of EU digital TV households over total EU TV households in 2004 and Q3 2005 for digital versus analogue TV, cable TV, satellite TV and terrestrial TV :

Chart 6: Digital versus analogue TV in the EU at Q3 2005

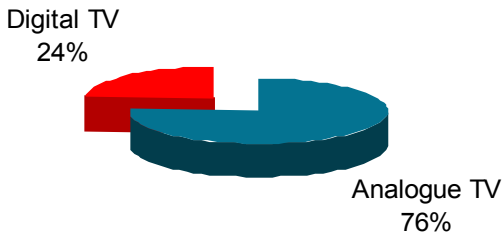


Chart 7: Digital versus analogue TV in the EU at Q4 2004

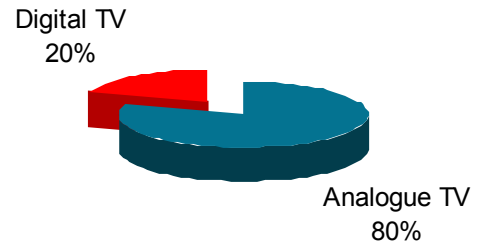


Chart 8: Cable TV in the EU at Q3 2005

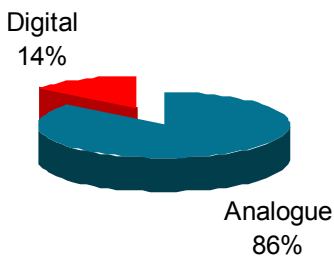


Chart 9: Cable TV in the EU at Q4 2004

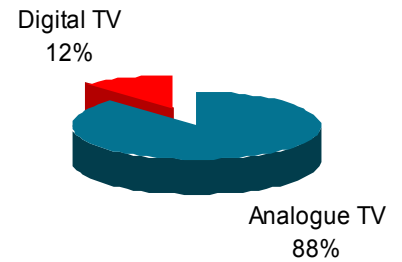


Chart 10: Satellite TV in the EU at Q3 2005



Chart 11: Satellite TV in the EU at Q4 2004



Chart 12: Terrestrial TV in the EU at Q3 2005

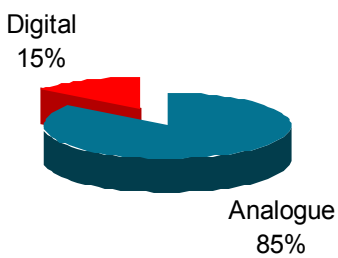


Chart 13: Terrestrial TV in the EU at Q4 2004

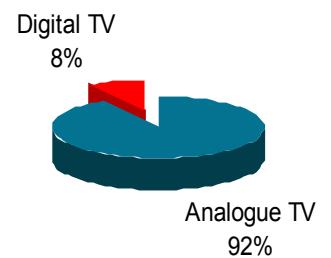
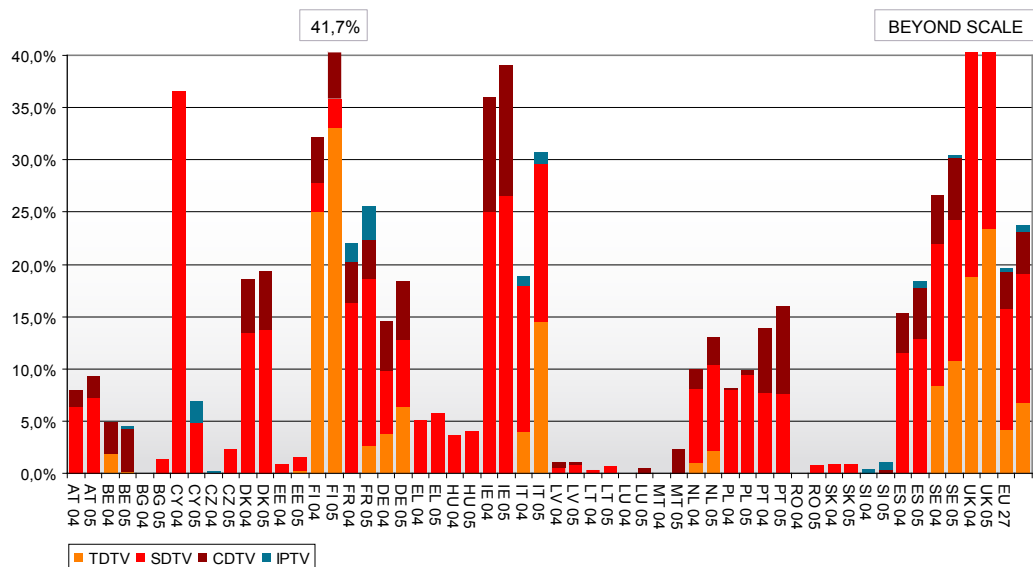


Table 2c: Overview over evolution in the percentage of digital TV households from Q4 2004 to Q3 2005

	TDTV 2004	TDTV 2005	SDTV 2004	SDTV 2005	CDTV 2004	CDTV 2005	IPTV 2004	IPTV 2005
AT	0,0%	0,0%	6,3%	7,2%	1,6%	2,0%	0,0%	0,0%
BE	1,9%	0,2%	0,0%	0,0%	3,0%	4,0%	0,0%	0,2%
BG	0,0%	0,0%	0,0%	1,4%	0,0%	0,0%	0,0%	0,0%
CY	0,0%	0,0%	36,7%	4,8%	0,0%	0,0%	0,0%	2,0%
CZ	0,0%	0,0%	0,1%	2,3%	0,0%	0,0%	0,0%	0,0%
DK	0,0%	0,0%	13,5%	13,7%	5,1%	5,6%	0,0%	0,0%
EE	0,0%	0,2%	0,8%	1,3%	0,0%	0,0%	0,0%	0,0%
FI	25,0%	33,1%	2,8%	2,8%	4,3%	5,8%	0,0%	0,0%
FR	0,0%	2,6%	16,4%	16,0%	3,8%	3,8%	1,8%	3,1%
DE	3,8%	6,4%	6,0%	6,3%	4,7%	5,6%	0,0%	0,0%
EL	0,0%	0,0%	5,1%	5,7%	0,0%	0,0%	0,0%	0,0%
HU	0,0%	0,1%	3,6%	3,9%	0,0%	0,0%	0,0%	0,0%
IE	0,0%	0,0%	25,0%	26,6%	10,9%	12,5%	0,0%	0,0%
IT	4,0%	14,5%	13,9%	15,1%	0,0%	0,0%	0,9%	1,1%
LV	0,0%	0,0%	0,6%	0,9%	0,6%	0,2%	0,0%	0,0%
LT	0,0%	0,0%	0,4%	0,6%	0,0%	0,1%	0,0%	0,0%
LU	0,0%	0,0%	0,0%	0,0%	0,0%	0,6%	0,0%	0,0%
MT	0,0%	0,0%	0,0%	0,0%	0,0%	2,3%	0,0%	0,0%
NL	1,1%	2,2%	7,0%	8,2%	1,9%	2,7%	0,0%	0,0%
PL	0,0%	0,0%	8,0%	9,5%	0,2%	0,3%	0,0%	0,0%
PT	0,0%	0,0%	7,8%	7,6%	6,1%	8,4%	0,0%	0,0%
RO	0,0%	0,0%	0,0%	0,8%	0,0%	0,0%	0,0%	0,0%
SK	0,0%	0,0%	0,8%	0,8%	0,0%	0,0%	0,0%	0,0%
SI	0,0%	0,0%	0,0%	0,0%	0,0%	0,3%	0,4%	0,7%
ES	0,0%	0,0%	11,6%	12,8%	3,8%	4,9%	0,0%	0,6%
SE	8,4%	10,7%	13,6%	13,5%	4,6%	6,0%	0,0%	0,2%
UK	18,7%	23,3%	31,2%	32,4%	10,2%	10,7%	0,1%	0,2%
EU 27	4,1%	6,8%	11,6%	12,2%	3,6%	4,1%	0,4%	0,6%

**Figure 2D : Chart 14:
Evolution of digital TV in Member States at 3Q 2005 versus 2004**



OPERATORS AND INTERACTIVE TV SERVICES

3.1 USE OF ITV BY CABLE OPERATORS

Most European cable operators originally started with ambitious iTV plans, but eventually most downsized their projects. The fact that an operator initially adopted OpenTV or Mediahighway (now part of NDS) a few years ago does not mean that it has deployed a significant number of iTV applications.

Some are still using STB with these middlewares but with few uses beyond EPG, while others have even decided to switch to very simple boxes able to support mainly the EPG : this is the case in the Netherlands and in Sweden (before : OpenTV), and also in Portugal (before : Microsoft TV). German cable operators also propose a cheap offer with an EPG only. Finally, in France as well, the use of the existing interactive of the STB in place is very limited.

The second category of operators proposes not only an EPG, but also mail, chat, news, games, as part of a basic portal. This is the case of NTL, Telewest, Ono/Auna and UPC.

Finally, some operators launched digital TV recently and have selected MHP: this is the case of Telenet in Belgium, Liwest in Austria (with a limited offer) and Baltkom in Latvia.

None of these operators have established a real iTV eco-system. In addition, consolidation underway in the European cable industry has neither facilitated ambitious iTV plans nor harmonization. Beyond some national players (Ono/Auna in Spain, Telewest/NTL in the UK, Telenet in Belgium, Essent in the Netherlands...), there is only one significant pan-European cable operator: UPC (part of LibertyGlobal). And UPC has recently selected OpenTV (part of LibertyMedia). Other operators are generally controlled by private equity investors, telcos that are likely to sell them in the short / medium term.

iTV services are generally not a source of revenues for cable operators.

3.2 USE OF ITV BY SATELLITE OPERATORS

Except Premiere in Germany & Austria which decided not to deploy any significant interactive TV services, all satellite operators use either Mediahighway or OpenTV in order to propose a relatively wide variety of iTV services. However, in many cases, the services are not really open to third parties.

Sky UK has established the most significant iTV business so far. iTV revenues for fiscal year 2005 were €136m (down 20% from 2004).

Revenues came from premium rate telephone (pay-per-play games, voting, quizzes) revenue sharing for e-commerce (retailing & betting), advertising, fees charged to content providers, and Digibox subsidy recovery charge.

We believe that Sky is by most successful iTV player in terms of revenues. Other operators will not disclose iTV revenues precisely on a quarterly and even on a yearly base.

3.3 USE OF ITV IN DIGITAL TERRESTRIAL ENVIRONMENTS

The promotion of iTV in digital terrestrial TV environments is very different from countries to countries. UK, the most important country for digital terrestrial TV so far, supports MHEG5. Freeview proposes some interactive services (digital teletext, games...) but this is fairly limited.

In Germany and France, most STB sold have no interactive TV capabilities. In Sweden, Boxer has selected OpenTV to propose a limited number of applications. In Finland, while MHP is promoted, the adoption is limited. Italy is the only real success story. MHP STBs were subsidized since the beginning, and this continue in 2006, although the subsidy will be reduced to €50 against €70 in 2005 and €150 initially.

In fact, according to quarterly research by GFK Italia, more and more MHP STBs are now purchased without any subsidy. Simple STBs with no interactive features represent only around 3% of the market.

Italy has promoted the development of MHP applications of various types (TV guides, radio guides, news, sport, fiction, participation TV, games, interactive advertising, enhanced TV...). Italy is also supporting the development of T-Government services (see below).

iTV may become is a source of revenues for some third parties in the UK (games for example on Freeview). In Italy, iTV may also become a source of revenues for some players involved, although it is impossible to estimate them at this stage..

3.4 USE OF ITV IN IPTV ENVIRONMENT

iTV should be a natural feature of IPTV because of its client-server network infrastructure. The use of broadband (mainly DSL), rather than the PSTN is also a distinctive advantage to propose rich multimedia interactive TV applications, including video on demand, video messaging, etc...

Currently, most IPTV operators do offer some of these services or are capable to do so.

However, each player has only a small installed base (the market is still at its early stage), the market is fragmented (most broadband Internet Service Providers have launched or now plan to launch a service), and there is no iTV interoperability (only the IPTV operator itself can propose and develop an iTV service to its users or subscribers). This can explain why iTV over IPTV is not yet very developed. As for cable, iTV is not yet a source of revenues for IPTV players.

3.5 POSITION OF MHP

At the end of 2004, MHP penetration of the total number of digital households was 2.7%. It was already 7.4% at the end Q305. This is almost entirely due to the strong growth of digital terrestrial TV in Italy (97% MHP).

By *proprietary MHP* we mean: OpenTV, Mediahighway (NDS), Liberate (now Seachange), MicrosoftTV. By *other iTV middlewares*, we mean: dvb-html, mheg5, and in general STB with limited iTV features enabling mostly a basic EPG.

Table 3a: MHP vs other iTV Middleware Q305

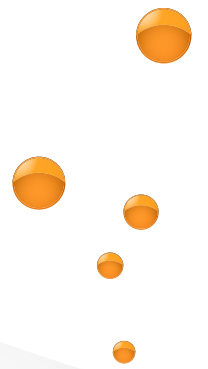
	Cable	Satellite	Terrestrial	IPTV	Total
Other iTV	3,533	3,317	9,877	1,226	17,953
Prop iTV	4,448	21,070	0,483	0,000	26,001
MHP	0,190	0,020	3,316	0,000	3,526
MHP penetration by digital platform	2,3%	0,1%	24,2%	0,0%	7,4%
MHP installed base by digital platform	5,4%	0,6%	94,0%	0,0%	100,0%

Table 3b: MHP vs other iTV Middleware End 2004

	Cable	Satellite	Terrestrial	IPTV	Total
Other iTV	2,793	3,377	6,701	0,716	13,587
Prop iTV	4,218	21,070	0,375	0,000	25,663
MHP	0,109	0,020	0,940	0,000	1,069
MHP penetration by digital platform	1,5%	0,1%	11,7%	0,0%	2,7%
MHP installed base by digital platform	10,2%	1,9%	87,9%	0,0%	100,0%

3.5 T-GOVERNEMENT

Italy is the only country in Europe where T-Government services are actively proposed (national and local administrations, healthcare...). In the future, electronics documents (national I.D, social security card...) with smart cards may be used in conjunction with the STB to access personalized services.



 **DIGITAL
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