

180Squared Tames Microsoft Mediaroom

IPTV offers enormous potential, but getting there is a challenge. A startup staffed by Microsoft alumni hopes to make time-to-revenue shorter.

By Masha Zager ■ *Broadband Properties*

IPTV is the biggest thing in telco TV, with some 15 million subscribers worldwide and growing. Microsoft Mediaroom – formerly known as Microsoft IPTV – is the biggest thing in IPTV, with 20-plus implementations ranging from AT&T’s U-verse service to Slovak Telekom, and many more telcos in trials with the product. Microsoft estimates there are about 1 million Mediaroom subscribers, with service providers turning up two new customers every minute.

But Mediaroom, a leading contender in a category of IPTV software called “middleware,” is notoriously difficult to work with. AT&T publicly blamed the delay of its U-verse launch on problems with Microsoft’s software; while the platform has stabilized since that time, and U-verse has been living up to expectations, the middleware still requires intensive care and feeding. Time to initial revenue for Mediaroom services can exceed 12 to 18 months, and the future revenue streams promised by IPTV, from converged applications and targeted advertising, are even further off.

CREATING A PROFITABLE IPTV BUSINESS MODEL

For IPTV, and Mediaroom in particular, to live up to its promise, providers

need to get to revenue faster. Matt Davis, analyst at IDC, says, “Technologies that help simplify the integration of [multiple] services and enable service providers to roll out converged applications quickly and with minimal glitches are key to creating a profitable IPTV business model.”

After the U-verse launch, a team of Mediaroom architects left Microsoft to

found the company. “But about a year ago a few of us decided that Mediaroom was mature enough for there to be a demand in the market for a company providing products and services that helped increase the value-add and realize the promise of IPTV.”

A THREE-STAGE CHALLENGE FOR TELCOS

Cooper sees three challenges for telcos trying to get into the video business. The first, and most obvious, is to upgrade the network infrastructure, bringing fiber closer to – or all the way to – the home in order to generate the bandwidth needed for video. “For the

most part, the larger telcos have factored this investment correctly and are starting to understand it well,” Cooper says.

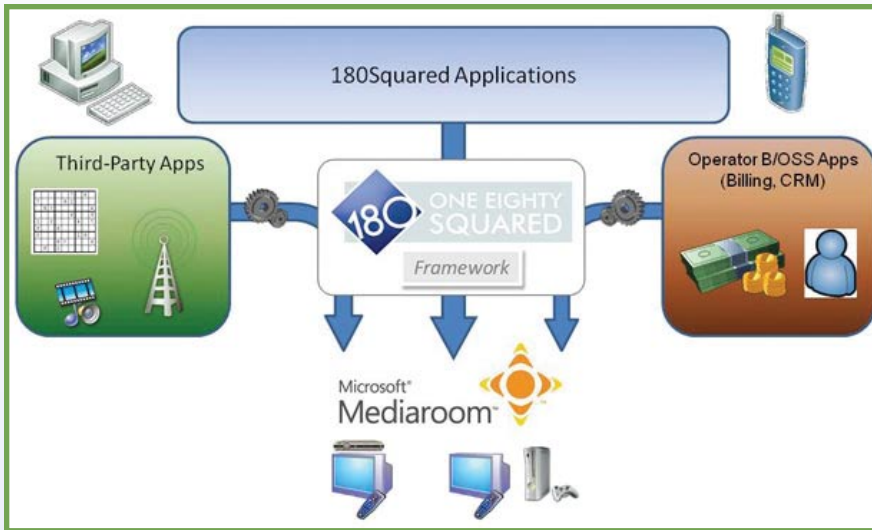
The third challenge is to implement IPTV applications that do “neater and cooler things to take advantage of the two-way pipe,” such as caller ID on TV. While 180Squared has developed a few of these applications and has plans for others, Cooper says most telcos are not yet ready to tackle them.

In between those two lies the challenge of making IPTV work as a business proposition, which Cooper calls the “big wild card.” This is where most IPTV deployers need help today, and

Implementing IPTV presents three challenges: upgrading the network to support it; integrating the new service into the business; and adding interactive applications on top of the basic video service. 180Squared is focusing on the second challenge – helping telcos provision, monitor and bill for the service.

form a new company called 180Squared, hoping to address this problem. They have now launched the 180Squared Framework, a platform (or “middleware on top of middleware”) that acts as a protective shield around Mediaroom. Providers can use 180Squared Framework to connect applications quickly to IPTV without destabilizing the environment. 180Squared also offers some of the applications that providers might want to add on, as well as services to help providers use Mediaroom effectively.

“AT&T U-verse is our pride and joy,” says Mark Cooper, CEO of 180Squared and one of the Microsoft alumni who



where 180Squared has focused its attention for the moment: “Helping customers retrain and reorganize to manage Mediaroom, and supplying tools and products to manage and monitor the new system – that’s what we do.”

INTEGRATING MEDIAROOM WITH THE BUSINESS

One reason it’s hard for providers to make IPTV pay off quickly is that, because it is so new, there just aren’t enough people who know how it works. 180Squared provides staff augmentation services to help get providers started with the product and offer instruction “through osmosis.”

The bigger issue for providers, however, is finding management software that interfaces with Mediaroom. The 180Squared Framework allows existing third-party software like billing and operational support software (B/OSS) to interface easily with Mediaroom. “There are many ways to get information through the Mediaroom platform,” Cooper explains. “We encapsulate it, aggregate the interfaces, and collect all of the data in the system in a way that makes sense to the customer service representative and doesn’t impact the underlying system.”

For example, a provider might want to extract information about its IPTV subscribers based on ZIP codes in order to develop different billing rules for different localities. As a “stateless” system that doesn’t note or remember events,

Mediaroom produces the necessary information but can’t hold onto it or aggregate it. Programmers would have to create a shell to support the business logic, an exercise that would not only require a great deal of work but would be dangerous – programmers who aren’t familiar with Mediaroom could easily make errors that would degrade network performance or cause other scalability problems. 180Squared Framework provides this shell ready-made.

Amir Littman, VP of business development for 180Squared, offers a technical perspective on 180Squared’s “secret sauce”: “Mediaroom is very good at providing low-level interfaces to the application, but you need another layer – a stable application programming interface...some type of rules engine and logic...Our framework provides a single interface that we will manage for you – providing a level of assurance that you won’t cause your own outage. We built this layer to protect ourselves [i.e. for the converged applications they were

writing], and then we realized we could sell it to others.”

An added benefit of the 180Squared Framework is that it insulates applications from updates and changes to Mediaroom. Because the Framework keeps up with new versions of Mediaroom, the applications on the other side of it don’t need to.

MONITORING SYSTEM HEALTH

Another business issue for Mediaroom deployers is monitoring the health of the overall video delivery system. IPTV increases the complexity of the system and raises the stakes involved in getting it right. Cooper says, “AT&T probably didn’t care too much about what was going on with the telephone in someone’s home. But in this new environment they have a whole new type of set-top box. Carriers do have to watch what’s going on in the home.”

To help providers monitor Mediaroom’s interface with the set-top box, 180Squared Framework provides client-management diagnostics. Providers can obtain the information they need to balance loads and prevent service degradation without having to write complex programs and understand the inner workings of Mediaroom.

One of the clients that has used this feature of 180Squared Framework is NTELOS, an independent telco operating in Virginia and West Virginia. NTELOS overbuilt part of its territory with fiber to the home two years ago and launched IPTV services in those areas late in 2007, using Microsoft’s Mediaroom. It is now offering more than 200 all-digital channels and 18 high-definition channels at no extra charge.

Landon McDowell, manager of OSS engineering for NTELOS, comments,

Maintaining IPTV service quality is a complex undertaking: “AT&T probably didn’t care too much about what was going on with the telephone in someone’s home. But in this new environment they have a whole new type of set-top box. Carriers do have to watch what’s going on in the home.”

Once IPTV is integrated into the business, 180Squared Framework allows a variety of revenue-generating applications to be added quickly and easily.

“The Mediaroom platform has many moving parts and complex interactions. We initially worked with 180Squared to develop and implement custom applications that work with Mediaroom. The relationship has expanded to include assistance with network monitoring and support.”

GETTING A QUICK START

In addition to providing the Framework as a high-level interface for third-party applications, 180Squared’s initial offering includes several applications that providers can use to cut costs and begin generating revenues more quickly:

- A device activation module to allow customers to self-provision their own services through their customer

premises equipment. This application is expected to reduce provider opex significantly, since it currently takes about an hour for a technician to provision the system (on top of an eight-hour install).

- A billing module for integration into legacy billing and records systems.
- EAS (emergency alert systems), which supports FCC requirements for digital alert systems.
- Caller ID on TV, a consumer value-added application, which has already been implemented by NTELOS. This application is completely configurable. Cooper says, “Mediaroom has a lot of great ways of playing content on the subscriber’s screen – if you want to move the scrolling text

from the top to the bottom, you can do it.”

- A Web-based PVR scheduling (Remote DVR) module enabling service providers to offer DVR scheduling as a hosted or branded service. The PVR Scheduler offers common DVR functionality such as series recording, single recording, and search engine. Additional functionality includes a recommendations engine and the ability to share scheduling with other subscribers.

The company is looking ahead to additional applications, based on what its clients want to provide. Yellow pages applications, click-to-order, ad insertion and blackout management are all possibilities.

“If carriers have ideas, we’ll add them,” Cooper says. ■

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