

IRIS from Zon Multimedia

Triple-Play and Next-Generation TV Service Platform



EXECUTIVE SUMMARY

COMPANY OVERVIEW

- **Customer Name:** Zon Multimedia
- **Industry:** Telecommunications
- **Location:** Portugal
- **Number of Employees:** 470 employees
- **Number of Customers:** 1.2 million

BUSINESS CHALLENGE

- Limited geo footprint drives upselling current customers rather than increasing market share
- Need to differentiate at services level rather than just on quality of content offering
- Focus on accelerating growth of triple-play penetration and increasing ARPU

NETWORK SOLUTION

- Suite of innovative triple-play service packages to differentiate Zon's cable television offering
- Implementation of Snowflake, next-generation user interface developed by Cisco company NDS
- Restart TV function and Timewarp network DVR provide compelling service upgrade opportunities

BUSINESS RESULTS

- IRIS subscriptions grew by 139 percent in the year to March 2013, reaching 284,400
- IRIS penetration of Zon's cable customer base rose from 9.9 percent to 23.5 percent
- High ratings for customer utility and satisfaction

Overview

For Zon Multimedia, Portugal's largest pay-TV operator and second largest ISP, the IRIS services platform provides a springboard for a number of innovations that differentiate Zon's value proposition to customers.

Enabling this transformation is Zon's own-branded implementation of Snowflake, a next-generation user interface (UI) developed by Cisco company NDS. Zon has received positive consumer response to its IRIS-based features, in particular the Restart TV function and Timewarp network DVR offering, both of which provide compelling service upgrade opportunities and increase customer loyalty.

Service Innovation

IRIS is a premium next-generation television service suite developed with the NDS Snowflake user interface. IRIS features five main pillars of functionality: advanced DVR control, intelligent search, web browsing, preference-based recommendations, and customized service configuration.

IRIS is also designed to provide an identical user experience across set-top boxes, computers, and tablets. In October 2011 IRIS Online was launched, extending and replicating the original television user interface onto laptops and tablets. Smartphone support was added in May 2012.

In August 2012, IRIS launched what Zon describes as the platform's greatest innovation: Timewarp, a cloud DVR service that provides automatic recording of seven days of programming from up to 80 channels.

Timewarp is positioned as the world's first cloud DVR implementation by a major operator. The company attributes the delivery of such an advanced service to its continued investment in cloud-based service development, customized set-top box design, and proprietary Advanced Personal Cloud Recording technology that leverages investments in high-quality fiber optics, data centers, and high-definition content.

Zon continues to develop innovative services for the IRIS platform through the launch of popular content applications from providers such as Vimeo, TED, ING, and Reuters. The platform's first T-Commerce application, Zon Cinemas, enables customers to access movie listings and purchase tickets via the IRIS interface. Additional T-commerce partnerships include travel discounts and home food deliveries. IRIS also features integration with popular social networking applications such as Facebook.

IRIS is the embodiment of Zon's long-term vision of the pay-TV operator as the viewer's primary guide through the navigation and discovery processes in the presence of an ever-increasing complexity of networks, devices, and content choices.

Opportunities

Zon recognizes the growing need to differentiate at the services level rather than just on the quality of its content offering. Zon is also focused on increasing triple-play penetration and driving average revenue per user (ARPU) within its growing multi-service customer base.

Zon positions the state-of-the-art IRIS customer interface as a key differentiator that has been instrumental in maintaining a competitive edge in the market.

Zon's TV service development initiative provides a layer of individual personalization that enables discovery and recommendation features that enhance viewer experience and drive higher levels of utilization.

Challenges

With its limited geographic footprint, Zon needs to concentrate on upselling the existing customer base to higher-value services rather than simply pursuing an increase in share in a highly saturated market.

Competition is no longer based primarily on pay-TV but rather on triple play, with all competitors offering multi-service (triple- or quadruple-play) bundles.

Strategic Partnerships

From the inception of IRIS in 2010, Zon has worked with NDS to build a customized user interface based on the NDS proprietary Snowflake architecture for next-generation TV services such as DVR, VoD, and catch-up TV, and recommendations and widgets for web applications such as social networking.

In addition, Zon partnered with NeuLion, a provider of end-to-end online video platform solutions, for the development of a “TV Everywhere”-type service to complement the new IRIS service platform. Zon also worked with InnoWave Technologies to implement cinema tickets ordering on the IRIS platform.

In May 2013, Zon introduced a quad-play package called 4P IRIS that bundles unlimited mobile voice minutes and SMS with 100 Mbps Internet access and 149 TV channels. For its quad-play packages, Zon has partnered Vodafone Portugal. However, Zon recently received approval for a merger with Portugal mobile provider, Optimus.

“By placing the user at the heart of the TV experience, we feel we’ve been able to offer a truly next-generation product that builds on TV’s heritage as a shared experience, with simple, elegant navigation that redefines it for the Internet generation... NDS’ design skill and pay-TV expertise have been invaluable on this project, and we look forward to continuing our relationship to take an already phenomenal user experience even further.”

—Nuno Sanches, Head of TV Products, Zon

Monetization

Zon does not charge a separate premium for access to any of the value-added components of the IRIS service offering. Instead, it uses IRIS as the basis for a range of value-added multiplay offerings that are priced higher than its regular packages. IRIS is positioned as a high-end offering designed to raise overall ARPU by attracting customers to upgrade with a combination of powerful next-generation TV functionality and high-speed internet access.

IRIS is playing an important role in helping to stabilize ARPU levels. In 2Q13, despite a 1.3 percent YoY decline in blended ARPU from €34.7 (\$45.3) to €34.2 (\$44.7), resulting from reduced premium channel adoption, basic ARPU levels grew by 0.6 percent, supported by a combination of increased uptake of IRIS bundles and price rises implemented earlier in the year.

Success Metrics

After launching in January 2011, IRIS acquired 135,000 customers by the end of year, and added another 35,000 in 1Q12. Sales of IRIS packages grew by 139 percent in the year to March 2013 to reach 284,400 total subscriptions, with IRIS penetration of Zon's cable customer base rising from 9.9 percent to 23.5 percent.

The Timewarp cloud DVR feature has generated significant positive consumer response. In January 2013, Zon survey data showed that during the first month of its release, 89 percent of IRIS customers had used Timewarp. This percentage rose to 94 percent after four months. On a scale of 0-10, customers indicated utility and satisfaction levels of 9 and 8, respectively.

By March 2013, the TV Restart and Timewarp were together generating satisfaction indexes of 9.1, and 95 percent of IRIS customers were using one or both of these features. Meanwhile, 70 percent of IRIS customers were accessing these services on a daily basis with an average of two uses per day, amounting to over 12 million monthly utilizations. Some 14 percent of users were making use of Timewarp's concurrent streaming functionality, while 20 percent were watching recorded TV programming during peak viewing times.

“The UI is a key differentiator in advanced markets, and Zon's vision and emphasis on the user experience is one that we strongly support... The quality of the platform is witness to the close collaboration between dedicated teams from Zon and NDS over the past year, and we are extremely proud to be supporting them through this revolutionary launch.”

—Olivier Lacour, VP, NDS Studio Design

For More Information

To find out more about IRIS from Zon, go to www.zon.pt.



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