

Bright Future for Cascade's IPTV Solution



with Mr. Ted Hsiung, Head of Business Development, Cascade Limited, a PCCW company

[Reporter from Huawei]

Good to see you again, Mr. Hsiung? I'm very happy to have a chance to discuss the topic of the development of broadband with you. I understand that Cascade is responsible for managing the IP network for PCCW delivery of **now** BBTB (IP multicast) service to customers in HK and Cascade is exploring business opportunities for the technical solution of IPTV services. As we know, almost all of the telecom operators built their broadband networks rapidly, meanwhile they faced a great problem, that is how to create value-added services on their networks. We're pleased to know that PCCW has been very successful with the **now** BBTB services. We also wish to congratulate PCCW as a winner of Frost & Sullivan's Asia Pacific Service Provider 2004 Award for Best Marketing Strategy and also the winner of the 2004 CASBAA (Cable & Satellite Broadcasting Association of Asia) Chairman's Award. And could you please give me a brief idea on PCCW **now** BBTB service?

[Ted from Cascade]

I'm very happy to be here with you. Let me start by saying that PCCW has a vision of being the leading IPTV service provider in the global market, not only

the Hong Kong market. Clearly, PCCW is very happy with the tremendous success with the **now** BBTB services. In just a little over a year's time, we've been able to secure more than 400,000 subscribers. In fact today, PCCW has more than 416,000 subscribers for **now** BBTB service, and we are looking to further service enhancements in 2005, e.g. to support PCCW to roll out HDTV in the near future.

[Reporter from Huawei]

So what helps PCCW to be successful in this new service market?

[Ted from Cascade]

I think there are three key factors.

The first is that PCCW **now** BBTB service offers to the viewer of Hong Kong a significantly different service from traditional cable TV services. PCCW has the service model (a la carte), which allows subscribers to pay only for the channels they watch, it could be one channel, it could be two channels, or it could be ten channels. This is quite different from the traditional subscription pricing for cable television services where a customer will have to pay a lump sum on a monthly basis for 30, or 40 channels, of which maybe more

than half of those channels he or she will not watch throughout the month. And in this case, I believe customer sees much better value for the PCCW **now** BBTB services that we have in Hong Kong market.

The second factor is the quality of service. We put a lot of emphasis ensuring the **now** BBTB service we have deployed in Hong Kong has a very high quality of service. We want the customer to enjoy the experience of watching fully digital television over the IP network. We pay a lot of attention to network reliability and stability to ensure a high quality of service is delivered to our viewers and our customers in Hong Kong.

The third factor is our solution. Our technical solution pays a lot of attention to the security aspect of copyright protection. In this respect PCCW has been able to attract some first time channels to the Hong Kong market, with content provided by the US Hollywood producers.

Now we have 69 channels and still growing. PCCW continue to give customers a wide selection of infotainment programs and continue to deliver high-



quality services, meeting our requirements of the content providers from the security perspective.

So I think these three factors are keys to our success, 1) our customers must have a good viewing experience enjoying high quality content, 2) content security providing copyright protection has allowed PCCW to secure first time Tier 1 content for the market and 3) a business proposition re: a la carte service model which is different from traditional pay TV services.

[Reporter from Huawei]

As 2004 was called the year of broadband development, this year, 2005 is called the year of IPTV. And giant telecom operators such as China Telecom, China Netcom view IPTV as a very important project, and they'll build and develop their own IPTV service. So, Mr. Hsiung, what's your view on the future of IPTV service?

[Ted from Cascade]

I do believe IPTV will grow rapidly in the global market. In fact the growth of IPTV services are tied very much to DSL subscribers growth. Just quoting a few numbers, my understanding is that in just the third quarter 2004, the global market for DSL subscribers grew by 56%, reaching 85 million customers.

China in fact is the leading DSL country with 14 million customers, followed closely by Japan and also the US. Clearly this growth will not stop, there will be more ADSL network deploy and more DSL services launch in the market place, and as telecom operators invest in broadband network, they will look to value-added services such as IPTV services to complement the Internet access service that they provide in the market place. I do believe that IPTV service will expand very rapidly, but be very much aligned with the growth of the DSL broadband services.

[Reporter from Huawei]

All the services should be realized by means of the equipment in the network, you know, take an example of the ability of video-multicast service. We are very happy to be a very close partner with PCCW to make our dream come true, that is to make our ideas into services. And can I share your point?

[Ted from Cascade]

The development of IPTV services, of course, one of the key areas is DSLAM, in this case, IP DSLAM for Triple Play service. In my understanding, Huawei has focused strongly in the development of IP DSLAM. Clearly I think for any network operator who is looking

to launch IPTV services, they should be looking to IP DSLAM, and they should be looking into IP DSLAM with the functionality that will support the delivery of Triple Play service i.e. Broadband access + VOIP + IPTV service. In Cascade, we've been working very closely with HW, which tested Huawei IP DSLAM, We feel Huawei's IP DSLAM can deliver the goods and meet the requirements of IPTV services. There should be tremendous market demand for IP DSLAM.

[Reporter from Huawei]

Thanks for your saying, and I hope we'll have more chance to cooperate.

[Ted from Cascade]

Thank you!



About PCCW Ltd

PCCW Limited is the largest communications provider in Hong Kong and one of Asia's leading IT&T players. Hong Kong's image as a center of technology excellence continues to be enhanced by PCCW's innovation, especially in new generation fixed-line telephony, broadband, IT, wireless and delivery of home entertainment. Internationally, PCCW provides cutting-edge technical services to network operators, and enables organizations to bring their business to Asia and take Asian business to the rest of the world. The Company's English name was changed in 2002 from "Pacific Century CyberWorks Limited" to "PCCW Limited".

To learn more, go to www.pccw.com

About Cascade Ltd

Cascade is among the largest technical services organizations in Asia Pacific and employs a team of more than 3,000 highly-skilled engineers and technical experts. As the builder and operator of one of the world's most advanced telecommunication networks, Cascade has been the technical engine behind PCCW, providing a 99.9999% network availability rate and world-class network solutions. Cascade provides a range of services, including: network infrastructure design, build and maintenance; consulting solutions; project management; operating systems development and technical support. To ensure world-class quality, Cascade has upgraded its ISO 9001 certification to become the first technical services company in Asia to hold TL9000 certification. Besides this accreditation, Cascade was the first 3in Asia to hold BS 7799 security certification.

To learn more, go to www.cascade-ltd.com