

Accenture Communications Solutions Client Case Study

World-class performance – 3 Italia teams with Accenture to launch DVB-H service in Italy in time for the 2006 World Cup and to deploy it internationally through 3 Power.



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Company overview

3 Italia is the Mobile Media Company controlled by the Hutchison Whampoa Group; with more than 6.8 million customers (25 August 2006), it is a leader in Europe's Universal Mobile Telecommunications System (UMTS) market. 3 Italia's majority shareholder (95.4 percent) is the Hutchison Whampoa Group, a multinational listed on the Hong Kong Stock Exchange. Other shareholders include NHS Investments S.A. (San Paolo IMI), RCS Media Group, Gemina and 3G Mobile Investments (Franco Bernabé Group). 3 Italia won a UMTS licence in Italy in October 2000 and began offering services in March 2003.

3 Italia, first to launch DVB-H commercially worldwide, provides a wide array of multimedia, video communications and internet services, as well as entertainment, music, information, cinema, sports and mobile TV. 3 Power is part of

H3G S.p.A. and acts as the international arm of 3 Italia to exploit 3G and DVB-H services.

Business challenge

In the saturated Italian mobile marketplace, where there are now more mobile phones than there are citizens, market differentiation via value-added services is essential. For 3 Italia, already established as an aggressive and innovative player in the wireless industry, mobile TV presented a key opportunity for providing its customers with new and compelling value-added services. This would help the company to achieve high performance by supporting a targeted 50 percent increase in average revenues per user (ARPU), boosting market share and reducing customer churn.

Given the pace of competition, 3 Italia needed to deploy its new mobile TV offering as quickly as

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possible. Go-live was therefore scheduled to coincide with the start of the 2006 FIFA World Cup finals in mid-June 2006. There were other priorities beside rapid go-to-market, as 3 Italia's director of DVB-H marketing, explains: "We knew that customer expectations for mobile TV in Italy were focused on the need for a high-quality, stable and low-cost service. It was also important for the company to avoid large initial infrastructure set-up costs".

The DVB-H opportunity

With these priorities in mind, 3 Italia was keen to take advantage of DVB-H (Digital Video Broadcasting - Handheld), the new terrestrial standard that enables the distribution of high-quality content to mobile phones and handheld computers over existing digital TV networks.

Already identified by mobile operator CEOs as the most important area for investment for the next two to three years (according to IDC research), DVB-H promises to create very significant opportunities. Where interactivity is a low priority, DVB-H has some significant advantages over IPTV technology platforms for mobile TV deployments. Because DVB-H content is distributed over existing digital networks direct to antennae in DVB-H-enabled devices, it benefits from low power consumption, high-speed data throughput (384 kilobytes per second) and quality reception at high speed. This means that more content can be delivered, faster and at a higher quality than would be the case over an IPTV technology platform.

And unlike IPTV services, which can only be accessed by comparatively few users in any one location at the same time, DVB-H services are available to limitless users (provided that they are within signal range and subscribed to the service). And, significantly, the cost of deploying a DVB-H network is 95 per cent less than that of an IPTV deployment of equivalent size.

The DVB-H challenge

Of course, exploitation of the DVB-H mobile TV opportunity presents complex challenges. At the macro level, seamless convergence of two separate value-chains (traditional TV and wireless communications) is essential. Accordingly, successful DVB-H deployments call for the development of functional

architectures that can join the technically separate networks, accommodating and integrating the interests of, on the one hand, TV manufacturers, TV vendors, TV content providers and digital TV network operators and, on the other, terminal manufacturers, equipment vendors, platform vendors and mobile network operators.

For 3 Italia, the planned DVB-H deployment raised a number of specific challenges. If it was to generate a profitable business case for the launch, the company would have to ensure sufficient nationwide coverage and user penetration. It needed to define a price level that would enable it to grow demand in the local market. A business model was needed that would ensure cooperation with content providers, TV stations and broadcast networks, as well as managing relationships with multiple partners. A suitable test environment was essential to allow end-to-end testing of service delivery. And, most significantly, infrastructure implementation would require major systems integration efforts within 3 Italia's existing service and IT environment, as well as with content providers and broadcast network operators.

How Accenture helped

Given the tight deadline which had been set for go-live, as well as the scale of the organizational and technical challenges which lay ahead, 3 Italia selected Accenture to lead the implementation project and to develop the H3G Cooperation Platform exploiting the Wireless Delivery Center, the joint initiative for innovative Value Added Services outsourcing. Commenting on this decision, Marco Maestri, Technical Director of 3 Power, says: "We were impressed by the end-to-end capabilities demonstrated by the Accenture team. Grounded in their wireless and media industry knowledge, the team has helped H3G to develop their own assets specifically geared to DVB-H needs, enabling live testing pre-launch, definition of the service approach and design of the DVB-H architecture and components. Seamless integration of technology, specific skills and processes across all parties involved (including handset manufacturers, broadcast companies, content providers and mobile

networks) proved to be crucial success factor both for H3G and Accenture's."

This was the first commercial DVB-H deployment in the world and attracted a very high profile. The 20-strong Accenture team was, from its selection in October 2005, focused on delivering solutions against a very demanding deadline. Accenture Partner Fabio Mungo explains what was involved: "We supported 3 Italia throughout its journey towards full DVB-H service deployment in June 2006. Our involvement spanned working with 3 Italia team to define the DVB-H service approach, business plan and product requirements, through software selection and design of the DVB-H architecture and components, to systems integration, design of business processes supporting the launch phase and program management."

While Accenture worked with the 3 Italia team to speed through every stage of the implementation process, it was to be its systems integration expertise that would play a crucial role in the overall outcome of this DVB-H deployment. Areas of support included design, build and testing of a pre-integrated Cooperation Platform. This was linked into a wireless delivery center (already installed using the flexible, scalable and convergent Accenture Service Delivery Platform Solution), to enable full control of DVB-H service delivery, provisioning and billing. Encompassing an SMS front-end, an M-site portal, an EPG gateway, billing integration and reporting and accounting capabilities creating a bridge between 3 Italia, the broadcast operators, content providers and other parties involved.

Besides providing hands-on systems integration for the entire architecture and provisioning of the Cooperation Platform, other areas where the Accenture team provided essential systems integration support were in DVB-H service BSS integration, network planning, systems integration with broadcasting network and IT architectures for the Conditional Access System (CAS), the Content Management System (CMS) and the Electronic Service Guide (ESG) and the development of embedded software for service utilization in handsets and USIMs. By providing the company with a horizontal, converged platform from which it can provision, control and bill



for all the DVB-H services which it plans to provide, this DVB-H architecture places 3 Italia in a strong position from which to fully exploit the mobile TV market opportunity.

The next step in the mobile TV strategy for Accenture and 3 Italia is to extend the success by moving towards high performance internationally. 3 Power, the international arm of 3 Italia, and Accenture are cooperating to provide a one-stop DVB-H solution covering all elements of the value chain to operators that want to launch effective mobile TV services, leveraging the experiences which have been matured in Italy.

Trials are under way and will be launched during 2007 in the Asia Pacific region. Other DVB-H commercial services are planned to start later in the year.

High performance delivered

By teaming with Accenture to exploit the capabilities of Accenture Service Delivery Platform Solution, 3 Italia has made significant progress along its journey towards high performance. And it has done so against an

unforgiving deadline.

For 3 Italia customers, high-quality, high-speed, multi-access mobile TV is a reality. In a period of just five months from initial selection to go-live, the Accenture team helped to ensure that subscribers to the mobile TV service would be able to watch all 64 World Cup matches on DVB-H-compliant handsets supplied by LG Electronics and Samsung. For a fee of less than €1 per day, 3 Italia customers now have access to 14 mobile TV channels. This compares extremely favorably with the €1 per hour cost for IPTV services. As a result of this successful go-live, 3 Italia has strengthened its reputation as a market innovator, achieving valuable differentiation in the crowded, commoditized Italian mobile telecommunications market. And because the Accenture solution is inherently flexible and "future proof", 3 Italia is well positioned to build on this initial success.

3 Italia has now the capacity it needs to scale horizontally (with new services for its customers) and vertically (with new content/service

providers). Accordingly, the company will be able to build out an expanded content development community to accelerate the pace and breadth of its innovation, as well as having the technical infrastructure it needs to achieve genuine sales agility (in terms of developing and deploying new sales campaigns and bundling and packaging features and applications to create new, individualized content offerings).

The strength of the relationship between Accenture and 3 Italia played a vital part in ensuring the success of Europe's first commercial DVB-H roll-out. As a result of this project, 3 Power's Director Marco Narduzzi concludes: "We are faster, more flexible and more responsive to customer demands for value-added services than ever before. The delivery of television programs and interactive services is critically strategic to wireless operators and broadcasters for the next 5 to 10 years and thanks to our successful teaming we are strongly positioned to take advantage of this exciting opportunity, not just in Italy but globally."

About Accenture

Accenture is a global management consulting, technology services and outsourcing company. Committed to delivering innovation, Accenture collaborates with its clients to help them become high-performance businesses and governments. With deep industry and business process expertise, broad global resources and a proven track record, Accenture can mobilize the right people, skills and technologies to help clients improve their performance. With approximately 146,000 people in 49 countries, the company generated net revenues of US\$16.65 billion for the fiscal year ended Aug. 31, 2006. Its home page is www.accenture.com.

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Accenture was awarded first place among nearly 200 entries in the

Enterprise ROI category at the CTIA WIRELESS 2006 Convention (www.ctiawireless.com, www.ctia.org), further validating the benefits wireless customers may achieve in creating and managing data services through Accenture Service Delivery Platform Solution.

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