

NRTC Brings All the IPTV Pieces Together

Rural Telcos Pioneered IPTV; Poised to Expand With Rest of Telecom Industry

Beginning in early 2006, rural telephone companies in America will be in a position to offer Internet protocol television (IPTV) in their service areas. It will be a high-quality service, comparable to the well-publicized services that the large regional Bell companies are preparing to launch. And it will be an affordable service that rural telcos will use to please their customers and, at the same time, make some money.

That is National Rural Telecommunications Cooperative's (NRTC's) objective in the IPTV push. It is bringing together all the pieces to allow telcos to deploy IPTV quickly and affordably. Working in close harmony with the National Telecommunications Cooperative Association (NTCA) and SES AMERICOM, NRTC will offer two products:

1. Rural telcos will be able to obtain programming rights to a wide assortment of viewing options, including the latest high-definition (HD) and video-on-demand (VOD) selections, to compete with cable and satellite video providers. No organization today has programming rights that allow for delivery of their content over an IP-based network. NRTC removes a major barrier to telcos' introduction of video programming over their existing DSL or fiber networks.
2. NRTC is working with SES AMERICOM to introduce the breakthrough IP PRIME digital television distribution system, which will drastically cut costs compared to traditional cable TV distribution systems.

Taken together, NRTC's IPTV products will provide rural telcos all they need to turn their DSL or fiber optic facilities into conduits of virtually unlimited channels of video entertainment to the home.

Much of the financial and telecommunications world is following with great interest Verizon's rollout of FiOS, a fiber-to-the-premises (FTTP) service network that will offer a full slate of services, including video. The company expects to pass more than 3 million homes in early 2006. "FiOS is a truly future-proof network," said Ivan Seidenberg, Verizon chairman and CEO at a recent conference. "After many years of predictions, the new technologies allow us to deliver video."

On a nearly parallel course with Verizon, SBC Communications is preparing to offer IPTV and other services through its Project Lightspeed, a fiber-to-the-curb (FTTC) network, which is projecting between 20 megabits per second (Mbps) to 25 Mbps in bandwidth to the home. SBC will use DSL for the last mile connection to the subscriber. In addition to multichannel video service, Project Lightspeed will include additional capacity for video on demand. Home consumer equipment will have digital video recorder capability that consumers can network to every TV or personal computer in the home.

These projects and others expected to launch in 2006 have led some experts to predict that most U.S. telcos will offer video services within the next 18 months. One projection is that 3.4 million U.S. households will subscribe to IPTV by 2010. Part of the telco motivation is pure survival. As cable TV providers, mobile phone companies, and Internet service providers (ISPs) introduce advanced wireless voice and voice over Internet protocol (VoIP) competition to the traditional phone line, the ability to offer a competitive video service becomes central to telcos differentiating themselves from the competition.

At the same time, telcos are looking at IPTV as a true business opportunity. HD is the hottest item in the consumer video electronics world and home view demand for cinema-like pictures from their video providers is growing rapidly. IPTV also holds the potential to distribute an unlimited range of video services, including VOD, with a simpler interface than established cable and satellite services now offer.

FiOS and Lightspeed may be key steps toward that future, but they are not the first steps. Far-sighted rural telephone companies, such as Pioneer Telephone in Kingfisher, OK; Chibardun Telephone Cooperative in Cameron, WI; and Paul Bunyan Telephone Cooperative in Bemidji, MN, have been offering video over fiber-to-the-home (FTTH) or DSL facilities for years. Through these early ventures, the telecommunications industry learned much about the technical, financial, legal and regulatory issues connected to the telco video concept.

The fruit of that learning is NRTC's ability to provide a turnkey approach so that a much wider group of rural telcos will soon have the chance to participate in IPTV's emergence.