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Sezmi Expands to Malaysia With YTL Partnership - Template For 4G Carrier Deals in U.S.?

Sezmi is expanding into Malaysia, partnering with YTL Communications to provide the digital television service component of YTL's hybrid broadcast-wireless 4G "quadruple play" that also includes voice and data services. For Sezmi, the move is its first significant international deal, and could serve as a template for partnership deals in other developing countries that don't have or can't affordably build extensive wired broadband networks.

Importantly, the YTL deal also provides a possible glimpse of Sezmi's value as a partner to domestic U.S. carriers rolling out 4G service who might seek to offer a competitive over the top TV service. 4G is gaining momentum in the U.S. Just last week Verizon announced that it would introduce its 4G "LTE" service in 38 markets around the U.S. by the end of the year, with data speeds of 5-12 megabits per second. Both Clearwire and Sprint have already rolled out 4G services to over 50 market each and T-Mobile is in over 60 (albeit none of these always have 100% market coverage just yet). AT&T is planning to launch an extensive 4G network by mid-2011.



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For any of these carriers a partnership with Sezmi would allow them to also offer digital TV services, with a national footprint in all of the markets in which they provide 4G. I think it's practically inevitable they'll want to include TV as part of a bundle to compete more effectively with incumbent cable and satellite operators. The strategy makes particular sense for Verizon and AT&T which already offer TV service (FiOS and U-Verse respectively) and have done some bundling to date. For both however, their rollouts have been limited to the small number of geographies where they've upgraded their networks. In fact Verizon announced last March it has stopped building out its capital intensive FiOS network, effectively putting an end, for now, to expanding its TV services.

Just as in the YTL deal in Malaysia, Sezmi's proprietary hybrid set-top box would allow these carriers to take advantage of their 4G networks for TV delivery, but also use broadcast delivery when appropriate. Sezmi also brings its technical expertise, content relationships and retail deals with Amazon and Best Buy, among other things. You could make the argument that the 4G carriers could simply leave it to the consumer to buy a connected device (e.g. Apple TV, Google TV, Roku, etc.), but none of these supply the comprehensive package of linear, VOD, DVR that the carriers would need to fully compete with cable and satellite (and to be fair even Sezmi doesn't yet have all the cable channel carriage deals it needs to be fully competitive).

For Sezmi, 4G partnerships offer huge upside. While the company has released its basic "Select" service in 36 markets, it has still only introduced its "Select Plus" service, which is meant to compete with incumbent pay-TV operators in a single market, Los Angeles. If Sezmi doesn't announce Select Plus availability in additional markets to capitalize on the critical holiday season just ahead, it will have missed a big window of opportunity, therefore increasing the importance of 4G carrier deals in 2011.

I've thought for a while that Sezmi has really interesting technology, but its go to market plan required a big network partner(s) to succeed. With 4G rollouts in the U.S. gaining steam, and the YTL deal as a proof point, it's extremely likely we'll see Sezmi-4G partnerships in the U.S. in

2011. These in turn would mean even more competition for incumbent cable and satellite operators.

What do you think? Post a comment now (no sign-in required).

Tags: Sezmi, YTL, AT&T, Verizon, T-Mobile, Clearwire, Sprint

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