

IDATE

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**Development
of
Digital TV in
Spain**

1998 report

DATABANK

1. Digital TV market overview

1.1 Roll-out of digital services

1.1.1 Satellite digital services

As of 1998, two satellite based digital TV platforms have operated in the Spanish market: Canal Satélite Digital (February 1997) and Distribuidora de Televisión Digital (Vía Digital) (September 1997). Both enjoyed tremendous growth in their first year of operation, taking advantage of the delayed deployment of cable in Spain. By the end of 1997, Canal Satélite Digital had 260.000 subscribers and Via Digital 90.000. By the end of 1998 it is expected that the total market will reach more than 1 million subscribers (700.000 Canal Satélite Digital and 350.000 Vía Digital).

1.1.2 Cable digital services

Analogue Cable TV started to develop in Spain in the early 90's before any specific regulation for this sector was in place. In 1997, there were 1,8 million households passed with analogue cable, of which 420.000 connected. Operators were local entrepreneurs who did not organize themselves in national networks. The current offers consist mostly of TV services, but some operators offer radio broadcasting and Tele shopping.

By July 1998, the Spanish Government had awarded 29 licenses to provide cable telecommunication services that allowed the winners to provide cable TV, Internet access and voice communications.

Another ten bids are in the final stages of the bid process. Banks and Electric utilities will play a leading role in the new operators. It is expected these operators will invest in excess of ECUs 4.800 million over next ten years. That sum would reach ECUs 9.000 million if announced investments by Telefónica, the incumbent telecom operator, are included. The Commission of the Telecommunications Market (CMT), national regulator, will follow cable operators very closely, since investments of ECUs 3.600 million are required between 1996 and 1999. According to CMT estimates, cable operators and satellite operators will reach a penetration of 4 millions households, with a potential annual market of ECUs 1.500 million in the next five years.

During 1998, licenses to deploy and operate cable networks were awarded in different geographic areas. The two main players that participated in the bid for these licenses were Cableuropa and the Endesa/Stet Telecom Italia Group, major shareholder in Retevisión, the second telephone operator.

Both groups, with the support of local partners, were rivals in almost every bid, with the exception of Catalonia, where both groups will jointly provide service through local operator cable Cable i Televisió de Catalunya (CTC).

By August 1998 the process was almost concluded. The few territories not yet awarded (The Canary Islands, Castilla La Mancha, Sanlúcar de Barrameda, Ceuta y Melilla) are of secondary importance in economic terms.

The expected potential market for cable operators amounts to almost ten million households. Endesa, large electric utility, and its partners have managed to acquire rights over the largest share. Excluding Catalonia, Endesa and its partners will have access to almost half of the households in the market (48,1%).

Cableuropa, that has recently changed its name into ONO, has managed to gain control over 17,8% of the market. When Catalonia is included, Endesa would control 63,2% of the market, while Cableuropa's share would reach 32,89%.

A third operator, Cable Axarquía, integrated by local operators has won the license in Vélez-Málaga and will remain independent of the large groups.

Cableuropa expects to offer a set of services ranging from digital TV with interactive broadband services and Internet access to telephony. Its mayor shareholders are SpainCom (Spanish Communication Limited), which includes General Electric, Bank of America and Callahan Associates International, that holds a 32,5% share; Banco Santander, 27,5%, Ferrovial, 15%, Multitel, 15% and Banco Central Hispano, 10%.

The cable investments of Endesa/Stet Telecom Italia Group are expected develop into the local loop for Retevisión, the second telephone operator in Spain. This Group has access to the most significant licenses. In the Madrid market they will operate with a third partner, the electric utility Unión Fenosa.

Telefónica de Cable, a subsidiary of the Telefónica Group has a direct license to operate in every market and has deployed the infrastructure required to offer cable services in all the country. However, they face the restriction whereby they will not be able to start operations until after two years of the entrance of new operator in each market. Telefónica de Cable has signed an alliance with Abengoa, the electric utility Iberdrola and the Japanese electronics manufacturer Itochu. They also have the possibility to enter into new alliances in other large markets with Grupo Correos (the Postal Service). In the Madrid market, the partner will be Multipark, integrated by the local savings bank Caja Madrid, the local TV TeleMadrid and the local water utility Canal de Isabel II.

1998 is the starting year for the digital cable in Spain. Most operators are currently investing in infrastructure or in trial phase. Most cable operators expect to start operations in early 1999, offering telephony and TV services. However, the fact that satellite was deployed almost two years before may jeopardize the future of the cable TV in Spain. Early adopters of Pay TV have already chosen the satellite solution, so the new entrants will need to offer a strong incentive for customers to switch, be it reduced prices or improved content.

1.1.3 Situation of MMDS

Operators using MMDS in Spain operate outside of the legal framework. In fact, this technology is expected to develop as an alternative to cable in very sparsely populated rural areas, where cable deployment would not be economical.

Digital MMDS is currently at the experimentation stage in Spain. In February 1997, CellularVision de España, a subsidiary of Infoglobal (Spanish company that holds 50% of the venture) and CellularVision of the U.S., one of the most important companies in this technology, requested a provisional access license to the 27,5 to 28,5 GHz band for a non commercial test in Madrid.

Other companies such the public broadcaster TVE, the Madrid Stock Exchange and 4B, a payment systems consortium, have stated their interest in this TV technology.

1.1.4 Situation of terrestrial digital television

Retevisión, current owner of the monopoly rights to transport TV signal, will be in charge of the transition from analogue to digital format of terrestrial TV. Their monopoly rights will expire by December 1999, so other operators will be able to set up DTTV transmission.

The Government has developed the National Technical Plan for Digital TV which sets the condition for the renewal of the licenses of current TV broadcasters in the substitution of analogue for digital technology within two years (three years for the Pay-TV channel Canal+).

The Plan allocates two channels of terrestrial digital TV to the public broadcaster RTVE and one for each national private TV broadcaster (Antena3, Telecinco and Canal+). The Plan has set up a four-phase implementation timetable for the digital network rollout. A Government decree regulating the roll out of digital platforms is expected for early 1999.

- ✓ First phase: Starts on July 1, 1998 and lasts for 6 months, with the goal of reaching at least 50% of the population.
- ✓ Second phase: Begins on January 1, 1999 and will last for 12 months, with a cumulative goal of reaching at least 70% of the population.
- ✓ Third phase: Begins on January 1, 2000 and will last for 18 months, with a cumulative goal of reaching at least 80% of the population.
- ✓ Fourth phase: Begins on July 1, 2001 and will last for 10 years, with a cumulative goal of reaching at least 95% of the population.

The Plan has not yet been approved after seven months of discussion with political parties and current broadcasters. However, an agreement is expected in the short term.

1.1.5 Market development

The major Spanish analogue pay-TV channel is Canal+ Spain, which is owned by Sogecable, and has developed rapidly in recent years. The reason for the success of this channel was the relatively small number of television channels in Spain. Canal+ has provided a successful blend of programming and has successfully introduced the notion of pay-TV into the market. Its recent launch of a digital package may result in a slow-down in the rate of growth of analogue subscriber numbers as viewers slowly move over to digital reception. Evidence from other markets such as mobile telephony in Spain suggests that migration from analogue to digital should be expected. The subscription rate is of ECUs. 21 per month.

The analogue cable operators provide 15 TV channels and services. The subscription price is more or less ECUs. 9 per month for 20 channels. The offer has one local channel and foreign channels that the local service provider reaches through satellite. The main problem is that subscribers want more Spanish speaking channels and their main advantage is that cable is cheaper than Canal+.

Canal Satélite Digital was the first digital platform to start operating in Spain and has built its package on the existing Analogue pay-TV, Canal+.

Canal Satélite Digital is backed by the French Canal+ and by Prisa Group.

This telecommunication media group is close to the Socialist Party, which formed the Government up to the elections of 1996, when the Partido Popular (conservative party) came to power. The Partido Popular and conservative communication media hampered Canal Satellite Digital activities, in a way that also led to conflict with the European Commission.

In September 1997 the second digital platform, Via Digital, was launched which is more government friendly.

Distribuidora de Televisión Digital with the commercial name of Vía Digital is backed by Telefónica, the largest telecom operator in the Spanish speaking world. Other partners include State owned broadcaster RTVE, the private network, Antena3, several regional networks and Mexican operator, Grupo Televisa.

Marketing of satellite digital TV in Spain has focused on convincing customers of the need to pay to receive a much wider TV offer, whilst highlighting the relative advantages of the platform. The promotional expenditure of Canal Satélite Digital has been ECUs 20 million and 18 million from Via Digital.

Canal Satélite Digital has launched an advertising campaign based on spectacular images stressing the richness of their catalogue. At the same time, they have lured their own Analogue Canal + subscribers with a 7 ECUs per month offer to upgrade their decoder and receive the new basic packet until August 1998.

Via Digital has developed an advertising campaign to gain brand awareness, based on light humour, and offering free access from September till December 1997.

After 1999, the competitive scenario will be tougher since satellite platforms will not only compete among themselves but also against digital cable operators that will start operating. On top of that, digital terrestrial television will be ready by mid 1999. A period of strong competition is expected.

Each technology has its own advantages: satellite allows cheap deployment and interactive services using PSTN return already in place, cable allows broadband interactivity and terrestrial digital TV allows to use the existing infrastructure with easy access to local content and access to interactive services using PSTN return.

In urban areas, satellite TV platforms will face competition from two cable operators (local operator and Telefónica de Cable) and terrestrial digital TV. In rural areas, satellite and digital terrestrial TV will be the only alternatives.

1.2 Detail of services

The strong demand for content from Canal Satélite Digital and Vía Digital and the high expectations created by the new cable networks have fuelled the growth of the content business in Spain, even if it still remains a smaller market. More than 50 new channels were created last year to satisfy the needs of Canal Satélite Digital and Vía Digital. These new channels are covering new genres such as travel, fashion or 24 hour news that were previously not widely available on the free-to-air offer.

Entrants in this business come from many different backgrounds: platform operators (Sogecable and Via Digital), generalist TV companies both public and private (such as TVE and Antena3), new ventures in content production backed by investors from outside the industry (such as Mediapark) and multinational corporations (such as Multithematiques or Disney).

Sogecable, major shareholder in Canal Satélite Digital, has established a subsidiary, Citsa, to create channels such as Futbol Mundial (24 hours football), + Música (music), Estilo (fashion), Album TV (TV oldies) and Viajar (travel and tourism). Vía Digital has developed cinema channels such as Club Cinema, Cine 600, Canal 18 and Gran Vía.

TVE, the national TV producer has established a new division to become a supplier of Via Digital. They have developed focused channels such as Cine Paraiso or Canal Nostalgia that include classic movies and TV oldies. Regional TV companies supply regional channels. 24 hour news channels have also been developed by TVE and Forta (the regional TV association).

New audiovisual services companies are entering the business. Multipark, based in Madrid, has developed three new channels and Mediapark, based in Barcelona, nine new ones. Gas Natural, the major gas supplier in Spain, has developed Natura for Via Digital.

Multinational corporations are also interested in the Spanish market. The French producer Multithematiques supplies Canal Satélite Digital with Seasons and Meteo, having reached an agreement to develop Spanish specific content. Disney offers their Disney Channel translated into Spanish. A smaller share of content is provided by other multinationals such as NBC or Time Warner without any translation or adaptation to the Spanish market.

Subscription rates for both platforms vary from ECUs. 21 to ECUs. 40 per month. Because there are no licence fees on TV in Spain, households that subscribe to digital platforms spend their total TV budget on this point.

The major difference in content between Canal Satélite Digital and Vía Digital lies in the rights over major movies and First Division football matches. Because they were the first to enter the market, Canal Satélite Digital managed to negotiate agreements with the largest Hollywood majors to secure a broad supply of hits over the next years. Vía Digital has recently closed a deal with Metro Goldwyn Mayer.

Rights over First Division football matches are owned by Audio Visual Sport, a company set

up by Sogecable, Antena3 and TV3. Audio Visual Sport has signed an agreement with Canal Satélite Digital that will offer football until 2000, and with Via Digital for the next years thereafter.

Interactive services are offered using the return channel through the public switched telephone network, which requires the installation of a modem in the set top box. Satellite based digital TV operators offer Pay per view, Remote and Tele shopping services.

In June 1998, Canal Satélite Digital announced the launch of interactive services through an agreement with the largest payment systems in Spain (Red 6000, VISA, 4B) and will offer electronic banking capabilities. In the future, Internet navigation will be available thanks to a browser currently under development that will be included in the next generation of set top boxes. Canal Satélite Digital also includes a 16:9 channel in their Pay per view offer.

1.3 Operators and market structure

1.3.1 Concentration of the pay-TV market

Current Digital TV supply is dominated by satellite. There are two platforms operating in the market: Canal Satélite Digital and Vía Digital. Canal Satélite Digital started operating in February 1997 and expects to reach 700.000 subscribers by the end of 1998. By then Vía Digital will have 350.000 subscribers and digital cable TV will be in the initial stages of development.

In July 1998 both satellite operators reached an initial agreement to merge. The new venture would be 50% owned by Telefónica and its partners in Vía Digital and 50% owned by Sogecable, parent company of Canal Satélite Digital. The merger still needs further agreement on specific valuation issues and regulatory approval. Both the European Commission and the Commission of the Telecommunications Market will have to clear the merger. The European Commission is not formally against the merger, but will require guarantees about the future competitive environment.

Disagreements about the relative value of both parties have delayed the merger. The effect of this delay has been a relative flattening of growth, since uncertainty about the future solution is probably deterring some prospective clients.

1.3.2 Vertical integration

Content development is a growing industry in Spain, but that has not yet realized its full potential. A significant share of the broadcasted content comes from foreign producers. Canal Satélite Digital has reached agreements with Paramount, Disney, Time Warner-Turner, Universal and Columbia.

Vía Digital has chosen content providers that are also shareholders of its parent company, Distribuidora de Televisión Digital, such as RTVE, Televisa and regional TV stations.

Telefónica is active in several steps of the value chain. Telefónica owns 25% of Distribuidora de Televisión Digital, a parent company to Vía Digital. Telefónica is allowed to provide cable TV services through its Telefónica de Cable subsidiary. Telefónica also owns 23% of Hispasat, the Spanish communications satellite operator.

Retevisión owns the sole distribution rights to the standard Spanish terrestrial channels. Retevisión leads the VIDITER project, responsible for the development of terrestrial digital TV, with monopoly rights until 1999. Retevisión also owns 31% of Hispasat. Among their immediate projects, it is noteworthy their interest in developing a new digital TV service to compete with Canal Satélite Digital and Vía Digital.

The two largest groups with interests in cable TV have also stated their interest in other related projects. Cableuropa has announced that they are interested in satellite digital TV. The group formed by Endesa and Stet Telecom Italia is also partners in Retevisión.

1.4 Technical issues

1.4.1 Decoder issues

The Law 17/97 of May 3rd incorporates into the Spanish legal system the Directive 95/47/CE of October 24 of the European Parliament and the Council about TV signal transmission. This same law introduces additional measures focused towards the liberalization of the industry, and develops the framework for the TV signal transmission and conditional access system regulation.

The main goal of the Law is to protect the public interest in terms of access to information and to guarantee healthy competition in TV services both through digital satellite and digital terrestrial systems.

The Law was modified by the Royal Decree-Law 16/97 of September 13. Requirements for conditional access, definition of services and the regulation for the transition from installed decoders to the future are detailed. The Royal Decree-Law 16/97, that guarantees freedom of choice to the final user in terms of decoder, closed the dispute regarding multicrypt and simulcrypt decoders.

Under the new regulation the market will decide which is the dominant system, provided it is open and compatible. Both operators can agree to use the same conditional access system or use compatible systems. Only if the operators fail to reach an agreement would the CMT, the national telecom regulator, intervene, thus imposing a common interface for conditional access systems. This regulation is similar to the one of the United Kingdom.

Under this legal framework, Canal Satélite Digital chose to implement Simulcrypt while Vía Digital opted for a Multicrypt solution in order to achieve interoperability.

As far as STB provision is concerned, there are no Spanish manufacturers of decoders for Digital TV. Existing satellite digital TV platforms have signed procurement agreements with foreign suppliers: Canal Satélite Digital has signed an agreement for the supply of SECA decoders with Philips and Sony. Nokia and Echostar are suppliers of the system used by Vía Digital. The latter is negotiating with Spanish suppliers - Amper, Arteixo, Televés, Fagor, Ikusi - that will also manufacture decoders in the near future.

The evolution towards terrestrial digital TV from the current analogue systems will start in 1999, as licenses for broadcasters need to be renewed. Current TV sets, designed for analogue TV, will need to be replaced or a small decoder will be required. TV sets and decoders manufacturers expect a strong surge in sales that have been relatively flat in the last years. According to industry experts, the arrival of Digital TV will mean a significant upturn of the market, since the replacement of TV sets stock may amount to ECUs 9.000 million. This amount includes the replacement of TV sets, and accessories, such as VCR. Manufacturers have announced that in the near future decoders will be integrated with TV sets.

The Spanish market for TV sets and digital decoders is dominated by subsidiaries of large multinationals. In TV sets, Philips (19% market share) is the clear market leader. The level of concentration in the market is high: the five largest companies, (Philips, Sony, Sanyo, Thomson and Panasonic) have a cumulative market share of more than 50%. Only Sony, Sharp and Thomson have significant manufacturing presence in Spain. Foreign capital is prevalent: 15 of the largest 18 companies are owned by foreign multinationals. European, Japanese and Korean multinationals are the main players.

1.5 Conclusion

The future of cable TV has been jeopardised by the fast development of satellite TV. Cable TV companies are now reviewing their strategies: original plans might have included TV services only, but current plans call for a global telecommunication service provider strategy if they want to be profitable.

Because cable deployment has been slow in Spain, new clients interested in digital TV have chosen satellite delivery. These clients will need an incentive to switch providers. Satellite TV has the advantage of lower investments required, whereas cable deployment is slow and requires significant investments. However, in the future there will be competition between satellite, cable and terrestrial digital TV. Implantation of the latter will mean the disappearance of terrestrial analogue TV.

Industry experts predict the disappearance of analogue TV around the 2010, when the current terrestrial TV offer will be ten times larger than it currently is. They expect the number of free-to-air channels to increase to fifty from the current five. These new channels will be assigned either to new or existing operators in a way to increase competition in the market.

Variety, both depth and breadth will increase. TV supply can reach 500 different channels, many of them in Pay-TV format, most of them with specialised content. In this context, viewers will face increasing complexity, so they will not be able to understand, differentiate and remember the whole offer and each viewer will probably end up using only a small fraction of the offer.

An attractive and feasible scenario could be the coexistence of Pay-TV and free-to-air. The main issue would be the balance of quality of the programmes. If operators exploit both free-to-air and Pay-TV channels, and they develop a high quality free-to-air TV offer, subscription rates to Pay-TV channels could be too small, making it an unattractive business proposition. On the other hand, if the quality of the free-to-air TV offer decreases dramatically, the audience of free-to-air TV will shrink to the point that only those unwilling to pay for TV will remain, advertising revenues will go down and the current business model for free-to-air TV will be endangered.

A great opportunity can arise for the audio-visual industry in Spain, both in manufacturing and in content development if suppliers are able to leverage the opportunities created by the Spanish speaking world, which could help increasing the returns from investment in a very significant manner.

2. Key figures for the Spanish market

2.1 Country fundamentals

	1994	1995	1996	1997	1998	1999
Population (millions)	39.22	39.26	39.3	39.33	0	0
Households (millions)	11.7	11.7	11.8	11.8	0	0
GNP (billions ECUs)	407.12	428.09	458.23	466.91	0	0

2.2 Equipment

	1994	1995	1996	1997	1998	1999
TV households (millions)	11.62	11.63	11.72	11.74	0	0
<i>TV households (% of total households)</i>	99%	99%	99%	99%		
TV households with 2 TV sets or more (millions)	5.84	6.17	6.43	6.82	0	0
<i>TV households with 2 sets (% of TV households)</i>	50%	53%	55%	58%		
TV households with 16:9 TV sets (in millions)	0	0	0.02	0.06	0	0
VCR households (millions)	6.24	6.55	7	7.39	0	0
<i>VCR households (% of TV households)</i>	54%	56%	60%	63%		
Digital STB households (millions)	0	0	0	0.35	0	0
<i>Digital STB households (% of TV households)</i>	0	0	0	3%	0	0
Digital TV households (millions)	0	0	0	0	0	0
<i>Digital TV households (% of TV households)</i>	0	0	0	0	0	0
Digital households (millions)	0	0	0	0,35	0	0
<i>Digital households (% of TV households)</i>	0	0	0	3%		

2.3 Television market estimates*

	1994	1995	1996	1997	1998	1999
Analogue TV Market						
Public funding	na	na	na	150	0	0
Advertising	1336.88	1351.66	1425.84	1478.84	0	0
Subscriptions	254.4	321.15	399.48	394.84	0	0
Total Analogue TV	1591.28	1672.81	1825.32	2023.60		
Digital TV Market						
Public funding	0	0	0	5.43	0	0
Advertising	0	0	0	89.22	0	0
Subscriptions	0	0	0	94.65		

* "**Public funding**" comprise grants and licence fees; "**Advertising**" also includes sponsoring expenditures whereas "**Subscriptions**" cover subscriptions to the basic multi-channel package as well as subscriptions to Premium pay-TV services.

2.4 Distribution mechanisms

Cable

	1994	1995	1996	1997	1998	1999
Homes passed (millions)	0.75	0.9	1.5	2.3	0	0
<i>of which digital (millions)</i>	0	0	0	0.5	0	0
Homes passed (% of TV households)	6%	8%	13%	20%		
Homes connected	0.14	0.14	0.29	0.42	0	0
Homes connected (% of TV households)	1%	1%	2%	4%	0%	0%
Digital package subscribers (millions)	0	0	0	0	0	0

Satellite

	1994	1995	1996	1997	1998	1999
Satellite households (millions)	0.3	0.4	0.55	0.71	0	0
Satellite households (% of TV households)	3%	3%	5%	6%		
Satellite subscribers (millions)	0.02	0.04	0.1	0.35	0	0
Satellite subscribers (% of TV households)	0%	0%	1%	3%		
<i>of which digital (million)</i>	0	0	0	0.35	0	0

Terrestrial television

	<i>1994</i>	<i>1995</i>	<i>1996</i>	<i>1997</i>	<i>1998</i>	<i>1999</i>
Analogue TV Market						
Pay-TV subscribers (millions)	1.13	1.38	1.75	1.89	0	0
Digital TV Market						
Passed (millions)	0	0	0	0	0	0
Initialised (millions)	0	0	0	0	0	0
Pay-TV subscribers (millions)	0	0	0	0	0	0

3.

Presentation of the major digital services

Canal Satellite digital

<i>Presentation</i>	
<i>Name</i>	Canal Satellite Digital, S.L.
<i>Date of launch</i>	01/02/97
<i>Shareholders</i>	Sogecable 90%, Aurum 7.5%, Antena 3 2.5%

Canal Satélite Digital is the first digital operator in Spain. This group, which is backed by Canal Plus has built its package on the existing Analogue pay-TV, Canal+. The shareholders are Sogecable (90%), Aurum (7,5%) and Antena 3 TV (2,5%). Sogecable, an Spanish Pay-TV holding company is owned by Grupo Prisa, the most important Spanish multimedia group (25%), Canal Plus France (25%), Eventos (7,9%). A group of banks has a participation of 42,1% and is headed by Banco Bilbao Vizcaya (BBV) and Grupo March (15,79% each one), Bankinter and Caja de Madrid (5,26% each one).

Canal Satélite Espana analogue subscribers are rapidly migrating to the Canal Satélite Digital services, for which they are being offered strong incentives. These mainly consist of a low rental price for the digital set-top-box, similar to that for the analogue services. The analogue channel's subscribers base dropped from around 100,000 in December 1996 to 50,000 in October 1997.

Canal Satélite Digital broadcast 40 television channels, 32 radio station and some interactive services. Canal Satélite Digital was the first operator in Spain to offer national football on a PPV basis, but it does not have a dominant position in sport content because Via Digital has also secured significant football rights.

Canal Satélite currently offers a 16:9 channel and a channel for Internet access: for a monthly fee of 500 pesetas, the consumer can navigate for 15 hours.

History of subscriptions

<i>N° subscrit.</i>	<i>1996</i>	<i>1997</i>	<i>1998*</i>
	0	260,000	

Channel line-up

The basic tier includes 20 channels for a price of 14.9 ECUs per month; the two thematic movie channels are sold for 14.9 ECUs monthly fee. The premium channel Canal + Digital for 21.8 ECUs.

Major Channel producer and Distribution

A significant share of the broadcasted content comes from foreign producers. Canal Satélite Digital has reached agreements with Paramount, Disney, Time Warner-Turner, Universal and Columbia.

Distribution

Network	Owner
Satellite	Astra

Decoder

Name of the decoder	
CA Technology	Mediaguard
API technology	MediaHighway
Free TV compatibility	Yes
16:9 compatibility	Yes
Integrated modem	Yes
Internet access	Yes
Available for sale/price	n.a.
Available for rent/price	6 ECUs per month
CA agreements	

Distribuidora de television digital via digital

<i>Presentation</i>	
<i>Name</i>	Distribuidora de Television Digital, S.A.
<i>Date of launch</i>	01/09/97
<i>Shareholders</i>	Telefonica 25%, Televisa 17%, RTVE 17%, DirecTV 17%, Itochu 5%, others 19%

Distribuidora de Televisión Digital, started in September of 1997 with the commercial name of Vía Digital, backed by Telefónica, the largest telecom operator in the Spanish speaking world. Others partners include State owned broadcaster RTVE, the private network, Antena3, several regional networks and Mexican operator, Grupo Televisa.

Via Digital has experienced a strong growth since its launch. It has been offering a cheaper package than Canal Satélite Digital, and subscription was free up until January 1998.

The Via Digital bouquet is similar to that of Canal Satélite Digital, in that it offers 60 channels, that include 25 premium services and some PPV sports and films. Via Digital has rights to the Championship league and Spanish League football.

This year some changes have taken place in the capital structure of Distribuidora de Televisión Digital. RTVE, the American TV operator Direct TV and Televisa each agreed to take a 17% share in the venture, with Telefónica retaining 25%, regional broadcasters and Grupo Recoletos, a Madrid-based publisher, would hold the remaining 19% and Itochu, a Japanese electronics manufacturer has 5%.

Via Digital recently signed an exclusive 350-picture right deal with MGM covering new and library films.

Channel line-up

The basic tier includes 21 channels for a price of 14.9 ECUs per month; the thematic movie channel is sold for 17.9 ECUs monthly fee. Specific of Via Digital offer is Play Boy channel, sold for 8.9 ECUs per month.

History of subscriptions

<i>N° subscrit.</i>	1996	1997	1998*
	0	90,000	

Distribution

Network	Owner
Satellite	Hispasat

Decoder

Name of the decoder	
CA Technology	Nagravision
API technology	OpenTV
Free TV compatibility	Yes
16:9 compatibility	
Integrated modem	Yes
Internet access	No
Available for sale/price	n.a.
Available for rent/price	6 ECUs per month
CA agreements	