

CASE STUDY

Incognito Grows with ZON

Portugal's ZON TV is moving fast. A subsidiary of Lisbon-based ZON Multimedia, the operator has grown its triple-play customers by 38 percent in the past year and its voice subscribers by 188 percent in the past two years.

ZON TV is also the country's leading provider of pay TV services, offering both cable television and direct-to-home satellite broadcasting. Its strongest competitor for voice, video, data, and wireless customers is incumbent Portugal Telecom.

A part of the PT Group until November 2007, ZON TV forged its relationship with Incognito Software in 2003 when the company (then known as TV Cabo Portugal) rolled out Broadband Command Center device provisioning software to support its high-speed data service. That deployment and continued collaboration with Incognito has helped position ZON TV for its subsequent explosive growth.

Competitive Landscape

At Europe's southwestern corner, Portugal is home to 10.7 million, about the same population as Belgium and Greece. Though Portugal remains below average for broadband penetration compared to other European Union members, it is above average for mobile penetration, according to a report by Dublin-based Research and Markets.

Portugal Telecom, which holds a 52 percent market share of voice, is the dominant DSL provider. It also has a 56 percent share of the mobile market and its "meo" IPTV service counts some 769,000 subscribers. Other multichannel video providers (and subs) include Cabovisao (260k), Sonaecom (31k) and Vodafone Portugal (17k). By contrast, ZON TV has 1.6 million television subscribers.

On the high-speed data front, PT leads with 46 percent market share vs. 33 percent for ZON, as of 1Q 2010. Cabovisao is next with 8.1 percent, about one-fourth as many broadband subs as ZON.

In terms of price, Portugal has one of the highest average monthly rates for broadband in Europe. Nevertheless, the country has shown a 12 percent increase in broadband penetration over the past year, according to the OECD.

In a speed comparison, at 200 Mbps the Portuguese cable industry currently has bragging rights for the fastest advertised broadband speeds in the world.

This dynamic market has seen several cross-industry alliances. For instance, ZON is using Vodafone as its MVNO partner, and ZON and PT are partnering on fiber optic backbone infrastructure.

ZON Profile and Use Case

Broadband speed is a key strength at ZON. Not only was the operator an early mover with EuroDOCSIS 3.0, which allowed it to offer bonded channels carrying 200 Mbps downstream, but it also offers a 1 Gbps "Fibra"-branded service over its GPON network. By September 2010, ZON surpassed 100,000 customers requesting Internet services at speeds higher than 30Mbps. At EUR 249 per month, the 1 Gbps service (bundled into one of many triple-play packages) has generated media attention and led to a war of words, but is unlikely to have many residential takers.

Apart from aggressive marketing, service agility has helped position ZON as a leading triple-play operator. In that regard, the device provisioning foundation forged with Incognito in 2003 has contributed a great deal to ZON's success.

After initially deploying Broadband Command Center for the provisioning of high-speed data services, ZON expanded its use of the software to support PacketCable-based services and set-top provisioning. The support for hybrid PacketCable 1.5 flow provi-

ZON TV FAST FACTS

- One of over 20 subsidiaries of ZON Multimedia
- Renamed ZON TV (from ZON TV Cabo) in 2010
- First Deployed Incognito in 2003
- Deployed Incognito with ZON Madeira and ZON Azores in 2008
- Triple-play customers 537,000 (1Q10)
- Pay TV 1.6 million (412,000 satellite) (1Q10)
- Broadband 635,000 (1Q10)
- Fixed voice 646,000 (1Q10)
- Mobile 81,000 (1Q10, quad play since 4Q08)

BENEFITS

- Scalability
- Ease of new service deployment
- Reliability
- Customizable provisioning tools
- Service security

INDUSTRY

- Cable video, high-speed Internet and phone service providers

PRODUCT

- Incognito Broadband Command Center™

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sioning appealed greatly to ZON. PacketCable-based voice has been a key part to ZON's service bundles. At 63 percent cable customer base penetration, their telephony success is remarkable in its own right.

"It's very important for ZON to be agile and competitive against the incumbents," said Conor Kiernan, Director of Sales for EMEA at Incognito. He attributes ZON's triple-play success to their being "able to turn on services very quickly."

Among the key challenges that ZON and Incognito faced were existing operational and business support systems and new technologies. "One of the biggest benefits was the integration capabilities offered by BCC," Kiernan said. "They used both the command line interface and SDK to integrate into their back office," he said.

The CLI is a tool for developing scripts and integration capabilities with third-party systems. The SDK is continually updated to help with the deployment of new technologies and services, such as set-tops with embedded cable modems.

Unlike other countries, video remains a strong driver in Portugal, with nearly 200,000 additions projected across the cable industry between 2009 and 2010. "This year has been just an explosion in terms of video subscribers," Kiernan said.