

## Minute Summary of the 2nd Meeting of the Study Group on Cable Television in the 2010's

### 1. Date and time:

March 30 (Thurs), 2006 10:00 to 11:55

### 2. Location:

Special Conference Room 1, 8F, Ministry of Internal Affairs and Communications

### 3. Attendees

#### (1) Members (Honorifics omitted)

Tsunetoshi Ishibashi, Takashi Otsuka, Yoshihiro Oto, Shigeki Goto, Toshihiko Shimizu, Kazuteru Tagaya, Tetsuro Takeoka, Kazutoshi Terasaka, Masataka Nakamura, Tadahisa Mori, Kei Morita, Hirotsugu Yamaguchi, Haruko Yamashita, Fujio Koike (by proxy)

#### (2) Ministry of Internal Affairs and Communications

Kawano (Deputy Director-General of Minister's Secretariat), Ouchi (Senior Technology Planning Officer of Broadcasting Technology Division), Imabayashi (Director of Satellite and International Broadcasting Division), Okazaki (Director of Regional Broadcasting Division), Hatano (Senior Planning Officer of Regional Broadcasting Division), Honma (Senior Technology Planning Officer of Regional Broadcasting Division), Umemura (Assistant Director of Regional Broadcasting Division)

#### (3) Exponent

Tomoyuki Moriizumi, President & CEO, Jupiter Telecommunications Co., Ltd.

### 4. Proceedings

#### (1) Opening

#### (2) Hearing from cable television operators, etc.

Jupiter Telecommunications Co., Ltd., Nishi Aizumachi, KDDI Corporation

#### (3) Closing

### 5. Major discussions

After explanations were made by Jupiter Telecommunications Co., Ltd., Nishi Aizumachi and KDDI Corporation on business outlines, questions and answers were exchanged as presented below:

#### (1) Jupiter Telecommunications Co., Ltd.

○You explained that the merit of HFC compared with that of FTTH is that the costs of construction and raw materials for the coaxial cable are lower, but what merits could you point out from the viewpoint of facilities maintenance?

←The installation work requires a shorter period and lower cost compared to that for FTTH.

- Are all of the individual triple-play services contributing to the profit?
- ← At present, television, telephone and Internet connection services are structured to generate profits. On the other hand, some services such as “Interactive TV” generate no profit themselves, but indirectly generate merits such as lowering the churn rate.
- You told us that ARPU (Average Revenue Per User) is about ¥7,500. Then what is the state of use of the services?
- ← An average of 1.72 services are used by one user. Increasing the number of services used leads to higher ARPU.
- GyaO provided by USEN appears to be a competing service in transmitting videos. What do you think about it?
- ← We think it epoch-making that they created a new model of providing a free service based on advertising revenue. However, from the viewpoint of business, we are afraid that it will be difficult to cover the service by advertising revenue alone. Furthermore, the increase of such services will make lines tight, which currently places a burden on communication operators. This cost should be discussed in the future.
- It appears that your ARPU is higher than other cable television operators and you are successful in providing the service efficiently. Would you please tell us the factors for this?
- ← Many cable television operators provide VoIP telephone service, with the number starting with 050, that cannot be connected to 110 (police) and 119 (fire station), which is an issue to be solved. What we are providing is a service similar to that of NTT (Nippon Telegraph and Telephone), and we are receiving basic fees and usage charge. This is our advantage. Also for the television service, we provide a greater number of basic and premium channels.
- The fact that you provide your services in areas with higher population density appears to be contributing to the high ARPU.
- ← The average income of households in urban areas is generally high, and we think that this relates to the high ARPU.

(2) Nishi Aizumachi

- Measures taken by the town, such as the utilization of cable television services, has reduced the municipal health insurance tax per capita. How much do you think cable television services contributed to this?
- ← We believe that the activity to enlighten citizens is very important and that the effect of using cable television services for that purpose has appeared.
- The cable television service subscription rate in the town is said to be about 91.7%. What measures are you going to take for the remaining households that have not subscribed to the services when the terrestrial broadcasting is digitized in 2011?

- ←We know that some have not subscribed to the services because they do not watch television, but we will promote the diffusion of the cable television service as much as possible. We do not regard 9% as a big figure. Anyhow, we will continue our enlightenment activity toward the digitization of the terrestrial broadcasting.
- You explained that the future development of the rural-type cable television services is rather uncertain due to measures to be taken toward the digitization of terrestrial broadcasting. What sort of solutions are you considering regarding this point?
- ←Municipalities across Japan have various issues to be addressed respectively. Some can cope with them by themselves, while others cannot. We think such issues are difficult to solve without some support from the Government or local governments.
- As one of the solutions to the issues, we believe that it would be one choice for rural-type operators to seek a shared head-end with cable television operators in the neighborhood.

### (3) KDDI Corporation

- Regarding the priority control of packets in television service, how are you securing QOS in the section from the telecommunication building to the house of a subscriber.
- ←We are providing the priority control of packets as far as each end.
- What does “Zero Administration” of the STB functions mean?
- ←It means that the setup work is automatically done without the users being aware of it.
- Whether or not any objective indicators may be used to confirm the quality has been discussed. How are you confirming the quality of your services?
- ←It is impossible to confirm visually in the user’s house, but the quality check is being conducted through visual observation in the network. However, since visual observation can be a subjective evaluation, we are now building a system in our laboratory that enables an objective evaluation at various layers.
- You told us that a limited distribution to the target area of broadcasting can be realized. Is it possible to perform so-called resending outside the area in this system?
- ←Yes, it is possible. What matters is the problem of control.
- Aren’t the directions of the Optical Plus Service and the Cable Plus Telephone conflicting?
- ←We are an operator without a regional access network. Our basic stance is to place the Optical Plus Service as the main service, but its access system optical fiber currently shares the facility of NTT. The issue for us to address from now on is how to cooperate with access system network operators such as cable television operators.

End