

# Bringing Eurovision Network Services to market

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*Under the new banner “Eurovision Network Services”, the EBU is making available to all users of the television medium a full range of television transmission, technical coordination and programme coordination services which have been of major benefit to EBU members for the past 40 years.*

*This article presents Eurovision Network Services, and sets them in the context of European television broadcasting.*

## 1. The network

In marked distinction to the observations of Oscar Wilde, the members of Eurovision are well aware of the value of their network – and they also know what it costs. Indeed, financial policy has become a basic instrument for management of the network, no less important than purely technical considerations. The objective, of course, is to obtain the greatest value for the minimum cost. Having accepted that the maintenance of a high-performance network cannot be achieved without investment, it was natural that the network managers should examine the possibilities for the adoption of a market-oriented approach to Eurovision operations.

About 90% of Eurovision services are concerned with the transmission of news and sports programme material for the benefit of broadcasters, who include it in their programme schedules, live or deferred, with or without post-production. In fact the live or “nearly-live” concept is the underlying reason for having a permanent transmission network. In support of these services the network engages in four mainstream activities:

- leasing and interconnection of permanent and occasional circuits;
- technical coordination of these circuits, whether they are point-to-point (unilateral transmissions) or point-to-multipoint (multilateral transmissions), and coordination of occasional production facilities;
- programme coordination for sports and news events;
- coordination of the regular news exchanges (EVN).

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## 2. Offer and demand

There are five main categories of Eurovision network users:

- heads of programme services - mainly in the area of sports - in the broadcasting organizations forming the EBU membership;
- heads of news services in these same organizations;
- news agencies;
- rights-holders for sporting events;
- EBU associate members and organizations outside the EBU.

Eurovision provides these users with a network guaranteeing service reliability, cost-effectiveness and availability. These three factors have a determining impact in the marketplace, where the news agencies, with offices in all corners of the globe, are also doing business. Indeed, these agencies are delivering an increasing share of the "raw material" used by broadcasters, and they have set up their own networks for this purpose. Meanwhile, for sports, the marketing companies which offer events to broadcasters also offer the necessary circuits, which they have obtained from the transmission service providers. Last, and certainly not least, the telecommunications operators, both public and private, are offering television transmission capacity for use by occasional users.

## 3. Constraints within the Eurovision network

The provision to Eurovision members of a service constituting the best solution for their specific requirements is subject to a certain number of constraints.



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First, there are legal constraints, such as the Directives of the European Union concerning the deregulation of telecommunications services (Directives that are applied to a greater or lesser extent in the various countries); there are also restrictions on the use of frequencies, and the monopolies enjoyed by certain public telecommunications operators.

There are technological constraints, too. After a long period of stability, today's analogue services are set to evolve with the appearance of digital image compression techniques. The time-table for the choice of a system and the corresponding investments must be decided with the greatest care because the technology risk is substantial in an unstable and competitive market environment. Furthermore, the Eurovision network which is composed essentially of fixed earth stations accessed via terrestrial circuits must also compete with alternative solutions such as the installation of transportable stations at the venue of events, for costs which are now rather attractive.

Finally, competition is itself a source of constraints. They may be related to monitoring, by rights-holders, of the distribution of the pictures they are selling, or to strategies for the launch of new services at lower prices (at the expense of compromises on quality and reliability).

However, in a market that has become more open with the arrival of commercial television operators and the growth of consumption in the audiovisual media in general, the Eurovision network can perceive an increase in the number of potential users and can envisage exploiting its resources in a real-world market context.

## 4. Marketing objectives

Eurovision has two objectives in taking its network to market: to reduce the cost of operations for the EBU Members and to ensure the viability of the service in a changing environment.

Network costs comprise the following elements:

- *fixed costs* such as the lease of permanent circuits and earth stations, the operating costs of coordination and planning services, and costs borne by each Member-organization for its own national technical coordination centre (CNCT);
- *variable costs*, such as temporary or occasional circuit lease and fixed or transportable earth stations.

The potential revenues are those obtained through the provision of network capacity, technical coordination and programme coordination.

In order to ensure that it can optimise its operations, the EBU has conducted two studies, one on the marketing of the network itself, the other being a review of all its other activities. These studies have led to the conclusion that a commercial approach to Eurovision network operations would be advantageous.

## 5. Selling points of the Eurovision service

The Eurovision network has long experience of the product and the environment, and is able to offer across the whole of Europe a service which is reliable, available and reputed for its quality. Those are its principal assets. Provided that it establishes a tariff and an efficient billing system, and provided that it optimises its network gateways and is able to react rapidly to the changing

Figure 1  
Eurovision gateways  
in Europe  
(situation mid-1994).



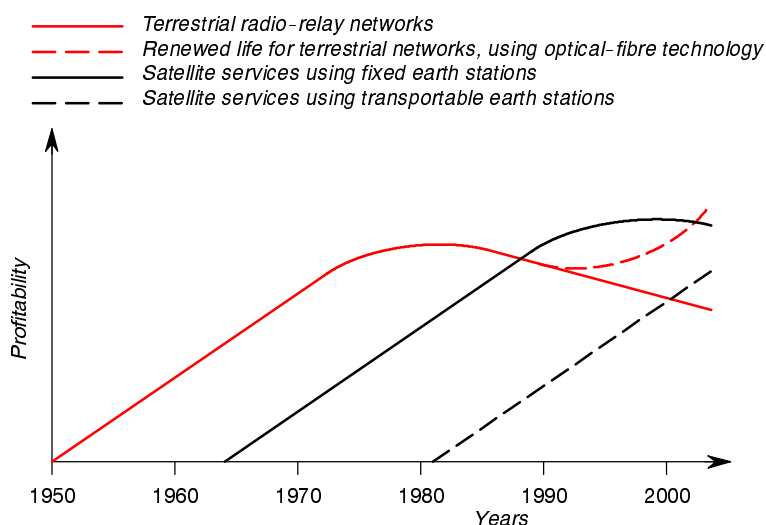


Figure 2  
Life-cycle of transmission technologies.

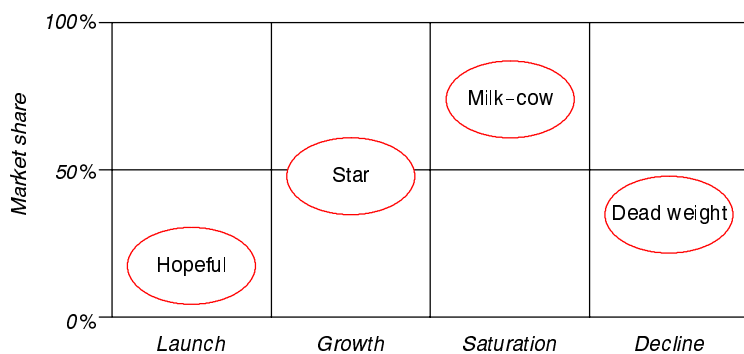
demands, it has the ability, though the offer of new services, to establish a good position in the expanding market.

Having said that, Eurovision is currently operating in a difficult context; not only do the EBU Members face financial restrictions and perhaps appear less ready to commit themselves to the principles of solidarity, but changing technologies and increasing competition are also factors that must be taken into account.

In concrete terms, the advantages of the network over its competitors can be summarised in five points:

- Europe-wide coverage with 50 gateways, managed by a single organization, allowing transmissions to be carried with very short notice;
- four wide-beam transponders on permanent lease on a single satellite, offering very substantial operational flexibility and the guarantee of uninterrupted service;

Figure 3  
The BCG model applied to transmission services.



- reliability, based on 40 years' experience.
- a technical strategy ensuring optimum quality for all transmissions;
- a strong information network, built on the club spirit and linking all the EBU Members.

The network services offered by Eurovision cover for the most part three fields, characterised by a greater or lesser degree of added value:

- Satellite or terrestrial network services, with technical coordination. These services may have a single origin and a single destination, a single origin and several destinations, or multiple sources and multiple destinations.
- Programme coordination services. This covers all services relating to the processing of information about the content of the transmitted programme material.
- Services covering the space sector capacity only.

Eurovision news exchanges are a good example of services with high added value, since they are multi-source/multi-destination transmissions with a large programme-coordination element.

The Boston Consulting Group (BCG) matrix is a useful tool for the evaluation of the product range as a function of the life-cycle of the services it incorporates and their respective shares of the market. There are four cases to be considered:

- *Hopeful* services which, in a new and expanding market, are linked to investments and therefore offer the prospect of viability at some time in the future. Example: digital transmission.
- *Star* services which continue to expand and are cost-effective. Example: single-origin/single destination network services (unilaterals).
- *Milk-cow* services which offer very good cost-effectiveness in a saturated market. Example: single-origin/multi-destination network services (multilaterals).
- *Dead weight* services in a declining market. Example: terrestrial network services.

Marketing of the network can be oriented in three ways: offer new services to existing users, expand existing services towards new users, propose new services to new users. These orientations are summarised in Table 1.

Users	Services	
	Current	New
Current	Network services Programme coordination services	Network services from transportable earth stations Space capacity only Digital services
New	Network services Programme coordination	<i>Examples:</i> Business television, distance learning, picture distribution services, video-on-demand

This new approach has led the Eurovision network managers to create a tariff structure covering both the existing services and new ones. It is designed to offer competitive prices, to assure network budget equilibrium and to work with a clear and rapid billing system.

From the user's viewpoint, it may be noted that the tariff is similar in general structure to those of other operators but that it is based on real trans-

mission costs, regardless of distance, of the route taken and of the facilities used (permanent or occasional circuits, terrestrial or satellite).

Marketing of Eurovision is a contribution to a policy of optimisation of resources leading to a reduction in the costs to be borne by the EBU Members, and is intended to reinforce the dynamism of the system by opening it to new users and offering new services.

Table 1  
Summary of service orientations for new and existing users.

