

VoD platforms key driver of next bandwidth capacity spike

Balancing Act is publishing a report on VoD platforms in Africa. Operators need to understand that all the evidence points to VoD platforms meeting a need that up until this point has been met by pirated DVDs. There is now a bewildering array of film and music platforms in particular.



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Russell Southwood looks at how things are changing now that high speed bandwidth is increasingly available in African countries.

"Two conversations have stuck in my mind this week as I finished editing VoD in Africa - A review of existing VoD services, their challenges and opportunities in 2013:

1. "The myth that Africans don't buy content: An executive who works in francophone Africa told me that when he goes to buy USB sticks, the retailer always asks: does he want it filled up with movies for just a little bit more money? In almost any market anywhere in Africa, there are pirated CDs that sell for a few dollars and these attract weekly customers. A pirate market is one operating at prices customers can afford.

"In the absence of cinemas, this is probably one of the cheapest forms of entertainment available short of home brewed drinks, and can be sampled at home or in video booths alongside bars. The only question is whether these buyers of pirated videos will be willing to pay the same or slightly more to receive better quality, legal downloads? The logic says yes and there is some early evidence to back this up. But social habits change less quickly than technology as the variable pattern of money uptake across the continent illustrates.

2. "Once the bandwidth is there, demand for VoD and other online video services will shoot up: The CEO of one of the companies supplying bandwidth told me that once reliable high-speed bandwidth is in place, demand for online video services will explode.

"In Kenya - which has one of the better bandwidth speeds - a YouTube clip plays for a number of minutes and then buffers. This acts as a break on anyone wanting to watch a feature film. Open that throttle and give reliable bandwidth and the demand will grow."

More challenging aspect

"The more challenging aspect of this problem is that there are still high levels of data congestion in operator networks. Following a pattern I have observed for nearly 14 years, operators wait for demand to saturate their networks before investing. They also have fears that they will not get the required return they need on the comprehensive overhaul many of these networks need to make them ready for streaming and downloads.

"Although we know of several operators who have spoken of rolling out VoD platforms in their larger markets, the launch dates for these roll-outs have simply been pushed back and back. The suspicion must be that they are not yet ready for w

needs to be a wholesale commitment of this kind. We hope they prove us wrong but we're not holding our breathe.

"In the meantime, there are more film and video platforms than you can shake a stick at, popping up, particularly in the media content markets of Africa. There is a video briefing that looks at three of these platforms at the end of this article. Some of these have a very high chance of success and others will probably fall by the wayside. The high profile attention lavished on iROKO means that international players are beginning to express more interest in Africa and offer more African VoD content."

Fascinating and unexpected findings

"Anyone who wants to participate in this opportunity needs to know who is out there, what content they have access to (whether they have rights to it) and how many users they have attracted. If you thought the SMS ecosystem was complicated, then the VoD ecosystem shares some of that complexity. Key players are still acting on guesses, intuitions and feelings, without much market data and comprehensive research.

Some of the findings are fascinating and unexpected. Unfortunately and despite recent efforts, the African audiovisual market is not well documented. There's so little real research available on this market - especially on the emerging VoD segment - that this piece of research should prove invaluable. Key players in the VoD segment need to be ready for VoD uptake in the years to come.

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