

# Indonesia in View

A CASBAA Market Research Report



In Association with





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# 1 Executive Summary

## 1.1 Large prospective market providing key challenges are overcome

In the long term, Indonesia – with 64 million households – has the potential to be a large pay TV market; however over the past few years the industry has not lived up to its potential, with pay-TV penetration languishing at 5%. Supply is ample; there are now 17 pay-TV operators. But demand is lagging; the actual number of customers paying for TV remains below three million. Pay-TV operators are struggling due to good availability of free-to-air (FTA) TV, widespread piracy by illegal cable operators, and cut-throat competition among legal pay-TV operators.

Table 1: Summary of Basic Data of Indonesia

Criteria	Number
Population (2014)	252.4 million
Households	64 million
TV Penetration	95% in urban areas 75% nationally (estimated)
Multichannel homes <sup>1</sup>	7.6 million
Pay TV penetration <sup>2</sup>	5%
DTH Subscribers (2014)	2.29 million (paying) and 3.94 million (total)
Cable / IPTV Subscribers (2014)	0.52 million
Terrestrial (Pay-DTT) Subscribers (2014)	0.12 million
Mobile tele-density	108%

Source: Central Bureau of Statistics and CASBAA

## 1.2 Fiercely competitive pay TV environment

Indonesia's pay TV industry is fiercely competitive; the number of national<sup>3</sup> pay-TV licenses is the highest in Asia-Pacific. As of December 2014, the government has approved 316 pay TV operators' licenses. Some 91 pay TV operators have a permanent pay TV license and most are likely to be in operation<sup>4</sup>.

As of May 2015, there were 17 large pay TV operators in operation including 10 satellite, 5 cable and 2 digital terrestrial operators. Over the past few years, three satellite TV operators have ceased operations. The best-established players were launched more than 15 years ago whilst the newcomers have launched in the past five years.

## 1.3 Slowing growth of paying subscribers

The total number of pay TV subscribers is estimated at 4.6 million<sup>5</sup>, however only 63% or 2.94 million customers pay for their TV<sup>6</sup>. The total number of pay TV connections reported by operators has nearly doubled in the past two years, whereas the number of subscribers paying for their services has increased by a more modest 15% per annum.

1. Includes both paid and unpaid reception

2. Pay TV penetration is defined as paying subscribers to pay-TV as a percentage of TV households.

3. Excludes provincial cable operators.

4. Three more satellite TV operators have permanent licenses, but have ceased operations.

5. Excludes local cable operator subscribers

6. CASBAA estimates of subscribers paying for their TV service are based on interviews with operators as well as content providers



## 1.4 Nascent market for internet TV

The market for broadband in Indonesia comprised 57.9 million customers at the end of 2014, according to data from Media Partners Asia (MPA). The broadband industry is made up of the wireless and fixed network segments. Wireless networks contributed 54.1 million broadband customers in 2014, while fixed broadband represented 3.8 million subscribers. Within the fixed broadband segment, ADSL represented 89% of total subscribers, while the Next Generation broadband (NGBB) market represented the remaining 11%.

NGBB is defined as fixed networks capable of providing high speed broadband such as cable broadband and fiber-to-the-home (FTTH). As there has been limited rollout and subscriber acquisition by operators using FTTH technology, the NGBB market in Indonesia is primarily driven by cable broadband, anchored to the growth of Link Net, the leading provider of bundled broadband and cable TV services in Indonesia. Link Net's main competitor is Telkom Indonesia, which owns and operates a legacy ADSL network but is slowly upgrading to fiber. Other players in broadband, including existing and new players, are: (1) Biznet; (2) MNC Play Media; and (3) the Sinarmas-owned Innovate.

The market for over-the-top (OTT) video in Indonesia is nascent, comprising 421,000 active online video subscribers and less than US\$1 million in total revenue in 2014. Significantly, digital advertising, comprising internet and mobile, is growing rapidly, reaching US\$190 million in net terms in 2014. Out of this pie, online video contributed almost US\$34 million, almost entirely dominated by Google's YouTube and Facebook's video services.

## 1.5 Indonesian advertising dominated by FTA TV

Indonesia is the largest advertising market in Southeast Asia and is its fastest growing. Media Partners Asia measures advertising after discounts and excluding agency commission and therefore considers its estimates as "net". On this basis, net advertising in Indonesia grew by 9% year-on-year in 2014 (based on USD) to reach US\$2.6 billion.

Television continues to drive ad spend with 65% market share. Within TV, the most important advertising segment is FTA TV. FTA TV networks control key local and international content through in-house production and output deals. Pay-TV penetration is largely driven by existing FTA majors (e.g. MNC), who view pay-TV as a subscription window for premium services and their own local libraries / content.

Pay-TV advertising has grown rapidly from a low base but low levels of penetration as well as small people meter panels cap the upside in that subsector. MNC Sky Vision and Link Net contribute the most to local advertising sales and MNC Sky Vision is looking to develop new ratings, leveraging return-path data from set-top boxes. There is also growing pressure on Nielsen to include pay-TV in its national measurement panel.

## 1.6 Piracy

Traditional cable piracy continues to be the largest threat against the legal pay TV industry as consumers typically only pay a fraction of the price of legal pay TV whilst receiving a large number of premium channels. Illegal TV cable operators exist throughout the country but especially in Eastern Indonesia (Kalimantan and Sulawesi) and Batam where there are many areas with no FTA terrestrial reception ("blank spots"). Illegal cable TV operators include both unlicensed cable TV operators, as well as licensed cable TV operators who are redistributing channels without legal copyrights.

The Indonesian Multimedia Association (APMI) estimates that there are more than 2,000 illegal cable TV operators. Smaller operators may only have several hundred subscribers however some of the larger more organized operators can have as many as 10,000 subscribers. As such, CASBAA roughly estimates the number of illegal pay TV subscribers to be between 2-4 million. Often consumers are not aware that they are subscribing to an illegal cable TV operator, especially if the operator has a license from the government.

## 1.7 Regulations

Under existing law, the Ministry of Communication and Information (Kominfo) has final say over licensing (and disciplining) pay-TV operators, but the Indonesian Broadcasting Commission (KPI) has substantial input to the licensing process.

In 2012, KPI issued a Code of Conduct (P3) and Program Standard (SPS) guidelines for all of the broadcasting industry. The regulations are universally known as P3SPS and are in theory to be applied to all types of television including FTA and pay TV. While several clauses are manifestly inappropriate for pay-TV, the regulations purport to cover all aspects of program production and broadcasting without differentiation.

After several warning letters, KPI enforced the P3SPS on pay-TV operators on March 25th, 2015 by requiring them to:

- Undertake internal censorship and follow the Indonesian program classification rules
- Provide parental controls for programs classified for teenagers (R) and adults (D)
- Replace foreign advertisements broadcast in all channels with domestic advertising or promos

At the time of writing some platforms have inserted program classification in their menus and some, but not all, foreign channels have withdrawn their foreign advertisements. To date KPI has not issued any administrative sanction on any Indonesian pay-TV platform.

## 2 FTA in Indonesia

Indonesia has a very well developed FTA TV sector giving customers a wide choice of channels including:

- One government owned station
- 10 private stations with “national” coverage
- 8-10 “network stations”<sup>1</sup>
- 150-200 FTA stations with city or regional coverage

Although there are more than 200 licensed FTA stations, in any given area the number of FTA stations available ranges from seven to 14.

Although there is a wide choice of FTA stations, content broadcast by many stations tends to be similar, focusing heavily on local soap operas known as sinetrons. Consequently TV viewing is highly fragmented.

### 2.1 National stations

National FTA stations are dominated by four media groups that together account for 90.7% of audience share. In 2014, the Emtek Group (SCTV and Indosiar) had the highest prime time audience share with 30.3%, followed closely by the MNC Group (RCTI, MNC TV and Global TV) with 28.1%. Both group's stations target general viewing. Next tier down is the CT Group (trans TV and Trans7) and Viva Group (ANTV and TV One) that have 17.6% and 14.7% respectively.

Table 2: National FTA Stations

National Station	Ownership	Media Group's audience share	Genre	Launch date
TVRI	State owned	1.2%	General	1962
RCTI	MNC Group	28.1%		1989
MNC TV				1991
Global TV				2002
SCTV	Emtek Group	30.3%		1990
Indosiar				1995
Trans7	CT Corp	17.6%		2001
Trans TV				2001
ANTV	Viva Group	14.7%		1993
TV One			News and Sports	2002
Metro TV	Media Group	2.4%	News	2000

Source: CASBAA and Nielsen

1. Regional stations available in several areas. However it should be noted that not all “network stations” have actually received the appropriate license from Kominfo as they must air at least 10% local content as well as be restricted to a maximum number of locations. Even without the license, for all intents and purposes they act like a “network station”.

## 2.2 Regional “network” stations

Some of the larger regional stations are either formally or informally grouped into a network of stations and are aired in multiple areas. These are generally referred to as “network stations” although not all have actually been granted an official network station license. There are currently 8-10 “network stations” with most owned by large media groups or conglomerates.

Table 3: Network Stations

Network Station	Owner	Launch date
JPMC (Jawa Pos Multimedia Corp)	Jawa Pos	2001 (est.)
Bali TV Network	Bali Post Media Group	2002
Net. (previously Spacetoon)	Indika Group	2005
City TV Network	Mahaka Media	2007 (est.)
iNews (previously SINDOtv)	MNC Group	2007
Top TV Network	Pertiwi Daya Sembada & Gunung Subur	2007
R TV (previously B Channel)	Rajawali Group	2008
TempoTV	Temp Inti Media	2010
Kompas TV	Kompas Gramedia	2011

Source: Compiled by CASBAA

## 2.3 Local stations

In addition, there are approximately 150-200 stations that are broadcast in one or two local areas and tailored exclusively to the local area's ethnicity and taste.

## 2.4 FTA digitalization

Kominfo has prepared a Digital TV infrastructure roadmap that initially required a gradual analogue transmission switch-off by 2018. However Kominfo's digital TV regulations have been tied up in the courts. First the Supreme Court revoked the timeframe for digital switchover in 2012 prompting Kominfo to issue a revised regulation. Then in March 2015, the Jakarta State Administrative Court (PTUN) revoked the regulation and consequently the licenses of the 33 companies that had won multiplexing licenses. Kominfo is currently appealing the verdict. Kominfo is still moving forward for the digital switchover by 2017-2018 and says the 130 digital TV licenses issued are still valid and it is just the multiplexing (network) licenses that have been revoked. In preparation for digitalization, Kominfo has requested that TV manufacturers stop producing analog TV sets by 2017.

# 3 The Advertising Market



Analysis by Media Partners Asia

## 3.1 Overview

Indonesia is the largest advertising market in Southeast Asia and is its fastest growing. Media Partners Asia (MPA) measures advertising after discounts and excluding agency commission and therefore considers its estimates “net”. On this basis, net advertising in Indonesia grew by 9% year-on-year in 2014 (based on USD) to reach US\$2.6 billion.

Between 2009 and 2014, the net advertising market expanded by almost 15% on an average annual basis, in net terms. The slowdown in 2014 was largely attributable to a softer economy and cutbacks from multinational

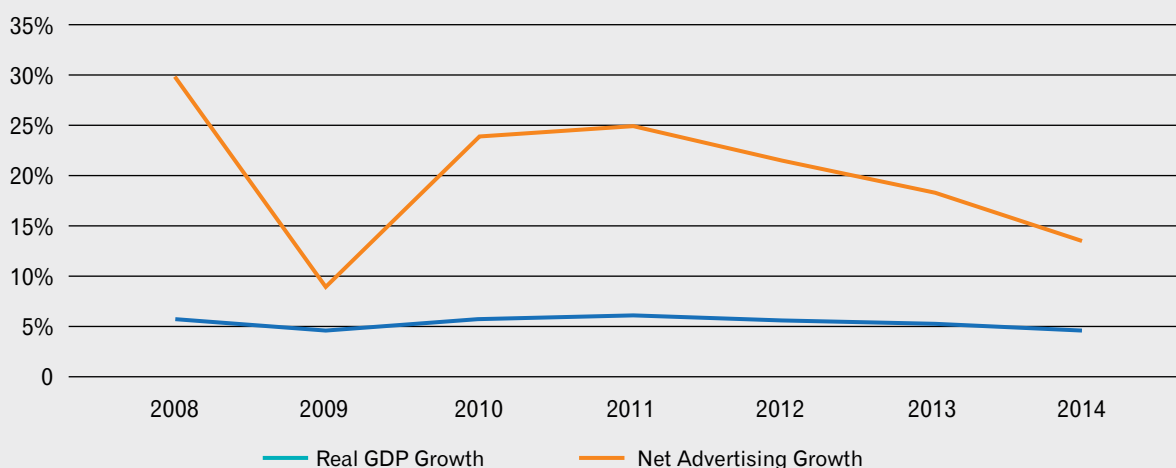
advertisers. Spends from domestic advertisers remain strong. A gradual recovery is expected in 2015, especially 2H 2015, and economic growth is expect to revert to 6.0% and above after 2016.

Indonesia’s new government has already started implementing big reforms, by reducing the burden of fuel subsidies on the government budget. Economists expect fuel subsidy costs to fall closer to 1% of GDP, from a peak of nearly 3%. President Widodo’s government can decide where to redirect the resulting funds. Infrastructure spending and direct aid for poorer households (affected by the fuel price rise) are strong candidates.

GDP growth may come under short-term pressure as the economy digests the subsidy cut, but should expand in 2H 2015 and beyond, driven by both infrastructure spending and domestic consumption.

Figure 1

### INDONESIA MACRO & MEDIA FUNDAMENTALS

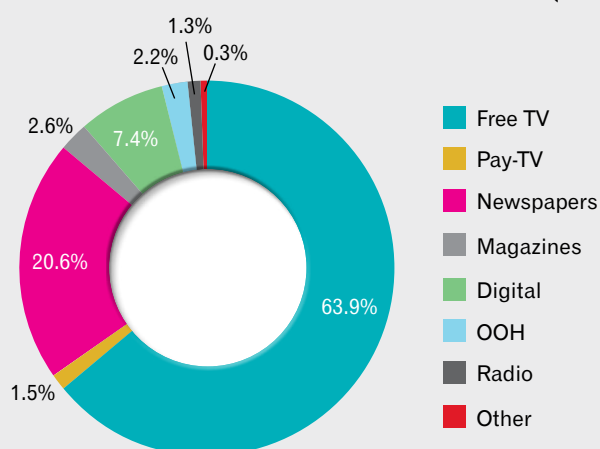


Source: Media Partners Asia, IMF



Figure 2

## ADVERTISING MARKET SHARE BY MEDIA (2014)



Source: Media Partners Asia

### 3.2 TELEVISION

Television continues to drive ad spend with 65% market share. Within TV, the most important advertising segment is free-to-air (FTA) TV. FTA TV networks control key local and international content through in-house production and output deals. Pay-TV penetration is low and is largely driven by existing FTA majors (i.e. MNC), who view pay-TV as a subscription window for premium services and their own local libraries / content.

Four FTA groups (MNC, Emtek, Trans and Viva) account for 90% audience share, with MNC and Emtek contributing ~60% in 2014. Combined, MNC and Emtek own five out of ten private TV stations and have an aggregate >60% of the FTA TV advertising market.

FTA TV ad spend moderated in 2013 due to a macro slowdown and a pullback from big multinational advertisers (i.e. Unilever, P&G), partially offset by high spends from domestic brands. FTA TV ad spend is expected to recover between 2015-17 on the back of a stronger economy, which should enable both overseas and local advertisers to better absorb continued rate card inflation.

Rate cards on FTA have been historically under-priced; optimization has accelerated since 2010 but advertisers and media buyers are now pushing back. Still, there is

significant demand for FTA channels, driven by FMCG, telecom and new, emerging advertising categories with domestic advertiser spend incredibly resilient.

Pay-TV advertising has grown rapidly from a low base but low levels of penetration as well as small people meter panels cap the upside. MNC Sky Vision and cable operator First Media/Link Net contribute the most to local advertising sales and MNC Sky Vision is looking to develop new ratings leveraging return-path data in set-top boxes (STBs). There is also growing pressure on Nielsen to include pay-TV in its national measurement panel.

### 3.3 OTHER MEDIA

Global players (i.e. Google, Facebook) dominate the digital advertising segment with ~80% market share. Technological constraints limit upside potential but the growth of broadband (mobile & fixed) should ease bottlenecks over the long-term. Digital advertising, including online and mobile, reached US\$190 million in net terms in 2014, a 40%-plus year-on-year growth and equivalent to an average annual growth of 64% since 2009.

Print advertising growth is moderating as readers migrate online. Rate card increases are the main driver of future print advertising growth with government / political, corporate, auto and real estate categories proving the most important.

# 4 Pay TV Consumer Habits

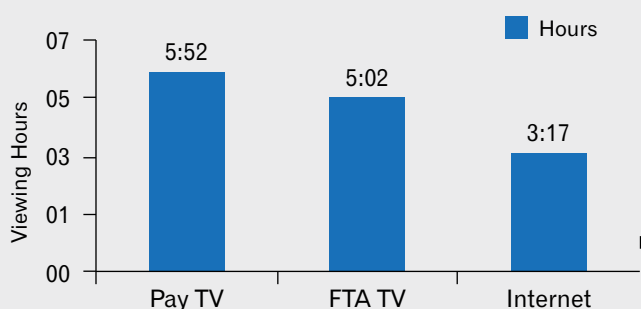
The following section is based on Nielsen's Syndicated Pay TV Survey that covers 300 households in Greater Jakarta. The survey has been conducted since 2013 and is the first survey that measures pay TV consumer habits.

## 4.1 Daily consumption of TV

Indonesians watch the most TV in Asia. On average, pay TV viewers watch close to six hours of pay TV a day, nearly one hour more than FTA TV viewers. In addition, Indonesians spend just over three hours on the internet.

Figure 3

### INDONESIANS' DAILY MEDIA VIEWING TIME



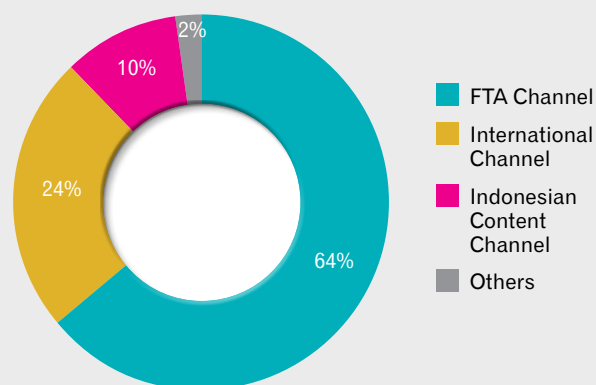
Source: Nielsen FTA and Syndicated Pay TV and South East Asia Digital Report

## 4.2 What are consumers watching

Although consumers subscribe to pay TV, viewers are primarily still watching Indonesian FTA channels, accounting for 64% of viewing on pay-TV systems. In terms of premium channels, international content channels are still the most popular and account for 24% of viewing, however Indonesian pay-TV content channels are starting to make headway and now account for 10% of viewing.

Figure 4

### GENRE OF CHANNELS WATCHED ON PAY TV



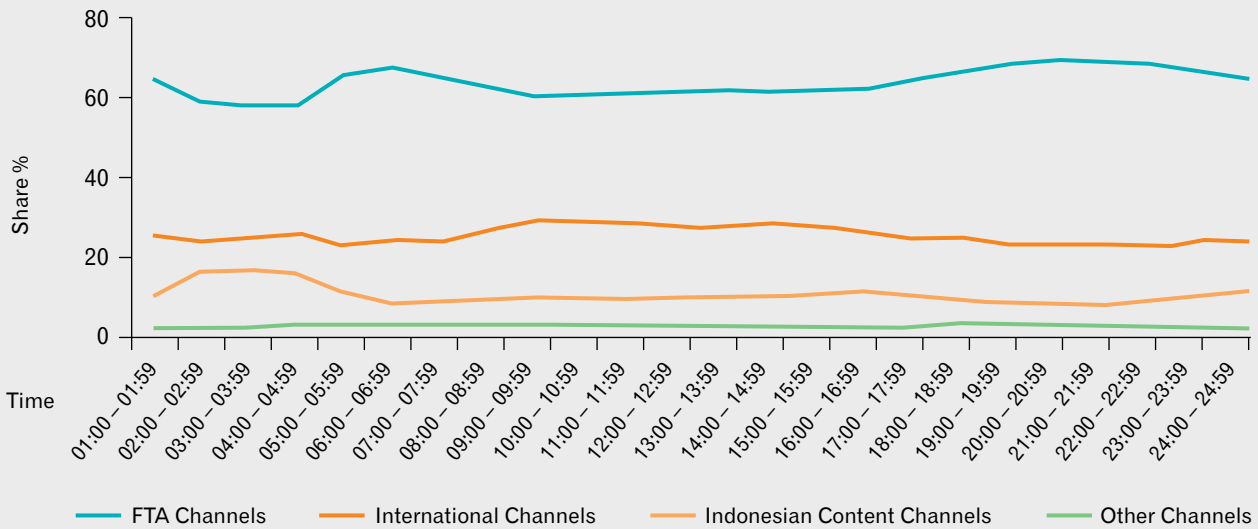
Source: Nielsen Syndicated Pay TV, 2014 Q4, All people 5+, Greater Jakarta

Typically pay TV viewers watch FTA throughout the day with peak viewing between 5-9am and in the evening between 6pm and midnight. During non-peak FTA hours, pay TV viewers switch to international channels from 10am to 6pm and Indonesian content channels between midnight and 5am. Consumption of other channels such as radio is fairly consistent throughout the day.



Figure 5

### PEAK VIEWING HOURS OF SOURCE OF CONTENT



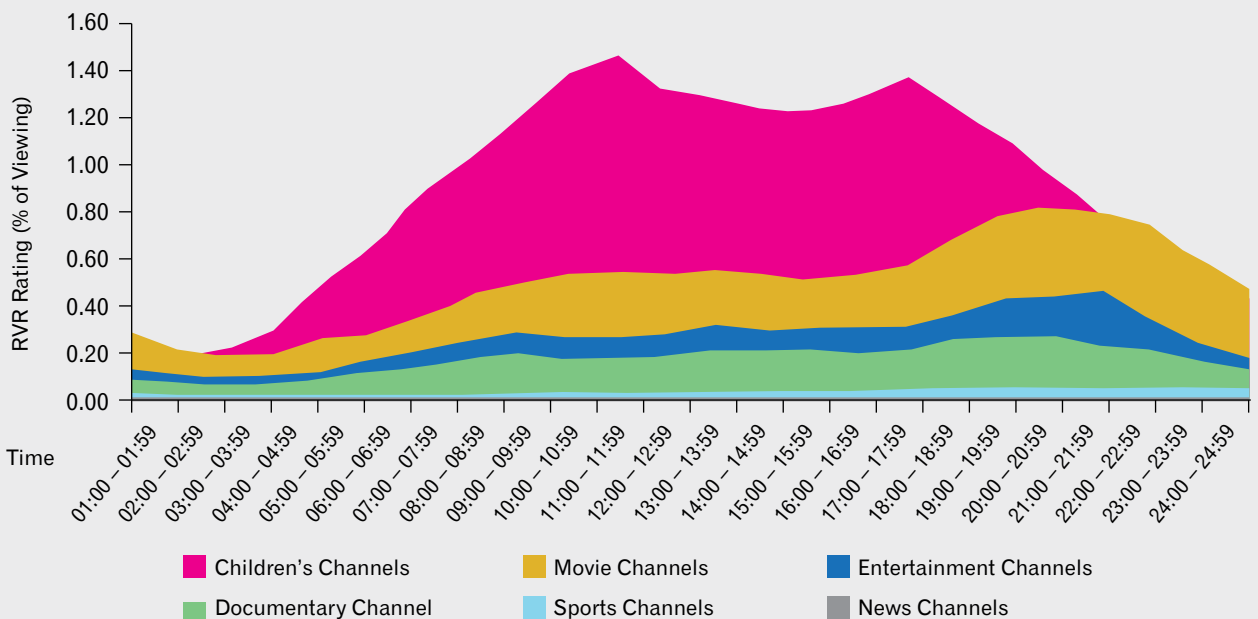
Source: Nielsen Syndicated Pay TV, 2014 Q4, All people 5+, Greater Jakarta

Consumers watch different genres of TV on international vs local channels. On international channels consumers watch channels aimed at children (48%) followed by movies (27%); whereas on Indonesian channels they watch entertainment (49%) followed by News and Sports (20% share each).

For international channels, It is unsurprising to see that children's TV viewing dominates daytime viewing with peaks from 10am-12pm and 4-6pm; while movie watching peaks between 9-11pm. On Indonesian content channels, viewers are tuning in to general entertainment throughout the day as well as news at lunch and evening and sport after 9pm.

Figure 6

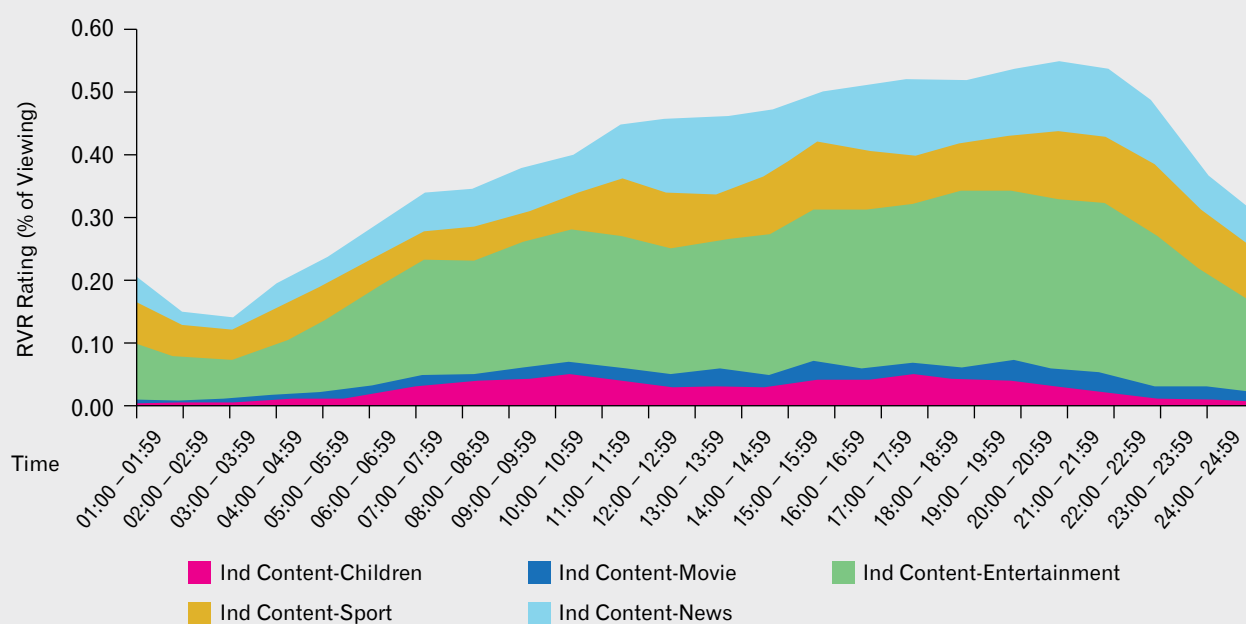
### INTERNATIONAL GENRE PEAK VIEWING HOURS



Source: Nielsen Syndicated Pay TV, 2014 Q4, All people 5+, Greater Jakarta

Figure 7

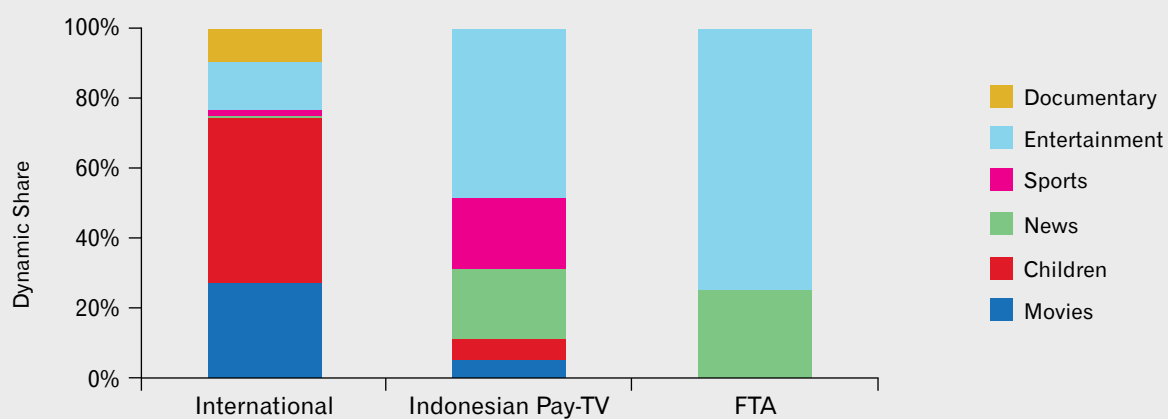
### INDONESIAN CONTENT GENRE PEAK VIEWING HOURS



Source: Nielsen Syndicated Pay TV, 2014, All people 5+, Greater Jakarta

Figure 8

### PREFERRED GENRE BY CONTENT SOURCE



Source: Nielsen Syndicated Pay TV, 2014, All people 5+, Greater Jakarta

Note: Nielsen only classifies FTA programming into entertainment or news, whereas it breaks down pay TV channels into six genres

### 4.3 Pay TV consumer psychology

Nielsen's survey provides some insights into the psychology of the Indonesian pay TV consumer. They are

more western minded, like material comfort and "young loyalists" – this group is financially secure, enjoys life, is brand minded and values friendships.

Figure 9

#### PAY TV CONSUMER PSYCHOLOGY



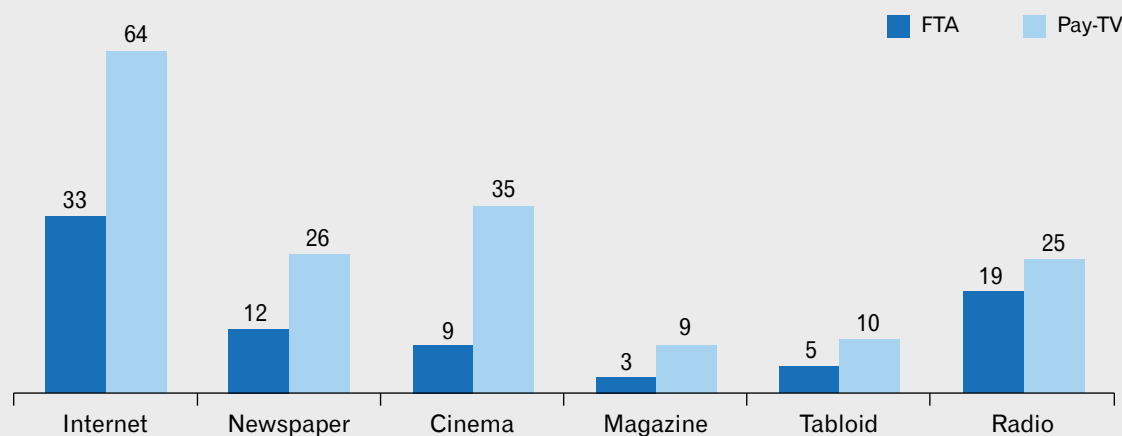
Source: Nielsen CMV Survey – Q4 2014 (Base All People Aged 15+)

Indonesian pay TV consumers are far more exposed to other media compared to FTA consumers. In the past

month, 64% of pay TV consumers used the internet and 35% visited the cinema.

Figure 10

#### PAY TV SUBSCRIBERS EXPOSURE TO OTHER MEDIA



Source: Nielsen CMV Survey – Q4 2014 (Base All People Aged 15+)

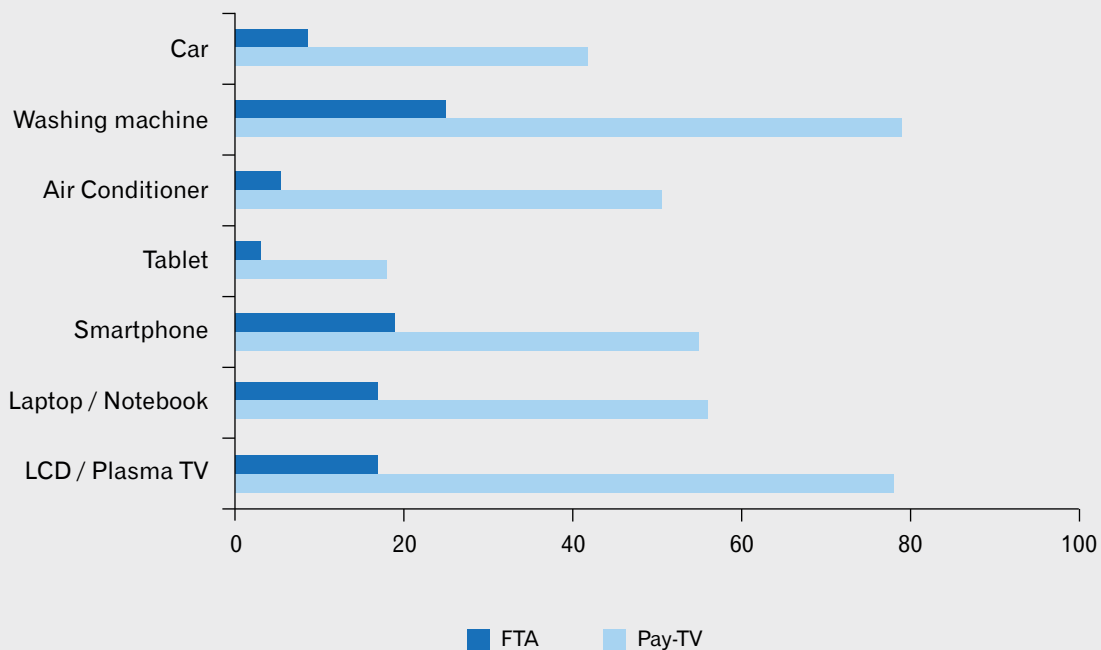
Note: Used the Internet and went to the cinema in the past month and listened to the radio yesterday

Pay TV consumers are much more likely to use modern technology with 78% of pay TV subscribers owning

an LCD / Plasma TV; 56% have a laptop and 55% a smartphone.

Figure 11

### PAY TV SUBSCRIBERS' OWNERSHIP OF MODERN TECHNOLOGY



Source: Nielsen CMV Survey – Q4 2014 (Base All People Aged 15+)

# 5 Pay TV Environment

## 5.1 Overview

In the long term, Indonesia – with 64 million households – still has the potential to be a large pay TV market; however over the past few years the industry has not lived up to its potential, with pay-TV penetration languishing at 5%<sup>1</sup>. Supply is ample; as of May 2015 there are now 17 pay-TV platforms. But demand is lagging; the actual number of customers paying for TV remains below three million. Pay-TV operators are struggling due to good availability of free-to-air (FTA) TV, widespread piracy by illegal cable operators, and cut-throat competition among legal pay-TV operators.

## 5.2 Number of players

Indonesia's pay TV industry is fiercely competitive; the number of national<sup>2</sup> pay-TV licenses is the highest in Asia-Pacific. As of December 2014, the government has approved 316 pay TV operators' licenses. Some 91<sup>3</sup> pay TV operators have a permanent pay TV license and most are likely to be in operation.

Table 4: Licensed Pay TV Operators (end 2014)

	Permanent	Temporary	In process	Stopped	Total
DTH	14	16	0	3	33
Cable	75	155	51	NA	281
Terrestrial	2	0	0	0	2
Total	91	172	51	3	316

Source: Kominfo

Note: In Q1 2015, one DTH operator ceased operations

As of December 2014, some 33 satellite pay TV licenses had been issued, with 14 operators holding permanent licenses, one of which ceased operations in early 2015. A further 16 operators hold temporary licenses and in theory should start operations within 1-2 years; otherwise they risk losing their licenses. However, given

the current number of satellite operators and current market conditions, only a handful of operators with temporary licenses are likely to launch commercially. In addition, three satellite operators hold permanent licenses but have already stopped operating.

1. Pay TV penetration is defined as paying subscribers as a percentage of TV households

2. Excludes provincial cable operators

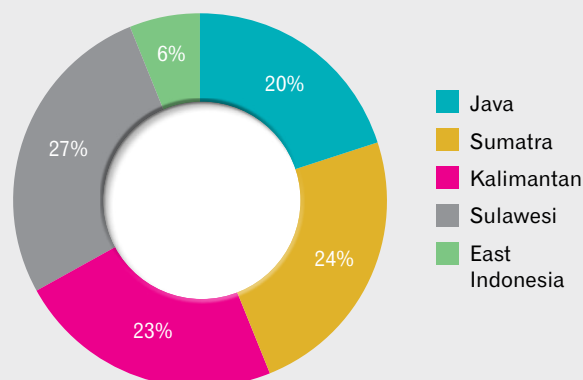
3. Three more satellite TV operators have permanent licenses, but have ceased operations

Two companies hold pay-TV licenses for digital terrestrial television networks. Kominfo has indicated that it will not issue any further DTT licenses until radio spectrum issues have been resolved.

In addition, there are 281 licensed cable TV operators including 75 holding permanent licenses. Although all cable TV operators are granted a local area license, realistically there are 5-7 run by large reputable companies, which as such are considered “national-level” operators, with the remaining 275 operating locally. Three quarters of local cable TV operators are located on three islands – Sulawesi, Sumatra and Kalimantan – with the remaining operators located in Java and Eastern Indonesia.

Figure 12

### DISTRIBUTION OF CABLE TV OPERATORS

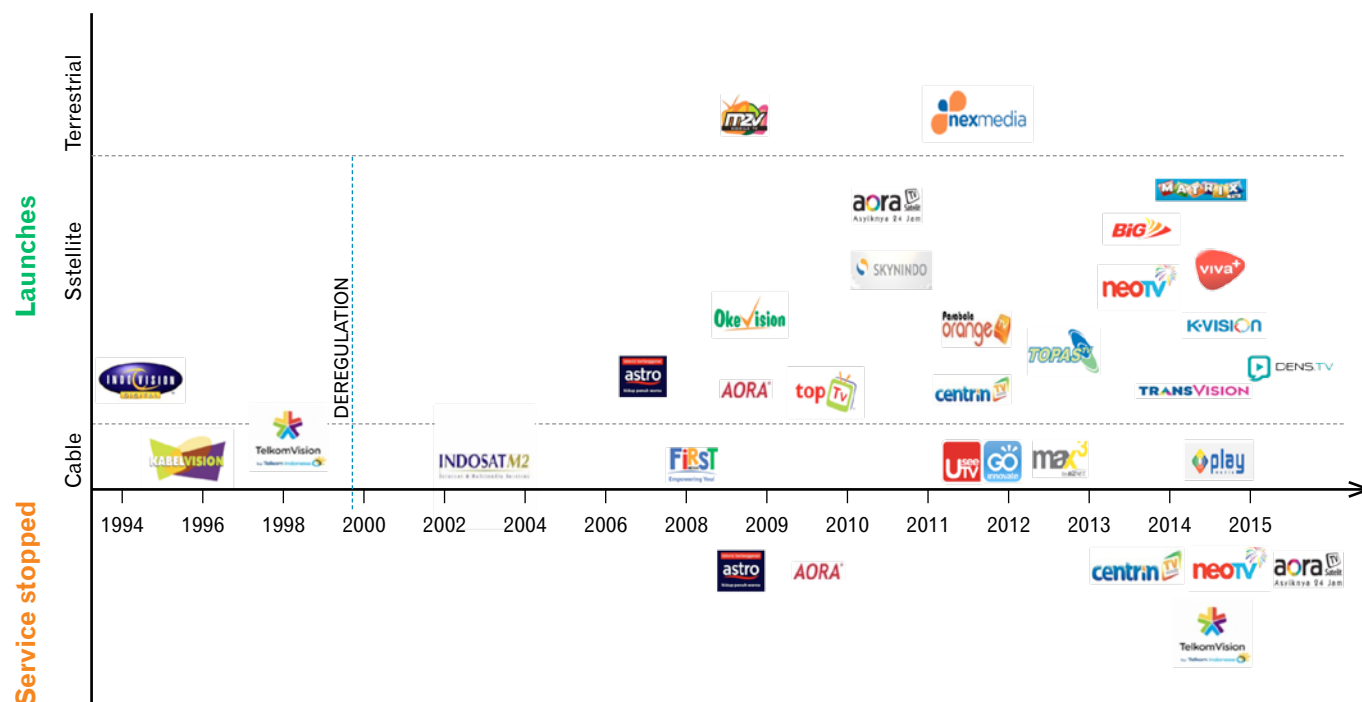


Source: Kominfo

As of May 2015, there were 17 large pay TV operators in operation including 10 satellite, 5 cable / IPTV and 2 digital terrestrial operators. The best-established players launched more than 15 years ago whilst the newcomers have launched in the past five years, as illustrated in the following graphic.

Figure 13

### MUSHROOMING MARKET<sup>4</sup>



Source: CASBAA

4. Aora initially launched in 2008 but came off air in 2009 and was re-launched under new management in 2010. It again ceased broadcasting in mid-2015. Telkomvision was acquired by CT Corp in 2013 and rebranded as Transvision in 2014

Table 5: Indonesian Pay TV Players (Early 2015)

Brand	Company	Platform Type	Launch date	Shut down date
Indovision	MNC Sky Vision	DTH	1994	
Top TV		DTH	2009	
Okevision <sup>5</sup>		DTH	2008	
Transvision <sup>6</sup>	Indonusa Telemedia	DTH & Cable	1997	
Aora TV	Karyamegah Adijaya	DTH	2008 2010	2009 2015
Skynindo	Cipta Skynindo	DTH	2010	
Orange TV	Mega Media Indonesia	DTH	2011	
Topas TV	Karya Kreatif Bersama	DTH	2012	
Big TV	Indonesia Media Televisi	DTH	2013	
K Vision	Digital Vision Nusantara	DTH	2014	
Viva+	Digital Media Asia	DTH	2014	
Matrix TV	Garuda Media Nusantara	DTH	2014	
First Media	Link Net	Cable	1994	
UseeTV <sup>7</sup>	Telkom Indonesia	IPTV	2011	
Innovate	Innovate Mas Indonesia	Cable	2011	
Max3	Supra Primatama Nusantara (Biz Networks)	Cable	2012	
Dens. TV	Digdaya Duta Digital	Cable	2015	
Nexmedia	Mediatama Anugrah Citra	DTT	2011	
M2V	Mentari Multi Media	DTT	2007	

Source: CASBAA

### 5.3 Business models

In the Indonesian pay-TV business, income is derived from subscriptions, customer equipment rental, advertising and sponsorship. Most pay-TV platforms generate virtually all their revenues from subscription. Only the two largest players, MNC Sky Vision and First Media, have been able to attract advertising with advertising revenues accounting for only 4% of revenues. One new player, Viva+, has adopted a different business model and will generate revenues entirely through advertising rather than subscription.

Indonesian platforms have two different business models for subscriptions – post-paid and pre-paid. The post-paid model ensures that subscribers continuously pay for their service on a monthly basis, but have high upfront costs as the operators loan the equipment to customers and are at risk of running up bad debts

if customers do not pay. On the other hand, the pre-paid model eliminates the bad-debt issue but leaves operators struggling with low ARPU and high churn as many subscribers do not purchase top-up vouchers on a regular basis. Some platforms, such as Transvision while it was under previous management, have tried the pre-paid model but have switched back to the post-paid model due to low revenues.

5. Okevision is owned by Nusantara Vision (subsidiary of MNC Group) but through a marketing agreement its services are marketed by MNC Skyvision.

6. CT Corp purchased Indonusa Telemedia in 2013 and changed the brand name from Telkomvision to Transvision in 2014.

7. UseeTV is Telkom's rebranded Groovia service and sub-contracts content from Transvision.



**Table 6: Pay TV operators Business Model**

	Post Paid	Pre-paid
Indovision	✓	
First Media	✓	
OkeVision	✓	
Top TV	✓	
Transvision	✓	
Nex Media	✓	
Big TV	✓	✓
Topas TV	✓	✓
Orange TV		✓
K Vision		✓
Skynindo		✓
UseeTV	✓*	

Source: Compiled by CASBAA

\* Included in the bundled fixed line, broadband internet package

## 5.4 Challenges facing the industry

The Indonesian pay TV industry is under intense pressure from a number of fronts and 2015 has already seen platforms cease operations, while others are operating at substantial losses.

### 5.4.1 UNHEALTHY COMPETITION BETWEEN PLAYERS AND HIGH CHURN RATE

For the past 12-18 months the Indonesian pay TV industry has suffered from unhealthy competition resulting in high churn rates. Although the number of paying TV subscribers is approximately three million, there are 93 pay TV companies with a permanent license, with virtually all believed to be commercially operating. New entrants trying to grab market share offer very attractively priced packages with steep discounts and a number of promotional months with all channels open to subscribers. During this research CASBAA was offered a promotion whereby we pay for six months with free installation and receive six months free plus two months bonus with all channels open; this effectively means the customer receives 8 months free<sup>8</sup>. Some other platforms have been plagued with billing problems and either do not regularly invoice subscribers, are poor in collecting, or provide customers lengthy grace periods. The net effect has been to undermine the contractual model of pay-TV

subscriptions; consumers have learnt to pay a small upfront fee and receive pay TV until it is cut by the provider and then churn to the next provider, doing the same thing again.

So far digital cable TV platforms have been fairly insulated from the unhealthy competition as there are fewer players, and subscribers are more sticky as they want fast and stable internet. However, with more players offering broadband cable the competition between players is also likely to heat up over the next 2-3 years.

### 5.4.2 RUPIAH DEPRECIATION AGAINST US DOLLAR

Over the past three years, the Indonesia Rupiah has depreciated sharply against the US dollar. Overall the depreciation is close to 50%; 30% has been in the past 18 months alone. Indonesian pay TV platforms have been hit badly by the foreign exchange as a high percentage of costs are foreign currency denominated while revenues are in Indonesian Rupiah. Due to strong competition between platforms and high churn rate, some platforms have raised prices by a maximum 10% while others have yet to implement price rises.

Some of the larger platforms are building up their in-house channel portfolio so that they are less reliant on foreign content.

### 5.4.3 REGULATORY CHANGES

Indonesia had not seen any major regulatory changes for pay TV for a number of years, however starting March 20th 2015, the Indonesian Broadcasting Commission (KPI) began strictly enforcing a new interpretation of regulations relating to pay-TV content including:

- Pre-censorship of content
- Parental controls and program rating
- Banning foreign adverts completely, without exception

It is still too early to know the exact effect of the strict enforcement of regulations; however, it is likely to push up costs substantially for the Indonesian pay

8. Buy 6 get 6 months free plus 2 bonus months free of all channels open

TV platforms on two fronts: 1) higher labour costs, as people will need to pre-censor programs and remove foreign adverts; and 2) higher content costs, as foreign content providers will most likely push up fees during contract renewals to offset loss of advertising revenues. Some larger pay TV platforms will be able to attract advertising to offset the cost hike, however smaller platforms are unlikely to do so and will need to pass the higher cost to the customer.

KPI's strict enforcement of regulations will substantially distort the market. It appears focused entirely on the large national pay TV platforms while the smaller provincial operators and illegal operators are not subject to the same strict regulations. KPI also does not believe it has the authority to regulate the internet, so OTT television is also not subject to the strict approach.

#### 5.4.4 PIRACY

Piracy remains without a doubt one of the main challenges affecting the pay TV industry. There are no accurate statistics but it is estimated that there are twice as many subscribers to illegal platforms as there are to legal ones.

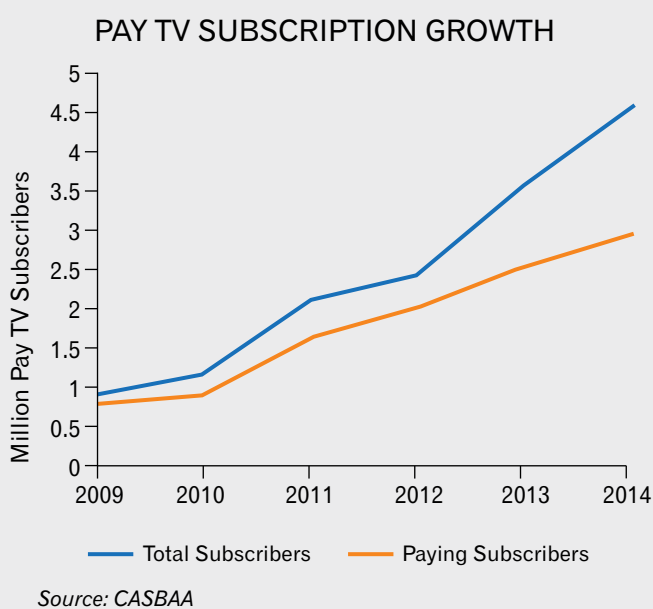
Many of the provincial operators have received a license from the government on the basis they will legally contract for the channels they re-broadcast, but continue to broadcast unauthorized content. Subscribers are unaware that the operator is acting illegally and are attracted by the low monthly fee, which is typically less than 25% of a legal pay TV subscription of similar channel range.

Although the government has been active in persuading illegal operators to go legal and get a pay TV license it has not been effective in ensuring that once licensed the operator continues to remain legal and only broadcast authorized content. Many provincial operators purchase a small package from Orange and Skynindo (the two resellers) and then supplement it with a number of unauthorized channels.

## 5.5 Subscribers

The total number of pay TV subscribers is estimated at just under 4.6 million<sup>9</sup>, however only 63% or 2.94 million customers pay for their TV subscription<sup>10</sup>.

Figure 14



The total number of pay TV subscribers reported by pay TV platforms has nearly doubled in the past two years, whereas the actual number of subscribers paying for their service has increased by a more modest 17% per annum over the past two years.

The slowing growth of subscribers paying for their TV service has been caused by two key factors:

- Platforms providing new customers with lengthy promotional periods either intentionally as a marketing tool to acquire customers or unintentionally through weak billing collections and long periods before terminating lapsed subscribers' service. (Over the past couple of years, customers have become accustomed to long grace periods and often abuse them, then churn to the next provider once the pay TV operator cuts their service.)

9. Excludes local cable operator subscribers, both legal and illegal

10. CASBAA estimates of subscribers paying for their TV service are based on interviews with operators as well as content providers

- The pre-paid model offered by some satellite TV operators has been good for reaching new customers, however customers are not routinely purchasing top-up vouchers. Some operators with pre-paid models estimate that only 10-40% of customers routinely purchase top-up vouchers each month.

High subscriber churn seems to be primarily an issue for DTH TV platforms rather than cable and DTT platforms.

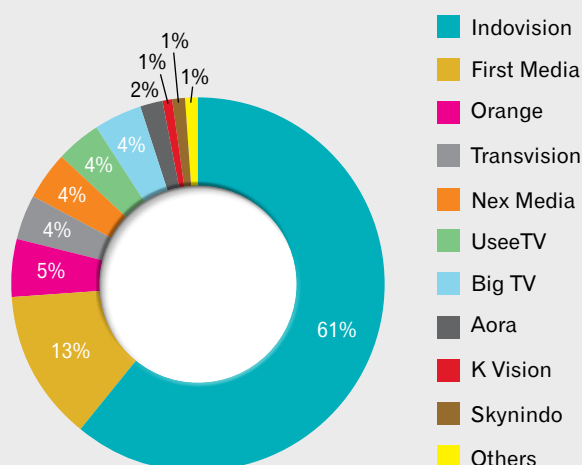
## 5.6 Market share

CASBAA estimates of market share are based on the estimated number of paying subscribers rather than the total number of subscribers. Estimates are based on an evaluation of data provided by pay TV platforms as well as from content providers.

MNC Sky Vision's three brands continue to dominate the pay TV industry with 61%. First Media, the largest cable TV platform, holds 13%. Orange TV is estimated to hold 7% with subscribers primarily purchasing sports packages. Transvision, Nexmedia, UseeTV and Big TV are similar in size, each holding 4-5% market share. It should be noted that Transvision subcontracts content to UseeTV, so combined holds 8% which makes it the third largest player.

Figure 15

### MARKET SHARE 2014



Source: CASBAA

Others include Topas TV, Biznet, MNC Media Play, Innovate and M2V

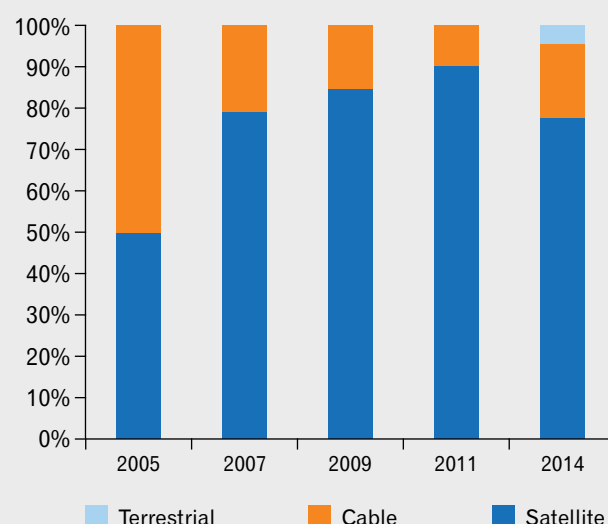
## 5.7 DTH is still king; but cable is rising

Though satellite continues to be the dominant pay TV platform, its share of paying subscribers has fallen 12% to 78% at the end of 2014 for several reasons:

- Cable TV operators have expanded their home pass network and ramped up subscribers as consumers are looking for bundled products in major urban areas. Cable TV subscribers now account for 18% of paying subscribers and cable is expected to gain market share over the next few years.
- Pay-digital terrestrial TV service is still niche as it is only available in Greater Jakarta, but with the operator carrying the complete English Premier League (EPL) package, this is an attractive proposition for sports lovers in Jakarta. Pay-DTT subscribers account for only 4% of subscribers and this is not expected to increase further until the government issues licenses for other cities.
- A significant proportion of satellite pre-paid customers are not regularly purchasing vouchers whereas cable and terrestrial subscribers are more committed to their pay TV service.

Figure 16

### SATELLITE / CABLE<sup>11</sup> SUBSCRIBER SPLIT<sup>12</sup>



Source: CASBAA

11. Cable excludes provincial cable operators operating analog systems and sub-contracting from the national pay TV operators

12. Based on estimated number of paying subscribers rather than registered subscribers reported by platforms

Satellite TV is the ideal platform to cover all of Indonesia and this is reflected in the strategies of 11 DTH operators, with most targeting lower middle class consumers in provincial and secondary cities. Over the past ten years, DTH's share of pay-TV initially increased, rapidly grabbing 90% share, but has since declined slightly as cable TV has made inroads into the Jakarta market.

Digital cable TV is increasingly dominating the Jakarta market where consumers are starting to demand a bundled internet and television product with more value added services such as HD and VOD / catch-up services. First Media has traditionally dominated the cable TV sector, and it has been successful in marketing such packages; however it is likely to face increasing competition in the next couple of years as newcomers aggressively rollout their home pass networks in Jakarta and other Java cities. In addition, there are 276 licensed small provincial operators that mostly offer analog service and typically sub-contract supply from national pay TV operators.

Pay DTT (Nexmedia) was first launched in Q3 2011 in the Greater Jakarta area and over the past 18 months has managed to grab 3% share in part as it has the broadcast rights for the EPL to broadcast all games. Pay-mobile DTT (M2V) has been available in Jakarta for a number of years however subscribers remain stable at approximately 4,000 as it is relatively expensive.

## 5.8 Pricing

Pay TV platforms offer three types of subscription:

- Post-paid pay TV only package
- Pre-paid pay TV only package
- Bundled pay TV and internet package – only offered by broadband operators

Some platforms offer both a pre-paid and a post-paid service in order to reach a wider audience of consumers that may already have a parabola and just need to purchase the STB.

A survey of current packaging and pricing models is found in Appendix 1.

## 5.9 Programming

In total, some 330 channels are available on Indonesian pay TV platforms including 37 Indonesian FTA channels and platform promotional channels. Of the premium (non-FTA) channels, some 30% are either in-house or exclusive channels.

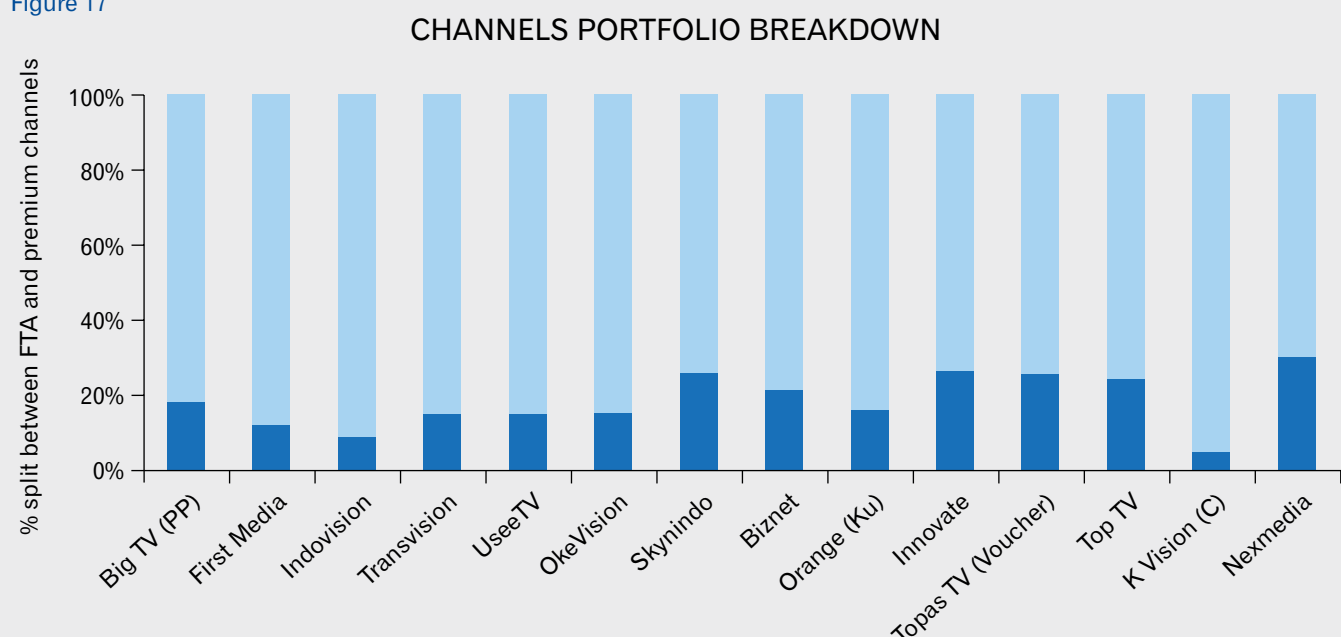
Indonesian platforms carry between 34-148 different channels<sup>14</sup>. Premium tier platforms, such as Indovision, First Media, Transvision and UseeTV carry between 99-148 different channels. The next tier platforms offer 62-78 channels and include Skynindo, Orange (Ku band)<sup>15</sup>, Okevision, Topas TV, Biznet and Innovate. Platforms that carry fewer (between 34 and 49) channels are mostly restricted by technology constraints (Nexmedia), offer entry level pay TV packages (Top TV), or use C band transponders and only broadcast premium content as customers can access FTA direct from the parabola.

Typically, Indonesian platforms' channel portfolios are made up of 12-26% of FTA channels and promo channels. However, this is not a hard and fast rule as some platforms beef up the number of channels broadcast over FTA channels including Nexmedia, Topas TV and Skynindo, while some premium services airing a large number of channels carry only 9-12% FTA channels. Some platforms using the Palapa D satellite C band air only a few Indonesian FTA channels as customers can receive FTA channels direct from Palapa D, so platforms do not need to re-distribute them and take up valuable transponder capacity.

14. Excludes duplicate channels aired in SD and HD format.

15. Orange TV offers two different pay TV services using Ku and C band transmission respectively. Its most popular service is on Ku band.

Figure 17



Source: Platform operators

Note : Platforms often offer more than one type of service. The above chart provides details on the most popular package offered by each platform:

1. Big TV post paid (PP) service
2. Orange TV on Ku band
3. Topas TV pre-paid (voucher) service
4. K Vision on C band

### 5.9.1 PREMIUM CHANNEL MIX

In terms of the number of premium channels broadcast<sup>16</sup>, Indovision sets the standard with 124 premium channels, but it is closely matched by First Media and Big TV with 122 and 121 premium channels respectively. A substantial number of Indovision and First Media / Big TV premium channels are in-house channels.

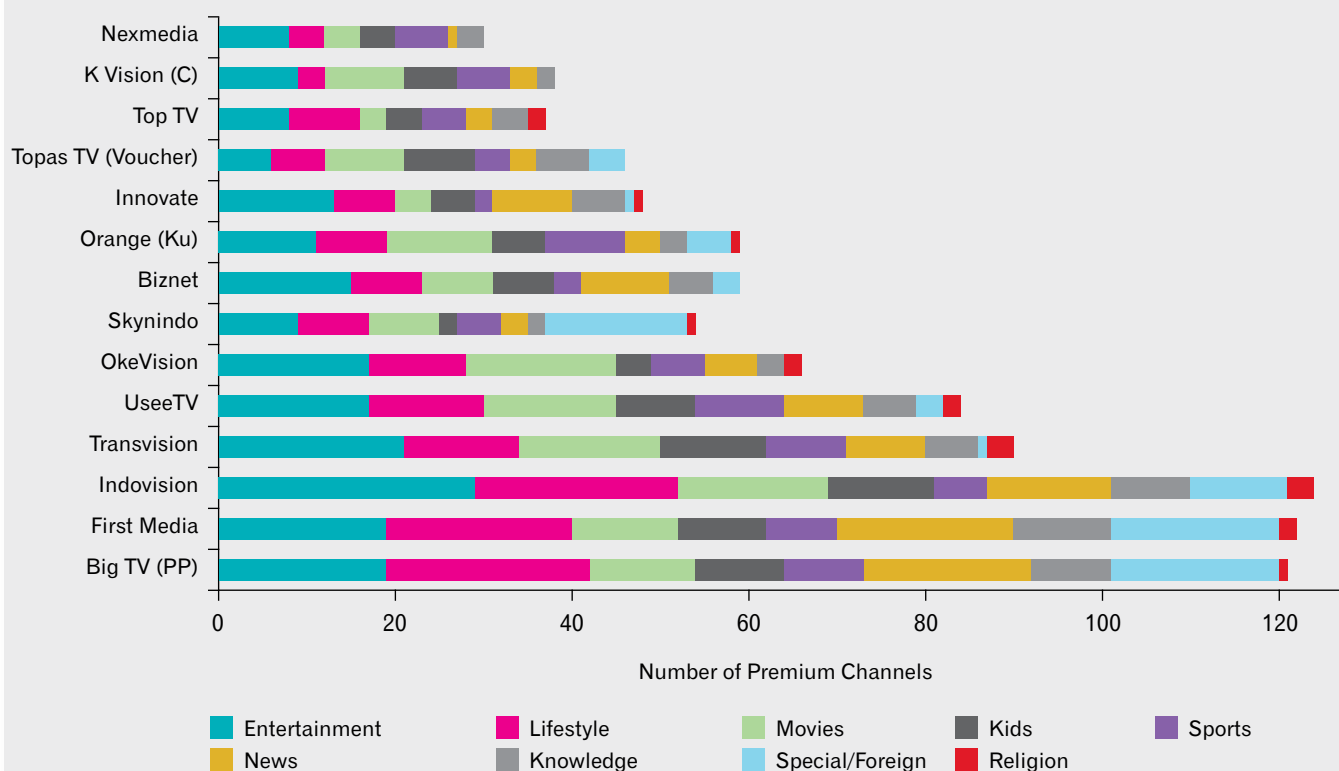
Platforms can broadly be categorized into targeting family, sports or special interest.

- **Family** – defined as platforms with 75% or more of premium channels in the entertainment, lifestyle, kids, knowledge and movie genre. Platforms falling into this category include OkeVision, K Vision, Nexmedia, Topas TV and Transvision. Platforms with a high focus on movie channels (more than 20%) include OkeVision with 27% movies followed by Orange and K Vision. Most other platforms have 8-18% movie channels.
- **Sports** – defined as platforms with 10% or more of channels dedicated to sports. Most sports-focused platforms are newcomers who purchased the beIN Sports package that includes the EPL in order to grab market share from the incumbents. Sports-focused platforms include Nexmedia, Orange, Transvision / UseeTV and K Vision. Although Top TV does not have the EPL rights it carries a number of Fox Sports channels along with in-house sports channels.
- **Special interest / foreign** – defined as a platform with more than 15% in the special interest / foreign genre. Platforms in this category include Skynindo that targets Chinese speakers and offers a large number of Mandarin language channels; and First Media and Big TV that carry a large number of news channels as well as special interest / foreign channels in a number of languages in order to target a wide expatriate audience.
- **News** – defined as a platform with more than 15% news channels. Platforms include Big TV / First Media, Biznet and Innovate.

16. Premium channels include in-house as well as 3rd party channels but excludes Indonesian and international FTA channels.

Figure 18

## PREMIUM CHANNEL BREAKDOWN



Source: Platform operators

Note: Platforms often offer more than one type of service. The above chart provides details on the most popular package offered by each platform:

1. Big TV post-paid (PP) service
2. Orange TV on Ku band
3. Topas TV pre-paid (voucher) service
4. K Vision on C band

### 5.9.2 SD / HD CHANNEL MIX

First Media was the first pay TV platform to launch HD channels in 2010, but has since been followed by a further seven platforms. Frequently platforms air programs in both SD and HD format.

HD channels are increasingly seen as a must for digital cable operators that target the affluent consumers in Jakarta and other major cities. First Media continues to be the market leader in that segment and currently carries 60 HD channels. Biznet (Max3) offers 30 HD channels and Innovate offers 10 HD channels. The only major digital cable TV operator not currently offering HD programs is UseeTV.

Approximately half of the DTH platforms offer HD channels. Due to capacity issues, most DTH platforms offer between 4-6 HD channels of key content such as movies and sports. The exception is Big TV that offers 30 HD channels. It is able to offer such a large number of HD channels as the Lippo Group has 11 transponders on its condosat, providing them large capacity and its sister company is First Media, the leader in HD channels. Previously, some mid-budget range DTH platforms offered HD channels for a short while but found that costs outweighed the benefits as their customer base was unwilling to pay for HD channels.

Due to capacity constraints, neither of the two DTT platforms offer HD channels and are unlikely to do so until they are granted additional spectrum from the government.

Table 7: Operators' Channel Line Up<sup>1</sup>

	Total Channels <sup>2</sup>	SD Channels	HD channels	Total number of Individual Channels <sup>3</sup>
<b>DTH</b>				
Big TV	175	143	32	148
Transvision	112	106	6	106
Indovision	140	135	5	136
K-Vision (Ku band)	48	44	4	47
K Vision (C band)	41	37	4	40
OkeVision	78	78	0	78
Top TV	49	49	0	49
Topas	67	67	0	67
Skynindo	74	70	4	73
Orange TV (Ku Band)	70	70	0	70
Orange TV (C Band)	34	34	0	34
<b>Cable</b>				
First Media	181	121	60	139
Max3 / Biznet	80	50	30	75
Innovate	76	66	10	66
Usee Tv	99	99	0	99
MNC Play Media	114	96	18	114
<b>DTT</b>				
Nexmedia	43	43	0	43
M2V	25	25	0	25

Source: Platform operators

1: Based on May 2015 channel line up

2: Total channels includes full channel line up including HD and SD format

3: Total number of individual channels excludes double counting for channels broadcast in two formats (HD and SD)



### 5.9.3 IN-HOUSE / 3<sup>RD</sup> PARTY EXCLUSIVE CHANNELS

Over the last couple of years, most of the major Indonesian pay TV platforms have built up an extensive range of in-house channels that have the benefit of differentiating the platform from the rest of the platforms and offering consumers a wider range of Indonesian channels as well as reducing programming costs and maximizing advertising revenues.

**Table 8: Indonesian Pay TV Platforms' in-house<sup>1</sup> and exclusive channels**

	In-house	3 <sup>rd</sup> Party Exclusive
Indovision	19	12
MNC Play Media	19	11
Okevision	19	4 <sup>2</sup>
Top TV	17	2 <sup>3</sup>
Transvision	12 <sup>4</sup>	0
First Media	14 <sup>4</sup>	0
Big TV	15	0
K Vision	5 <sup>5</sup>	3
Orange TV	4	1
Nexmedia	2	0
Biznet	2	0
Skynindo	6 <sup>6</sup>	0
Topas TV	4	0

Source: Platform operators

Note:

1. Excludes promotional in-house channels
2. Exclusive channels on Okevision are also aired on Indovision
3. Exclusive channels on Top TV are also aired on Indovision
4. Same inhouse channels are broadcast on First Media and Big TV with a few exceptions
5. Includes one in-house channel that will be launched in June 2015
6. Five of Skynindo's six in-house channels are also aired on Indovision

The larger platforms owned by MNC Skymedia, First Media and Transvision have developed 12-19 in-house channels whereas smaller platforms that have developed in-house channels have 2-6 in-house channels.

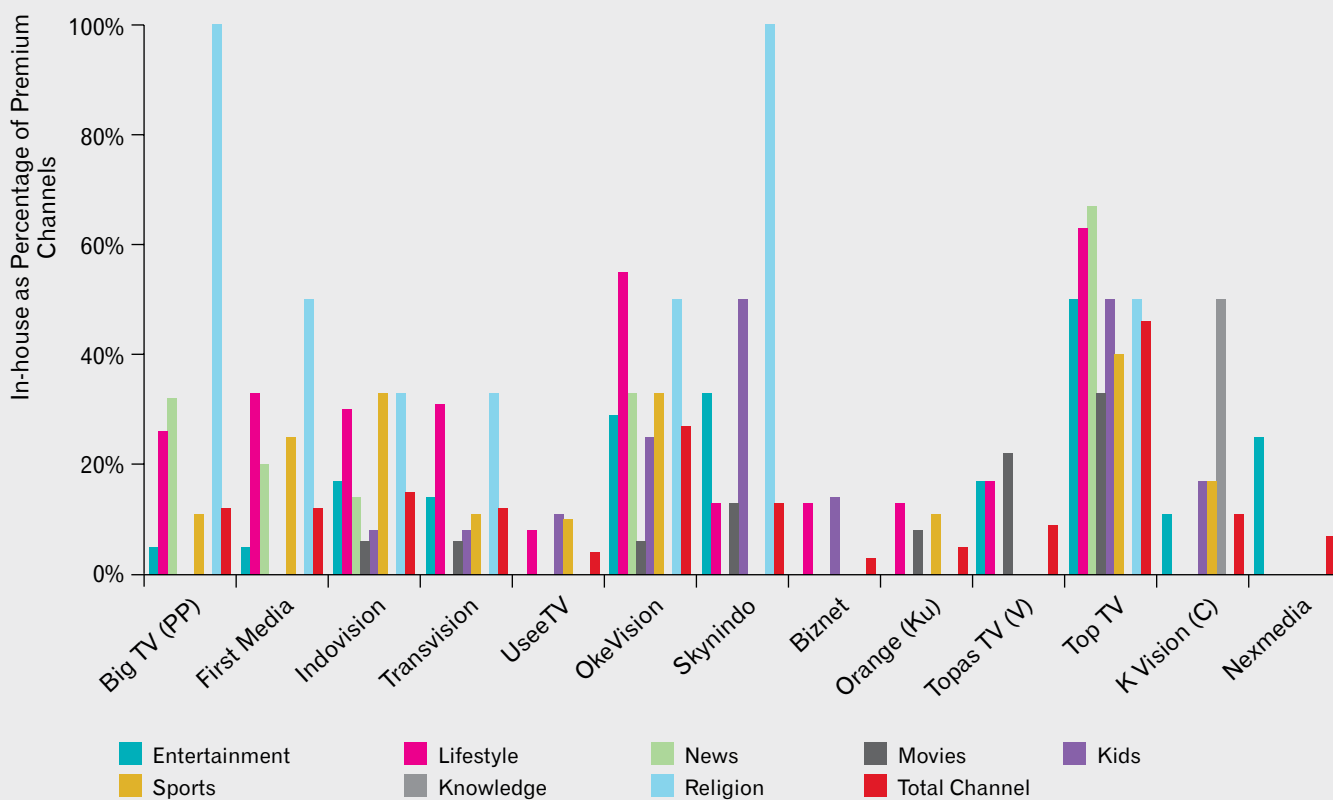
For most large Indonesian platforms in-house channels account for 9-14% of their channel offerings. MNC Skvision's lower tier brands are heavily reliant on in-house channels with Top TV carrying 35% in-house channels and OkeVision 24%.

In terms of channel genre, religious channels are heavily dominated by in-house channels typically ranging from 33% to 100% as platforms want to cater towards religious groups with Indonesian language programming. Other popular categories for in-house channels are entertainment and lifestyle channels with in-house channels accounting for 7-63% of premium channels. First Media has taken a different strategy to other platforms and heavily focused on news and business channels rather than entertainment and lifestyle.

MNC Sky Vision, through its premium brand Indovision, has also differentiated itself from its peers through acquiring 12 third-party exclusive channels mostly in the kids and entertainment / movie genres. K Vision has also started to develop a portfolio of third-party exclusive channels and currently carries three exclusive channels (exclusivity of a further three channels ended in April 2015).

Figure 19

### IN-HOUSE AS PERCENTAGE OF GENRE CHANNELS OFFERED



Source: Platform operators

1) Includes only platforms with in-house channels

### MNC Sky Vision (Indovision, Okevision, Top TV) and MNC Play Media

MNC Sky Vision has aggressively developed its own in-house channels over the past few years and currently has 19 in-house channels covering virtually all genres of content. MNC Skvision carries all 19 in-house channels on both Indovision and Okevision, while Top TV carries 16 in-house channels. MNC Sky Vision claims that its in-house channels account for just under one third of viewing share and in terms of ranking are:

- 1st in News, Business, Sports and Music
- 2nd in Entertainment

Table 9: MNC Sky Vision In-house Channel Lineup

Lifestyle	Entertainment	News & Business	Sports
MNC Fashion	<b>MNC Entertainment</b>	<b>MNC Business</b>	<b>MNC Sports 1</b>
MNC Food & Travel	MNC Drama	<b>MNC News<sup>1</sup></b>	<b>MNC Sports 2</b>
MNC Health & Beauty <sup>1</sup>	MNC Comedy		
MNC Home & Living <sup>1</sup>	MNC Infotainment		
MNC Lifestyle	Vision 2 Drama <sup>1</sup>		
MNC Shop			
Religion	Kids	Movies	Music
MNC Muslim	MNC Kids	MNC Movie	<b>MNC Music</b>

Source: Indovision

1: Not screened on Top TV

Bold text indicates market leader in the segment, according to MNC

MNC in-house channels are also aired on its affiliated IPTV platform, MNC Play Media.

In addition, MNC Sky Vision has the exclusive rights to 12 third-party channels, most of which are entertainment / lifestyle / movie or kids channels. In addition, MNC Sky Vision acquired carriage rights to 19 Asian channels from Skynindo including its in-house channels.

### Transvision

Transvision has introduced 12 in-house channels plus one promotional channel during the past 18 months or so. It currently does not have any third-party exclusive channels but plans to launch CNN Indonesia as a 24-hour news channel, as part of a strategic partnership with Turner Broadcasting System Asia Pacific.

Table 10: Transvision In-house channel Line up

Lifestyle	Entertainment	News & Business	Sports
Male	Insert		Arena
Jelita	Dunia Lain		
Eat & Go	Tahan Tawa		
	Showcase		
Religion	Kids	Movies	Music
Khazanah	Dunia Anak	Bioskop Indonesia	T Music

Source: Transvision

### First Media and Big TV

First Media/Big House have 16 in-house channels, of which 14 are screened on First Media and 15 are screened on Big TV. Unlike other pay TV platforms, First

Media focuses heavily on the news and business genre, accounting for 38% of in-house channels followed by music and lifestyle.

**Table 11: First Media and Big TV In-house channel Line up**

Lifestyle	Entertainment	News & Business	Sports
J'Go	The First Comedy Network	Berita Satu English	Berita Satu Sports
Hi		Berita Satu News <sup>2</sup>	Berita Satu Sports 2 <sup>1</sup>
Foodie		Berita Satu World	
		Jakarta Globe TV <sup>2</sup>	
		Reformed 21	
		TV Parliement	
Religion	Music		
Kairos	KaraOKE		
	Mix		
	Dangdut		

Source: First Media and Big TV

1. Aired on First Media only

2. Aired on Big TV only

### K Vision

K Vision, which is part of the Kompas Group, has four in-house channels with one more coming soon. K Vision has developed one in-house channel for lifestyle, kids, sports, music and knowledge. For FDI channel, subscribers must be doctors and registered with the Indonesian Doctors Association (IDI).

**Table 12: K Vision In-house channel Line up**

Lifestyle	Kids	Sports	Music
Nova (coming soon)	Kidenesia	Bola Indonesia	Pop channel
Knowledge			
FDI (Forum Dokter Indonesia)			

Source: K Vision

In addition, K Vision has three third-party exclusive channels including two entertainment channels from RTL-CBS and a Korean entertainment channel. Until April 2015, K Vision also held the exclusive rights for three Indonesian produced movie and entertainment channels. These channels are still aired on K Vision but on a non-exclusive basis.

### Orange TV

Orange TV has four in-house channels in the film, sports and music genres. In addition, it has one exclusive Indonesian channel focused on Javanese culture and entertainment.

**Table 13: Orange TV In-house channel Line up**

Film	Sports	Music
Festival 100 – Film	Festival 604 – Sports	Dangdut Channel Top Hits

Source: Orange TV

### Nexmedia

Nexmedia has two in-house channels in the entertainment genre. Nexmedia is expected to build up its in-house portfolio over the next couple of years.

**Table 14: Nexmedia In-house channel Line up**

Entertainment
Nex Entertainment Nex Drama

Source: Orange TV

### Biznet

Biznet offers two in-house channels in the lifestyle and kids genres plus one promotional channel.

Table 15: Biznet In-house channel Line up

Lifestyle	Kids
Max3 lifestyle	Max3 kids

Source: Biznet

### Skynindo

Skynindo has seven in-house Asian themed channels primarily in the entertainment, movie, kids and music genres. In December 2014, Skynindo and Indovision reached an agreement that Indovision would market a package of 19 of Skynindo's channels in Indonesia through its condosat satellite SES 7. As part of that deal, five of Skynindo's seven in-house channels are aired on Indovision.

Table 16: Skynindo In-house channel Line up

Entertainment	Movies	Kids	Music
Haari TV <sup>1</sup>	Haari Movie <sup>1</sup>	Haari Kids	Haari Music
Haari Drama <sup>1</sup>			
Haari Variety <sup>1</sup>			
Religion			
Damai TV <sup>1</sup>			

Source: Skynindo

Note

1:Skynindo in-house channels also screened on Indovision

### Topas TV

Topas TV has four in-house channels focusing on Asian entertainment and movies.

Table 17: Topas TV In-house channel Line up

Lifestyle	Entertainment	Movie	Sports
InfoTV	Bin Fen	My Movie	
		Sinefilm Indonesia	

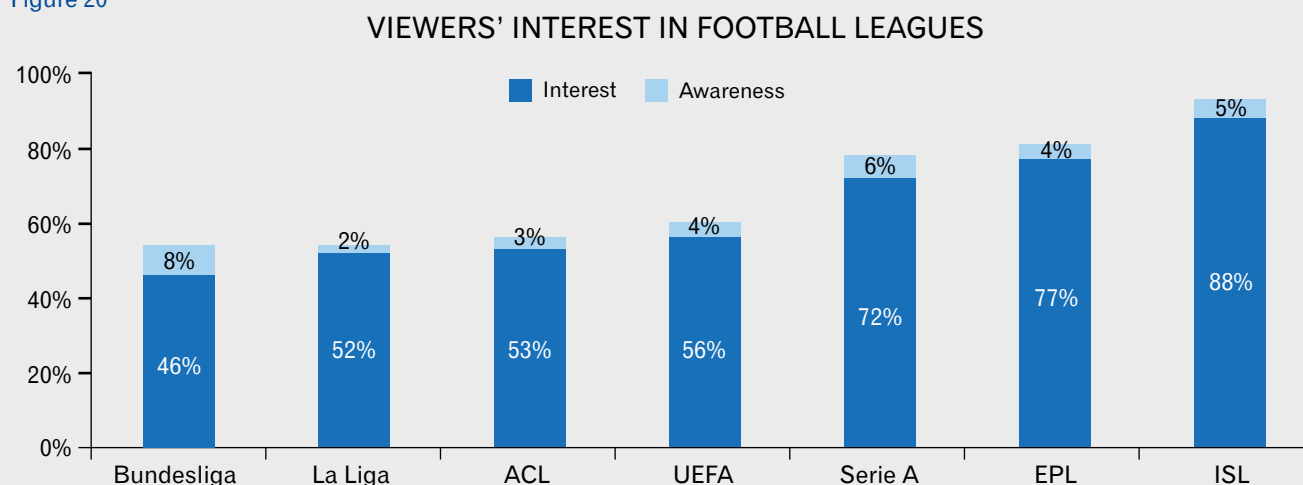
Source: Topas TV

### 5.9.4 FOOTBALL BROADCAST RIGHTS

Indonesians are among Asia's most avid football (soccer) fans, with football games dominating 82% of the top sport broadcasts in the 2013/2014 seasons.

In terms of favoured football leagues, Indonesians still prefer the home soccer league, Indonesia Soccer League (ISL), with 88% interested in it. From the international football leagues, the most popular leagues are the English Premier League (EPL), and Serie A TIM Italy with 77% and 72% viewers interested. Other football leagues have smaller followings in Indonesia.

Figure 20



Source: Repucom, SportsDNA May 2014

ACL: Asian Champions League

UEFA: UEFA Champions League

EPL: English Premier League

ISL: Indonesia Soccer League

As in many countries, football leagues are switched between channels and/or platforms on a fairly regular basis as operators see football as essential viewing to boost subscribers and / or advertising. Most popular football leagues have some games broadcast on FTA and the full package of games broadcast on pay-TV platforms.

### 5.9.5 INTERNATIONAL FOOTBALL RIGHTS

Rights to the most popular international football events have been acquired by MP & Silva and/or beIN Sports, including EPL, Serie A TIM, Ligue 1, UEFA Champions and Europa League, The Emirates FA Cup and Major League Soccer (MLS). The other major player in international football rights is Fox, which holds the rights to Bundesliga and La Liga. MNC Group still holds the rights to Asian Football leagues and championships.

Table 18: Major International Football Right Holders

	Pay TV Right Holder	FTA TV Right Holder
<b>EPL</b>	MP & Silva (2013-2016), broadcast on beIN SPORTS	MP & Silva (2013-2016), broadcast on SCTV, Indosiar
<b>Serie A TIM</b>	MP & Silva (2013-2018), broadcast on beIN SPORTS	MP & Silva (2013-2018), broadcast on TVRI (2012-2013), Kompas TV (2014-2015)*
<b>UEFA Champions &amp; Europa League</b>	Nexmedia & Orange (2012-2015) beIN Sports (2015-2018)	SCTV (2012-2015)*
<b>Ligue 1</b>	MP & Silva (2012-2015), broadcast on beIN SPORTS	MP & Silva (2012-2015), broadcast on B Channel (2012-2014)
<b>MLS</b>	MP & Silva (2012-2014), broadcast on beIN SPORTS beIN Sports (2015-2018)	– Not on FTA
<b>Emirates FA Cup</b>	MP & Silva (2012-2018), broadcast on beIN SPORTS	MP & Silva (2012-2018), broadcast on Trans TV (2012-2013), SCTV, Indosiar (2013-2016)
<b>Bundesliga</b>	MP & Silva (2013-2015), broadcast on beIN SPORTS FOX Sports: Indovision (2015-2021)	MP & Silva (2013-2015), broadcast on Kompas TV (2013 – 2015)*
<b>LA Liga</b>	FOX Sports: Indovision (2013-2015) Star Sports: All pay TV platforms (2013-2015)	Trans TV, Trans 7 (2013-2014) RCTI, Global TV (2014-2015)*
<b>Asian Champion League, AFC</b>	MNC Sky Vision (2013 -2016)	MNC Group Channels (e.g RCTI)
<b>AFF Cup</b>	MNC Sky Vision (2014 -2020)	MNC Group Channels (e.g RCTI)
<b>Copa America 2015</b>	K Vision	Kompas TV

Source: News articles

\*FTA rights for 2015-2016 have not yet been awarded

Until 2013, the MNC group held the pay TV and FTA rights to the EPL and several other international football leagues for a number of years. MP & Silva changed the dynamic and acquired the 2013-2016 pay TV rights for the EPL. MP & Silva, a major rights holder for a number of international football leagues, worked together with Qatar-based broadcaster beIN Sports to develop sports

channels dedicated to football and other sporting events with Indonesian live commentary. MP & Silva / beIN Sports then agreed on affiliate agreements with up to five Indonesian pay TV platforms that were eager to boost subscriber numbers. Combined, they are reported to have paid in excess of US\$120 million for the rights.

MP & Silva with beIN Sports developed three channels and marketed them in two packages. The Platinum package included 40 hours of live EPL matches of key teams, while the Gold package focused on other football leagues as well as airing some EPL games.

- beIN Sports 3 Premier League – 24 hour EPL dedicated channel with 40 hours of live matches per week covering all 380 matches per season plus post game analysis. Available to platinum right holders only.
- beIN Sports 2 features some live EPL, Serie A and French Ligue plus other sporting events such as the 17th Asian Games, ATP 250 tennis events, International Baseball Federation events, and Six Nations rugby tournament among others.
- beIN Sports 1 – features coverage of EPL with three live games each weekend, having a strong Indonesian studio show with renowned local presenters and pundits. Other content includes live coverage of the Emirates FA Cup, Capital One Cup, Italian Serie A TIM, French Ligue 1, MLS and other major league/cup tournaments. (This is a 24-hour football channel.)

Orange TV and Nexmedia purchased the platinum package with the exclusive rights for the first season (2013-2014), after which MP & Silva sold the platinum package to a third player, Transvision, who will air it for the 2014-2016 seasons, after initially holding the gold package for the second half of the 2013-2014 season.

Several smaller pay TV platforms purchased the Gold Package including Big TV / First Media, which only exploited its rights for the 2013-14 season, and K Vision, which acquired the rights soon after its launch near the end of the 2013-2014 season.

**Table 19: Indonesian Pay TV platforms broadcasting beIN channels**

Platinum	Gold
<b>beIN 1, beIN 2, beIN 3</b>	<b>beIN 1, beIN 2,</b>
Orange TV	First Media & Big TV (2013-2014 only)
Nexmedia	K Vision (from mid 2013-2014 season)
Transvision (2014-2016, previously had rights to Gold in 2013-2014)	

Source: Platform operators

Currently, negotiations are ongoing for the rights for the 2016-2019 EPL, with winners expected to be announced later in 2015. It is highly possible that the EPL will shift platforms as some of the existing platforms will not be able to afford the rights if prices increase further.

#### 5.9.6 INDONESIAN SOCCER LEAGUE (ISL)

Bakrie Viva Sports (BV Sports) holds the 10 year commercial broadcasting rights for the ISL for both pay TV and FTA. ISL is primarily broadcast on pay TV with all (306) games aired on pay TV and only 120 games broadcast on FTA. The ISL season kicks off in early February and runs through to late November.

Broadcasting of the ISL in 2014 was controversial as K Vision, a new player, won the pay TV ISL rights but didn't launch until six weeks after the start of the season. Viewers could only watch 40% of games on MNC Group FTA channels which resulted in many complaints. The 2015 ISL pay TV rights were won by Big TV and Garuda Matrix with the MNC Group maintaining rights for FTA.

**Table 20: Indonesian platforms broadcasting ISL**

	Pay TV	FTA
<b>Number of Games</b>	306	120
<b>2014/2015</b>	K Vision	Big TV, Garuda Matrix
<b>2015/2016</b>	RCTI, Global TV, MNC TV	Global TV, NET TV

Source: BV Sports

Note: Net TV was previously called SindoTV and is part of the MNC Group.

In 2015, the ISL season was initially planned to kick off on February 1st but was postponed to April 4th by the Minister of Youth and Sports Affairs. However, in a huge spat PSSI (the Indonesian Football Association) refused to disqualify two teams that the Indonesian Professional Sports Agency (BOPI) considered "legally flawed" but FIFA considered eligible. The Minister of Youth and Sport Affairs then banned the Football Association of Indonesia (PSSI) from holding any football matches in Mid April. At the time of writing, the stand-off between the government and PSSI has not been resolved, and FIFA has imposed sanctions preventing Indonesia from partaking in international games.



## 5.10 Technology

### 5.10.1 DTH OPERATORS' SATELLITE BANDS AND CONDITIONAL ACCESS SYSTEM

DTH platforms in Indonesia use five satellites – SES 7, JCSAT 13, Palapa D, Measat 3A and Telkom 1. SES 7 and JCSAT 13 are considered condosats and exclusively used in Indonesia by one player – MNC Sky Vision and Big TV respectively; while the other three satellites are

commercially available to any pay TV operator providing they have sufficient capacity. In total Indonesia has provided landing rights to 30 international satellites providing GSO Fixed Satellite Services (FSS) and the government is in discussions with operators of a further seven satellites.

Table 21: Satellites used to broadcast pay TV in Indonesia

Satellite	Country of Origin	No of Pay TV companies	No of Transponders	Band
<b>SES 7</b>	Luxemburg	1	10 2	S Ku
<b>JCSAT 4B</b>	Japan	1	11	Ku
<b>Palapa D</b>	Indonesia	5 1	8 2	C Ku
<b>Measat 3A*</b>	Malaysia	1	2	Ku
<b>Measat 3B</b>	Malaysia		(coming into service)	Ku
<b>Telkom 1</b>	Indonesia	1	4	C
<b>AsiaSat 5</b>	China	1	2	Ku
<b>Total Transponders</b>			41	

Source: CASBAA

Note: Aora TV previously had 2 Ku transponders on Measat 3A but ceased broadcasting in March 2015

Note: Indovision Ku band transponders are used for Indovision's "Oriental" package purchased from Skynindo

Currently, Indonesian pay TV operators use 41 transponders on three satellite bands: C, Ku, and S.

- Ku band – the most popular band with four players using 19 transponders on five different satellites. Big TV has a "condosat" with JCSAT and has 11 transponders while other platforms each have two transponders. MNC Skyvision uses its Ku band to support its "Oriental" package that is available as an add-on to Indovision subscribers. Transvision plans to switch-over to broadcasting in the Ku band at some stage during 2015.
- S band – MNC group platforms (Indovision, Okevision and Top TV) currently use 10 transponders on SES 7 satellite.
- C band – six platforms use C band. Five smaller operators use C band on Palapa D and Transvision

has been using four extended C band transponders on the Telkom 1 satellite but is currently transitioning across to Ku band and intends to launch its Ku band service in mid 2015.

The preferred satellite for smaller pay TV operators is Indosat's Palapa D, which also carries FTA C-band transponders for Jakarta's major terrestrial broadcasters, for two main reasons:

- Pay TV operators can offer their customers Indonesian FTA channels not available on their platform by teaching their customers to switch between services.
- There are an estimated 12-17 million C-band TVRO dish antennae deployed in Indonesia and pay TV operators offering C band service can tap into this market.

Table 22: DTH operators' Satellite bands and CA Systems

Platform	Band	Satellite	# Transponders	CA System	Compression
MNC Sky Vision (Indovision, OkeVision & Top TV)	S	SES 7	10*	NDS Videoguard	MPEG 2 / MPEG 4
	Ku	SES 7	2	NDS Videoguard	MPEG 4
Big TV	Ku	JCSAT 4B	11	Nagravision 3	MPEG 4
Transvision	Extended C	Telkom 1	4	Irdeto 2	MPEG 4
Orange TV	Ku	Palapa D	2	Irdeto	MPEG 4
	C	Palapa D	1	Irdeto	MPEG 4
K Vision	C	Palapa D	2	Conax	MPEG 4
	Ku	Measat 3A	2	Conax	MPEG 4
Skynindo	C	Palapa D	2	Viaccess 4.0 Verimatrix	MPEG 4
Topas TV	C	Palapa D	2	Xcrypt Cryptoworks Irdeto 2	MPEG 4
Matrix Garuda TV	C	Palapa D	1	Neotion SHL	MPEG 4
Viva+	Ku	AsiaSat 5	2	Latens	MPEG 4

Source: Lyngsat and Platform operators

\*MNC Platforms (Indovision, Top TV and Oke Vision) share 10 transponders

DTH operators use a range of CA systems from more established players such as NDS, Irdeto, Nagravision and Viaccess as well as from new players including Xcrypt, Conax and Cryptoguard.

### 5.10.2 TERRESTRIAL TECHNOLOGIES

There are currently two DTT pay TV platforms in Indonesia with one (Nexmedia) providing residential pay TV services and competing directly with DTH and cable pay TV platforms and the other (M2V) offering in-car DTT service.

DTT services are currently available in the Greater Jakarta area only as the government has placed a temporary halt to issuing new DTT licenses until it has resolved the radio spectrum issue including the terrestrial/broadcast digital switchover which will free up radio frequency for DTT platforms.

Both DTT platforms plan to expand to other cities once the government has lifted its ban on issuing DTT licenses.

### 5.10.3 RESIDENTIAL DTT SERVICES

Residential DTT services were introduced by Nexmedia in late 2011. Nexmedia currently covers 95% of Jakarta

through four relay stations, up from 60% at its launch. Nexmedia capacity is currently restricted to 43 channels which are broadcast in MPEG 4 format.

Nexmedia is often marketed as a "plug and play" TV service that only requires a STB (without a separate aerial) and can be installed by the homeowner, as such distinguishing it from DTH that requires a technician to install the parabola and STB.

Despite Nexmedia's small coverage area, it had more than 100,000 subscribers at the end of 2014 and was in the top five largest pay TV platforms in Indonesia.

### 5.10.4 IN-CAR TERRESTRIAL SERVICE

M2V has provided an analogue in-car terrestrial service in Jakarta since 2007. The service currently covers approximately 80% of Greater Jakarta through four transmission towers. M2V is currently upgrading its services from MPEG 2 to MPEG 4 in a bid to improve quality and add channels. M2V currently offers 25 channels including 19 premium channels. One channel is an in-house promotional channel.

In-car pay TV service continues to be a relatively niche product, in that it targets high end vehicle owners

who have pre-installed TV in their vehicle and who are then willing to pay IDR2.5 million upfront costs for the receiver and a monthly fee of IDR90,000-191,000 for a limited number of channels. To date approximately 12,000 receivers have been sold and the platform has approximately 5,000 active subscribers.

Nexmedia is currently evaluating whether to expand its DTT to in-car service. It has already undertaken trials and found the platform to be stable but is evaluating the market demand for the service.

### 5.11 Provincial Cable Operators

This section provides an overview of provincial cable operators that are members of the Indonesia Cable Television Association (ICTA).

ICTA was established in June 2014 as the fourth and final attempt to form an association to represent provincial cable TV operators' interests; three previous cable associations had all disbanded due to ongoing internal politics and inability to meet the demands of the provincial cable TV operators.

ICTA represents 104 provincial cable TV operators that have been issued a license from Kominfo as well as 55 affiliate members that are small scale cable TV operators that are under the umbrella of a large provincial cable TV operator in terms of licensing and sourcing of content. ICTA members account for just over one third of licensed provincial cable TV operators<sup>17</sup>.

**Table 23: ICTA Member Companies**

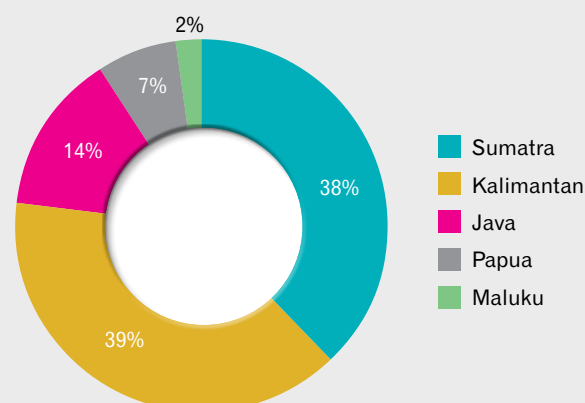
ICTA Membership Type	Number of operators
Permanent member	104
Associated member	55
Total	159

Source: ICTA

ICTA permanent members are distributed through Indonesia with one third based in Sumatra; one third based in Kalimantan and the remaining third based in Java and Eastern Indonesia.

**Figure 21**

### DISTRIBUTION OF ICTA PERMANENT MEMBERS



Source: ICTA

Provincial operators currently run analog cable networks. Smaller cable operators' coverage may be only a small housing complex or district (possibly with network expanded with the addition of new customers) whereas the larger operators have more sophisticated networks with some operators claiming to cover more than half of Indonesia's small cities. Some – operating in cities including Banjarmasin, Balikpapan, Makassar, Malang, Palembang, Pangkal Pinang and Pekanbaru – are expected to upgrade to digital networks in the next couple of years.

Provincial cable TV operators range in size from 500 to 48,000 subscribers which can be categorized into three groups:

- Large sized provincial cable operators – 10,000-48,000 subscribers
- Medium scale provincial cable operators – 5,000 subscribers
- Small scale provincial cable operators – 500-1,000 subscribers. Typically small scale cable operators “merge” with one of the larger operators in the city which has a license from Kominfo.

It is estimated that in total ICTA members serve between 600,000-800,000 subscribers. Put in perspective this is more than double the size of First Media, Indonesia's largest cable TV operator.

17. Approximately 10 ICTA members do not have a pay TV license issued by Kominfo based on data provided by Kominfo

Currently provincial cable TV operators sub-contract content from Orange TV and Skynindo, with potentially Topas TV becoming a third supplier. ICTA has recently established its own legal entity, PT Media Cable Television, to distribute content to its members. To date it has signed a three year contract with Zee TV.

According to ICTA the most popular package includes 24 premium channels. CASBAA during its research found one operator to be offering 64 channels including 24 premium channels for IDR66,000 / month. (Many of these are apparently not authorized / copyright infringing.) To place this in perspective, a national operator would retail a similar package for more than five times the price and would not have such a complete channel line up as some content is exclusive to specific national platforms or not available at all in Indonesia<sup>18</sup>.

Table 24: Example of Provincial Operator Package

Monthly Fee: IDR66,000			
Installation Fee: IDR216,000			
Channel Line Up			
MNC	Discovery Channel	Disney Channel	CTV
TRANS TV	Discovery Turbo	Cartoon Network	TVB Xinghe
SCTV	National Geographic	Golf Channel	TTV
Metro TV	Animal Planet	Fox Sports	CTS
RCTI	Life TV	Star Sports	FTV
TV ONE	AXN	Astro Sports	CCTV 4
Global TV	HBO	True Sports	HAKKA TV
Indosiar	Cinemax	beIN Sports	TVB 8
TVRI	Fox Movies	Mediacorp 8	TVBS
TRANS 7	Mediacorp 5	Fashion TV	DA'AI TV
ANTV	Celestial Movies	Phoenix	Xingxong
TPI TV	Celestial Movies Classic	U Channel	CBTV
Muslim TV	Bloomberg	Channel News Asia	SBN
Rodja TV	Jatim TV	Batam TV	Hunnan
TV 9	TV 2	8 TV	TV 3
			NTV 7

Source: Website of provincial operator

18. Content that is exclusive to a national pay-TV platform include Golf Channel that is exclusively aired on MNC Skyvision, while beIN Sports is exclusive to Orange TV, Nexmedia, Transvision and K Vision. Channels that are not aired in Indonesia include Astro Sports, True Sports, Mediacorp 8, Mediacorp 5 and 8 TV.

## 5.12 Players' activities

### 5.12.1 LEADING PLAYERS

#### MNC GROUP

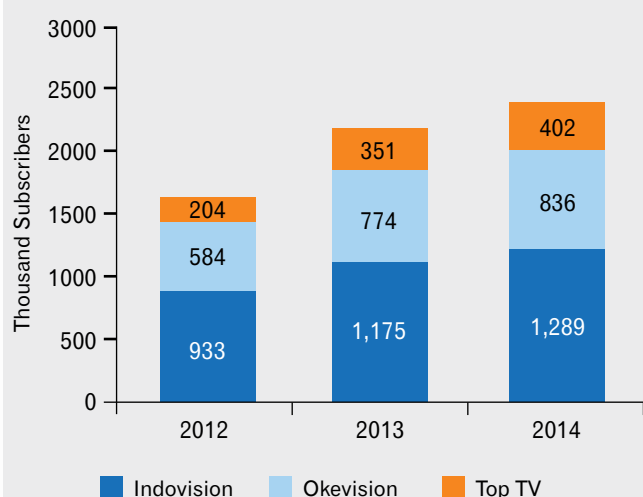
##### MNC Sky Vision

MNC Sky Vision, the pioneer in pay TV, has been operating for more than 20 years and is part of PT Media Nusantara Citra (MNC), a media conglomerate that focuses on several media segments including FTA, pay TV, print and radio. MNC Sky Vision went public in July 2012.

MNC Sky Vision recorded 2.53 million subscribers at the end of 2014, a 10% increase compared to the year before. However, for the first time subscriber growth remained flat during the fourth quarter. MNC Sky Vision's monthly ARPU was IDR101,247 down 11.3% compared to 2013. Monthly churn remained low at 1.36%.

Figure 22

#### GROWTH IN MNC SKY VISION SUBSCRIBERS (2012-2014)



Source: MNC Sky Vision

MNC Sky Vision has three brands within its portfolio:

1. **Indovision** is MNC Sky Vision's original brand and focuses on the premium segment. Indovision accounts for 51% of MNC Sky Vision's subscribers. Indovision carries 136 channels<sup>19</sup> including 124 premium channels. Indovision is heavily reliant on in-house and exclusive channels, which make up 26% of premium channels, to differentiate itself from other pay TV players. Indovision offers five HD channels.
2. **Okevision** is its mid-tier brand, accounts for 33% of subscribers and is heavily targeted toward movie lovers. Okevision carries 78 channels including 66 premium channels of which 18 are in-house channels and 17 are movie channels.
3. **Top TV** is MNC Sky Vision's entry brand targeting first time pay TV subscribers. Top TV is heavily focused on in-house channels that account for just under half of premium channels. In total Top TV offers 49 channels of which 37 are premium channels.

MNC Sky Vision launched its OTT platform "Indovision Anywhere" in June 2014 offering subscribers access to Indovision outside the home. In 2015, Indovision started offering an "Oriental" package, after acquiring the broadcast rights to Skynindo's 19 Asian Channels in late 2014. The Oriental Package is broadcast on Ku Band rather than MNC Sky Vision's S band and a converter is added to subscribers' parabolas to receive those frequencies.

Going forward, MNC Sky Vision will continue to focus on strengthening content to differentiate its brands from its peers through developing more in-house channels as well as adding more exclusive content. MNC Sky Vision is also strengthening infrastructure through building more branch offices and improving service in a bid to maintain MNC Sky Vision's dominant position and to increase ARPU.

19. Excluding double counting for HD and SD channels

### **MNC Play Media**

The MNC Group entered the wired internet broadband / TV sector in January 2013 with the establishment of PT MNC Kabel Mediacom (known as MNC Play Media). It commercially launched in February 2015 after a soft launch in mid 2014, and is currently available in three cities – Jakarta, Semarang and Surabaya.

MNC Play Media will complement Indovision as it will provide subscribers in large cities Indovision's pay TV package combined with fast broadband internet. MNC Play Media is currently offering 114 channels including 102 premium channels of which 19 are in-house channels. Maximum internet download speed is reported to be 200 Mbps.

MNC Group has very aggressive expansion plans and has committed to investing US\$400-500 million during the first three years with up to US\$2-3 billion within ten years. It is currently rolling out one million home passes of which it claims that 600,000 were active prior to its commercial launch; and it plans to roll out 1.5 million home passes in 11 cities by the end of 2016. MNC is targeting 150,000-200,000 subscribers by the end of 2015.

## **FIRST MEDIA GROUP**

### **Link Net / First Media**

First Media is the leading cable TV player in Indonesia with 363,000 TV subscribers and 392,000 internet subscribers at the end of 2014. Approximately 93% of subscribers take up both pay-TV and internet services.

First Media has an installed home pass network of 1.4 million homes primarily in the Greater Jakarta area with a small footprint in Surabaya and presence in Bali and Bandung. It plans to add another 200,000 home passes by the end of 2016.

First Media is the pioneer in HD channels and currently carries 60 HD channels, double the number carried by its peers<sup>20</sup>. Currently First Media carries 139 channels, many of which are aired in two formats (SD and HD). First Media carries 14 in-house channels that are primarily focused on news, sports and lifestyle.

First Media provides interactive TV services including VOD, PVR and its "First Media GO" OTT service that allows subscribers to access the service outside the home. Its affiliate, Linknet, owns the network infrastructure. It conducted an IPO in June 2014 and sold further shares in October 2014 raising US\$455 million in the second placement. After the IPO and second placement, outside investor CVC Capital Partners and First Media each owned a 33% stake in LinkNet.

In further developments, the Lippo Group made it known that it was looking to sell its stake in LinkNet for US\$500 million and had approached MNC Group among others. MNC Group have expressed interest in acquiring Link Net for the right price. If the deal were to go through this would have a fundamental effect on the pay TV market as the MNC Group would effectively be controlling a huge share of the market.

### **Big TV**

Big TV launched its DTH service in September 2013 using its own condosat with 11 transponders offering both pre-paid and post-paid services. Big TV markets itself as the platform offering the most channels at affordable prices and currently offers 148 different channels with 30 channels aired in HD and SD format. Big TV has 15 in-house channels.

Big TV has been very aggressive in its marketing strategy, offering lengthy promotional periods to new subscribers, and this has placed pressure on other pay TV platforms. It is estimated that Big TV has approximately 100,000 paying subscribers that are reported to content providers from approximately 400,000 connected consumers. Big TV targets 600,000 subscribers by 2016.

Big TV is part of the Lippo Group and sister company of First Media. It has recently delayed its IPO plans due to weak market conditions.

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20. Excluding its affiliated company, Big TV



## OTHER MAJOR PLAYERS

### Transvision (Ex TELKOMvision)

CT Corp acquired an 80% stake in Telkomvision in mid 2013 for approximately US\$90 million and has since taken full ownership of the company. In mid 2014, the company was rebranded as Transvision.

As part of the acquisition deal, Telkom would continue to rent the transponders to Transvision and in return Transvision would supply the content to Telkom (including for the UseeTV IPTV service).

Since taking control of the company, CT Corp has completely restructured the company and changed its business model from pre-paid to post-paid in a bid to ensure a regular revenue stream and raise its target segment from budget to mid – premium segment.

Transvision has invested heavily in content in the past 18 months including rolling out 12 in-house channels focusing primarily on entertainment and lifestyle. Transvision has also acquired beIN sports content – first the Gold package in the 2013/2014 season before upgrading to the full platinum package from 2014.

Transvision currently carries 106 channels including 94 premium channels including 12 in-house channels and 6 HD channels. Price wise, Transvision is head to head with Indovision with its basic package, but has a higher top tier package as it offers beIN sports.

At the end of 2014, Transvision had approximately 100,000 residential subscribers. In addition, Transvision provides content to Telkom's UseeTV that has approximately 120,000 subscribers. Transvision also launched its "Transvision" OTT service in March 2015.

In early 2015, Transvision planned a shift from C band to Ku band. It expects to complete the process by end of year and will be officially launching its service on Ku band. Over the next 18 months, Transvision will significantly increase the channels carried, especially HD channels. Transvision has also entered into a strategic partnership with Turner Broadcasting System Asia Pacific, Inc. to launch CNN Indonesia, a 24-hour news channel operating from Trans Media facilities

in Jakarta. CNNIndonesia.com was launched on 20th October 2014.

### Nexmedia

Nexmedia is a subsidiary of the Emtek Group, the parent company of FTA stations SCTV and Indosiar.

Nexmedia entered the pay TV market in late 2011 providing residential DTT services within the Greater Jakarta area. The platform currently offers 43 channels including 30 premium channels and will only be able to extend its channel line-up once FTA terrestrial TV switches over to digital and more frequency becomes available.

Nexmedia, through its parent company, acquired the full rights to the EPL for the 2013-2016 for both the FTA and pay TV platforms, a move that led to a boost in subscribers. (Although Orange TV and later Transvision have the EPL rights, their subscriber base is primarily outside Greater Jakarta.) At the end of 2014, NexMedia had approximately 130,000 subscribers, of which EPL subscribers accounted for just under half.

Nexmedia has aggressive plans to nearly double subscribers to 200,000 by the end of 2015 and has joined forces with two leading banks to offer substantial discounts for their customers. In addition Nexmedia has collaborated with two leading mini-market chains making it easier for subscribers to pay their monthly dues.

Nexmedia is currently evaluating whether it should expand its service to in-car service. It has already undertaken trials and found the platform to be stable and is currently assessing the market potential of the sector. In addition, Nexmedia plans to expand to more cities in Java and Sumatra but its plans have been put on hold as the government has placed a temporary halt on issuing new DTT licenses until it resolves the radio frequency spectrum issue.

### **Orange TV**

Orange TV launched in late 2011 offering pre-paid DTH service targeting TVRO customers based outside the major cities. As a new player, Orange TV took a bold move when it acquired the 2013-2016 EPL rights in consortium with Nexmedia in anticipation that it would propel subscriber growth.

Orange TV initially launched on Ku band using two transponders on Palapa D and subsequently added a C band service through one transponder again on Palapa in order to expand its outreach to TVRO customers who use the Palapa satellite to access Indonesian FTA TV.

Its Ku service offers 70 channels including 55 premium channels while its C band service offers 34 premium channels and no FTA (which customer dishes easily receive on their own).

It is estimated that Orange TV has sold approximately 500,000-600,000 STBs of which 150,000 are active subscribers regularly purchasing vouchers each month.

To expand its viewership, Orange TV launched Genflix, an OTT platform, in late 2013 primarily aimed at broadcasting its sports channels.

### **5.12.2 OTHER PLAYERS**

#### **K Vision**

K Vision, a DTH platform, won the pay TV rights for the 2014 FIFA World Cup and launched in April 2014 some two months prior to the start of the World Cup.

Unlike most other platforms, K Vision chose to provide pay TV on two satellite bands (C and Ku Band), with the view that it would broaden its subscriber base by tapping into the C-band TVRO customers as well as more traditional pay TV customers that are used to smaller dish antennae on Ku band. K Vision uses a pre-paid business model.

To differentiate itself from other players, K Vision invested heavily in acquiring pay TV football rights including the World Cup, beIN Sports (Gold Package) and 2014 ISL season (which was not renewed for the 2015 season). K Vision also took the bold move

to purchase the exclusive rights to a number of international and local channels including:

- Two entertainment channels from RTL-CBS
- Korean entertainment and movie channel, K+, from Plus Media Networks Asia
- International movie channel – Galaxy
- Two Indonesian movie and entertainment channels produced by two of Indonesia's largest production houses – MD Entertainment and Multivision Plus, however the exclusivity agreement ended at the end of April 2015.

K Vision has developed four in-house channels focusing on music, sports, kids and knowledge and will launch a women's channel in the near future. Its sports channel, Bola Indonesia, is focused on football and in 2014 aired the ISL, but given that K Vision does not have the 2015 ISL rights, its focus has changed to other sports. Its knowledge channel is a niche channel targeting doctors, and subscribers must be registered with the Indonesian Doctors Association (IDI) to access the channel.

K Vision rents one C band and two Ku transponders and airs 47 channels on KU band and 40 channels on C band including 38 premium channels on both services.

By the end of September 2014, K Vision had sold 220,000 STBs with approximately 80% on C band and 20% on Ku Band, of which we estimate that 40,000 regularly purchase vouchers.

K Vision is part of the Kompas Group, a large print media group.

#### **Topas TV**

Topas TV is a small C band DTH platform focusing on the budget segment. It launched in July 2012 and unlike many platforms offers subscribers a choice of post-paid and pre-paid services; however, most customers are on the pre-paid service.

Topas offers 62 channels on its pre-paid platform including 46 premium channels which are primarily focused on movies, kids and education. It currently offers four in-house channels plus one promotional channel and will add a fifth in-house channel in mid-2015.

Topas claims to have 80,000 active STB boxes, but industry observers estimate that only 5,000 subscribers regularly purchase a voucher / monthly subscription.

Topas TV is backed by the Mayapada Group, a diverse conglomerate focusing on financial services, duty free shopping and property.

### **Skynindo**

Skynindo was launched in November 2010 and was the first pay TV platform to use C band on the Palapa D satellite. At the end of 2014, Skynindo claimed to have 70,000 active boxes but it is estimated that only 30,000 regularly purchase vouchers.

Skynindo targets both the ethnic Chinese consumers (offering 16 Chinese language channels) as well as lower income households with C-band TVRO dishes. Chinese subscribers are estimated to make up more than half of active subscribers and are reported to be more loyal customers, whereas TVRO subscribers purchase vouchers on a need basis rather than routinely every month. Skynindo is one of two national platforms that sub-contract content to provincial cable operators.

Skynindo offers 73 channels including 54 premium channels of which seven are in-house channels. The platform is heavily focused on Asian ethnic programming with 16 Chinese language programs.

In December 2014, Skynindo signed a carriage rights deal with MNC Sky Vision whereby Indovision would have the carriage rights to 19 Asian-themed channels including Skynindo's in-house channels. This will undoubtedly make inroads into its Chinese subscriber base as some are likely to switch to Indovision which offers a more complete package.

Skynindo is Indonesian-owned but strongly supported by the Taiwanese Group, CSTV Group.

### **Biznet**

Biznet, a cable operator, launched its bundled internet and pay-TV service in mid 2012 under the brand name Max 3. Max 3 is sister brand to Biznet, the business internet provider.

Compared to other cable operators, Max 3 is less aggressive in its plans. Up to the end of 2014, it had installed approximately 200,000 home passes in 18 cities and plans to add 100,000 new home passes each year over the next few years.

Max 3 currently offers subscribers 75 channels including 60 premium channels. Some 30 channels are in HD format. Subscribers can receive top internet download speeds of 50 Mbps. Max3 has developed one in-house kids program as well as a promotional program.

Max 3 plans to continue developing its network in cities outside Jakarta that do not currently have good broadband connections rather than competing directly with First Media in Jakarta.

### **Innovate**

Innovate launched its cable TV service in late 2014. Initially focused on Sinar Mas-owned property developments in the Jakarta suburbs, it has since rolled out its network to five cities, mostly in Java. The platform launched in Jakarta in Q1 2015 after making inroads in Jakarta's satellite cities. Innovate's home pass network plans are less ambitious compared to its peers.

Innovate currently offers 66 different channels including 49 premium channels and is estimated to have approximately 7,000 subscribers at the end of 2014. Innovate launched its stand-alone OTT service, Innovate Go, in October 2014; this is an open platform for internet subscribers and mobile users.

Future plans include rolling out the network to major cities in Sumatra.

### **UseeTV**

UseeTV is Telkom's pay TV service and has two platforms in Indonesia, UseeTV Cable and UseeTV.com. It uses Telkom's network infrastructure while the content is provided by Transvision.

UseeTV Cable was Indonesia's first IPTV service and was initially launched as Groovia TV and rebranded as UseeTV Cable in mid 2012. UseeTV Cable is marketed in Telkom's Indihome package that provides subscribers home phone, internet and cable TV.

Telkom claims to have more than one million fiber optic home passes that are capable of receiving Indihome service. At the end of 2014, UseeTV cable had approximately 120,000 subscribers.

UseeTV.com is Telkom's OTT platform that was launched in 2013 and currently offers 29 FTA channels and is free to Telkom subscribers. As the OTT service develops Telkom plans to add premium content.

### **M2V**

M2V is a niche player providing in-car pay TV services. Launched in 2007 in the Greater Jakarta area, it currently covers approximately 80% of the city. M2V is a small player with approximately 5,000 subscribers including 200 taxis.

The platform currently offers 24 channels including 16 premium channels. Plans for 2015 include upgrading technology to DVB2 with MPEG 4 compression and adding eight additional channels. M2V also plans to expand to other cities once the government resumes issuing terrestrial TV licenses.

### **Viva+**

Viva+ was one of the two pay TV rights holders for the 2014 FIFA World Cup. It launched its DTH service approximately six weeks prior to the World Cup, to which it dedicated a number of channels.

Viva+ has taken a different business model to other pay TV platforms, generating revenues through a one-time sale of equipment as well as advertising / sponsorship revenues. It does not charge subscription fees. Viva+ broadcasts 37 channels including four in-house channels.

Viva+ is a subsidiary of the Bakrie Group.

## **5.12.3 NEW ENTRANTS**

### **Matrix TV**

Matrix TV is the newest pay-TV platform, launched in October 2014 and targeting the budget segment.

Matrix is one of Indonesia's largest producers of TVRO parabolic dishes and STBs. It has expanded its service to

pay TV as it is in a unique position to target C band TVRO users. Matrix currently rents one transponder on Palapa D and offers 35 premium channels including 3 in-house channels focusing on sports and entertainment; it plans to add additional channels in mid-2015.

Matrix TV, along with Big TV, acquired the pay TV rights to the 2015 ISL season, which unfortunately has been put on hold due to legal issues. In the past six months the platform has acquired approximately 10,000 subscribers.

### **Dens. TV**

Dens. TV launched a subscription-based OTT service in January 2015; it bundles its TV product with fiber optic internet service from its parent company. Current coverage is restricted to a few apartment blocks and residential areas in Jakarta. It currently offers 60 channels including 45 premium channels including 15 HD channels.

Dens. TV is a subsidiary of CBN, an internet and IT company which is part of the Salim group.

### **Sky LBS**

Sky LBS plans to launch a DTH and IPTV platform in the 2nd half of 2015. Sky LBS plans to differentiate itself by broadcasting Asian content along with Indonesian educational channels aimed at Open University students.

Sky LBS is part of the Lejel Group, which offers home shopping in Indonesia.

## **5.12.4 PLATFORMS EXITING THE SECTOR**

### **Aora**

Aora initially launched in summer 2008, broadcasting the Olympics and seeking to build a large bouquet of HD channels. It stopped broadcasting in 2009. New management took over Aora and it was re-launched in December 2010 and quickly reported to have more than 100,000 subscribers. However, its success began to fizzle out as subscribers failed to pay and Aora faced increasing competition from other players with deeper pockets. Aora ceased operations for a second time in mid-March 2015, reportedly after discussions with a new JV partner fell through.

# 6 Broadband and Digital Media



*Analysis by Media Partners Asia*

## 6.1 Overview

The market for broadband in Indonesia comprised 57.9 million customers at the end of 2014, according to data from Media Partners Asia (MPA).

The broadband industry is made up of the wireless and fixed network segments. Wireless networks contributed 54.1 million broadband customers in 2014 while fixed broadband represented 3.8 million subscribers. Within the fixed broadband segment, ADSL represented 89% of total subscribers, while the Next Generation broadband ("NGBB") market represented the remaining 11%.

NGBB is defined as fixed networks capable of providing high speed broadband such as cable broadband and fiber-to-the-home (FTTH). As there has been limited rollout and subscriber acquisition by operators using FTTH technology, the NGBB market in Indonesia is primarily driven by cable broadband, anchored to the growth of Link Net, the leading provider of bundled broadband and cable TV services in Indonesia.

Link Net's main competitor is Telkom Indonesia, which owns and operates a legacy ADSL network but is slowly upgrading to fiber. Other players in broadband, including existing and new players, are: (1) Biznet; (2) MNC Play Media; and (3) the Sinarmas-owned Innovate.

The market for over-the-top (OTT) video in Indonesia is nascent, comprising 421,000 active online video subscribers and less than US\$1 million in total revenue in 2014. Significantly, digital advertising, comprising internet and mobile, is growing rapidly, reaching US\$190 million in net terms in 2014. Out of this pie, online video contributed almost US\$34 million, almost entirely dominated by Google's YouTube and Facebook's video services.

A predominantly young population is driving both online video consumption and the acceptance of a digital lifestyle, anchored to multiple screens. Such trends have not gone unnoticed by the incumbent TV-based media majors. TV accounts for more than 65% of advertising in Indonesia but mainstream advertisers are increasingly factoring digital spend into their budgets.

As a result, leading TV-based players such as MNC group and Emtek are investing in OTT platforms of their own along with major telecom operators. These platforms will likely gain traction after 2015 with revenue streams, especially advertising, starting to become somewhat material in the long-term.

## 6.2 Infrastructure

Online video consumption is driven by mobile devices, primarily due to the lack of availability of fixed broadband networks outside of the main cities and towns in the Java provinces. Wireless broadband has therefore become the de facto standard for internet connectivity.



Owing to Indonesia's topography – an archipelago comprising 17,000 islands – fixed infrastructure development is limited. A fiber backbone connecting the nation is slowly starting to come to fruition. This project is driven by incumbent telco Telkom Indonesia.

Major cable operator Link Net is expanding its broadband network while new entrants, such as MNC Play Media and Sinarmas-owned Innovate, are rolling out new networks. Play Media has targeted 1 million homes to be passed on a fiber network by June 2015.

MPA analysis indicates there were 54 million wireless broadband users in 2014, up 60% year-on-year while fixed broadband customers totaled 3.8 million.

A key driver of mobile broadband growth in the future will be the increasing deployment of 3G networks beyond the Java island as well as the launch of 4G

services. A big drawback of current wireless broadband infrastructure is the low number of base stations that have converted from 2G to 3G.

Amongst the major telco networks, less than a third of the base stations nationwide have been upgraded to 3G. Furthermore, fiber connectivity from the base station to the backhaul – crucial in supporting data intensive applications such as video – is further limited. Consequently, network traffic congestion is the norm, limiting consumption of long-form video content

MPA anticipates a strong market for fixed broadband in the future, driven by a number of factors including: (1) urbanization, the growth of an affluent consumer class, and a thriving youth population; (2) rising demand for online content including video-based entertainment, social networking and online news; and (3) strong execution by incumbent operators and new players.

**Table 25: Indonesia Broadband Indicators**

	Units	2010	2011	2012	2013	2014
Fixed Broadband Subscribers	Mn	1.8	2.0	2.6	3.3	3.8
% Growth	%		8.8%	32.3%	27.6%	14.4%
Pen. of Fixed Broadband as % of HHs	%	3.0%	3.2%	4.2%	5.4%	6.1%
Wireless Broadband Subscribers	Mn	6.0	9.8	20.0	36.1	54.0
% Growth	%		63.9%	103.3%	80.8%	49.5%
Pen. of Wireless Broadband as % of Pop.	%	2.5%	4.1%	8.2%	14.6%	21.5%

Source: Media Partners Asia

### 6.3 Key players in broadband

Key players in the market for fixed broadband services include:

- **Telkom Indonesia.** Indonesia's incumbent state-owned telecommunications company, which provides copper-based ADSL services under the 'Speedy' brand. Speedy had 3.3 million subscribers, at the end of September 2014, up 14% year-on-year. The company's mobile data and wireless broadband base consisted of 19.7 million users at end-Sept. 2014 as well as 6.7 million BlackBerry customers.

- Telkom has announced ambitious nationwide upgrade plans in recent years. The upgrade plans have faced some execution issues and delays. So far, Telkom has publicly stated that as of the first half of 2014, 8.5 million home passes have been upgraded to a combination of fibre to the home ("FTTH"), fibre to the kerb ("FTTK") and ADSL in the last mile. The breakdown of FTTH, FTTK and ADSL are not disclosed, but the vast majority of its 3.3 million customers are on an ADSL platform and there has been no announcement or indication of any residential FTTH network of scale to date.



- **Link Net.** The leading provider of bundled broadband and digital cable TV services, Link Net's hybrid fiber coaxial (HFC) cable network passes 1.4 million homes with 372,000 broadband customers and 343,000 cable TV subscribers at end-September 2014. More than 90% of Link Net's customers subscribe to both broadband and digital cable TV services. The company provides the fastest broadband speeds in the residential segment of up to 100Mbps, compared to Telkom's highest offering of 3Mbps via ADSL, or Biznet's highest speeds of 50 Mbps. Link Net management are targeting expansion of homes passed to reach approximately 1.8 million by 2016.
- **Biznet.** Biznet, part of the MidPlaza group, is an enterprise broadband-focused player which launched residential cable TV and broadband services in 2012. Biznet's core focus remains on its sale of wholesale capacity via its own intercity fibre backbone network, enterprise broadband services via metro ethernet and provision of datacenter and web hosting services to enterprises. At the end of 2013, Biznet had 9,000 kilometres of fibre backbone network, and is targeting an expansion to 11,000 kilometres by the end of 2014 — expanding the network to 65 cities nationwide, including Bali. Its residential network, delivered via HFC, has close to 200,000 homes passed, though the residential broadband subscriber base remains low due to limited TV channel offerings as compared to the competition, as well as issues in obtaining last mile permits for network build out.
- **Sinarماس.** A leading multi-sector conglomerate in Indonesia, the Sinarماس group's subsidiary Mora Quatro Multimedia, under the brand — "Innovate", has been deploying FTTH broadband services within its own real estate developments in Jakarta. The group is targeting a homes-passed network of 500,000 in 2015 and will look to launch a quadruple play services consisting of high speed broadband, TV, OTT video and IP telephony.
- **MNC Play Media.** Leveraging the MNC Group's strong media and pay TV experience, MNC Play Media is an effort launched by the MNC Group and its parent Global Mediacom to rollout an FTTH network and offer a bundled product offering. Global Mediacom

currently has built out its fiber network to 1 million homes passed, as it looks to grow its Play Media service, leveraging a bundle of high-speed internet, IPTV and OTT with content from MNC Sky Vision.

## 6.4 OTT video

A number of media majors are starting to experience significant growth in content usage on OTT video platforms. Much of this can be attributed to the 2014 FIFA World Cup, which provided momentum for newly launched VOD services by rights holder Viva, and increased uptake for incumbent Telkomsel's USeeTV platform. Players in the Indonesian OTT video market include:

- **Telkomsel and USeeTV.** Incumbent telco Telkomsel was one of the first to enter the OTT space, having launched its USeeTV OTT service in 2012. Primarily focused on providing access to live streaming of FTA terrestrial channels, USeeTV has been working on expanding its content library to include movies (local and Hollywood) and TV shows. In 2014, USeeTV acquired the World Cup 2014 rights from Bakrie-owned Viva group and crossed the 1 million registered user mark subsequently.
- **Viva,** the fourth largest TV-based media group in Indonesia, won all media rights (including digital) to the FIFA World Cup 2014 tournament. Subsequently, the company launched its own app in 1H 2014, to coincide with the launch of its pay-TV platform Viva Sky. The app provided free access to World Cup matches, which included both live streaming and catch up content. At end August 2014, Viva's OTT app is estimated to have reached 1.1 million downloads.
- **Genflix.** Pay-TV operator Orange TV, which jointly bid and acquired rights for the 2013-16 seasons of English Premier League (EPL) football together with Emtek, launched its own SVOD service, branded Genflix, in 2013. Providing both live streaming, catch-up VOD and transaction VOD (TVOD) services covering sports, Genflix has also acquired Indonesian movie titles.
- **Vidio.com** is an AVOD service from FTA broadcaster Emtek group and has significant growth potential in the long-term, as it is anchored to popular local

short form and long form video content produced by Emtek's production companies (Screenplay and AS) and broadcast businesses (SCTV and Indosiar). Launched in 2H 2014, Vidio provides free access to catch up content from Emtek's SCTV and Indosiar FTA terrestrial channels. This includes full-length movies, general entertainment shows (dramas, reality) as well as popular made-for-TV movies.

- **MNC Group** is moving into the digital space with plans for OTT video and IPTV services in 2015. OTT, IPTV and SVOD services, leveraging local and Hollywood content, started making their debut in 1H 2015 through both MNC and sister company MSky.

# 7 Piracy / Illegal Distribution

## 7.1 Traditional cable piracy

Cable piracy comes in two forms:

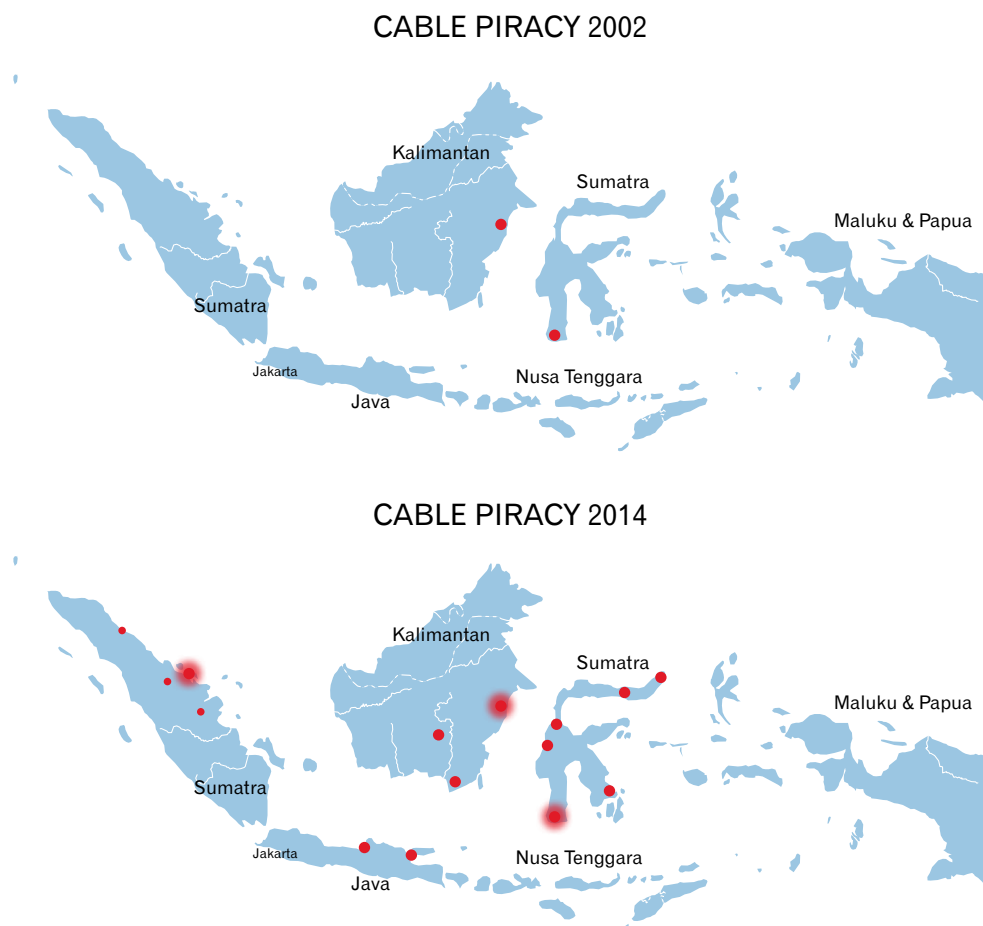
- Illegal cable TV operators that are not licensed by the government
- Legal cable TV operators that, after acquiring licenses, revert back to illegally broadcasting content

Traditional cable piracy remains the largest threat against the legal pay TV industry, with CASBAA

estimating the number of illegal subscribers in 2015 to be in the range of 4-5 million<sup>1</sup> which is substantially higher than that of legal subscribers paying for their pay TV service. Often consumers are not aware that they are subscribing to illegal TV channel streams, especially if the operator has a license from the government.

Over the past 12 years, cable piracy has spread like wildfire from two provincial cities in Eastern Indonesia throughout Indonesia.

Figure 23



Source: APMI / KPI

### 7.1.1 NON LICENSED ILLEGAL OPERATORS

There is no accurate data on the number of illegal cable operators in Indonesia and the actual definition of illegal operation can vary. However, based on interviews with KPI and APMI the number of illegal cable operators is believed to be increasing rapidly – from 4,500<sup>2</sup> in 2011 to more than 7,000 in 2014<sup>3</sup>. ICTA considers the number of illegal operators to be somewhat lower and declining as a number of larger illegal operators became legal and were awarded a pay TV license and a number of smaller illegal cable operators “merged” with the licensed operators to be considered legal. Kominfo has issued approximately 277 licenses to large provincial cable operators and, taking the assumption that larger operators have five small operators under their umbrella, there are still more than 5,000 illegal cable operators.

### 7.1.2 LICENSING LOCAL OPERATORS

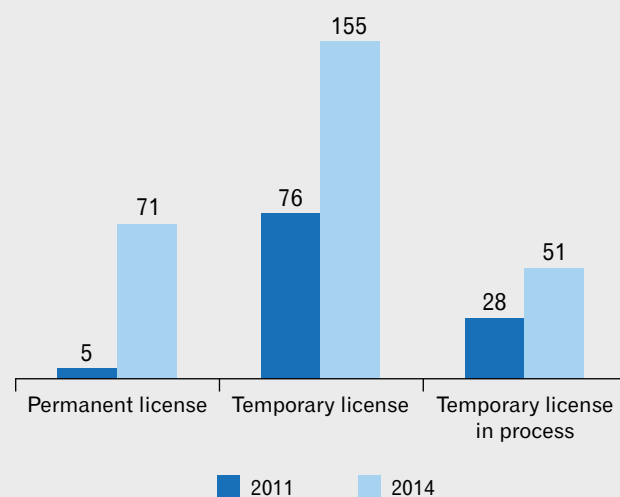
In a bid to stamp out cable piracy, the government kicked off a program of licensing local operators back in 2009. Over the past five years, some 277 provincial operators have been issued (or given approval) for a broadcasting license with:

- 71 being issued (or approved) a permanent license valid for 10 years
- 206 being issued (or approved) a temporary license initially valid for one year

Part of the licensing process requires the cable operator to have sufficient infrastructure and contracts with content providers for legal distribution of channels.

Figure 24

### LICENSING OF LOCAL OPERATORS (AS OF DECEMBER 2014)



Source: Kominfo

Note: Temporary licenses in process refers to a license that has been approved by the government but the actual license has yet to be issued.

### 7.1.3 MONITORING EFFORTS

There are signs that a substantial number of licensed cable operators are “backsliding” and resuming redistribution of channels without legal rights, often having licenses for only 5-10 channels but broadcasting up to 40 premium channels.

Currently, there is no monitoring effort by the government to ensure provincial operators remain legal. Kominfo ensures that the cable operator pays their annual dues, however KPI is not undertaking periodic inspections to ensure that provincial operators continue to comply with the license obligations and only broadcast authorized content.

### 7.1.4 APMI'S ENFORCEMENT ACTION

Over the past five years, APMI has taken center stage in combating piracy and has filed nearly 1,000 complaints of cable piracy to the police. Some 30 of the complaints have resulted in court proceedings in connection with violations of the Copyright and Broadcasting laws. As of February 2015, there have been 14 convictions with sentences ranging from a few months' probation to six months in jail with a small fine. A further 16 cases are slowly proceeding through the courts.

1. 2.5-3.5 million illegal subscribers in 2011

2. Indonesia in View 2011

3. KPI estimates

Table 26: Enforcement action against cable pirates

Court Proceeding Results Against Illegal Cable Operators	Sentence	Number of Cases
Jail sentence plus fine	6 months or less	3
Jail sentence	6 months or less	4
Probation	3 months or less	7
<b>Total cases with guilty verdict</b>		<b>14</b>
<b>Cases on-going</b>	<b>Cases on-going</b>	<b>16</b>
<b>Total cases against cable operators</b>	<b>Total</b>	<b>30</b>

Source: APMI

APMI's focus for 2014 is to intensify its anti-piracy fight through bringing cases against additional illegal operators as well as pushing the government to focus on clamping down on illegal operators and ensuring provincial pay TV operators remain legal once licensed.

## 7.2 Broadband piracy

Meanwhile, the more urban zones where broadband infrastructure is well developed are beginning to see rapid growth in streaming and downloading piracy of TV content. Experience in other countries indicates that as broadband internet infrastructure becomes more available, piracy will mushroom.

# 8 Regulation Of The Pay-TV Industry



Regulators have long been seeking to revise the Broadcasting Law that has been in effect since 2002. The previous parliament (2009-2014) started reviewing the Broadcasting Law in 2009 but they were unable to pass a revised version before the end of parliament. The key stumbling block was the contradiction in visions between two drafts of the Broadcasting Bill – one strengthening the role of KPI to become overall regulator of the broadcasting industry and the other draft reducing the role of KPI to only overseeing content, leaving the Ministry of Communication and Informatics as the economic and technical regulator.

As the Broadcasting Bill failed to be enacted into law before the end of the last parliament the process is starting again with the recently-convened new parliament (2014-2019). The new Minister of Communication and Informatics (Menkominfo) has set passing a new Broadcasting Law as one of Kominfo's key priorities for 2015. Kominfo is currently drafting a new Broadcasting Bill that will, among other things, significantly reduce the mandatory time limits for processing of broadcast operating licenses and potentially regulate OTT or internet television. The new draft broadcasting bill is expected to be deliberated long and hard by the House of Parliament (DPR) as the fundamental problem remains of which of the two government bodies should be responsible for regulating and supervising the broadcasting industry.

## 8.1 Key points of the Broadcasting Law

The Broadcasting Law (Law No 32 / 2002) is implemented through a series of government Regulations and Ministry Decrees that provide implementing guidelines and clarification on the

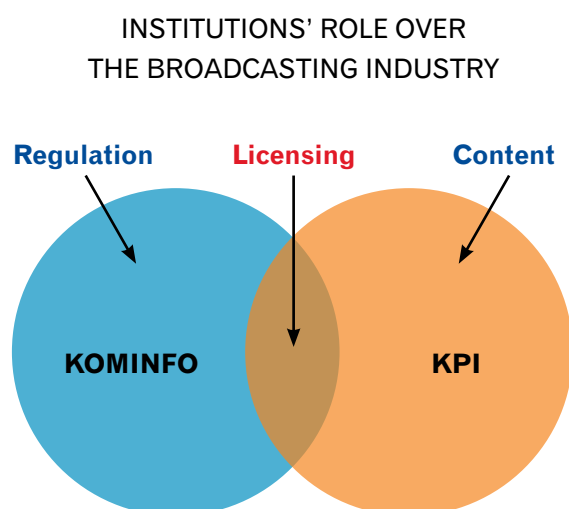
Broadcasting Law. The key pieces of legislation are as follows:

- Law No 32 / 2002 – the Broadcasting Law overseeing licensing, pay TV operations and content
- Government Regulation No 52 / 2005 – pay TV implementing regulation
- Ministerial Decree No 20 / 2008 – Use of domestic resources for advertising production broadcast in Indonesia
- Ministerial Decree No 30/2009- Ministerial Decree on IPTV
- Ministerial Decree No 41 / 2012 – Ministerial Decree on subscription TV operators

### 8.1.1 REGULATORS

Under the law, two regulatory bodies are responsible for overseeing the broadcasting industry, with Kominfo responsible for regulating the industry, KPI responsible for content, and both jointly responsible for licensing.

Figure 25





### 8.1.2 TYPES OF PAY TV PLATFORMS PERMITTED

The Broadcasting Law only recognizes pay TV offered through satellite (DTH), cable and terrestrial means. The current law theoretically does not permit pay TV to be delivered through other means such as over the Internet<sup>1</sup>.

### 8.1.3 LICENSING

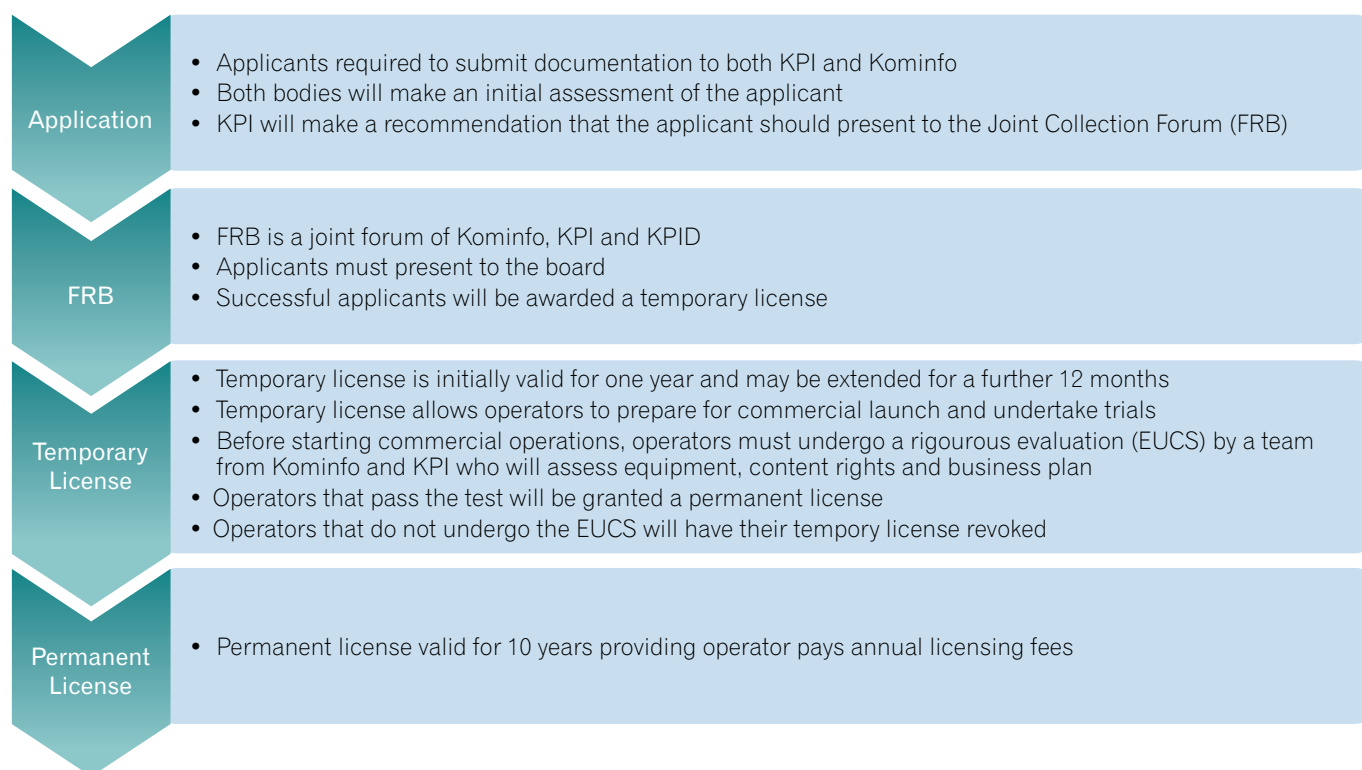
Companies wanting to become pay TV operators must go through a lengthy application procedure that can take several years before a company receives its permanent pay TV license.

Companies must submit an application to both KPI and Kominfo with KPI making an initial assessment of the applicant, with Kominfo assessing the applicant's

infrastructure capability. Companies that pass the initial assessment then present their case before the Joint Collective Forum (FRB) of Kominfo, KPI and its regional body KPID who collectively recommend whether the applicant should be awarded a temporary pay TV license. Kominfo will then formally issue a Temporary License valid for one year (which may be extended for a further 12 months) to allow the operator to launch trials and prepare for commercial operations. Once ready to launch commercially, operators must undergo a rigorous assessment, known as the EUCS, by Kominfo and KPI with checks made on their equipment, contracts and business model. Operators that pass the EUCS will be granted a permanent license valid for ten years providing all annual fees are paid. Temporary license holders that fail to pass the EUCS within two years will automatically have their license revoked.

Figure 26

#### Licensing Process



Source: CASBAA

1. Indonesia recognizes IPTV however this must be delivered with a closed wired network (i.e. cable)

All operators, regardless of their size or platform, are required to undergo the same licensing procedures. The only difference is that DTH operators are granted a national license while cable and terrestrial operators are granted regional licenses covering one city.

Currently, Kominfo has stopped processing terrestrial pay TV licenses until issues related to the radio frequency spectrum are resolved. Kominfo is aware of the large number of pay TV licenses issued – 265 – and has informally stated that it would ideally like to review the sector and determine an “ideal” number of licenses prior to issuing further pay TV licenses; however for this to happen KPI must also be in agreement.

The Minister of Kominfo has publically stated that one of the key aims of the new broadcasting law is to streamline the license process and substantially quicken the process from the current minimum 105 days.

#### 8.1.4 FOREIGN OWNERSHIP

Only domestic companies may apply for a broadcast license, but once the permanent license has been granted, up to 20% of the company may be divested to a foreign company.

#### 8.1.5 WHOLESALE AND RETAIL RATES

There are no regulations governing wholesale and retail rates. Content providers and pay TV operators are free to set their own rates.

#### 8.1.6 CROSS MEDIA OWNERSHIP RESTRICTIONS

The broadcasting regulation is currently ambiguous in terms of cross media ownership.

The law states that companies may not own directly / indirectly more than:

- One pay TV company, one private radio station and one newspaper in the same region
- One pay TV company, one private FTA TV station and one newspaper in the same region
- One pay TV company, one private FTA TV station and one private radio station in the same region.

Kominfo has interpreted this regulation to apply to the legal entity that carries out the broadcasting / media activities rather than at the holding company level, therefore, media holding companies frequently own several broadcasting entities.

#### 8.1.7 IPTV

IPTV is recognized in Indonesia. An IPTV provider is required to be a consortium of at least two providers with one holding a local fixed network license and an ISP license and the other holding a pay TV license. The IPTV provider is restricted to provide IPTV services to areas in which it is licensed for network / ISP and pay TV services. In addition, it must own its own wired local fixed network that can guarantee a minimum download speed of 2Mbps, base its head-end in Indonesia, and provide customers with an IP set-up box.

In terms of broadcasting services, an IPTV platform is effectively regulated in the same way as a traditional pay TV operator, with the only difference being the percentage of domestic content carried, IPTV platforms are required to carry:

- 10% domestic content for linear services
- 30% of content library for multimedia services (on-demand and interactive services) must be domestically produced
- 10% of content producers carried in the content library must be Indonesian content providers independent of the platform operator with the threshold rising to 50% within five years.

### 8.2 Regulations relating to content

All aspects of content aired on pay TV are under the jurisdiction of KPI in accordance with the Broadcasting Law, Kominfo's regulation, as well as KPI's Code of Conduct (P3) and Program Standard (SPS) (universally known as the P3SPS) which was last issued in 2012.

The 2012 P3SPS regulation has been controversial from the start as KPI only issued one P3SPS covering all types of broadcasting (terrestrial commercial, public, subscription, etc.) rather than issuing separate P3SPS for each type of broadcasting as done previously; and for the most part did not differentiate between the different types of broadcasting. Initially, the industry perceived that the P3SPS did not apply to the pay TV industry as it

was widely reported in the press that KPI had cancelled the 2012 P3SPS for pay TV and would issue a new one in 2013<sup>2</sup>. In fact, KPI did not release a separate P3SPS for pay TV and in February 2014 took the industry by surprise by issuing a circular letter to Indonesian pay TV operators demanding that they comply with the P3SPS in three key aspects that had not yet been implemented namely:

- Undertake internal censorship and follow the Indonesian program classification rules
- Provide parental controls for programs classified for teenagers (R) and adults (D)
- Replace foreign advertisements broadcast in all channels with domestic advertising or promos.

In February 25th 2015, KPI issued a circular letter demanding that pay TV platforms comply with the broadcasting regulations by March 20th, 2015. KPI's requirement is aimed primarily at the "national" level platforms as only 14 platforms received this letter (from a total of 186 licensed platforms). Non-compliance could result in KPI imposing administrative sanctions on the Indonesian pay TV platforms.

Key points of regulations relating to content are as follows:

### 8.2.1 LOCAL CONTENT QUOTAS

Pay operators are required to fill 10% of their channel capacity from among Indonesian FTA TV and local community broadcasting institutions. There are neither must-carry requirements nor regulations relating to retransmission fees; as such some FTA operators have not granted retransmission rights to some of the newer pay TV operators.

There is a further requirement that operators fill 10% of their channel capacity from among domestically-produced channels. Historically, this requirement was never enforced due to insufficient content; however many, but not all, of the large players now meet this requirement through their own in-house channels. Most of the small players still do not meet this requirement.

### 8.2.2 LOCALIZATION OF CONTENT

Pay TV platforms are obligated to sub-title or dub "film-related" content into Bahasa Indonesia. Film-related content includes movies, drama, and documentaries. Kominfo has indicated that it does not intend to extend the regulation to cover other content such as news, sports or reality shows. So far KPI has a similar interpretation of the regulation in that it only requires foreign programs to be translated into Bahasa Indonesia to the best of the platform's capacity.

### 8.2.3 EXCLUSIVE CONTENT

Indonesian regulations are silent on the issue of exclusivity. In the past, Kominfo has stepped in a couple of times when the content was deemed "essential", and requested the content provider / pay TV operator to reconsider otherwise face further industry regulation. The issue of exclusivity and essential content has declined in importance over the past couple of years as pay TV operators now broadcast a collective total of more than 300 channels. As such, few programs are now considered essential content. In addition the high cost of football rights has resulted in increased sharing of football packages among pay-TV and free-TV platforms.

It is expected that the new broadcasting law will prohibit pay TV from having the exclusive rights to broadcast content for certain key events such as football, badminton, and the Olympics. The scope of this prohibition is not yet clear.

### 8.2.4 ADVERTISING

Kominfo's regulations GR 51 / 2005 and Ministerial Decree 41/2012 on pay TV state the principle that foreign adverts should be replaced with domestic adverts.

In 2008, Kominfo issued regulation Ministerial Decree No 20 / 2008 on the use of domestic resources in the production of adverts (for all types of TV). This regulation is frequently referred to as the "Made in Indonesia" regulation. The regulation states that adverts, must use:

- Indonesian people in producing the adverts, namely actors, directors, producers, crew, post production staff, etc

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2. <http://nasional.kontan.co.id/news/peraturan-televisi-berbayar-ditunda>

- Indonesian backgrounds in producing the adverts including backdrop / setting, flora, fauna, music, art, language and human or background Indonesian society.

However, Kominfo softened the regulation by providing five exceptions for international advertisements including:

- Tourism adverts – tourism adverts containing elements of the foreign country
- Property adverts – adverts on property (of various types) listed for sale outside Indonesia
- Sports and education adverts – adverts on international matches, competitions, festivals, higher education, school / study or other activities outside Indonesia
- Global brand adverts – adverts that carry the brand image or international ambassador / person that are aired globally
- Adverts using characters or flagship of a country.

Kominfo Ministerial Decree 41 / 2012 on pay TV makes no reference to the “Made in Indonesia” regulation in its preface; as such the 2008 “Made in Indonesia” regulation is still in effect from the perspective of Kominfo.

KPI in its Program Standards (SPS) only mentions one clause on advertising that requires broadcasting companies to use advertising materials that “prioritize” domestic resources.

Therefore, the foreign advertising issue only became a hot topic in 2014 when KPI requested Indonesian operators to replace all foreign adverts with local adverts without exception. The official date for compliance was March 20th, 2015, after which KPI has threatened to issue administrative sanction to any Indonesian pay TV platform that continues to air foreign adverts. It appears from the various circular letters sent by KPI to the industry that it perceives Ministerial Decree 41 / 2012 to be the only regulation governing adverts on pay TV and that the earlier “Made in Indonesia” regulations are no longer in effect. KPI has informed CASBAA that even if the “Made in Indonesia” regulation is still in effect KPI intends to take a very hard line interpreting the regulation and require foreign advert exceptions to be made in Indonesia as they must be dubbed into

Indonesia as well as replace the music, actors and backdrops with Indonesian ones. This would effectively prohibit any foreign advert from being broadcast in Indonesia.

The onus on complying with KPI's requirement is on the Indonesian pay TV platforms, however most do not have the technical ability to stop foreign adverts and as such have requested content providers to remove foreign adverts or provide them with cue tones. Some international content providers have complied and removed foreign adverts and promos, while others continue to air foreign adverts and promos as it is neither financially nor technically feasible for them to remove foreign adverts.

If strictly enforced, Indonesia will be the only country in SE Asia that enforces a full ban on foreign adverts. Malaysia is the closest example in that it requires a “Made in Malaysia” certification for 70% of adverts, with the other 30% of the channel adverts exempted from the rule. In practice, Malaysia does not strictly enforce the limit; having established the governing principle it is administered flexibly.

Going forward the ramification of fully implementing a total ban on foreign adverts will likely lead to higher costs and/or less choice for consumers. Some foreign content providers will need to increase fees to offset loss of advertising revenues which will disadvantage smaller pay TV platforms that are not able to generate advertising to offset the increased cost, while other content providers could exit from Indonesia.

#### 8.2.5 PRE-CENSORSHIP BY PAY TV OPERATORS

The Broadcasting Law, government Regulation 52 / 2005 and KPI's SPS require pay TV platforms to “internally censor” content. This has always been interpreted to mean adherence to guidelines and post-broadcast censorship.

For the most part, content providers have adhered to Indonesian moral standards and cut inappropriate or offensive content and blurred out uncovered bodies. As such, apart from isolated cases, the censorship clause by pay TV platforms has never been an industry-wide issue.

However, under KPI's current leadership, since March 20th, 2015 Indonesian pay TV platforms are being required to actively internally pre-censor content broadcasted. KPI has strictly interpreted internal censorship as pre-censorship of content rather than the previous system of content providers voluntarily reviewing content.

By requiring pre-censorship Indonesia has stepped back from taking the modern approach of post-broadcast standards applied by most countries to a "thought police" approach of pre-censorship that sits poorly with the country's democratic and modernist ambitions.

### 8.2.6 PROGRAM CLASSIFICATION RATINGS

Regulation 52 / 2005 requires pay TV operators to include or mention program classification as outlined by KPI's P3SPS. The P3SPS requires that each program carry a program classification at the top of the screen throughout the program broadcast. The classification must be written with the alphabet rating and the age group within brackets for example for teenagers R (13-17). Programs suitable for children P (2-6), A (7-12) and R (13-17) must be accompanied by additional warnings and guidance directed towards parents shown at the start of the program.

**Table 27: Indonesian Program Classification Ratings**

Indonesian Program Classification	Screened Logo	Definition
<b>SU</b>	<b>SU (2+)</b>	All ages above 2 years old
<b>P</b>	<b>P (2-6)</b>	Pre-school children aged 2-6 years
<b>A</b>	<b>A (7-12)</b>	Children aged 7-12 years
<b>R</b>	<b>R (13-17)</b>	Adolescents aged 13-17 years
<b>D</b>	<b>D (18+)</b>	Adults aged above 18 years

Source: KPI P3SPS

Program rating has never been enforced in Indonesia for pay TV; however as part of the requirement to provide parental controls and keys for teenagers (R) and adults (D) programs by March 20th, 2015, KPI has demanded that pay TV platforms must provide program rating for all R and D broadcast content.

The burden of providing Indonesian program ratings has fallen fully on the Indonesian pay TV platforms, as it is not economical for many foreign content providers to provide a separate feed for Indonesia with Indonesian program ratings. In addition, some of the Indonesian program ratings are counter-intuitive to international observers: for example "R" is internationally known as restricted content, but in Indonesia refers to content suitable for teenagers. Most Indonesian pay TV platforms are technically unable to provide individual program ratings and as such have provided channel ratings in the onscreen TV guide. Pay TV platforms are hopeful that this will meet KPI's requirements.

### 8.2.7 PARENTAL CONTROLS

Under the Broadcasting Law, pay TV providers are required to protect and benefit special viewers by broadcasting certain types of content at appropriate time and providing program ratings. The law makes no mention of parental controls. However, KPI's P3 stipulates that pay TV platforms must provide parental controls for programs classified for teenagers (R) and adults (D), and the parental key guide is to be included in the program guidebook given free of charge to subscribers. The parental guide must be provided to KPI.

Again, the requirement to use parental controls was only enforced on March 20th 2015. Most of the national pay TV players already provide subscribers set-up boxes with parental controls, so are in compliance with the requirement; however it is likely that most small scale platforms do not provide set-up boxes with parental controls.

### 8.2.8 P3SPS REVISION

KPI is currently revising the 2012 P3SPS and is expected to issue a revised P3SPS sometime in 2015. The pay-TV industry has requested reinstatement of separate codes for pay-TV rather than treating pay-TV the same as FTA TV, as in the 2012 version of the regulations.

### 8.3 Telecommunication Law

Networks of pay TV operators fall under the jurisdiction of the Telecommunication Law (Law No 36, 1999). The Telecommunication Law governs all communication and broadcasting infrastructure. The main issues of the telecom regulations relating to pay TV are licensing of network operators and satellite landing rights.

#### 8.3.1 LICENSING

All network operators are required to apply for a network service license from the Directorate General of Post and Information Technology Implementation (DG PPI). Network operators and service providers (pay TV operators) must be separate legal entities.

### 8.4 Reciprocal satellite landing rights

The government requires satellites operating over Indonesia to have signal landing rights in order to serve Indonesian customers. The government will only grant landing rights to foreign satellites if the host country permits reciprocal landing rights to Indonesian satellite operators. This regulation has been in force since 2007 and has so far not been a significant barrier to the TV industry's operations.

DTH operators are required to locate their uplink stations within Indonesia.

# Appendices

## APPENDIX 1

### Indonesian Pay-TV packages and prices

To compare packages, CASBAA has provided prices for platforms' basic packages as well as their top packages that include some premium international sports and movie channels. The number of premium channels excludes Indonesian FTA channels and in-house channels, but includes International FTA channels.

Some platforms offer channels in both SD and HD format, but the following comparison has been based on the number of unique channels rather than the total number of channels that include both SD and HD formats.

#### Post-paid pay TV only packages

In total, seven platforms offer post-paid pay TV only packages, of which five only offer post-paid and two offer a combination of post-paid and pre-paid. Platforms provide post-paid subscribers with a free parabola and STB and collect subscription dues monthly. Theoretically, most platforms require a minimum 12 month contract, however this is rarely enforced.

Two platforms (Indovision and Transvision) target the premium segment and offer a basic package for IDR154,500 (excluding VAT) with 48- 61 channels excluding Indonesian FTA. Their top packages include international sports and movies and retails for between IDR359,000 to IDR408,200, with more than 90 channels excluding FTA.

One platform, Okevision, targets the medium segment and offers one basic package with 45 channels (excluding Indonesian FTA) for IDR127,200, which is 20% cheaper compared to basic packages targeted at the premium segment. A package that includes the basic package plus international sports and movies retails for IDR245,400 and includes 52 channels (excluding Indonesian FTA).

The next three platforms (Nexmedia, Top TV, and Big TV) target the lower middle segment, with their basic packages retailing for between IDR81,500 and IDR95,000. Nexmedia offers the least number of channels at 16 (excluding Indonesian FTA), however most are premium international channels. Big TV offers 82 channels (excluding Indonesian FTA), however it includes 31 international FTA channels. Top TV, as sister brand to Indovision and OkeVision, only targets the lower medium segment, whereas the other two platforms offer premium packages targeting the upper medium segment with packages priced between IDR219,000 and IDR320,000. In these premium packages, Nexmedia offers only 30 channels including the EPL and many international premium channels, whereas Big TV offers 123 channels (excluding Indonesian FTA), including more than 30 international FTA channels.

Topas TV targets the budget segment with its basic package retailing for IDR45,000 for 12 channels, however it also tries to target the upper middle segment with its premium package retailing for IDR227,000 for 48 channels.

Some platforms offering post-paid subscription packages have started offering lengthy promotional periods with either free subscriptions or additional promotional channels given for free for a number of months. At the time of writing the best offer available was through a credit card promotion whereby the customer purchased six months and received an extra six months free, plus had all channels (including premium channels) opened for the first two months. Another platform sells lower tier packages and offers free upgrade to the highest package for three months, plus a free movie and sports package for three months<sup>1</sup>.

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1. Free sports package until July 2015



Table 28: Post-Paid TV Subscription Packages

	Basic Package (IDR)	# of Premium Channels (excluding in-house)	# of In-house channels	Highest Tier Package (with movies and sports channels) IDR	# of Premium Channels (excluding in-house)	# of Pay TV Channels (non local FTA)
Indovision	154,500	30	18	359,000	77	19
Transvision	154,500	49	12	408,200	78	12
Okevision	127,200	31	14	245,400	38	14
Nexmedia	95,000	15	1	219,000	28	2
Top TV	90,900	17	16	159,000	20	16
Big TV	81,800	67	15	320,000	108	15
Topas TV	45,000	8	4	227,000	44	4

Source: Platform operators

Prices exclude 10% VAT.

Premium channels column includes international premium channels, international FTA channels and Indonesian non-FTA channels.

Top TV highest tier package includes the basic package plus sports channels as it does not offer international movie channel add-on.

Nexmedia's highest tier package is based on promotional price purchased with Bank Mandiri card.

As of end of 2014, some 72% of pay TV subscribers were on post-paid pay TV only package.

#### Pre-paid voucher only packages

Many of the newer DTH operators operate under a pre-paid voucher model whereby subscribers are required to purchase the equipment (parabola and STB) and then purchase vouchers to top up. Most of the pre-paid companies use C-band spectrum, as they target customers that already own a TVRO dish and just need to purchase a separate STB to receive pay TV. Three platforms use Ku band, of which two also use C band, and one exclusively uses Ku band.

Upfront equipment costs vary according to whether they are on C band, in which case customers only need to purchase a STB, or KU band, for which they have to purchase a parabola and STB. Upfront equipment costs typically cost IDR454,000 to 730,000. Customers with their own C band parabola can purchase just the STB for IDR136,000 to IDR409,000.

Table 29: Upfront Equipment Costs

	Total Equipment cost	STB	Parabola
Orange TV (Ku)	590,000	226,364	363,636
Orange (C)	409,090	409,090	-
K Vision (Ku)	454,545	136,363	318,182
K Vision (C)	454,545	136,363	318,182
Big TV (Ku)	727,272		
Topas TV (C)	-	-	-
Skynindo (C)	1,500,000	318,181	1,181,818

Prices exclude 10% VAT.

Source: Platform operators

C band customers that already own a C band parabola (2 -2.5M) only need to purchase a STB.

Big TV only sell a package that includes STB and parabola.

Platforms on Ku band offer a full range of packages from budget to premium, whereas platforms on C band offer packages targeting the budget to middle tier.

Entry level packages are clearly aimed at the budget segment with prices ranging from IDR18,200 to IDR68,200 with a channel offering of 7 up to 45 channels (many of which are international FTA channels). Orange TV and Big TV on Ku band target premium customers with top line packages retailing for more

than IDR400,000 and competing in price with the highest packages offered on post-paid by premium tier providers. Orange TV offers only 29 channels but includes the complete line-up of EPL as well as international movies, whereas Big TV offers 133 channels of which 22% are international FTA.

As of end of 2014, some 10% of pay TV subscribers were on a pre-paid pay TV only package. However, not all customers purchase vouchers on a regular basis.

**Table 30: Pre-Paid (Voucher) TV Subscription Packages**

	<b>Basic Package (IDR)</b>	<b># of Premium Channels (excluding in-house)</b>	<b># of In-house channels</b>	<b>Highest Tier Package (with movies and sports channels) IDR</b>	<b># of Premium Channels (excluding in-house)</b>	<b># of Pay TV Channels (non local FTA)</b>
Orange TV (Ku)	44,500	7	0	403,400	26	3
Orange (C)	44,500	7	0	264,500	30	3
Big TV (Ku)	18,200	30	15	427,300	118	15
K Vision (Ku)	68,200	19	3	227,300	32	3
K Vision (C)	18,200	4	3	181,200	33	3
Topas TV (C)	40,909	9	4	227,300	44	4
Skynindo (C)	30,000	9	5	80,000	30	6

*Prices exclude 10% VAT.*

*Source: Platform operators*

The pre-paid model is advantageous in that it is less costly for platforms as they neither have to subsidize the equipment or suffer from bad debt. However, most platforms using the pre-paid model have struggled to achieve good ARPU, as customers typically favour lower tier packages and only purchase when the need arises, such as before a big football match, rather than regularly. Some platforms estimate that as few as 20-25% of customers with a C band parabola purchase a voucher each month. Transvision previously operated under a pre-paid model but since its acquisition by the CT Group, has reverted back to a post-paid business model in an effort to increase ARPU and revenues.

#### **Bundled internet and pay-TV package**

Broadband players offer bundled pay TV and internet packages and typically target the high middle to premium segment. UseeTV / Indihome also include fixed line telephone in the bundled package.

For nearly 20 years, First Media was the only major player in this segment and it remains the clear market leader. However, in the last couple of years there have been four new entrants rolling out fiber optic networks and trying to grab market share using competitive offerings to attract customers away from First Media and traditional DTH players.

Basic packages retail for between IDR275,000 and IDR 359,000 and include 24- 83 channels (excluding Indonesian FTA) and internet download speeds of 4-10 Mbps. Highest tier packages that include the most pay TV channels range from IDR540,000 up to IDR1,250,000 for 42 to 104 channels and internet speeds of 20-25Mbps. UseeTV / Indihome only offers one package in terms of pay TV channels with higher tier packages only providing faster internet.

As of the end of 2014, some 18% of pay TV subscribers were on bundled internet and pay TV packages.

Table 31: Bundled Internet and Pay TV Packages

	First Media	Biznet	Innovate	UseeTV	MNC Play Media
Basic Package (IDR)	359,000	350,000	330,000	275,000	176,750/ 353,500
# of Premium Channels (excluding in-house)	52	24	30	80	32
# of In-house Channels	14	0	0	3	14
Internet Speed (Mbps)	6	4	10	5	10 / 7
Highest Tier Package (with movies and sports channels) IDR	789,000	1,250,000	540,000		382,250/ 764,500
# of Premium Channels (excluding in-house)	90	69	43		66
# of In-house Channels	14	2	0		17
Internet Speed (Mbps)	25	20	20		30/20

Source: Platform operators

UseeTV offers one package that includes pay TV, internet and 1,000 minutes of fixed line telephone to Telkom installed numbers. Customer can upgrade to a faster internet package if the line supports faster internet but number of pay TV channels remains the same.

MNC Playmedia offers 50% discount for the first three months including upgrade of internet speed; after three months the price reverts back to the normal price.

Platforms offer higher tier packages; however the difference is only faster internet rather than additional pay TV channels.

Broadband platforms enjoy the highest ARPU among the pay TV platforms as well as sticky customers as they want to ensure reliable internet service.

### Price Increase

In Q1 2015, most platforms have instigated price increases by one of several means:

- Revising the package line-up and offering new tiers at higher prices or with fewer international premium channels
- Reducing the number of packages offered and shifting channels to add-on packs
- Raising prices of packages typically by 5-11%, however some budget packages have seen prices hiked by as much as 35%.

## APPENDIX 2

### Indonesian Pay-TV operators

#### DTH

##### BIG TV

###### PT. Indonesia Media Televisi

Gedung Ariobimo Sentral lantai 4  
Jl. HR. Rasuna Said Kav. X-2 No. 5  
Jakarta 12940, Indonesia  
Tel : +62 21-529 091 38  
[www.indonesiamedia.tv](http://www.indonesiamedia.tv)

##### OKEVISION

###### PT. Nusantara Vision

Wisma Indovision  
Jalan Panjang Z / III  
Green Garden  
West Jakarta 11520  
Tel : +6221 5835 8553  
[www.okevision.tv](http://www.okevision.tv)

##### TOPAS TV

###### PT Karya Kreatif Bersama

Mayapada Tower 3 Fl.  
Jl. Jend Sudirman Kav. 28  
Jakarta 12920  
Tel : +6221 521 2050  
[www.topas.tv](http://www.topas.tv)

##### INDOVISION AND TOP TV

###### PT. MNC Sky Vision

Wisma Indovision  
Jalan Panjang Z / III  
Green Garden  
West Jakarta 11520  
Tel : +6221 5828 000  
[www.indovision.tv](http://www.indovision.tv)

#### ORANGE

###### PT. Mega Media Indonesia

Menara MTH 12th Floor  
Jl. MT Haryono Kav.23  
Jakarta Selatan 12820  
Tel : +62 21 8378 2540  
[www.orangetv.co.id](http://www.orangetv.co.id)

#### VIVA+

###### PT. Digital Media Asia

Multivision Tower 9th  
Jl. Kuningan Mulia Lot. 9B  
Jakarta 12980  
Telp : +62 21 2938 0989  
[www.vivaplus.id](http://www.vivaplus.id)

#### K-VISION / KOMPAS TV

###### PT. Digital Vision Nusantara

The Jakarta Post Building, 4th Floor  
Jl. Palmerah Barat No. 142 – 143  
Jakarta 10270  
Telp : +62 21 53654601  
[www.k-vision.tv](http://www.k-vision.tv)

#### SKYNINDO

###### PT. Cipta Skynindo

Jln. Dr.Susilo I No.23. Grogol, Jakarta  
Tel : +62 21 5596 4527  
[www.skynindo.tv](http://www.skynindo.tv)

#### MATRIX

###### PT. Stella Satindo

Jl. Daan Mogot Raya Km. 12.8  
Komplek Daan Mogot Prima Blok A1 No. 10  
Jakarta 11740  
Telp : +6221 5437 3829  
[www.matrixparabola.com](http://www.matrixparabola.com)

#### TRANSVISION

###### PT. Indonusa Telemedia

Jl. Kapten Tendean No. 88 C  
Kuningan Barat, Mampang  
Jakarta  
Tel : +6221 1500 060  
[www.transvision.co.id](http://www.transvision.co.id)

## CABLE

### DENS. TV

#### PT. Digdaya Duta Digital

Mangala Wanabakti IV Building 9Fl. Wing C #923  
Jl. Gatot Subroto Senayan Jakarta 10270  
Telp : +6221-574-7050  
[www.digdaya.co.id](http://www.digdaya.co.id)

### MAX 3 / BIZNET NETWORKS

#### PT. Supra Pritama Nusantara

Mid Palza 1,8 Fl.  
Jl. Jend. Sudirman Kav 10-11  
Jakarta  
Tel : +6221 5799 8888  
[www.biznetworks.com](http://www.biznetworks.com)

### INNOVATE

#### PT. Innovate Mas Indonesia

Graha 9 6 fl, Jalan Penataran No 9 Proklamasi  
Jakarta 10320  
Telp : +62 21 31998600  
[www.innovate-indonesia.com](http://www.innovate-indonesia.com)

### MNC PLAY MEDIA

#### PT. MNC Kabel Mediacom

MNC Tower 10Fl.  
Jl. Kebon Sirih No.17 - 19, Kota Jakarta 10340  
Telp : +62 21 3911112  
[www.mncplaymedia.com](http://www.mncplaymedia.com)

### LINK NET / FIRST MEDIA

#### PT. Link Net

Berita Satu Plaza Building  
4th Floor  
Jl. Jend. Gatot Subroto  
Kav. 35 – 36  
Tel : +6221 5278 811  
[www.linknet.co.id](http://www.linknet.co.id)

### USEE TV

#### PT. Telekomunikasi Indonesia, Tbk

Graha Citra Caraka Building , 5 Fl.  
Jl. Jenderal Gatot Subroto No. 52  
Jakarta 12710  
Tel. : +62-21 521 5109  
[www.cable.useetv.com](http://www.cable.useetv.com)

## DTT

### M2V

#### PT. M2V Mobile Television Car

Jl. Melawai Raya No. 7 Lt. 2  
Jakarta 12160  
Telp : +6221 2750 7200  
[www.m2v-indonesia.com](http://www.m2v-indonesia.com)

### NEXMEDIA

#### PT. Mediatama Anugrah Citra

SCTV Tower  
Senayan City (15th Floor)  
Jl. Asia Afrika Lot 19  
Jakarta 10270  
Tel : +62 21 27935600  
[www.nexmedia.co.id](http://www.nexmedia.co.id)

## Pay-TV Associations

### ASOSIASI PENYELENGARA MULTIMEDIA INDONESIA (APMI)

(Indonesia Multimedia Association)  
Multimedia Tower 6th Fl.  
Jl. Kebon Sirih No. 12  
Central Jakarta  
Tel : (021) 213860500, (021) 70435089  
[www.apmi.or.id](http://www.apmi.or.id)

### INDONESIA CABLE TV ASSOCIATION (ICTA)

Jl. Letjend. S. Parman Kav. 22-24  
Jakarta  
Tel : (021) 29252212  
[www.icta-indonesia.org](http://www.icta-indonesia.org)

## APPENDIX 3

### Regulatory bodies

#### MINISTRY OF COMMUNICATION AND INFORMATION TECHNOLOGY (KOMINFO)

JL. Medan Merdeka Barat No. 9 Jakarta

Tel : (021) 38433507 – (021) 38433508

Fax : (021) 3447939

Website : [www.kominfo.go.id](http://www.kominfo.go.id)

#### CONTACT PERSON

Minister

H.E. Rudiantara

Directorate General of Post and Information Technology  
Resources and Tools

Dr. Muhammad Budi Setiawan, M. Eng

Directorate General of Post and Information Technology  
Implementation

Prof. Dr. Ing. Ir. Kalamullah Ramli, M. Eng.

Directorate General of Post and Information and  
Public Communication

Dr. Freddy H Tulung, MUA

Director of Special Telecommunications,  
Public Broadcasting and Universal Obligation

Dr. Ir. Ismail, MT

#### INDONESIAN BROADCASTING COMMISSION (KPI)

Gedung Sekretariat Negara, 6th Fl.

Jl. Gajah Mada No. 8 Jakarta 10120

Tel : (021) 6340713

Fax : (021) 6340667

Website : [www.kpi.go.id](http://www.kpi.go.id)

#### 2013 – 2016

- Dr. Judhariksawan, S.H, M.H. (Chairman)
- Idy Muzayyad M.Si. (Vice Chairman)
- Agatha Lily, S.Sos, M.Si.
- Amirudin, M.A.
- Azimah Subagijo
- Sujarwanto Rahmat, S. Si.
- Bkti Nugroho
- Fajar Arifianto Isnugroho, S.Sos, M. Si.
- Danang Sangga Buwana, M. Si.

## APPENDIX 4

### Abbreviations

2G	=	Second Generation
3G	=	Third Generation
ADSL	=	Asymmetric Digital Subscriber Line
ARPU	=	Average Revenue per User
APMI	=	Indonesian Multimedia Providers Association (Asosiasi Penyelenggara Multimedia Indonesia)
AVOD	=	Advertising-Supported Video on Demand
BOPI	=	Professional Sports Agency (Badan Olahraga Profesional Indonesia)
D	=	Classification Rating for Adults (Dewasa)
DG SDPPI	=	Directorate General of Post and Information Technology Resources and Tools (Direktorat Jenderal Sumber Daya dan Perangkat Pos dan Informatika)
DG PPI	=	Directorate General of Post and Information Technology Implementation (Direktorat Jenderal Penyelenggaraan Pos dan Informatika)
DPR	=	House of Representatives (Dewan Perwakilan Rakyat)
DTH	=	Direct To Home
DTT	=	Digital Terrestrial Television
DVB	=	Digital Video Broadcasting
EPL	=	English Premier League
EUCS	=	Trial Broadcast Evaluation (Evaluasi Uji Coba Siaran)
FMCG	=	Fast Moving Consumer Goods
FRB	=	Joint Collective Forum (Forum Rapat Bersama)
FTA	=	Free To Air
FTTH	=	Fiber to the Home
FTTK	=	Fiber to the Kerb
GR	=	Government Regulation
HD	=	High Definition
HH	=	Household
HFC	=	Hybrid Fiber / Coaxial Cable
ICTA	=	Indonesia Cable Television Association
IDI	=	Indonesian Doctors Association
IDR	=	Indonesian Rupiah
IMF	=	International Monetary Fund
IP	=	Internet Protocol
IPTV	=	Internet Protocol Television



ISL	=	Indonesia Soccer League
ISP	=	Internet Service Provider
Kominfo	=	Ministry of Communication and Information Technology (Kementerian Komunikasi dan Informatika)
KPI	=	Indonesian Broadcasting Commission (Komisi Penyiaran Indonesia)
LCD	=	Liquid Crystal Display Television
MNCs	=	Multinational Corporations
Mbps	=	Megabits per Second
Menkominfo	=	Minister of Communication and Informatics
MPA	=	Media Partners Asia
MPEG	=	Moving Picture Experts Group
NGBB	=	Next Generation Broadband Market
OTT	=	Over-the-Top
P&G	=	Procter & Gamble Co
P3SPS	=	P3 – Code of Conduct and SPS – Program Standard (Pedoman Perilaku Penyiaran dan Standar Program Siaran)
PSSI	=	Football Association of Indonesia (Persatuan Sepakbola Seluruh Indonesia)
PT	=	Limited Liability Company (Perseroan Terbatas)
PTUN	=	Jakarta State Administrative Court
R	=	Classification Rating for Teenagers
SD	=	Standard Definition
Sinetrons	=	Indonesian dramas (soap operas)
STB	=	Set-top Box
SVOD	=	Subscription Video on Demand
TVOD	=	Transactional Video of Demand
TVRO	=	Television Receive Only (satellite antenna)
USD	=	United States Dollar
VAT	=	Value Added Tax
VOD	=	Video on Demand

## INDONESIAN TELEVISION COMPANY NAMES

ANTV	=	Cakrawala Andalas Televisi
Aora	=	Karyamegah Adijaya
Big TV	=	Indonesia Media Televisi
CT Corp	=	Trans Corp Media
Dens. TV	=	Digdaya Duta Digital
Emtek Group	=	Elang Mahkota Teknologi
First Media	=	Link Net
Global TV	=	Global Informasi Bermutu
Indosiar	=	Indosiar Visual Mandiri
Indovision	=	MNC Skyvision
Innovate	=	Innovate Mas Indonesia
K Vision	=	Digital Vision Nusantara
Max3	=	Supra Primatama Nusantara (Biz Networks)
Matrix TV	=	Garuda Media Nusantara
M2V	=	Mentari Multi Media
MNC TV	=	Cipta Televisi Pendidikan Indonesia
Metro TV	=	Media Televisi Indonesia
MNC Group	=	Media Nusantara Citra
Nexmedia	=	Mediatama Anugrah Citra
Okevision	=	Nusantara Vision (marketed by MNC Skyvision)
Orange TV	=	Mega Media Indonesia
RCTI	=	Rajawali Citra Televisi Indonesia
Skynindo	=	Cipta Skynindo
SCTV	=	Surya Citra Televisi
Telkom	=	Telekomunikasi Indonesia
Transvision	=	Indonusa Telemedia
Top TV	=	MNC Skyvision
Topas TV	=	Karya Kreatif Indonesia
Trans TV	=	Televisi Transformasi
Trans 7	=	Duta Visual Nusantara Tivi Tujuh
TV One	=	Lativi Mediakarya
TVRI	=	Televisi Republik Indonesia
UseeTV	=	Telkom Indonesia
Viva	=	Viva Media Baru
Viva+	=	Visi Media Asia





### About CASBAA

Established in 1991, CASBAA is the Association for digital multichannel TV, content, platforms, advertising and video delivery across a variety of geographic markets throughout the Asia-Pacific. CASBAA and its members reach over 500 million connections within a regional footprint ranging from China to Australasia, Japan to Pakistan. The CASBAA mission is to promote the growth of multichannel TV and video content via industry information, networking exchanges and events while promoting global best practices.

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**Media Partners Asia, Ltd ("MPA")** is a leading independent provider of information services, focusing on media, communications and entertainment industries. MPA serves various audiences and clients with multiple platforms. MPA covers all major media-related sectors, including: advertising; broadcasting; broadband; cable and satellite TV; digital TV; filmed entertainment; IPTV; mobile; online; outdoor; pay-TV; and print media.

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