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Land, satellite multimedia set for showdown in S. Korea

Competing services for digital video content for mobile phones will be studied by companies seeking business in other countries

By Jeremy Kirk, IDG News Service

March 04, 2005

SEOUL - In the next few months, South Korea will launch competing terrestrial and satellite-based multimedia broadcasting services, marking one of the first commercial showdowns for digital video content for mobile phones in the world.

It's a gamble involving millions of dollars and could set a precedent for companies in other countries seeking to market subscription services for streaming bits of video, music and information. South Korea, with its savvy consumers who spend dead time on subways and buses glued to their cell phone sending text messages and playing games, is prime territory for a test run. ADVERTISEMENT

In the U.S., Verizon Communications last month launched a limited 3G (third-generation) multimedia service, VCAST, in some cities on their broadband EV-DO network. For \$15 a month, the service offers a range of video clips and news on handset models Verizon offers made by Korean electronic giants LG Electronics Inc. and Samsung Electronics Co. Ltd.

The Korean experiment may be watched closely for several reasons, said Anthony Townsend, an urban planning research scientist at New York University. South Koreans, who have been used to a broadband experience for years, may be more tolerant of technical limits while Americans may expect it to function with the speed of cable television. "It's going to be a tough sell," Townsend said of Verizon's launch.

The South Korean government has high hopes that investments in its digital economy will further propel the country's above-average economic growth. It predicts that multimedia broadcasts will create 160,000 jobs over the next 10 years with \$13 billion in product sales and added services.

TU Media Corp. started a free satellite content service last month. The broadcasts come from a satellite it jointly launched in March 2004 with Mobile Broadcasting Corp., a Japanese company backed by **Toshiba** ([Profile](#), [Products](#), [Articles](#)) Corp.

South Korea is using its propriety Digital Multimedia Broadcast (DMB) standard, a derivative of the Digital Audio Broadcast (DAB) standard widely used for radio broadcasts in Europe. Japan is also using it for satellite broadcasts but has its own standard for terrestrial broadcasts.

LG and Samsung are both heavily vested in DMB and are hoping it's adopted Europe-wide as a standard. South Korea's Ministry of Communications has created a special task force lobbying for European use of its DMB standard, and Korean companies have performed several demonstrations.

The other competing technology, Digital Video Broadcasting – Handheld (DVB-H), was picked by the European Telecommunications Standards Institute (ETSI) as a standard in November. However, ETSI recommendations for a standard are voluntary and not compulsory, said Kevin Flynn, press coordinator for ETSI.

Whether it catches on remains to be seen. LG recently promoted its DMB standard at the 3GSM Conference at Cannes as requiring less

infrastructure investment as DVB-H because of existing DAB services in many countries. In South Korea, however, satellite and terrestrial systems both use the DMB standard.

Satellite DMB offers an advantage over terrestrial-based systems in that it immediately covers the whole country, and the company has heavily invested in so-called "gap fillers" to enhance coverage in subways where South Koreans use their mobile phones while traveling, according to TU Media.

TU Media is aiming for a full subscription-based service by May, priced at about \$12 per month. When fully launched, TU Media's satellite broadcasts will provide 14 video and 22 audio channels. TU Media has contracted with production companies to create short videos, skits and films for its broadcasts.

Company officials predict that 600,000 people will buy handsets for satellite broadcasts and sign up for the service in 2005 alone. They predict 6.6 million subscribers within five years, said Huh Jae-young, public relations manager at TU Media.

Soon, however, TU Media will face a ground-based competitor. The Korean Broadcasting Commission, the government regulator of the airwaves, will select in March three broadcasting companies and three consortia composed of dozens of companies each to provide terrestrial-based multimedia services.

South Korea's four main broadcasters have applied. Terrestrial broadcasts will be free because the government forbids charging for what are considered public broadcasts. Companies backing terrestrial systems say without a monthly fee -- some proposals have called for charging a fee of less than \$5 -- it's difficult to cover pricey infrastructure investments.

One major broadcaster, Munhwa Broadcasting Corp., is vying for one of the slots as a terrestrial broadcaster while also keeping a partnership for satellite broadcasts. The Korean Broadcasting System, another main broadcaster, is readying its content for terrestrial-based multimedia systems.

But questions remain over the long term if satellite and cable providers can outspend major broadcasters that spend tens of millions of dollars annually for their appealing programming.

"The programs of ground-wave TV broadcasters are the most popular," said Do Jun-ho, a journalism professor at Sookmyung Women's University, on a news program about TU Media's trial launch last month ironically aired by the Korean Broadcasting System. "Therefore, success will largely depend on whether their programs are provided or not."

The winner may come down to which company can most quickly establish the largest subscription base. TU Media is 30 percent owned by SK Telecom, the largest mobile phone provider in South Korea, and has the advantage of a large customer base.

Initially it was thought that both satellite and terrestrial multimedia broadcasts could be complementary services. But technical limitations mean consumers will have to opt for one or the other as phones won't be able to handle both signals.

But the only phone satellite-capable phone on market now -- a swivel-head screen made by Samsung, the SCH-100 -- costs around \$700. Other companies are preparing entrants to the market, but prices will remain above-average compared to phones that can't carry satellite broadcasts.

Subscription pricing plans and handset prices could come down over time however. "In my opinion, they are taking the two most successful electronic devices and putting them together," Townsend said. "This one definitely has a lot of potential."

(Additional reporting by Moon Hyun-joo.)

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