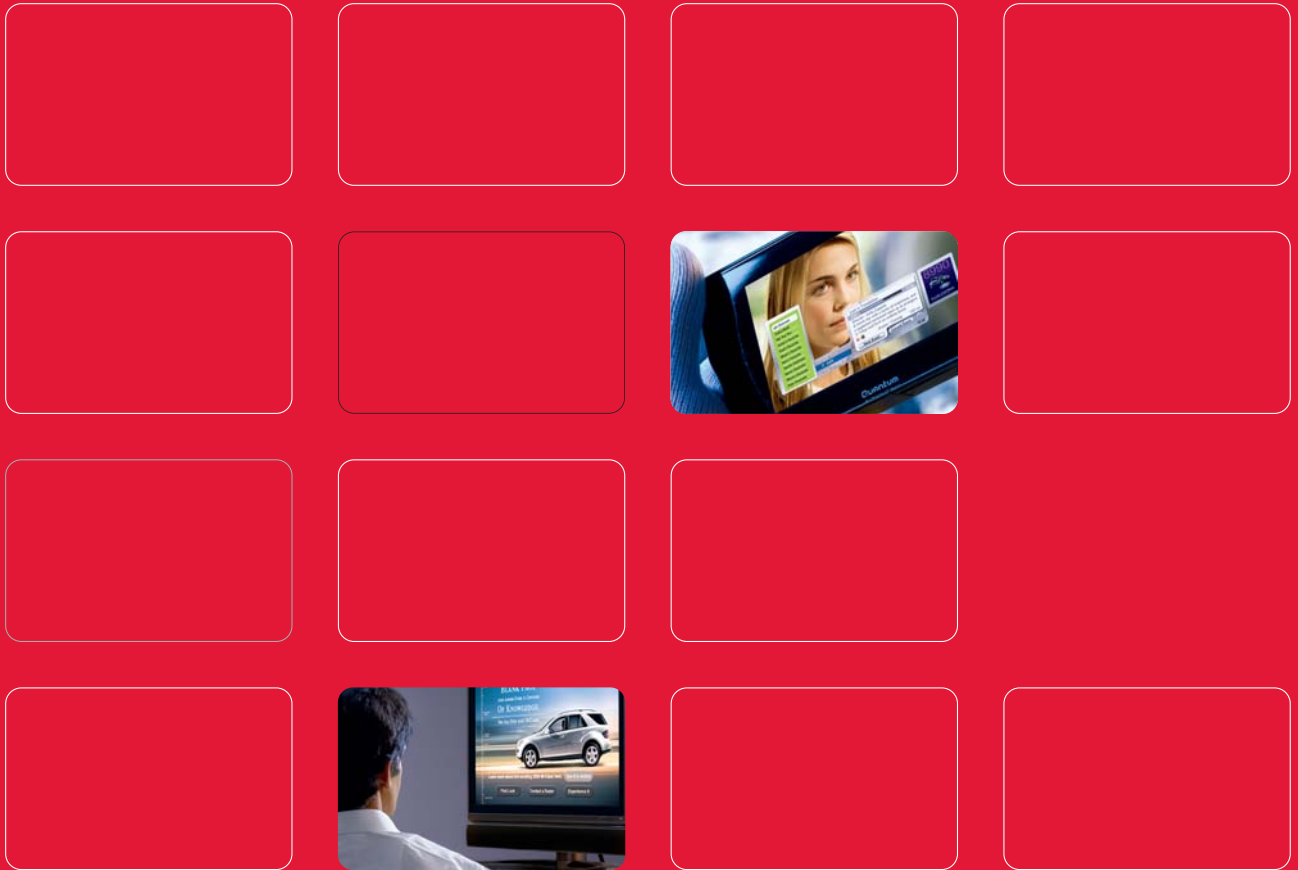




# Digital Television Convergence in action



## Digital Television

The Kudelski Group is a key player in the digital revolution. Today, it has the broadest product offering in worldwide digital television industry.

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### Digital convergence

The advent of digital into consumers' everyday lives some ten years ago gradually led to important changes within the information technologies world, impacting television, telecommunications and the Internet. Today, the revolution is caused by the fact that previously unconnected sectors are converging, opening up a myriad of opportunities. The convergence of technologies, which has been much commented on by observers and actors of the sector, now becomes a reality on the market.

The transition from analog to digital radically changed the television sector. Using less bandwidth, digital technology enables operators to extend their offering by multiplying services and functionalities, with a substantially higher sound and image quality. Consumers therefore enjoy unequalled comfort and choice, and operators increased marketing power.

Today, digital technology is on the way to becoming the universal broadcasting mode for television. In Europe, the operators who have not yet migrated to digital are working to adapt their platforms in order to be ready to pull the plug on analog before 2012 – the limit fixed by the European Commission. In Asia, this change is also fully under way. Throughout the world, many operators have already been broadcasting in digital for several years.

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### New market opportunities

In the convergence process, digital television is expanding from its traditional model to take on new forms – mobile television, television over the Internet (IPTV), contents on demand, interactive services, etc.

The platforms are multiplying. To cable and satellite now are added terrestrial hertzian waves (digital terrestrial television – DTT), IP (Internet Protocol) and mobile networks. The digitalization of cable brings with it a whole array of new functionalities which operators are impatient to offer to their subscribers. The digitalization of terrestrial transmissions marks the advent of DTT and of a vast new quality offering, easily deployed.

Content no longer experiences frontiers. Today it includes a lot more than plain televised programs. While the choice is wider, ways of consuming content have also evolved to include on demand and interactive services, sound and images that can be viewed anytime, anywhere, on any digital receiver. The new offers are finding a vast public as testified by the successful rollout of new solutions such as television on mobiles in Italy in 2006.

Digital television is becoming a mass market; that is its real revolution.



### **Kudelski – digital since 1991**

The Kudelski Group is a vanguard technological player in the field of digital television. Today, its technologies are in the heart of consumers' activities, bringing them ever more security, comfort and user-friendliness.

In 2006, the acquisition of OpenTV (finalized in January 2007) enabled the Group to supplement its offer by adding an important element: interactivity. Today, the Group has the most complete range of solutions of the digital television industry, including both security and enabling technologies for interactive applications.



### **Interactivity: the visible part of digital**

Over the last two years, many digital television operators expressed the wish to have turnkey solutions including both conditional access and interactive platforms. The partnership with OpenTV allows the Group to be more responsive to operators who want to have only one supplier for both solutions.

Since 2003, the interactivity market has undergone fundamental change. First, market consolidation resulted in two major players dominating de facto the digital TV interactivity market. Second, the use of interactivity has been extended, even generalized, in particular in the emerging countries. Required by consumers, interactive applications are now a must for the "traditional" digital television operators, especially if they want to remain competitive vis-à-vis the new actors offering IPTV solutions designed to improve the digital TV user experience.

These market trends have led the Kudelski Group to enter the interactivity sector. A few years ago, the Group started by developing new solutions meeting the requirements of interactive platforms and concluding partnerships with the principal players of the sector, in particular with OpenTV.

However, Kudelski still lacked an important link in the chain, namely the interactivity platform itself and the associated portfolio of patents required to further develop the activity. This gap was filled with the acquisition of OpenTV.



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