

## Small Operators Get Digital Path

*by Todd Spangler -- Multichannel News, 2/10/2008 7:00:00 PM*

Transparent Video Systems is looking to fly below the radar of the cable industry's two tech heavyweights — Motorola and Scientific Atlanta — with a turnkey digital headend system designed for operators with fewer than 10,000 subscribers.

Small independent operators are “dying a slow death, bleeding subs on a daily basis, primarily to the satellite companies,” TVS president and founder Norm Gillaspie said. “Now they can start winning customers back.”

TVS has announced two customers so far: Coaxial Cable TV, based in Edinboro, Pa., which installed the system last summer, and Paul Communications a 4,000-subscriber operator in Kahnawake, Quebec, in Canada.

The TVS Challenger system is supposed to let small systems affordably expand their digital lineups. Gillaspie said its upfront cost is between \$2,000 and \$2,500 per digital channel, using custom-built headend MPEG-2 encoders for processing terrestrial signals and satellite-delivered cable networks.

“All your costs are known,” he said. Unlike Motorola and SA, he said, “we make our money on the headend, not the set-tops.”

To round out the solution, the San Carlos, Calif.-based company is working with a bevy of international suppliers.

Its preferred digital set-tops are from South Korean manufacturer Homecast and run around \$80 for a standard-definition box and \$200 for an SD digital video recorder. Added Gillaspie, “You can get set-tops as cheap as \$35 from India, but I wouldn't recommend that.”

TVS uses a conditional-access system provided by Conax, a subsidiary of Norwegian telecom provider Telenor, and a Web-hosted subscriber-management system from India-based MagnaQuest Technologies. The MagnaQuest and Conax access services cost 35 cents per subscriber, per month. Electronic program guide data is available from Tribune Media Services for around 15 cents per subscriber, per month.

Besides price, Gillaspie said another selling point of the TVS system is that all the pieces have been integrated: “There's no science project with all this.”

As for the Federal Communications Commission's requirement that operators provide separable security in their set-tops, Conex provides a removable SmartCard similar to the ones NDS supplies to Cablevision Systems. Gillaspie said Conex also will provide an out-of-band device for provisioning CableCards.

TVS, which has 25 employees, is aiming to install 300 additional systems in the next few years. Gillaspie estimated that there are between 2,000 and 3,000 systems in the U.S. that have between 2,500 and 10,000 subscribers.