CLARIFICATION SESSION ON `REQUEST FOR PROPOSAL’ FOR THE NATIONAL BROADCASTING DIGITALIZATION PROJECT

22 MAY 2012

[Suruhanjaya Komunikasi dan Multimedia Malaysia]
BACKGROUND

30 April 2012
- Closing date to purchase tender documents
- 66 companies purchased the tender documents

16 May 2012
- Closing date to submit written questions
- 12 companies submitted a list of questions ranging from the different areas and topics

22 May 2012
- Clarification on submitted questions, grouped under the various topics
**TOPIC: ELIGIBILITY**

**Bidding Company**

We will be participating the bid with our technology partner, they intend to also be the equity shareholder. Can we bid using a newly incorporated JV company? Or do we have to bid through the company which purchased the tender document?

**CLARIFICATION**

Item 4 states that any incorporated company under the Companies Act 1965 can submit the bid. Hence this is permissible.

**Advisor To Consortium**

Media Prima have been refrained from participating in the RFP. But, as an Advisor in the consortium (they would not be an equity holder of the consortium). Can they participate in the DTT tender?

**CLARIFICATION**

Item 4.1 of the AIP clearly states that any CASP/ASP holder is not eligible to participate in the tender. As an Advisor, this is permissible.
SKMM would like to see a proactive approach by the CIIP to ensure a successful utilization of the infrastructure as well as the related services.

Promotion of Content and Convergence of broadband and fixed TV reception.

13.3 demonstrate its strategy on the promotion of:
- a. the full scope of DTT services;
- b. compelling and attractive content and applications to accelerate the take up rate of DTT service by consumers; and
- c. convergence of broadband and fixed TV reception.

What support, incentives or regulation does the MCMC intend to provide to encourage the content providers to support the digital platform?

Apart from the current regulations and policies, the bidder may propose other forms of support and incentives.
• How does MCMC ensure (by regulation or otherwise) that the broadcasters and content providers support the CIIP objective with compelling content and services”? Consider the scenario where one of the content providers decides to launch a competing delivery platform of some form – they could completely undermine the CIIP business.

As the Communications and Multimedia Act 1998 (CMA 98) promotes competition, there are now many competing delivery platforms available to broadcast content.
TOPIC: SPECTRUM (1/5)

Planning parameters
Can the bidders propose changes to the planning parameters to allow for more MUX to be allocated?

Will MCMC make available its software database so that bidders can evaluate the accuracy of MCMC work to date?

- Can there be a further option c) 470-698 Mhz. without restacking?
- Can the CIIP recover costs of restacking from the Government through for eg. Licence Fee Rebates or other similar regulatory provisions?
- Does SKMM consider the RF Allotment Plan (SRSP App.E) the final and best plan?

Software Database

Celcom

CLARIFICATION

References provided serve only as a guide, bidders may propose improvements to reflect better utilization of spectrum

Planning data will be made available upon request

• No

• No

• Yes. It is based on the objective(s) as stated in the SRSP document
• Please provide clarification on the assignment of spectrum via Apparatus Assignment as opposed to Spectrum Assignment.

• What is to happen at the end of the 5 year period of the initial Apparatus Assignment?

• Will this be continued on the same/similar terms?

• How will the need for Malaysia to support the wider spectrum harmonisation needs of the Asia Pacific Region to account in the tender assessment process?

• There are current assignments within the bands which do not permit Spectrum Assignment methods.

• Reaplications are subjected to the relevant provisions in the CMA 98.

Proposals should support global harmonization efforts.
TOPIC: SPECTRUM (3/5)

Requirement To Propose DTT Rollout Based On 2 different Band plans:

- a) 470 to 742 Mhz; and
- b) 470 to 694 Mhz

**QUERY BY**

- Will this approach not lead to additional complexity and cost by prospective bidders?
- Can SKMM confirm the criteria and when it will use to reach a decision between the 2 roll out and 2 band plans?
- What is SKMM’s intention regarding the roll out for option 470-694 Mhz?
- What do SKMM expect in this item?
- At this juncture, is it sufficient if we do a frequency search in order to analyze whether the frequency below ch. 49 could be found during the simulcast phase in order to replace the channels above 48?

**CLARIFICATION**

- It depends on the approach taken by the bidder
- One of the criteria is the aggregated benefits to the government, industry and the people, while the timeframe to reach a decision is subject to several development factors

**Axiata, Huawei & Astro**

- To provide flexibility in the rollout of DTT services and to study timeline and cost implications
- Same as above
- A number of coordination and technical factors must be considered. The proposal by the bidder needs to be substantiated to ensure a workable solution.
**TOPIC: SPECTRUM (4/5)**

**Migration of TV services in bands III, IV, and V**

- What is the scope of this project? Shall it be implemented by phases i.e. Phase 1 (from now to 2015) or all phases (from now to 2025)?

**Border Agreements On Spectrum Allotment**

- Will SKMM make available all international agreements so that potential cross border interference issues can be evaluated and addressed?

- Has SKMM completed all border discussions with our neighbors?

**MUX Availability**

- 3 MUXs shall be made available immediately. When will the remaining MUX be available?

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**QUERY BY**

- Huawei

**CLARIFICATION**

- SKMM is open to proposals on the best way forward

- The relevant portions of the agreement can be made available upon request

- Yes. however, border discussions are ongoing from time to time

- Additional MUX may be made available on a need basis
• Can SKMM elaborate what is meant by: ‘adherence to current or future coordination agreements with neighboring countries, frequency repacking or rearrangements?’

• What is the likelihood of the this frequency repacking or rearrangements?

• Can the CIIP recover any costs associated and be liable for any service disruption arising from such an activity?

• All assignments must adhere to coordination agreements and its amendments/changes from time to time

• Frequency repacking will depend on the agreement with our neighboring countries

• The CIIP cannot recover the costs associated but will be liable for any service disruption arising form such an activity
• Can SKMM elaborate on the Subscriber Management Systems (SMS)?

• Is there a plan/provision for the use of T2-Lite as an option for mobile broadcasting?

• What is the preferred DVB specification for CA?

• Page 65 of the AIP, DVB-H services are mentioned. Is it still valid for the deployment with DVB-T2? If Mobile TV broadcast is still targeted in Malaysia, would it not be preferable to use the new standard DVB-T2 lite which can be delivered along with the regular DVB-T2 signal?

• SMS is to enable for the provision of some `lite-pay' services

• It is a possible plan in the future

• No preferred specifications for CA

These are sample designs only and serve as a guide and are therefore not valid. `DVB-T2 lite’ standard may be considered in the future for mobile TV services
**TOPIC: MUX ALLOCATION (1/5)**

**First Right Of Refusal**
Will the CIIP be given `First Right Of Refusal’ to bid for subsequent MUXs in the future tender exercise/AIP?

**MUXs after ASO**
In this AIP, 3 MUXs will be developed and 8 MUX to be released after ASO. Is it a fair assumption that the release of the 8 MUXs will be conditional on the level of demand by FTAs at that point of time?

**Offer Of Excess MUX bandwidth new players since day one**
- Can the CIIP offer any excess MUX bandwidth to other licensed broadcasters or licensed advertising agencies not listed on the list of users? Such case, can the operator start charging these new users from day one when the service is available starting in year 2013?

**QUERY BY**

**CLARIFICATION**

The subsequent MUXs for DTT service shall be released to the CIIP on a need basis to operate as a single operator for DTT service

Yes

Any offer of excess capacities to any new CASP or ASP requires the approval from SKMM

As per requirement in the AIP, the CIIP shall `free carry’ the DTT service until after ASO
| Topic: MUX Allocation (2/5) |

**Regional MUX**

How many different MUXs for each region will be required? MUX to be allocated?

**Data Rate**

What is the data rate for each channel, considering only 3 MUXs will be made available initially?

**Ch. 51 Occupied By Thailand**

Thailand is using Ch 51 for ATV in Satun while Ch 51 is meant for Region 3, MUX C, which shall be used immediately upon award. Has Thailand vacated the channel?

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**Query by**

- **Zone System**
  - Proposals are required in the submission

- **Comintel**
  - It will depend on a number of factors such as system variant and interference level, etc.

- **I-Media**
  - As per Malaysia’s agreement with Thailand, Thailand will vacate Ch 51 as and when necessary
**TOPIC: MUX ALLOCATION (3/5)**

**Portable Reception**

Please confirm whether 1 MUX shall be available for portable reception

- Please confirm whether 1 MUX shall be available for regional breakaway.
- When do broadcasters require the regional breakaway facility?
- How do the broadcasters expect to transmit the regional programs?
- Will the programs originate from KL or at the respective regional studios?

Please provide more details.

**Regional Breakaway and Programming**

**QUERY BY**

**CLARIFICATION**

- All MUXs shall be designed for fixed TV reception as per indicative requirements by CASPs
- This is subject to final agreement with CASPS
- Same as above
- Same as above
- Same as above

Please engage with CASPs
TOPIC: MUX ALLOCATION (4/5)

Indicative Channel List And Coverage By Broadcasters

• Are the number of channels indicated in Annex 3 confirmed?

• Will be the broadcasters be penalized if they do not meet the timeline?

• In Annex 3, some broadcaster does not have any coverage percentage figures. Please clarify and provide the figures.

• Why is Education TV (ETV) not in Annex 3 for DTT Channel Requirements list?

QUERY BY

Man Qana

• These are indicative numbers only

• This is a commercial agreement between CASPs and the CIIP

Astro

• The required coverage details are to be discussed with the relevant CASP(s)

I Media

• ETV shall be invited to participate in the DTT platform
• How credible is the data provided by the FTA CASPs in Annex 3: Indicative List of Digital Channel Requirements by FTA CASP (Pages 23 – 24)? Will the CASPs commit to their requirements as indicated?

• Other than the current terrestrial FTA CASPs (as per Annex 3), will CIIP be able to open its services to:
  a) ‘pay-tv’ CASPs; or
  b) CASPs currently broadcasted via other media (than terrestrial) like satellite or IP

• The current policy, as agreed at the Economic Council, is to prioritize the incumbent FTA CASPs to provide DTT services until after ASO.
• Please confirm whether a Unit Kawal Selia be established at the DMBH.

• As DMBH will function to monitor and filter content from ASPs and CASPs prior to be transmitted, does this mean the CASPs no longer need to undertake censorship functions?

• Can DRC be located outside of Angkasapuri?
**TOPIC: DMBH (2/3)**

**QUERY BY**

- What are the commercial terms of such a co-location arrangement?
- Do we have to build the NOC or the Infra backbone?
- Do we have to propose a site for the DRC or SKMM already have a preferred site?
- If they do, where would the DRC be; in the compound or outside?
- Except for the Headend equipment and monitoring center, are there any other equipment needed to be put in the data center? Are there any requirements for the Data Center?

**CLARIFICATION**

- The commercial terms need to be discussed further with KPKK/RTM
- Bidders are required to build the DMBH which serves as the central control and/or NOC
- No preferred site, kindly propose
  - Kindly propose
- Kindly propose

**LOCATION**

- Celcom
- Sapura
- Huawei
• What is the dimension of building for the data center? Is there any layout of the building?

• Can MCMC specify what type of DRC required? Complete mirror or network components back ups?

• Is the encoding of audio/video content (Radio and TV channels) performed at the premises of the CASPs or is this part of the DMBH infrastructure?
**TOPIC: SIMULCAST PERIOD**

**QUERY BY**

- Will the government consider capping the simulcast period where the CIIP must provide the service free of charge?

- Will the government consider some form of charging for OPEX recovery during this period of simulcast?

**CLARIFICATION**

- ASO is announced to be end 2015 and a short simulcast period is recommended

- No
TOPIC: ANALOGUE SWITCH OFF (1/2)

• What if the ASO date of 31st Dec 2015 cannot be achieved due to issues beyond the control of the CIIP e.g. some segments of the population not equipped with digital set-top boxes? How would MCMC respond to this situation?

• What is the role of the Government in assisting the ASO? In many countries, the ASO takes many more years than the suggested 1+ years and often times, the Government has to develop various public education and awareness campaigns. To what extend is the Malaysian Government prepared to assist the CIIP in managing this?

CLARIFICATION

• The ASO date may be reviewed if necessary and SKMM may assist the CIIP, depending on the need (s).
• Para 23.5, page 11, mentioned about possible earlier migration than 2015. Should the CIIP able to launch the DTT earlier than 2015 and intend to migrate earlier than 2015, will the Commission/Government enforce the public to migrate? Just like what has been implemented in Germany?
<table>
<thead>
<tr>
<th>Query</th>
<th>Clarification</th>
</tr>
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<tbody>
<tr>
<td>Would MCMC assist the CIIP in obtaining fair and equitable access to existing hill-top transmission sites (currently, many of which are TM’s)?</td>
<td>This is an access list item under the CMA 98. However the CIIP needs to negotiate the relevant T&amp;C</td>
</tr>
<tr>
<td>How many new transmission sites need to be built?</td>
<td>Kindly propose</td>
</tr>
<tr>
<td>Any more details about the transmission sites?</td>
<td>No</td>
</tr>
<tr>
<td>Do we need the transmitter systems to support VHF and UHF?</td>
<td>Yes</td>
</tr>
<tr>
<td>Space availability at the existing towers; can we use an existing height and do they have a plan to dismantle analogue system?</td>
<td>Kindly propose</td>
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</tbody>
</table>
Page 169, the tables showing the stations used for the DTT analysis in Bands IV and V for Peninsular Malaysia, we noted there are some unfamiliar sites such as:

- New Penawar
- New G.Pulai
- JB Town
- Tmn Wangi, GM

Please clarify on the ownership of all these sites?

- Do we need to include plans to convert the existing analogue digital ready TV transmitters? Will the government force the CIIP to buy over the existing transmitters from FTA CASPs/TM?

- These are hypothetical sites for the purpose of conducting an analysis and serves as a guide only

- Kindly propose
  - The Government will not enforce as this is a commercial arrangement
• To what extend will the successful applicant be required to reuse the existing analogue digital-ready TV transmitters?

• Will the Government compel them to buy over these transmitters owned by the FTA CASPs/TM?

• Some of the sites are said to be digital ready; what does that mean and do we need to leverage on existing system for new transmitter? Is the CIIP obligated to buy/own/utilise broadcaster's digital ready equipments?

• Kindly propose
• Kindly propose
• Kindly propose
The AIP asks for the fees to be no more than the broadcasters currently pay. What do the broadcasters currently pay for the transmission of their analogue service? The indicative figures detailing out all charges, including Telekom Malaysia’s charges to be disclosed as soon as possible.

- Will government guarantee the payment when the FTA operators cannot pay?

- What if there is a deadlock in commercial negotiations between FTA operators and the CIIP? Would MCMC be able to mediate? Can the CIIP seek MCMC’s intervention?

To discuss with existing CASPs

No

SKMM may mediate and intervene, as necessary
TOPIC: CHARGES AND RATES (2/6)

Payback Term

Given the nature of communications and digital broadcasting technology what is MCMC’s expectation of the likely payback term which will be required by prospective CIIP investors?

Cost to carry Media Prima Content To Angkasapuri

Who will bear the cost to carry uncompressed video content from Media Prima to Angkasapuri?

Access Charges To TM Sites

TM owned most of the transmission sites, would SKMM intervene to get preferential rates on the rental of the selected sites?

QUERY BY

Axiata

Kindly propose

Sapura

Kindly propose

No
What kind of charging mechanisms for the infrastructure did SKMM have in mind?

Para 14.2 mentioned ASO to be implemented earlier in urban areas. This approach will allow to reuse with modification the recently installed analogue TX with DVB-T capability from other broadcaster in several stations if the prices are reasonable. The costs to reuse these transmitters are not stated in the tender documents. Can MCMC provide some indicative figures as soon as possible?

Kindly propose

Kindly engage with CASPs
Part 4, clause 16.6 specify that the rate of which the DTT services provided shall not exceed the current rates paid by the CASPs.

Could this be clarified? The CASPs requirements for DTT services are not the same as analogue, how does the evaluation committee perceive this to benchmark new requirements from the old analogue costing? Example, cost per channel of the existing vis-à-vis the new DTT cost per channel?

The access rates for DTT services are expected not to exceed the current rates paid by the CASPs in the analogue environment, in lieu of sharing of common broadcasting infrastructure amongst the CASPs.

The cost per channel for DTT is envisaged to be more competitive if techniques such as statistical multiplexing, channel combining and co-location of transmitters are being used.
Pg 5 Cl.13.4f: “The applicant is to be mindful that it shall bear any cost to be incurred as a result of any downtime during the said installation.

During the installation, some interference, disruption and downtime may occur. The CIIP will try to minimize the downtime. However, should it happen, the CIIP should not be penalized for the downtime.

Pg 7 Cl.15.4, Annex 7 gave a table of yearly cost up 15 years. Is it CAPEX or OPEX? If it is CAPEX, it is difficult to commit a figure over the next 15 years whereas you cannot control 3rd party’s prices.

This is a requirement as per the AIP.

CAPEX and OPEX are included.
To what level of costing detail does MCMC expect the applicant to provide in the BP and are the prices to be quoted in the BP budgetary or firm?

Detailed formula and workings based on the proposed network design, model, installation, etc. are necessary.
TOPIC: SET TOP BOX

Who will take responsibility for the distribution of the free set top boxes?

- Is it a requirement for the basic STB to be a hybrid STB i.e. DTT and internet connection?

- Who covers the STBs' distribution cost?

- Could we get a mandate from SKMM to design a "combo" set-top-box i.e. STB that includes internet connection, DTT and Astro?

- Would SKMM accept cash provisions set aside to subsidize the STB (rather than supplying the physical STB)?

CLARIFICATION

- Kindly propose

- Kindly propose

- No

- No
**TOPIC: SET TOP BOX**

- **Components Of Subsidy**
  - Does the subsidization of STB include installation costs and outdoor unit?
  - Yes

- **Middleware Profile**
  - The receiver shall implement the interactive application outlined in the middleware specification (Malaysia Middleware Profile 002:2011). What is Malaysia Middleware profile?
  - Kindly refer to the registered technical specification of the middleware platform at www.mtsfb.org.my

- **Details on Subsidy**
  - Can you clarify about the clause on set top box subsidy? How does the Government expect the CIIP to subsidize the set top box cost? Methods of subsidy? Who shall be the party to administer the distribution of the subsidy?
  - Kindly propose. The bidder is encouraged to assist the Government in this area
Is MCMC looking at total or partial subsidy?

- Will the CIIP have 100% control of the receiver specification and conformance test / approval process?

- How will MCMC ensure that all STBs & iDTVs that will be available in the country and conform to the specifications?

- Does STB Subsidy mean "full subsidy"?

- No

- This shall be done through a certification process by the appointed Certifying Agency i.e. SIRIM QAS BHD.

- Kindly propose

- Kindly propose
**TOPIC: PROMOTION AND AWARENESS**

**Funding**
- Will the government fund the public education separately or is it expected that the CIIP will fund this?
- Who covers the cost for DTT promotion/awareness?

**Information, Support to viewers**
- Who's role to provide information/support/installers to viewers?

**Plans to Promote DTTB**
- What are MCMC’s plans in promoting the DTTB to the public?

**QUERY BY**

- Celcom
  - Government will do its part in this areas
  - Government will do its part to promote DTT service

- Sapura
  - Kindly propose

- I Media
  - SKMM is working closely with KPKK and NDTF. An initial framework is ready
**TOPIC: OTHERS**

**QUERY BY**

- **Exclusivity**
  - Will the CIIP have exclusive rights to provide the services or will multiple operators be permitted?
  - The SRSP mentions (ref para 2.2.5, page 54) “Broadband high speed data and Multimedia services”. Is it for rural areas or are urban areas also being targeted. How much spectrum will be allocated for this? Will the CIIP provider be allowed to offer such services? How does this synchronize with the National Broadband plan and the role of the other broadband players?

- **Broadband & Multimedia**
  - Pg 165: Is the coverage plot set as a baseline for DVB-T2?

- **Coverage**

**CLARIFICATION**

- The current AIP seeks to appoint 1 single infrastructure provider for DTT
  - Yes
  - The SRSP is a guide only. Please refer to the requirements in the AIP
TOPIC: OTHERS

Issues with broadcasters
• What happens if the number of channels that broadcasters roll out is not the same (less) as in the AIP?
• What if the broadcasters decline to sign up with the CIIP i.e. after the simulcast period?

Evaluation panel
• Who are the other related government agencies mentioned, other than KPKK and SKMM, that will be involved in the evaluation process?

Physical Layer Pipe
• The Multiple PLP (MPLP) technology in DVB-T2 is very powerful technology that eases the management of regional content in SFN and allows wholesale services by sharing the DVB-T2 multiplex between different service providers and guarantee its own bandwidth. It’s already deployed for 15 African countries and is under deployment in Russia. Would MCMC recommend the support of MPLP for the STB manufacturer?

QUERY BY

• Kindly engage with the CASPs for the final requirement
• Commercial agreements with the CASPS need to be outlined

CLARIFICATION

Sapura
• Kindly engage with the CASPs for the final requirement

Astro
• Commercial agreements with the CASPS need to be outlined

Light Way
The members for the Evaluation Committee has not been finalized and is subject to the agreement with YB Minister

Yes

The members for the Evaluation panel are not finalized and subject to the agreement with YB Minister.
The CIIP concession is for the period of 15 years including Simulcast and Implementation Period; the ASO year is targeted to be in 2015. Assuming the award is in January 2013, and the ASO will 3 years down the road, this means, the actual concession period is only 12 years.

Given the additional compliance to meet, i.e., subsidizing the set top box cost to 1 million users which will make the ROI a big challenge to the CIIP, we opined that, it would be fair to make the CIIP concession’s period to start from ASO onwards. It means, the CIIP concession should be 3 years (implementation and simulcast period) + 15 years operational period.

• The ASO date may be reviewed as necessary and the concession period shall start from the date of award. Any request for an extension to the concession period will be subject to the approval by the SKMM.
What are the broadcasters commitments in ensuring that the migration from analog to digital is successful?

EPG, etc. Will the provision of schedule data by the content providers be regulated in any way? For example, will the content providers be required to make their schedule data available for use by the CIIP free of charge?

Can MCMC elaborate on the requirement to develop the convergence of Broadband and fixed TV reception strategies? The CIIP could become the ‘gatekeeper’ of the hybrid TV platform with device authentication services or similar to underpin the security model of HbbTV.

The establishment of a ‘Malaysian Freeview’ consortium is being discussed to promote DTT services.

Kindly discuss further with the CASPs.

The return channel to provide interactive applications for DTT service may use broadband platform. Similarly, HbbTV applications that shall be launched will propel the use of broadband. The bidder to further propose.
3. 13.4.d – Interoperability – can only be achieved in a horizontal market with:

- An agreed and precise specification for STB, iDTV and PVR
- A Conformance test regime with conformance marking
- Retailer and consumer education

Does the MCMC expect the CIIP to be responsible for all of the above?
**ADDITIONAL QUESTIONS IN THE CLARIFICATION SESSION (1/3)**

**QUERY BY**

**CLARIFICATION**

**Evaluation Period**

The evaluation period for the initial Business Plan is suggested to be shortened to enable the short listed bidders to proceed with the submission of the Detailed Business Plan.

**Further Description On Digital Multimedia Broadcasting Hub (DMBH)**

A more detailed explanation of DMBH is requested to facilitate the submission of proposal(s) by the bidders.

SKMM takes note of the suggestion.

DMBH is the central location whereby the aggregation of content and applications from CASPS and the insertion of service information such Electronic Programming Guide (EPG), Programmable and Non Programmable Associated Data (PAD/NPAD) takes place. The centre also undertakes statistical multiplexing activities and serves as the heart of the DTT service platform.
**ADDITIONAL QUESTIONS IN THE CLARIFICATION SESSION (2/3)**

**QUERY BY**

**CLARIFICATION**

**Information on location of microwave equipment and coverage pattern of the CASPs**

Where can we get information on the location of microwave equipment and coverage pattern of the CASPs?

Bidders may request the said information from SKMM or the CASPs.

**Set Top Box Common Interface Specification**

Will SKMM mandate the technical specification of a Common Interface (CI) in the Set Top Box?

The said specification is available as an option in the current technical specification of the Set Top Box, registered by SKMM, as a Voluntary Industry Code.

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**I Media**

Pace Electronics
ADDITIONAL QUESTIONS IN THE CLARIFICATION SESSION (3/3)

QUERY BY

Enensys

Will SKMM consider the adoption of the next generation middleware for Multimedia Receiver, similar to South Africa?

CLARIFICATION

‘Hbb TV’ middleware specification has been registered and shall be adopted by Malaysia in the upcoming DTT roll out. Any migration to a new technology needs to consider legacy issues and impact on the cost(s) of the set top box.
Thank You