

## The Cartt.ca Interview: New Canadian DTH company will distribute local stations, in HD and for free

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DAVE LEWIS HAS BEEN at this satellite thing for a long time. Thirty-one years, to be exact.

He's worked for Telesat, Alphastar, Cancom/Star Choice, Lincsat and Ciel – just about every satellite company in the country. And he says there's no way existing Canadian BDUs can offer up all channels in high definition without multi-billion-dollar upgrades which would include a massive consumer set top box swap-out program.

He believes the best way to deliver local-into-local TV signals – and his new company would deliver every OTA broadcaster in Canada – in high definition (including 1080p), is to start over with a brand new company offering spot beam technology and MPEG 4 compression, for example.

For over six months, Lewis has been working on his latest satellite project, FreeHD Canada, and last month he filed applications with the CRTC for a new, national, direct-to-home satellite BDU license and a wholesale SRDU license.

After answering a few deficiency questions for CRTC staff this week, he's hopeful the application will be gazetted soon by the Commission. But Lewis is going public now because he wants to be part of the digital transition and new OTA rules [discussions](#), and he says with licensing sometime in the first quarter of 2010 (as he's hopeful can happen), FreeHD can be ready to go in time for when conventional Canadian TV broadcasters are to shut off their analog transmitters for digital: August 31, 2011.

FreeHD can be a big part of the digital transition solution, a process which is [seriously stalled](#) in Canada.

FreeHD will do a couple of things, says Lewis. Since the Commission has now said broadcasters in markets of less than 300,000 [don't have to](#) upgrade their transmission networks to digital and the analog signals still have to be shut down in a little over two years from now, FreeHD will distribute a local signal package, providing a TV lifeline for consumers in such regions, at no charge (they will have to purchase the equipment, however).

It will offer much needed additional bandwidth to alleviate the distribution bottlenecks thanks to the increased needs of HD as compared to standard definition. HD signals consume six to eight times the amount of bandwidth as SD.

Existing cable and satellite companies are stuck with their (still very lucrative and well-functioning) MPEG 2 systems, a far less efficient digital TV delivery system than MPEG 4, and are currently attempting to reclaim as much bandwidth as possible by [dropping some channels](#) and deploying other technologies such as [switched digital video](#).

"They are deeply embedded in a technology that isn't as efficient as the new stuff and just to swap out their set top boxes, the cost is huge for any (large) BDU, probably over a billion dollars," added Lewis in an exclusive interview with Cartt.ca on Monday.

"They are scrambling to get HD now and harvest bandwidth however they can – and it's quite difficult for them.

"Our concept is a brand new platform: Start from scratch, use all the latest technologies, and try and come up with an offer that is going to be compelling for consumers," he said.

“(Existing BDUs) are entrenched in their old technology and I don’t think they’ve got the capacity to start a dual feed. They are limited to what they have today – 60 to 70 channels of real bandwidth and however many virtual channels they have created,” added Lewis. “Unless they do a massive and expensive bandwidth harvesting campaign somehow, they’re stuck.”

Research FreeHD has undertaken shows a potential market of six million households, who are a combination of those mid-to-small market Canadians who receive OTA signals that will disappear, the 700,000 or so Canadians served by independent cable companies which may want to take advantage of FreeHD’s SRDU component, and the sizable [gap of consumers](#) who own an HD set, but who do not subscribe to a BDU to get as many HD channels as possible.

“And the free local package (which thanks to spot beams, technology DirecTV and Echo Star use Stateside) will solve the problems of the over the air programmers,” said Lewis (eliminating out of market, or distant signal distribution issue), and do it in high definition. Bell’s clunky-by-comparison [Freesat model](#) only offers five channels, all in standard def.

And at retail, FreeHD’s proposed 250 channels of all-HD service is about four times what the largest BDUs’ offer in HD now - and FreeHD will compress the signal far less than existing BDUs. “They have significantly compressed it so that if you compare it to an off-air ATSC signal from the CN Tower today, it’s visibly inferior.”

“We will not compress the HD signals anywhere near to that level,” affirmed Lewis.

While Lewis says he’s leaning towards Motorola’s gear (including an Ethernet-enabled box with a hard drive that would be a PVR and be able to receive VOD movies “trickle-streamed” into the set top), he has not yet decided on a vendor.

And, since the other big and small BDUs generally offer bundles of services like phone, wireless and Internet, Lewis is also on the prowl for bundling partners and says the new wireless companies launching soon (Wind, Dave and Public Mobile) might be perfect for that. “They’re on the same footing we are. They need a video play.”

Now, even if the Commission doesn’t issue a blanket call for more applications and approves the license quickly, there is no way for FreeHD to have its own satellite made and launched by the end of August 2011. Building a satellite is a 36-month process.

However, Lewis says he already has an existing bird his company will “borrow” and move into a slot over Canada to provide service (he declined to say who owns it beyond noting it is neither Telesat’s nor Ciel’s, the two Canadian operators.).

Actually, an RFI from the company is due this week seeking interest in providing the new company with a new transponder payload.

Right now, FreeHD is funded privately and headed by Lewis but once the license is approved, Lewis will be looking for Canadian backers. “I’ve been offered lots of foreign money but (thanks to our telecom ownership laws) I’m more interested in Canadian money because it’s an easier structure.”

[Check it out here.](#)