

Will Ericsson Buy Microsoft IPTV Business?

Written by Marco Attard
02. 04. 2013

Ericsson plans to buy Microsoft's MediaRoom IPTV business Bloomberg reports-- an acquisition potentially worth up to \$1 billion that could be announced in a few weeks' time.



MediaRoom appears to be fairly fairly solid unit, performance-wise, with steady annual sales of around \$350 million for the past 3 years according to Raymond James & Associates.

Why would Ericsson want to acquire an IPTV unit? Being the biggest wireless network maker around, the company wishes to cater to carriers competing with cable, satellite and web-based providers. It also boost investment in software and services amid accelerating hardware competition. "[The acquisition] would make sense for Ericsson as it provides for a more complete offering," Exane BNP analysts tell Bloomberg. "Still, the technology started to get hyped about 10 years ago and may have reached its peak already, so [we] don't see this as a growth market."

On February 2013 the company launched the Ericsson Media Delivery network-- a unified content delivery network (CDN) solution combining packet core and radio technologies with intelligent content management know how. It also owns the telecom and media operations of French IT consultancy Devoteam, a January 2013 acquisition providing the company with 400 IP multimedia subsystem, delivery platform and radio/TV networking experts.

Meanwhile Microsoft is shifting focus on TV-related entertainment service delivery via Xbox console, at least according to one Bloomberg source. Microsoft provides IPTV technology to AT&T, whose U-Verse service combines TV with other telco services.

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In separate Ericsson news, the company completes planned job cuts in Sweden-- in a bid to cut costs by around €180m the company eliminates 1399 positions, the majority from the Ericsson networks division.

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