

Future Of Broadcast

Game Changers & Business Change
Over The Next 5 Years.

Many Messages From Broadcasters At IBC...

Future of Broadcast

Impact of VOD

Less channels in future

Each managed by less people

Social Changes: Post-modern society

Gen Y

Ecosystem

Fibre to home

Google Impact

Current biz models in trouble

Short term shock

From channels to assets

Digital Switchover

Internet TV

Impact of gaming

Create content

Distribute Editorial

Retail Paternalism to go

IPTV

Owning the consumer

Erosion of Advertising

Mobile TV

Discovery & Search

Experience Management

Permanent Change scenario

Subscriptions

3D HD Interactive

Centralized Repository of Metadata



Reduction in content window

IT Mgmt / Offshoring

Connected Enterprise

Sorting The Messages

GAME CHANGERS

Erosion of Advertising

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Short Term Shock

INDUSTRY TRENDS

Less channels
in future

Each managed
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Discovery
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Social Changes:
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3D HD Interactive

POSSIBLE RESPONSE

Multi-channel,
convergence
based models

Centralized Repository
of Metadata

Retail

From channels
to assets

Owning the consumer

Experience
Management

Connected Enterprise

Reduction in
content window

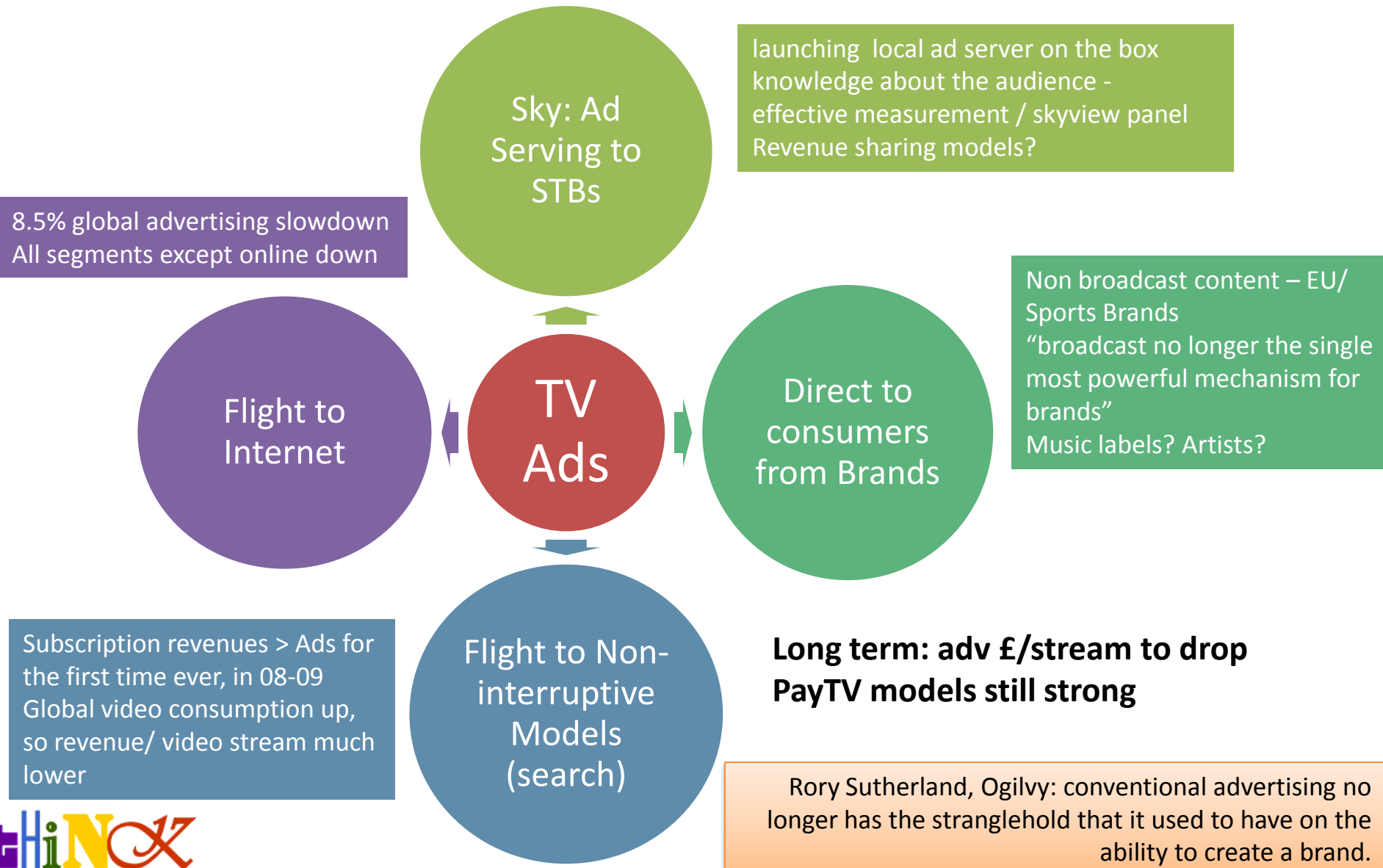
IT Mgmt / Offshoring

GAME CHANGERS

“The old business models are starting to fail” – Jeff Rossica, Grass Valley

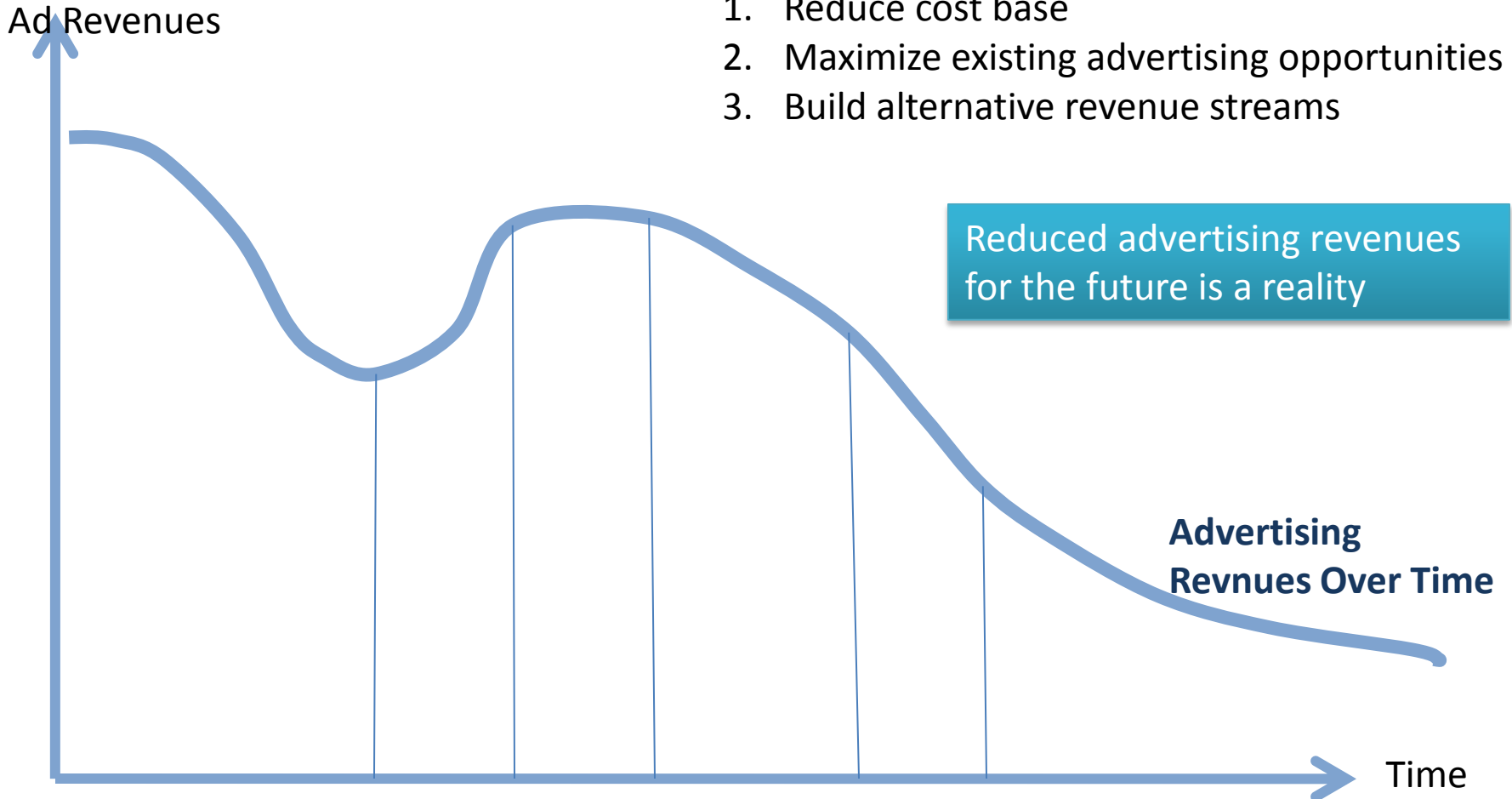
“There are 2 billion TV screens in the world” – Tom Morrod, Screen Digest

Erosion Of Traditional TV (Ad) Revenues



How It Might Play Out

1. Reduce cost base
2. Maximize existing advertising opportunities
3. Build alternative revenue streams



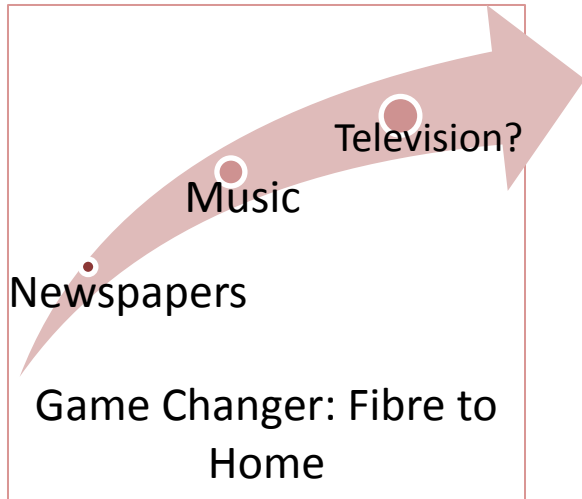
Current
Recession

Temporary
Recovery

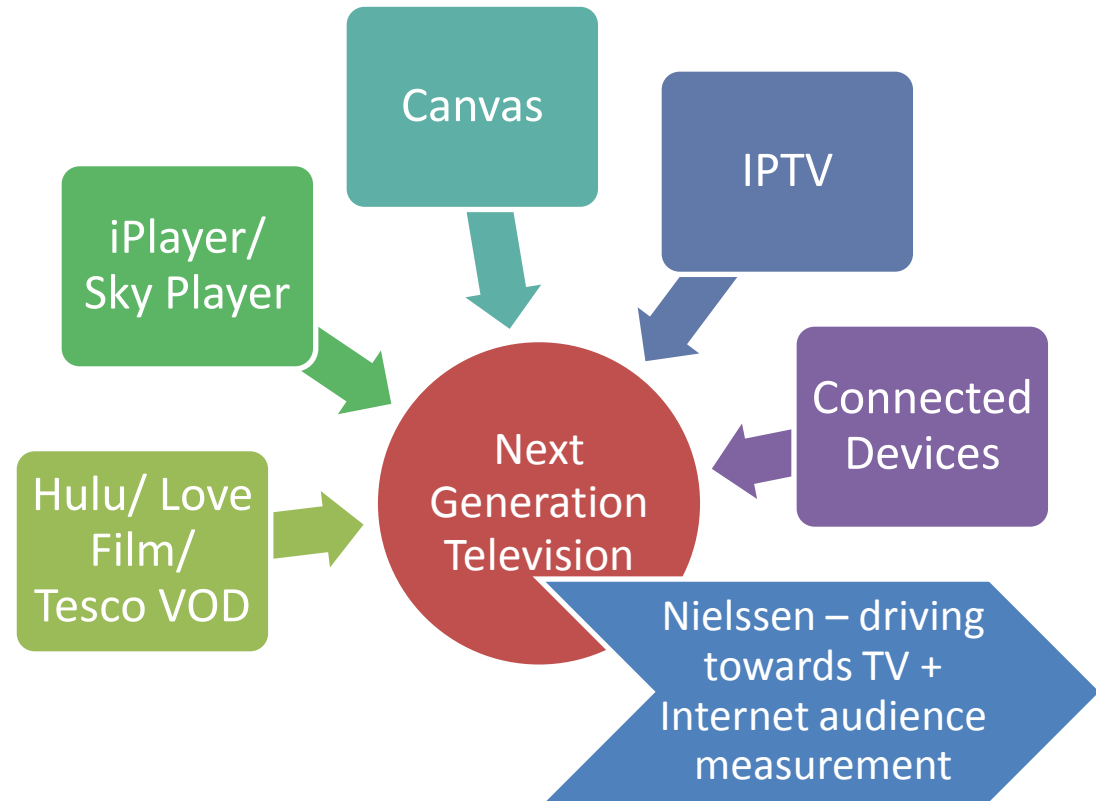
Sky STB

Internet & Google

Internet TV / IPTV/ Fibre To Home



- Sky opening up 1.3m HD boxes to broadband content
- 10% of all iPlayer streams delivered consumed by PS3 – in the week after iPlayer was ported to PS3
- 30% of homes in the UK have access to catch up TV



User generated content along with TV consumption

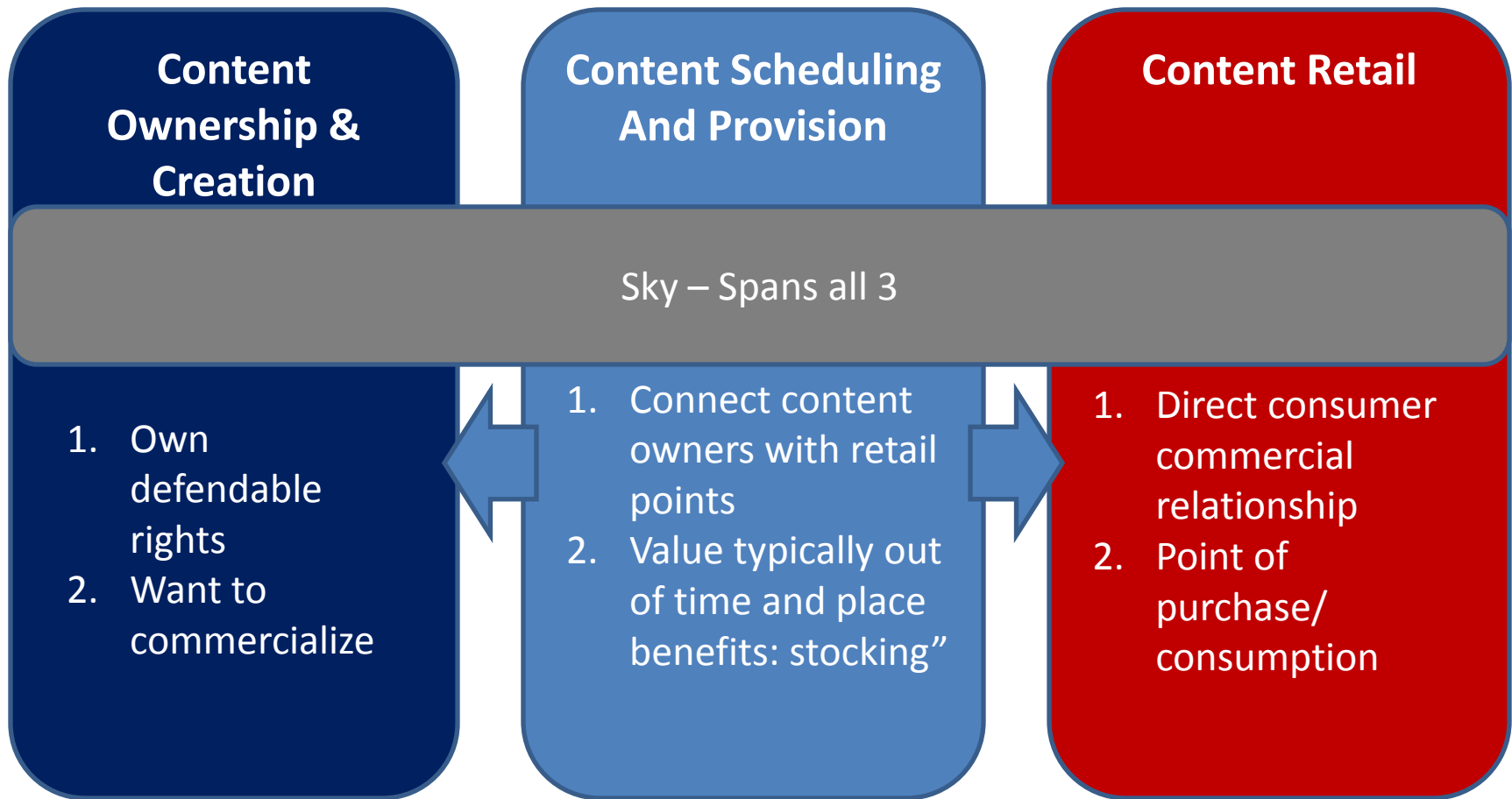
Real time highlights with timelines; PIP

NDS – Widgets : based on content keywords, always on vs broadcaster driven, social media, youtube, IMDB; user-owned widgets

UK high coverage (70%) but poor on speed
BT Fibre to the curb by 2012

“The Internet is at the heart of the BBC. It’s about democratizing access to the living room ” Eric Huggers

Value Shift In the Broadcast Industry

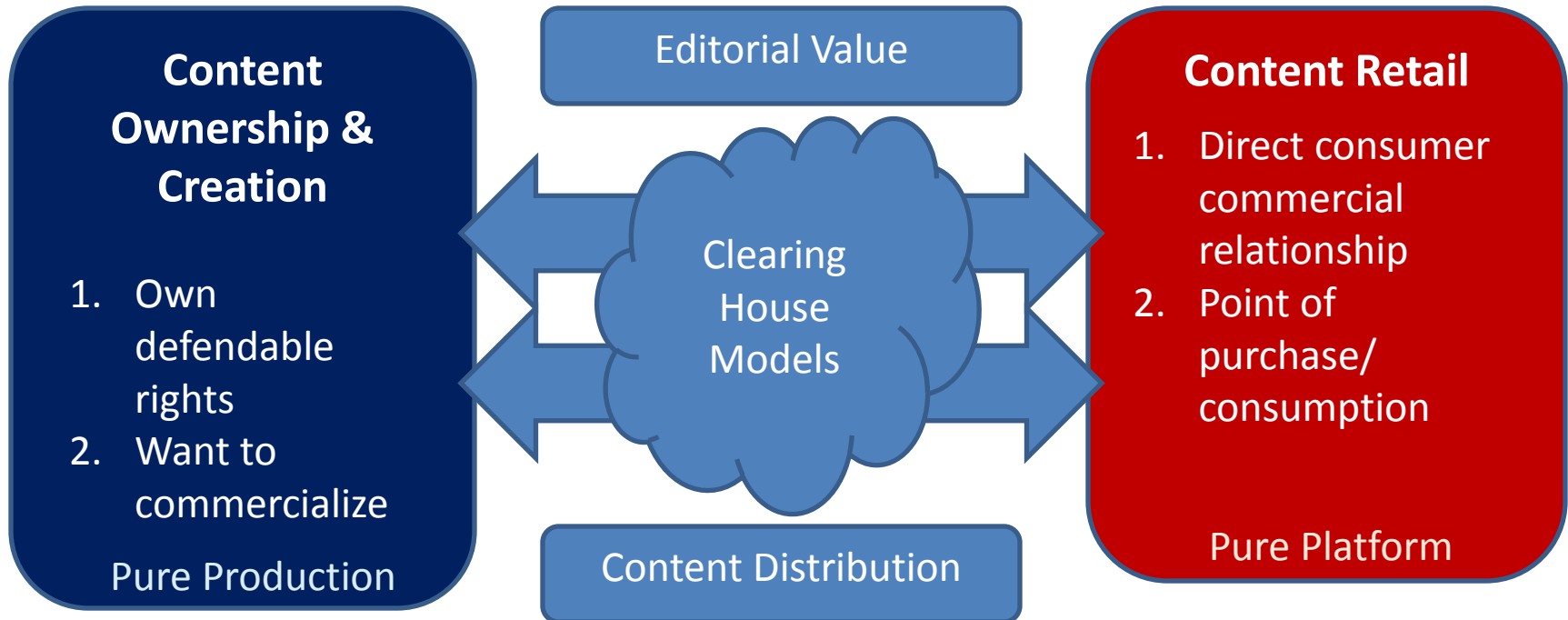


Pure Production

Pure TV Channel

Pure Platform

Value Shift In The Broadcast Industry



Warner- DC acquisition
Disney – Marvel acquisition
Comcast – NBC
BT – ITV


- Scheduling and channel orientation
- Levels of investment and cost in creating schedules
- Specialization of editorial role
- Creation of clearing house models with rights & royalty management built in
- Investment in building parallel cost systems around assets
- Integration through value chain for asset metadata

Mobile TV/ Mobile Content – A Threat Or Opportunity?

- Complement, not substitute (2-Screen & 3-screen Models)
 - Control
 - Personalize
 - CRM
 - Communicate
 - EPGs, alerts
 - Transact
- Retail point
 - Promotional strategy for VOD world
- Will it grow the pie?
- How can it be leveraged?
 - QQ – currencies in China

- Long form programming
- Shared content
- Live/ major events
- Live-interactive

TV



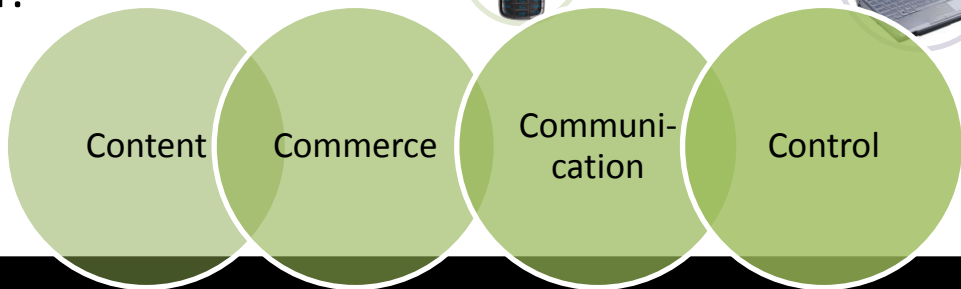

- Snacking content
- Personal gateway
- On-the-go
- Control for other media

Mobile



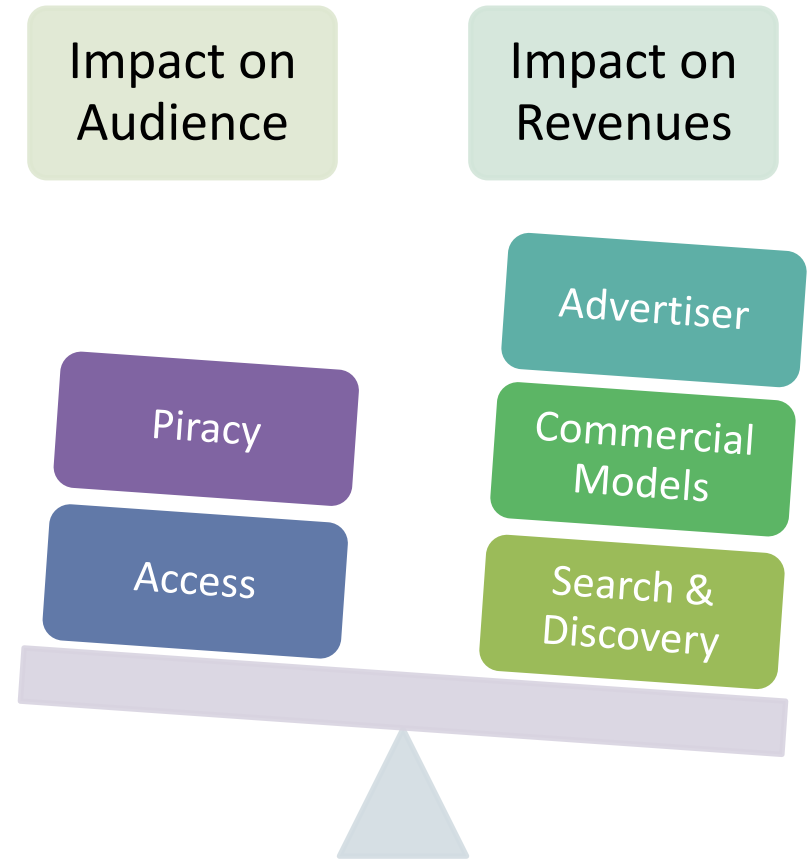
- Highly-Interactive content
- Catch up
- Monetization?

PC



Google/Youtube Impact

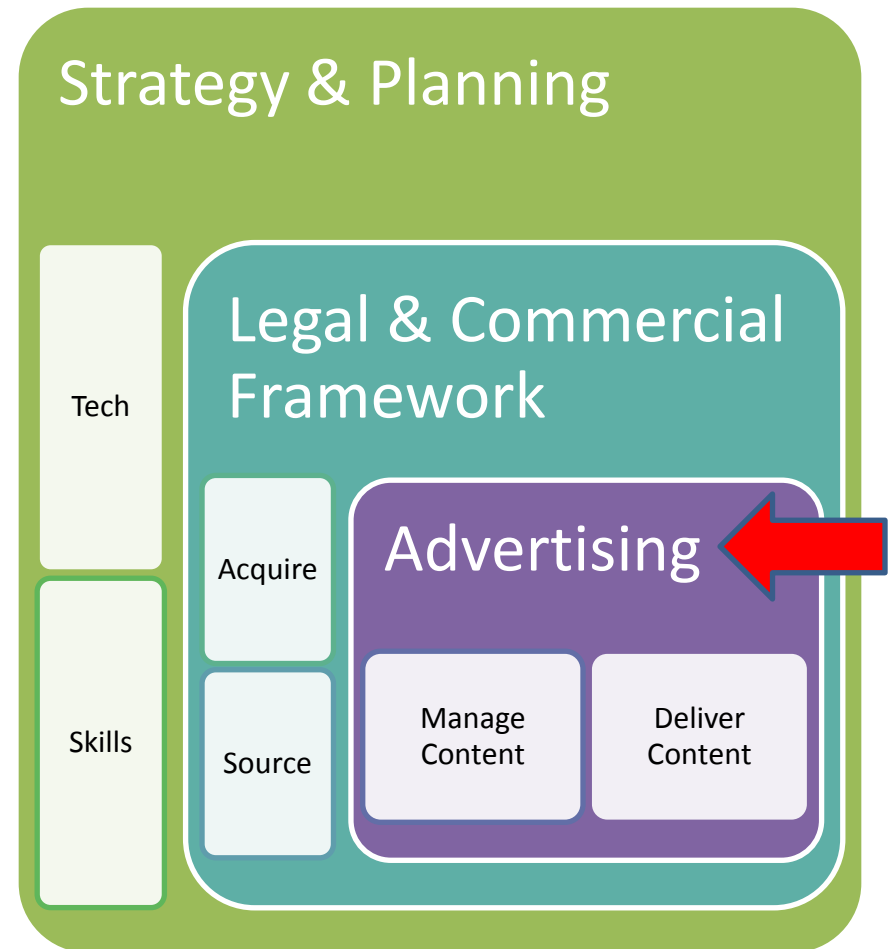
- Youtube 2nd most searched website in the world
 - 10 billion videos : ComScore
 - 30billion videos/month : Youtube
- Google – better at swine flu tracking than the federal teams
- “BG” – the world Before Google
- 7m items already scanned into google books - by 2008/9
 - Rights holders could gain more
- Channel 4 set for deal with Youtube
 - With rights to sell advertising



Long Term: Business Models In Trouble

Traditional Linear TV Model

- Advertisers Looking Elsewhere?
 - Conventional advertising no longer has the stranglehold that it used to on the ability to create a brand – Rory Sutherland, Ogilvy
 - Biggest decline in TV Ads: Spain 28%; US 35%
- Consumers Looking Elsewhere?
 - When a senior exec from Warner Bros asked some NYU students at a lecture “so how many of you watch traditional broadcast TV?” – not a single hand went up - Brad Coller, Warner Brothers
 - Broadcast needs to adapt content to post-modern values – Arnaud Simon, Eurosport
 - Traditional model is obsolete, and paternalism is dead – Eric Hugger , BBC
- New model: address multi-screen, connected home, always on world with direct consumer relationships and rights ownership



“Everybody has a strategy till they punch you in the face “– Mike Tyson

So What Do You Need To Survive & Prosper?

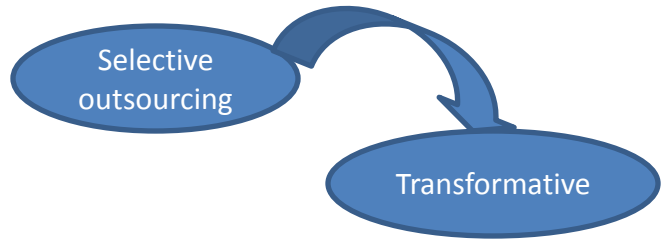
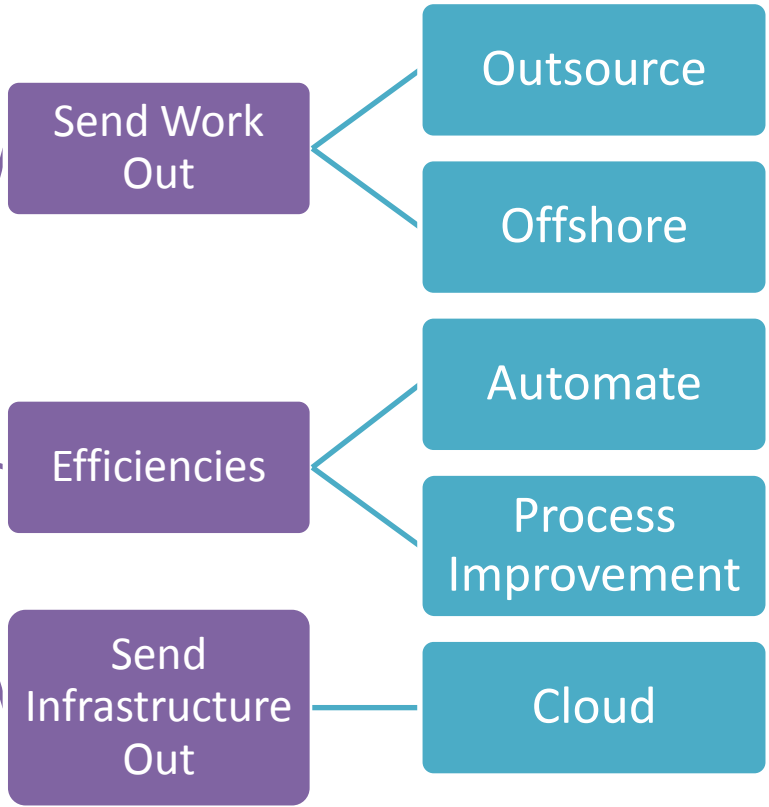
INDUSTRY & BUSINESS RESPONSE

Towards Leaner Broadcast Models

Model: Planet Armstrong



Cost Reduction



Animation offshoring = \$250m
 VFX offshoring = 24% YoY growth
 Narnia/ Golden Compass etc. done offshore
 Full length movie \$85m → \$15m

Cloud computing	Flexible
s/w as a service	Consumption
Infra as a service	Anywhere,
Platform as a service	anytime access

Watch out for:
 Confidentiality/ integrity
 Poor/ non-existent SLAs
 Permissions/ password protection
 Service & data integration
 Data location/ tiered options

NYT – 11 m articles on Amazon EC2 in 24 hours

NBC Files/ NBC Stage/ NBC Apps/ NBC Grid – National Business Centre

Go Animate – SaaS – Cartoon N/w

- Location ▼
- Automation ▲
- Employment ▼
- Innovation ▲
- Rationalization ▲



Beware of HD/ 3D

Who Has Gained from HD?

- Sky – very happy with HD uptake & results - Platform
- Fox Sports – very unhappy with HD – net outflow & resource drain - Channel

Is there any research showing HD has improved revenues/ margins?

- Standards issues
- Costs of HD
- Customer reaction

Will 3D be different?

- Will channels benefit? Or just operators?
- Will there be better standards definition?
- What will be the right time to get in?

fundamental changes in infra and costs
higher investment in content with same budgets

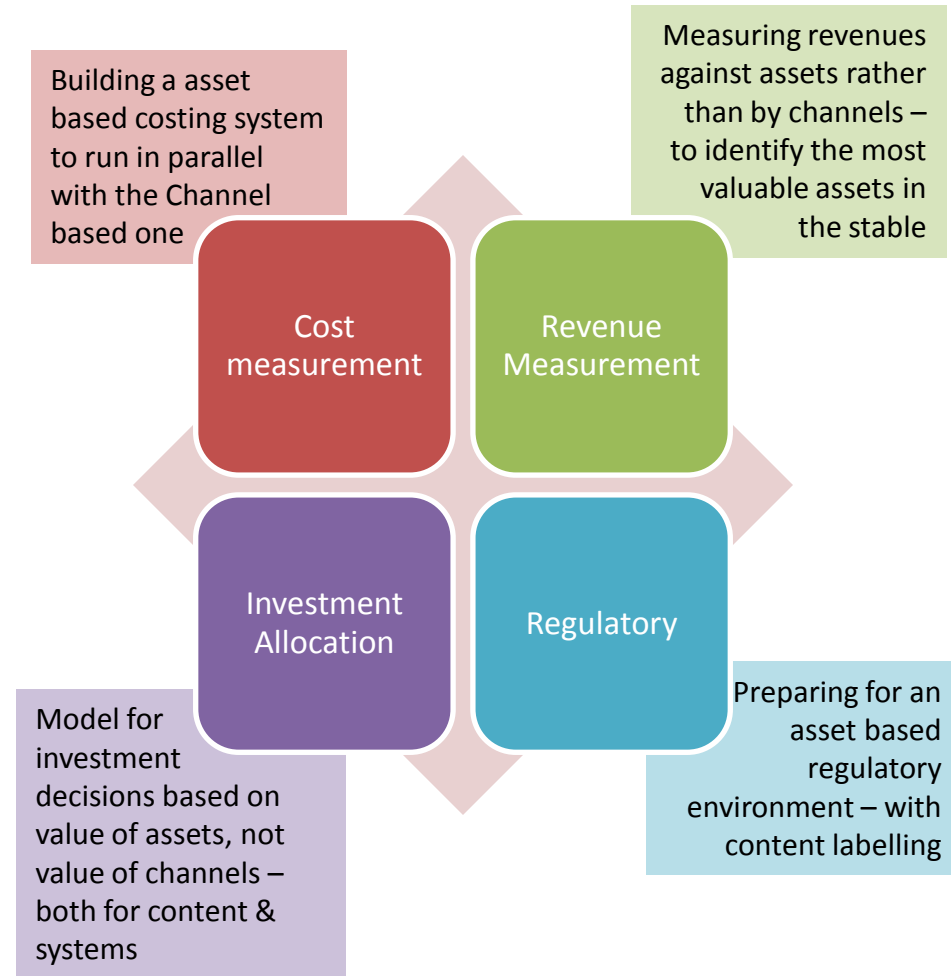
Key Business Change: From Channels To Assets

Why?

- Increase in VOD & reduction in channel & schedule based viewing makes an asset centric model a necessity
 - E.g. Olympics VOD Content
 - Athens 500 hrs/ Beijing 2700 hrs
 - London 100% + coverage

How?

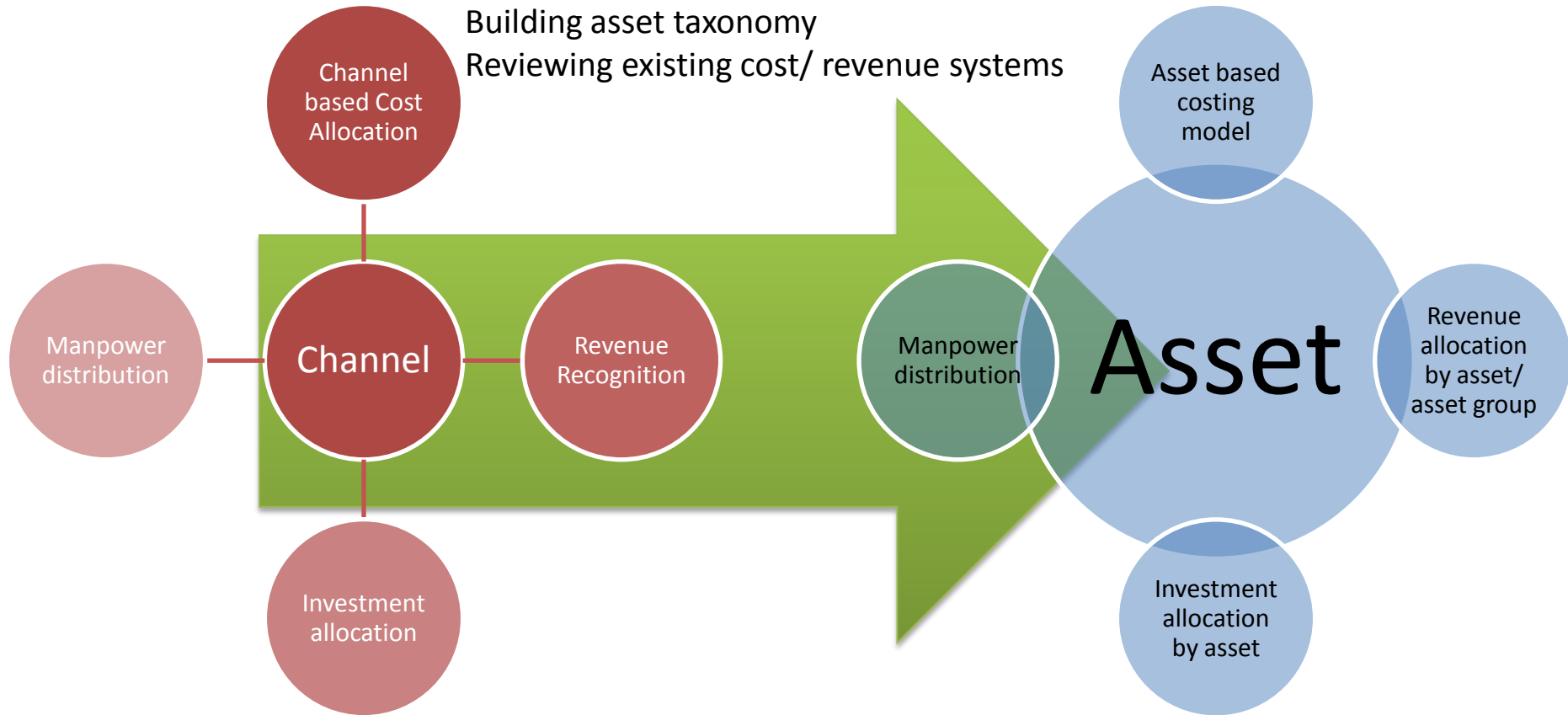
- Transition from channels to assets
 - Measurement /parallel accounting to be set up
 - Asset based Metrics for investment to be defined
 - Regulatory trends to be tracked
- Underlying software capability in place (e.g. Market leaders in Channel Management Sysms such as Pilat & Mediagenix)
 - Ammortization models, revenue recognition models, cost allocation models
 - Formulas need refining



“The London Olympics will mark the end of the traditional model of broadcasting in sport” – Eric Huggers, BBC

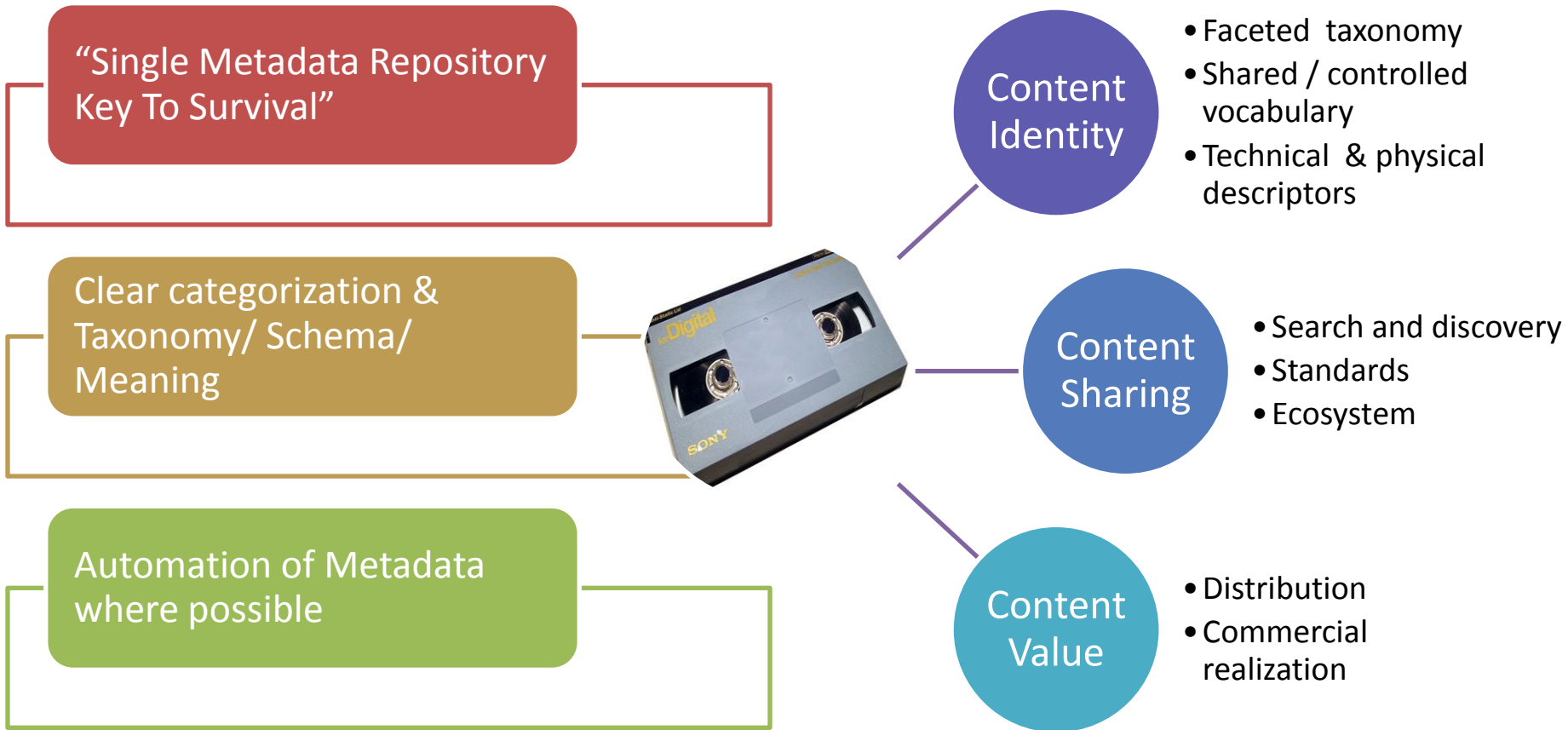
Making The Transition

Identifying existing channel – asset combination
Building asset taxonomy
Reviewing existing cost/ revenue systems



Creating a (parallel) asset based reporting and accounting model
Identifying appropriate ratios for allocation of costs and revenues
Classification of assets by cost & revenue
Incorporating into existing systems

Metadata

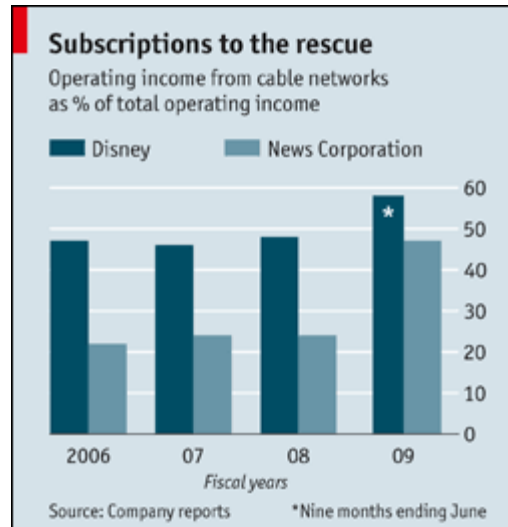
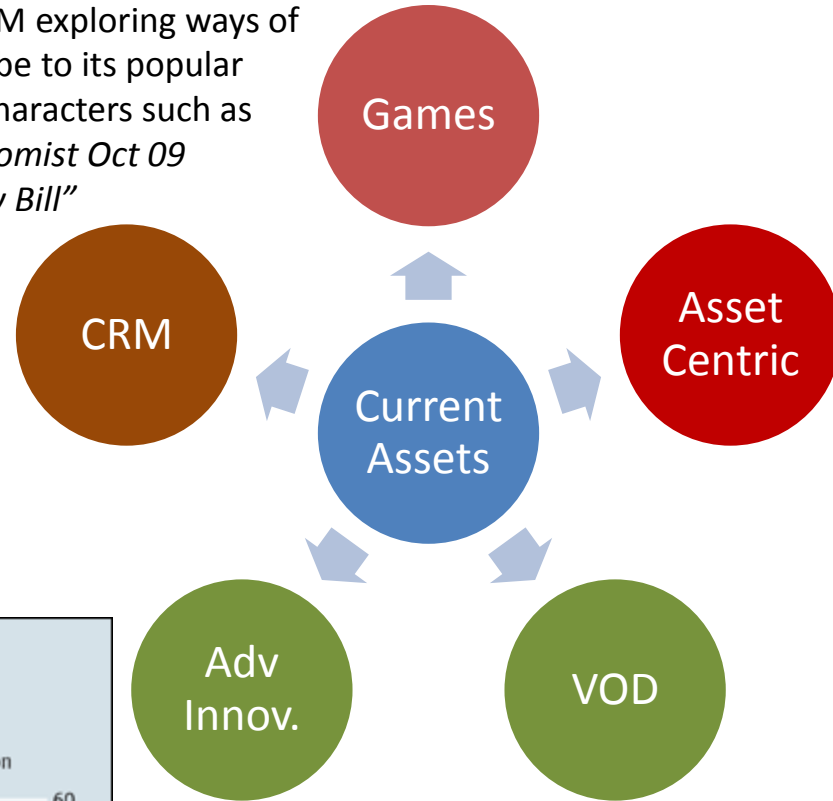
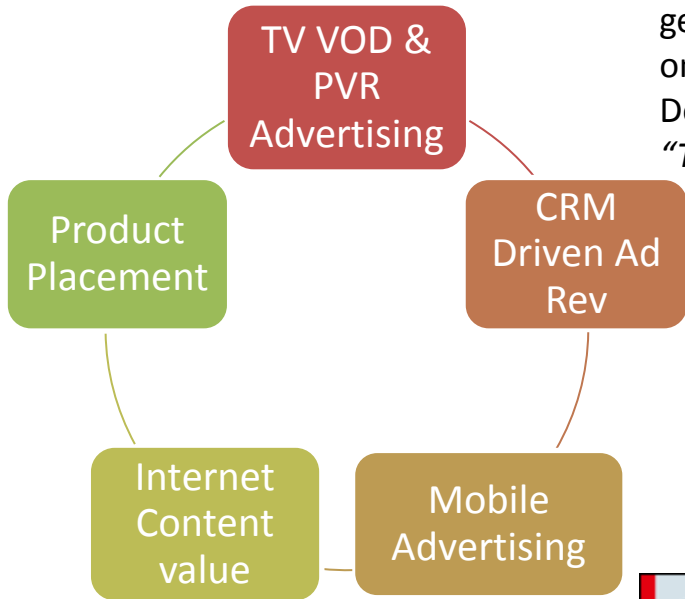


Birth & Death Certificates: Life begins and ends with metadata

“Content value is ALL about the metadata” – Gary Morris SVP Content Technology, 20th Century Fox

Maximizing Current Commercial Value

Philippe Dauman, :VIACOM exploring ways of getting people to subscribe to its popular online games based on characters such as Dora the Explorer – *Economist Oct 09* “Triumph Of The Monthly Bill”



- Future
 - Getting Consumers to Pay
 - Subscriptions

ThinkPLANK

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- We provide consultancy and project services
- We deliver requirements, process analysis, business change and convergence strategies.
- We work on to create and improve online commerce opportunities
- We provide consulting and undertake projects around strategic offshoring & outsourcing in technology and business processes
- We bring new perspectives to problems.
- Our clients include MTV & FutureBrand

Thanks