

The Internet and Media: Next Ten Years

William J. Raduchel
TeleSoft

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Media Balances Three Forces



Consumers



Content Owners



Advertisers

Focus will shift from viewers to advertisers.

Different Needs

- ◆ Content owners need to be paid: Keep honest people honest.
- ◆ Advertisers need engagement so that consumers absorb and respond.
- ◆ Consumers need to be entertained, informed and connected.

And the network operators need to be paid also!

Consumers

- ◆ Loneliness, boredom and self-esteem
- ◆ Many choices and growing, limited time
- ◆ Research shows too much choice is bad
- ◆ Disconnected social networking
- ◆ Evolving to connected socializing
- ◆ Everyone is performing
- ◆ All the time: Facebook for Blackberry

Consumer/Curator/Creator

- ◆ Creator and/or Curator: PC/Mac privileged---
Mac better
- ◆ Personal with Some Curator: PC or new device maybe in conjunction with TV---
Windows Media Center privileged but flawed:
Virgin America Red
- ◆ Shared and Largely Passive: TV privileged---
extenders like AppleTV, XBOX 360

The Bargain

- ◆ Original bargain: consumers got content in turn for viewing/listening to ads
- ◆ Television especially made bargain more intrusive by increasing ad content
- ◆ New bargain not yet clear

TV 2.0 like Web 2.0 will be organized not just around what I want to do but also around what my friends are doing and all viewing will be personalized---huge infrastructure implications.

Five Delivery Paths

- ◆ Digital Cable: increasingly like Internet, more efficient protocol for long-form video, passive optical
- ◆ Satellite/Off-Air: advantaged for multicasting, speculative download, DVRs, couple to wireless
- ◆ Wired Internet: asymmetry limits peer-to-peer, caching in edge routers resembles digital cable
- ◆ Wireless Internet: can be more symmetric, more peer-to-peer, partner to satellite/off-air
- ◆ Mobile: DTH, mobile HDMI

Digital kiosks are an interesting complement!

Delivery Convergence

- ◆ Equivalent paths but differing cost profiles
- ◆ Set-top box cost will drop sharply
- ◆ Anti-piracy solution not yet there
- ◆ TV clearly winning the living room
- ◆ Personal viewing of megahits the constraint
- ◆ Popularity of HD greater than expected
- ◆ Personal domain definition elusive
- ◆ Net neutrality a battle over profits, not principle

Competing

- ◆ Content rights: advantage cable/satellite
- ◆ Advertising targeting: advantage Facebook?
- ◆ Internet munitions: advantage Google
- ◆ News feed: advantage Facebook Platform
- ◆ Code flexibility: advantage Facebook
- ◆ Packaging: advantage widgets
- ◆ User-created content: advantage Internet
- ◆ Infrastructure: advantage cable/Telcos

Clips

- ◆ Clips are special as they drive viewing
- ◆ Advertising around clips may outvalue advertising on original showing
- ◆ Clips link viewing and social networking
- ◆ Metadata is essential
- ◆ Clip rights up for grabs yet

Four Terabytes

- ◆ 400 HD Hours
- ◆ 8000 SD Hours
- ◆ 2,000,000 YouTube Minutes
- ◆ 1,000,000 CD songs
- ◆ This is what an edge router can cache easily in 2008
- ◆ Fundamental question is what percentage of viewing this represents: 10 or 90

Advertising

- ◆ Advertising will inevitably be all preference-driven and dynamically and uniquely served
- ◆ Including TV commercials
- ◆ Advertising selected by dynamic auction: exchange model
- ◆ Accommodating local ads and local based services essential
- ◆ Very different business models could emerge

Slingbox

- ◆ Personal (re)broadcasting
- ◆ Threatens mobile content business
- ◆ Adding Internet content
- ◆ Serving NFL and NHL in U.S. on the Internet
- ◆ Copyright issues
- ◆ DVB-H a logical competitor
- ◆ Just acquired by DISH

Potential Layers

- ◆ Social Networking ala Facebook
- ◆ Content recommendation engine
- ◆ Clips
- ◆ High-speed cache
- ◆ Ad-serving network

All five delivery paths can work.

Thank You