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People who need people: harnessing the P2P base as a target market





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Who I am and what I do


- European Telecom Analyst/Global Telecom Strategist.
- Two years ago I started to focus on the bear case for the incumbents – changes in technology and consumer behavior that will disrupt traditional business models.




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For more information...





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Background

- My professional interest in this subject:
 - Telcos control broadband pipes
 - They are battling cannibalization of their core business
 - VoIP & voice/video IM (some of these are P2P applications)
 - Cellular substitution
 - Cable triple play
 - They don't want to be reduced to a "dumb pipe"
 - They think they have to do content too

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Market size and nature

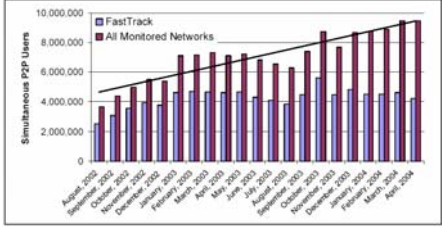
- OECD data shows a jump from 7m concurrent P2P users in April '03 to 10m one year later. Users collectively share 10 petabytes of data.
- Seven of the top ten file sharing countries are in Europe. In France and Germany nearly 1% of the total population engages in file sharing.
- A platform shift is occurring. Fast Track users have been stable since late 2002, but the total market has grown significantly.

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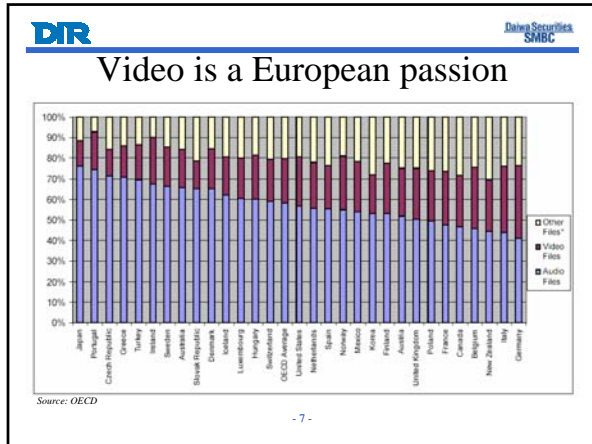
The platform shift

Recipients of the shift, e.g., BitTorrent, indicate a more intense interest in video.

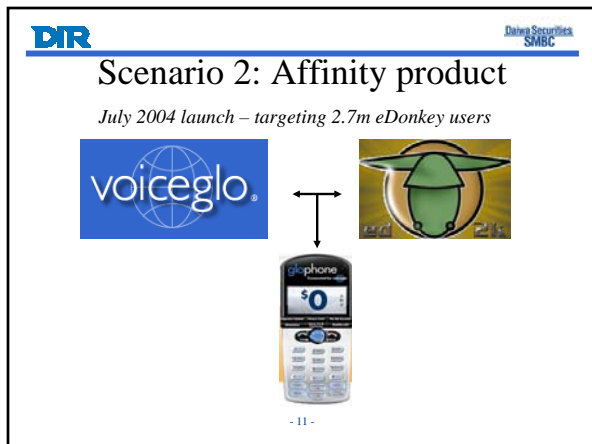
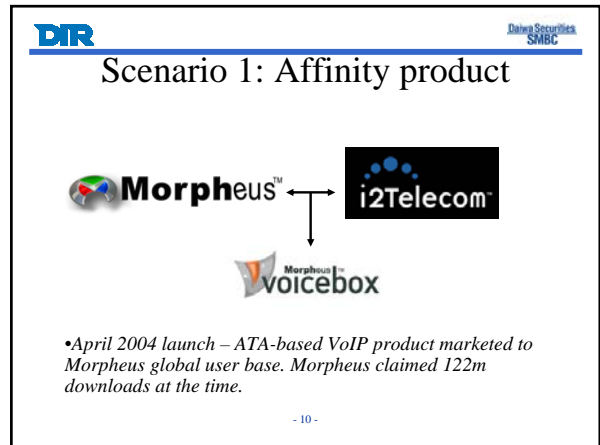
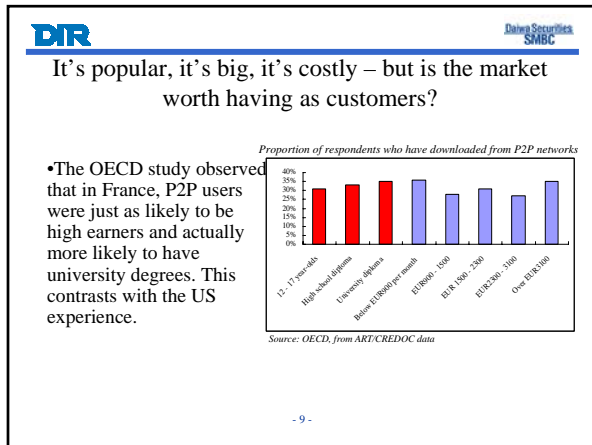


Source: OECD

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- ## Imposing costs
- In France 31m films are downloaded each month, but from non-commercial sites. 19% of internet users in France have downloaded films, but only 4% have paid for them.
 - P2P accounts for c.80% of broadband ISP traffic. CacheLogic estimates European ISPs will spend EUR100m this year on transit costs alone.
 - Blue Coat found that 39% of P2P users in the US do so on corporate networks.
 - ISP Tiscali sued by Belgian rights group for not degrading or blocking P2P traffic.
 - French ISPs agree to disconnect P2P users when issued with court order prompted by labels/studios.
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Scenario 3: Affinity product on steroids

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Voipster

- White label P2P telephony solution with PSTN breakout
- Targeting B2B and ISP markets
- Aiming at global IP peering with other platforms




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Peerio


- Out of nowhere into the market with four contracts in hand.
- Embedded product strategy – think “Intel inside”
- Claims compatibility with H.323 and SIP.



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Scenario 4: Give the user some




Employing DRM to allow syndication of purchased content to friends for a commission

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Scenario 4a: Give the user some

- Could this model be applied to an enhanced version of TiVoToGo? Or to open-source platforms like Torrentocracy?



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Scenario 5: Ad hoc viral marketing

- FORMobile from Forbidden Technologies uses Bluetooth to distribute video content between Symbian-based phones.
- SMS used for billing authentication and for user permission in the case of free promotional content.
- Wi-Fi equivalents exist (Pocketster), but not with the same intent.



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Closing thoughts

- Evidence suggests that the market in Europe may have embraced video file sharing on a more widespread basis than many other markets.
- Demographic profiles suggest this may be a viable market for those able to harness it.
- Early examples of cross-marketing to P2P users seem to validate the attractions of the market.
- Further possibilities are opened up by viral marketing and P2P content syndication models.

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