The State of IPTV.

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Overview

Despite a wide and varied content landscape and the excitement surrounding Internet television, first Internet ventures failed and IPTV.1 did not take off*

Is the timing finally right for IPTV.2?

*IPTV (Internet Protocol TV) refers to TV/video over Broadband Internet

In the summer of 2001….

Why Did Internet Ventures Fail?
- Disappointing broadband penetration
- Technological difficulties
- Insufficient revenue streams
- Poor fit between content and audience

Summer of 2001…

“Everyone had great ideas… It was just before their time”

(Peter Scott, Nascar.com, 2001)

Spring of 2005…
Increase in Broadband Penetration:

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in % of Total US Households


Growth in Video Streams Served

Total video streams served/viewed rose 80% in 2004 to 14.2 Billion*

* 78.3% of video streams served were viewed at Broadband rates

Source: AccuStream iMedia Research, 2005

Improved Technology

2001 Video crashed and stalled, poor quality, multiple video standards. Long download time

2005 Improved quality video, still no guarantees
  • Open standard video adopted
  • More sophisticated media players
  • RSS (Real Simple Syndication) feeds – easier to distribute and receive content
  • Reduced costs of DV camcorders and computers

Result: Improved user experience. Lower barriers of entry

Revenue Streams

2001 Investors and advertisers pull out of Internet market. Very little audience generated revenues.

2005 • Advertisers are returning: Internet fastest growing medium for advertising spending in 2004 (+33% from $7.2 to $9.6 Billion)
  • Major sites have run video ads (5-15 second “pre-roll”)
  • Syndication and subscription models

Result: Possibility of increased revenue streams. Will people pay for streamed content?

Content Landscape: Audience

2001 Majority of BB users at work (72% vs 20% at home)

2005 • Growing BB usage at home and schools (52% home, 64% school)
  • Internet Streaming – not just from work
    1 in 4 streamed from home
    (96% from work, 48% from school)*
  • Online Video users skew male and older

Result: Streaming from home may have positive implications on long form TV/Video content

* Source: *Comscore Media Metrix, Nov 04 ** Online publishers, Magid associate, 2005, N=27,841

Improved Technology

What about the content?...
Streaming Video Content (2004)

Share of streaming video

- Fan and General Entertainment: 18%
- Music Videos: 33%
- Internet TV: 15%
- Sports: 16%
- News: 18%

Internet TV rose from 6% in 2003 to 15% in 2004

Average length of stream is 2.0 minutes

Source: AccuStream; iMedia Research, Q 1-2, 2004 *Average Broadband Household

Content Landscape: Content Providers

Broadcasters
- From individual clips to Broadband Channels
- Both re-purposed and original web-only content
  - MTV overdrive
  - ABC Video Player
  - CBS: Top videos
  - NBC: NBC Screening room
  - ESPN 360

New online networks:
- Current.TV (www.current.tv)
- Omn.org (open media network), (publicTV content)

Content Landscape: Content Providers

Hollywood Studios:
- Better quality movie trailers (Apple.com)
- Web based VOD service: (MovieLink, CinemaNow)

Syndicators & licensors:
- Rise of video search engines: Yahoo, MSN, Google
- Distribution of original content
- Local media Network (LMN) aggregating 147 local TV networks
- RSS feeds – easier to distribute and receive content

Content Landscape: Content Providers

Independent Dot.coms:
- Short films: iFILM
- Independent movie makers (Duality.com)
- Alternative content (JibJab)

User Generated Content
- Substantial Growth
- Lower barriers to entry, easy to use tools
- Growing numbers of Vlogs and Podcasts
- Vlogging communities: (vidblogs.com, http://freevlog.org/)
- Vlogging networks Rocketboom (daily vlog – news)
- Business opportunities: advertising, archiving (google vlog)

The State of IPTV.2: Conclusions

Growing Opportunity and New Challenges

- Increased BB penetration
- Improved user experience
- Revenue streams
- Better fit between content and audience

Changing Viewing Habits
- Mobility, Portability, On-Demand, Choice, Viewer Control

New Challenges
- Piracy, DRM, Multi Platform IPTV distribution
- Different content for different devices?

The State of IPTV.2

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