

Gary Shapiro
2013 International CES Keynote

Welcome to the 2013 international CES, the world's largest and greatest innovation event!

Innovation is our best hope for economic growth, job creation and advancement of the human condition. As we debate how government should tax and spend, we can agree that encouraging innovation is a strategy that helps economic growth which reduces budget deficits, and is good for nations and people.

So let us start by recognizing those who brought us to the dance including the small entrepreneurs and big companies taking risks and trying new things by innovating and exhibiting at CES. Please join me in applauding the 3,300 exhibitors of the 2013 International CES.

CES is more than a tradeshow. It is a gathering of the brightest minds and the top leaders from many industries. It is for entrepreneurs, dreamers, imaginers, leaders, analysts, strategists, reporters, investors and those seeking a glimpse into the future.

In this tough economic climate, CES offers comfort, excitement and optimism. It is where we can see a brighter future fueled by innovation. At CEA, we foster innovation, as a national strategy and as part of our mission, all year long in several ways.

1. First we host CES

- This year we have a record 1.9 million net square feet (nsf) of exhibit space.

- Our Eureka Park exhibit features more than 150 companies.
- The number of digital health exhibitors is up 25 percent.
- Our iLounge pavilion features more than 400 companies and covers 120,000 nsf.
- We have eight auto companies here, exhibiting the latest in car technology in more than 100,000 nsf.
- We have 300 conference sessions with 800 speakers.
- Last night, we kicked off our keynote series with Qualcomm's Dr. Paul Jacobs who excited the crowd with Qualcomm's Born Mobile theme, incredible innovations and surprise guest appearances by Microsoft's Steve Ballmer, famed director Guillermo Del Toro, NASCAR Champion Brad Keselowski and Adam Levine of Maroon 5.
- You will see the latest in Ultra HD televisions, connected TV and OLED TV.
- And we are the largest app event in the world.

2. Innovation Movement (2012)

Our grassroots Innovation Movement is now 250,000 strong and we had important victories in the policy arena this past year:

- Secured free trade agreements with South Korea, Panama and Colombia
- We worked with Congress and the FCC to begin to open up and provide additional spectrum to help facilitate the next generation of wireless technologies.
- And a year ago, when few thought it could be done, we won the fight for an open Internet by defeating SOPA and PIPA, a movement started here at CES.
- And although it died, we supported the findings of the Simpson-Bowles commission and its recommendations for deficit reduction.

3. *It Is Innovation*

We are launching a new magazine here this week – *It Is Innovation (i3)* examining innovation stories. Get a copy at the Experience CEA booth.

4. Ninja – Language of Innovation

We believe so strongly in the power of innovation, we coined a new term – Ninja Innovation. Discipline, Determination, Passion. Think outside-the-box.

Ninja Innovation – the title of our new book. What leads to success; how failure can help us succeed; and the common characteristics of successful companies' all through the lens of the CE industry. The book highlights ninja warriors – IBM, Amazon, eBay, Ford, Monster, HealthSpot and Bill Gates, Steve Jobs and Jeff Bezos.

Ninja Innovation is a companion piece to our first book, *The Comeback*, which provided a public policy blueprint to encourage innovation. All proceeds from both books go back to CEA to help fund industry initiatives. Get your copy online or at the show.

Ninja's collaborate and they solve problems without government. That's why I am pleased to introduce the result of two industries working together to solve problems and create opportunities.

I am pleased that we have executives here to announce a groundbreaking, cross-industry digital promotion between their studios and several major consumer electronics companies. Please join me in giving a warm welcome to the President of Warner Home Video Ron Sanders.

Ron Sanders:

Thank you, Gary, for that warm introduction.

We appreciate your sharing the stage with us today, as well as sharing our common vision for the future of home entertainment. I'm joined today by

President of Sony Home Entertainment David Bishop; President of Universal Studios Home Entertainment Craig Kornblau; Worldwide President of 20th Century Fox Home Entertainment Mike Dunn; and COO and President of Lions Gate Entertainment Corp. Steve Beeks.

We're very happy to be here today to announce an upcoming partnership between the Hollywood studios and several major electronics companies including the biggest and most respected manufacturers of big screen TVs, Blu-ray players, and makers of some of the most innovative hardware we will be seeing at the show this week. Later this year, consumers who purchase select connected TVs or connected Blu-ray players from these manufacturers will receive up to 10 free UltraViolet movies.

The “Get Connected UltraViolet Movie Starter Pack” campaign we’re announcing today is a partnership with LG, Panasonic, Philips, Samsung, Sony, Toshiba and Vizio. This is a great cross-promotion for the industry, because it provides extra value to hardware consumers, while providing yet another gateway for movie fans to enjoy their favorite films digitally, anytime, anywhere and on the device of their choosing. UltraViolet allows movie consumers to link their digital retail accounts together so that any purchase can be played back or downloaded from virtually any connected device.

Consumers get permanent cloud storage of their collection without being limited to any one retailer’s devices or technology—they can always get their movie. UltraViolet files can be securely streamed or downloaded to an installed base of literally hundreds of millions of connected devices. Over the coming year, we can expect to see additional retailers and platforms offering consumers more and more seamless ways to get their collections and new purchases into the UltraViolet cloud.

Along those lines, we're excited to see new in-home disk to digital services

like those that Walmart, Best Buy and Flixster are bringing to market. These services will allow consumers to create UltraViolet-enabled digital copies from their existing DVD collections from home and unlock the value of their video libraries. We are extremely optimistic about in-home disc-to-digital and believe it will have a profound impact on the growth of UltraViolet, as well as on consumer satisfaction.

UltraViolet has had an extraordinary year. We expect to hit 10 million UltraViolet accounts in the weeks ahead, more than double the number of registrations we had just six months ago. And there are now more than 8,500 UltraViolet-enabled movies available in the marketplace.

In closing, it is important to note that all of this activity from manufacturers, retailers and studios will continue to increase consumer awareness, interest and participation in UltraViolet. As each company promotes their own individual products and services, we believe the collective benefit will lead to exponential growth for electronic sell-through, video-on-demand and the entire home entertainment industry. On behalf of the major studios represented here, I would like to thank you for giving us the opportunity to join you today and announce this bold new partnership between electronics manufacturers and Hollywood. And to thank Gary and the entire CEA for its support of UltraViolet and the open ecosystem for delivering content to consumers. Enjoy the show.

Gary Shapiro:

Thank you Ron.

Ninja innovators shine a bright hope of light in these uncertain times. The products launching this week at CES – some 20,000 – from Ultra HDTV to sensing technologies, connected vehicles and beyond, breathe renewed energy into our economy.

Our industry did well in 2012. In the U.S. we grew at 4.7 percent and passed the \$200 billion mark. For 2013, we are projecting our industry will almost hit \$210 billion – a 2.7 percent increase.

While we had a lot of success in 2012, much work remains to be done. We need a political and legal environment that's hospitable for companies to keep their operations – and jobs in the U.S. We need the U.S. government to have a Ninja moment of its own.

We need:

- A government that solves problems without regard to political party.
- To grow up and accept responsibility. As baby boomers, we have promised ourselves benefits paid for by our children. It is time for us to “man up.”
- Patent reform – CEA will be fighting to stop patent trolls.
- Strategic immigration – our laws should encourage and enable the best and brightest to come here and stay here to innovate, start companies and create jobs.
- To protect and foster entrepreneurs and start-ups.

Startup innovators are true ninjas. They are jumpstarting our economy and paving the way for America's future.

- That is why we supported the bipartisan JOBS Act. This new law includes provisions supporting crowdfunding and cuts Sarbanes Oxley requirements that handcuff small businesses. The SEC now needs to implement it.
- And that is why we launched our Eureka Park exhibits here at CES – to provide a venue for startups.

That is also why CEA recently created a new membership category to welcome startups that includes business mentoring, networking, industry information and promotional opportunities.

The CEA supported documentary *Silicon Prairie*, which debuts here this week, highlights ninja innovators across the U.S. You can find ninja innovators in startups around the world. You can find them in large multinational companies. In Hollywood studios. In trade associations, like CEA. And, yes, you can even find a few working in government. Many of you here this morning are ninja innovators. We want to tell your stories, too.

This year we're launching an app you can download called "I Am Innovation." Through this app, we want to collect stories of innovation and personal views on the importance of fostering innovation. We will take these collective stories to lawmakers to help them understand why we need pro-innovation policies. We encourage you to download the app to share your story and views. You can download it at DeclareInnovation.com

The Ninja goes into battle with few weapons and few resources. He cannot rely on greater numbers or superior firepower because the enemy will have him beat on both counts. But the ninja is not without advantages. He has the cunning, creativity, training and smarts to use anything and everything to his advantage. The ninja may make mistakes, but he will not be defeated by them. The ninja has no choice but to live by the words: Innovate or die.

That is the phrase I have used on this stage for several years and it is what defines our industry and our nation. Yes innovation is hard. And innovation is scary.

Innovation disrupts and sometimes kills existing business models, legacy ideas and preconceptions. But the truth remains: our industry and every company in it must continue to innovate or we die.

Anyone can be a ninja. Being a ninja is a way of looking at and approaching the world. It is a philosophy of being your best. A way of

solving problems. A commitment to making yourself and your enterprise better.

Ninjas imagine the future and then create it.

As you walk the halls of CES, you will see how innovation can turn imagination into reality. You will see how innovation can solve our global challenges, provide new hope and prosperity and revolutionize our world for the good. I hope it inspires you the way it inspires me. And I hope that it awakens the ninja inside each of us not just for these few days but throughout the year.

Thank you for your time today.