

**TREMOR MEDIA,  
SONY & PAYWIZARD  
DISCUSS THE  
FUTURE OF PAY-TV**

**MAN ON A MISSION:  
TOM CAPE, MD OF  
CAPABLUE TALKS  
CONNECTED TV**

**BILL GASH ON HIS  
TENURE AS  
CHAIRMAN OF THE  
IAB VIDEO COUNCIL**

**FLORIAN PESTONI  
OF ADOBE SAYS  
HTML5 IS NOT A  
“FLASH-KILLER”**

## The Rise of Social TV

**Exclusive interviews with Anthony Rose,  
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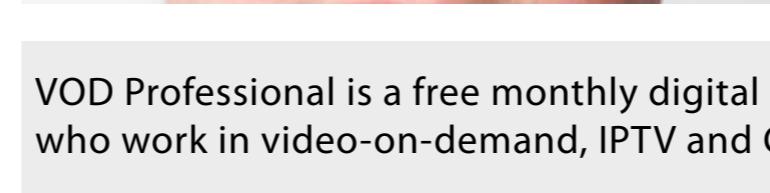


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VOD Professional is a free monthly digital magazine distributed to over 23,000 people who work in video-on-demand, IPTV and Connected TV in the UK, US and Europe  
**Editor:** Kauser Kanji **Website:** built on Umbraco CMS by Oliver Wood  
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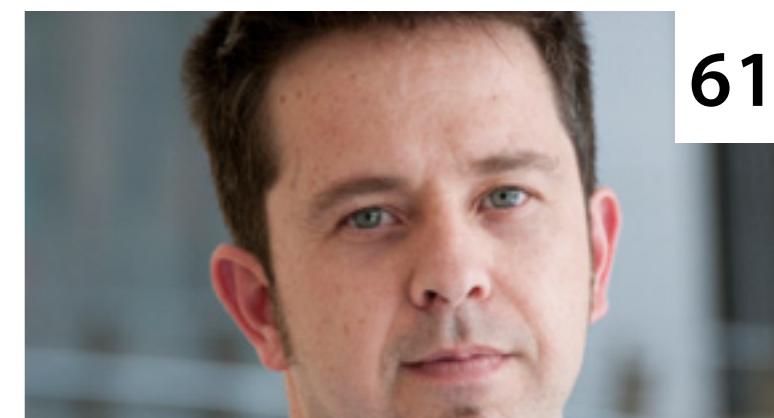
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## Editor's Note

Hello and welcome to the second issue of VOD Professional magazine. Since the launch edition came out a couple of months ago I've discovered three things:

- 1) That there is a real appetite amongst our industry for something like VOD Professional which, with its news, reviews, interviews and technology pieces, seems to have struck a chord with many readers. I received a number of supportive and encouraging emails from you fine people and I was happy. Thank you. I'll try not to sob.
- 2) That in this world of new television everything moves at breakneck speed. Our cover story is about the rise of 'Social TV' (see page 31) and four out of the five people I interviewed for the piece (no neophytes these, we're talking grizzled execs here) said, of their own volition, that they'd never known a sector to be growing so rapidly. It's an exciting time and we have some great stories to share.
- 3) That pay-TV is another hot topic right now. All businesses want to make money of course but even 6 months ago, monetisation was mainly something that our American colleagues were keen to talk about. The US has a bigger population, a greater number of companies in the television space and a more mature market than ours so that isn't surprising but in the past few weeks, ITV has announced that they'll be testing a new VOD payment mechanism soon, Channel 4's new iPhone and iPad apps have direct links to iTunes so that users can pay to own shows and Sky is starting to roll out subscriptions for online viewers.

So, in this issue, starting on page 51, Stephen Petheram from Paywizard talks about how to get multi-screen to pay, Edd Uzzell from Sony discusses the customer proposition on Connected TV, and Dan Ruch from Tremor Media looks into the future of the ad-funded model.

Congratulations to Dan by the way for taking up the joint chairmanship of the IAB Video Council with Simon Daglish of ITV. If you want to know more about what the IAB Video Council does and how you can get involved, you may like to read our interview with the outgoing chairman, Bill Gash, on page 24.

We also have two other fascinating interviews to bring to your attention. The first is with Tom Cape who looked after the development of Sky Player in 2005, 4oD in 2006, was CTO of Project Kangaroo (remember that?) and now runs a successful digital agency called Capablue which specialises in VOD and Connected TV apps. And the second is with Florian Pestoni, Group Product Manager at Adobe, who tactfully straight-batted away all my questions about whether HTML5 was a "Flash-killer" and why Apple weren't using Flash.

Look out too for pieces on digital piracy by Eddie Abrams of Fetch TV (page 59), Facebook voting by Jane Seery (page 57) and Tom Thorne of Candyspace Media who tells us how his company built the new ITV Player apps for iOS and Android (page 26).

**Kauser Kanji**

## 180m Long-Form Videos Served by ITV Player

Half-year results for ITV Plc show that ITV Player, which recently launched on Android and iOS devices (see right), served 180 million long-form videos in the first half of 2011. That's an increase of 64% from the equivalent 2010 figures. Broadcast and online revenues rose to £887 million.

ITV's financial statement, released at the end of July, also contained a commentary on the company's online strategy:

"We are investing in fixing our online technology and we are building scale in our Online business. Our new Online team is investing in both quality of technology and ease of use, and in driving up commercial performance. We are widening the distribution of ITV player, which is now available on Android and Apple devices and Freesat. Online usage grew strongly with average monthly unique users up 19% to 10.8 million (2010: 9.1 million) and long form video views up 64% to 180 million across all of our platforms. Online revenues increased by 33% to £16 million (2010: £12 million)."

Adam Crozier, ITV plc Chief Executive, also said that "We plan to have a pay mechanism in place around the turn of the year so that we can test what viewers are willing to pay for, and we continue to work with our partners on YouView, which is on track for launch early next year."

ITV later clarified this by saying that catch-up services on ITV Player would remain free of charge.

You can download ITV's full financial results [here](#).



## ITV Player App Launches Across Apple Devices

The new ITV iOS app became available to download at the beginning of July for use across iPhone, iPad and iPod Touch devices. This followed the launch of the Android version the previous month.



The first UK broadcaster to roll out a player app that is compatible with all three leading Apple devices, the ITV Player app provides customers with access to the last seven days of ITV's catch-up content on ITV1, ITV2, ITV3 and ITV4.

ITV worked closely with mobile and multichannel digital agency Candyspace to design and develop both sets of apps.

Robin Pembroke, Managing Director, ITV Online and On Demand said: "I'm genuinely thrilled to be launching our ITV Player app across the Apple family of devices. This launch is a key moment in our mobile delivery strategy and we're very proud that a simple, user friendly and quality ITV Player experience is now available across a range of devices."

Tom Thorne, Managing Director, Candyspace said, "We are delighted to have worked with ITV on this first step into their mobile product rollout. This ground breaking application reflects the consumer need to deliver content across multiple devices."

**Read our review of the ITV Player app and exclusive commentary from Tom Thorne about the making of the apps on pages 26 and 27.**

## UKTV Enters VOD Market in Deal with Sky

Britain's second biggest pay TV broadcaster, UKTV, has signed a content deal with BSkyB to launch its first video on demand (VoD) service on Sky Anytime+ and a further three high definition (HD) channels.

This move will make the award-winning network Britain's largest HD content partner, strengthening UKTV's HD offering to five of its 10 channel brands. With Eden HD and Good Food HD already available to Sky viewers, Watch HD and Dave HD are scheduled to launch in October, with Alibi HD going live in 2012.

This high-profile agreement is particularly notable as it includes UKTV's first VoD distribution deal, with content scheduled to launch on Sky Anytime+ this September.

Initially launching with hundreds of hours of programming throughout the year cherry picked from across its network, UKTV's VoD service which will be refreshed on a monthly basis and nine box sets will be made available to Sky Anytime+ viewers every year. UKTV's service will offer crown jewels from the BBC archive, well regarded third party acquisitions and high-profile UKTV commissions, such as Fawlty Towers and Fry and Laurie; Reunited on Gold; Doctor Who and Total Wipeout USA on Watch; New Tricks and Murdoch Mysteries on Alibi; Top Gear and Argumental on Dave; Planet Earth and The Long Way Round on Eden; Extreme Makeover: Home Edition on Home; and Rick Stein's French Odyssey and Rachel Allen: Bake! on Good Food.

[www.uktv.co.uk](http://www.uktv.co.uk)



## Sky Now Has Over 10m Customers, VOD Service used by 800,000

Sky's latest financial results show that it has increased its total number of customers from 9.87m to 10.19m over the past year. Sky+ HD customers now total over 3.8 million (up 30% year on year)



The company's VOD service, Sky Anytime+, which gives users access to TV box sets and over 600 movies on demand, has had over 800,000 users since its launch in April.

Sky Go, which is the name for Sky's "watch anywhere" product, launched in July and lets customers watch live TV on the move via PCs, laptops, Macs, iPhones and iPads. Customers can register up to two devices for Sky Go and have access to a range of channels, including all five Sky Sports channels, in line with their TV subscription.

Sky's overall revenue increased 16% year-on-year from £5,709 million to £6,597 million.

An interesting nugget of information from the results is that Sky now spends £1.2bn a year on marketing - up £105 million since 2010 - and that it costs the company £376 to acquire a new television subscriber.

**You can download the full 31-page financial results here:**  
[http://corporate.sky.com/investors/press\\_releases/2011/results\\_for\\_the\\_twelve\\_months\\_ended\\_30\\_june\\_2011.htm](http://corporate.sky.com/investors/press_releases/2011/results_for_the_twelve_months_ended_30_june_2011.htm)

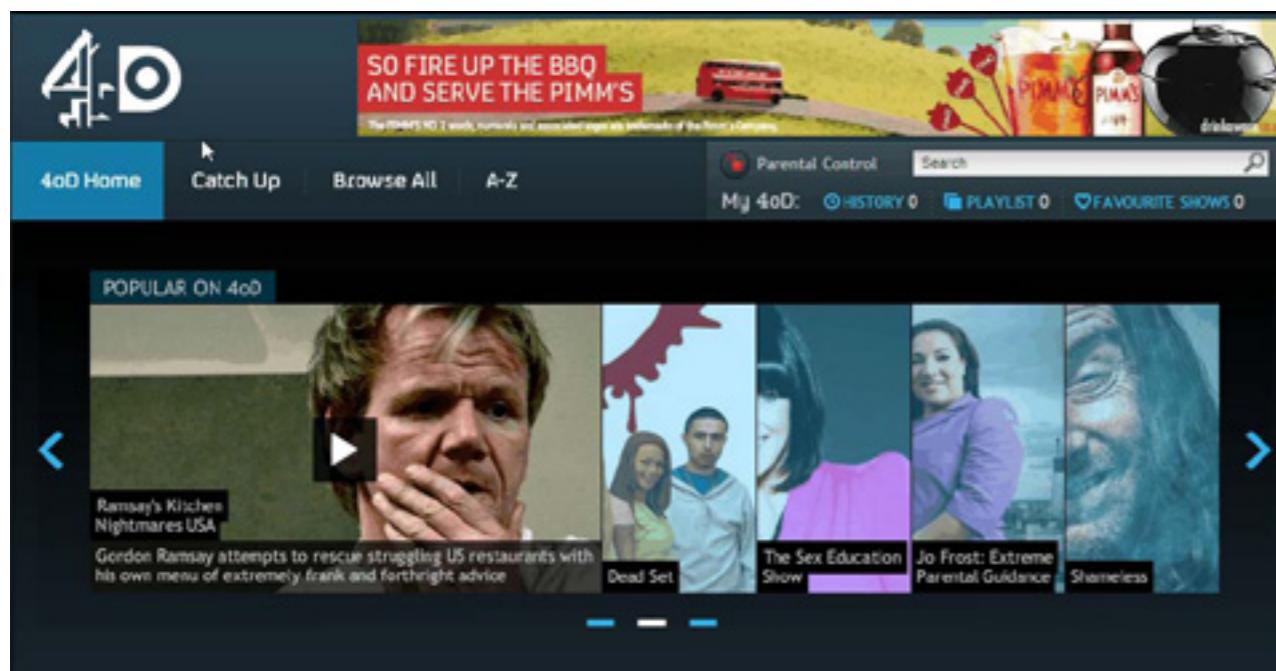
## Channel 4 Launches New 4oD

4oD on Channel4.com, the primary gateway through which millions of users watch Channel 4 on demand, has been rebuilt and relaunched.

With 215 million long-form video views in the first half of 2011, C4 remains the biggest commercial broadcaster in the UK VoD Market. And, unlike other broadcaster services, 4oD not only offers a 30 day catch up but boasts an extensive back catalogue of programmes permanently available to view on demand. New features include a fast predictive search and viewer driven recommendations, which significantly improve the discoverability of content in the extensive archive.

The all new 4oD also includes, for the first time, 'My 4oD' where registered users can sign in to access a number of enhanced features, helping them to manage and create their own on demand experience.

In a separate announcement, Channel 4 also said that Channel 4 News is now available, on-demand, through 4oD.



## And Publishes First Public Report on 4oD Viewing

Channel 4 has published its first public report on usage of its 4oD VOD service. The report highlights on-demand consumption across all available platforms including YouTube, SeeSaw, iOS, Playstation, BT Vision, Virgin Media, and TalkTalk.

Top-line figures show that 4oD recorded 3.4 million unique viewers and 29 million VOD views in July. The average viewing session was 24 minutes per view and each unique user watched 1.8 hours of content per month.

## And Rolls Out 4oD iPhone App

And finally, in a flurry of releases from C4 lately, following the re-launch of 4oD on Channel4.com, Channel 4 has launched a free to download, bespoke 4oD iPhone app and updated its existing iPad app.

Available to download from the app store now, the 4oD catch up app allows viewers to catch up with programmes from the last 30 days wherever they are in the UK, on whichever iOS device they own.

A search functionality has been included in the iPhone app (and added to the iPad app), which lets users find their favourite programmes by typing in the name of the show in the new search menu. And, for the first time, there will also be a direct link to Channel 4's content on iTunes, offering users the chance to download to own Channel 4 shows. Costs will apply for this service.

The app was designed by Nice Agency who were also responsible for the 4oD Catch Up app for iPad.

## Apple's App Store Downloads Top 15 Billion

Apple has announced that over 15 billion apps have been downloaded from its App Store by more than 200 million iPhone, iPad and iPod touch users worldwide. The App Store offers more than 425,000 apps and developers have created an incredible array of over 100,000 native iPad apps.

"In just three years, the revolutionary App Store has grown to become the most exciting and successful software marketplace the world has ever seen", said Philip Schiller, Apple's senior vice president of Worldwide Product Marketing. "Thank you to all of our amazing developers who have filled it with over 425,000 of the coolest apps and to our over 200 million iOS users for surpassing 15 billion downloads".

## Amazon Acquires Pushbutton

Having acquired Lovefilm back in January, Amazon has now bought Pushbutton, the company which developed Sony, Samsung and PS3 connected TV apps for Lovefilm. Pushbutton has also done work for the BBC, ITV, Disney, Sky, ESPN and Microsoft.

"Pushbutton has a strong reputation for delivering amazing user experiences on connected devices," said Greg Greeley, Amazon's Vice President of European Retail. "They were instrumental in helping launch the LOVEFiLM player through a variety of devices, and we look forward to helping them continue to innovate on behalf of customers."



## Virgin Media Launches Remote Record TiVo App

Virgin Media has launched a TV Guide smartphone app to accompany its new TV service powered by TiVo. The free Android app enables customers to browse the TV guide, see what's on over the next seven days and remotely set recordings from their mobile device, meaning Virgin Media customers with TiVo never need miss out on their favourite shows.

Available now from the Android Market Place the Virgin Media TV Guide app gives viewers ultimate control of their TV viewing. Virgin Media customers can personalise the app by creating a list of their favourite channels to ensure they're kept up to date with the week's TV schedule, and, with a detailed synopsis for each programme, telly fans can get the low-down on the latest episode, record their favourite show or series, and share what they're watching with friends and family by text or email.

Alex Green, executive director of commercial TV & online at



Virgin Media, said: "We think Virgin Media's TiVo Service is the best way to watch TV and our new mobile app enhances that experience by ensuring you'll never miss recording a programme whilst out and about. Our TiVo service already offers the most flexible and comprehensive recording options and features, which this new service complements."

## Virgin Media Releases Data on TiVo Viewing Habits

Virgin Media, via its latest entertainment trends report, the 'Entertainment Index', has provided a first look at the impact of its TiVo® service on the viewing habits of all its digital TV customers.

Initial data shows one in every four views of a TV channel did not originate from the traditional Electronic Programme Guide (EPG). Compared to other digital platforms where the EPG is the sole means of accessing channels, this is a marked shift by early adopters in how they find and watch what they want.

One way of getting to programmes on the TiVo Service is to look for them directly with the intelligent search feature. This brings up suggestions as the customer types, with typically just three clicks of the remote needed to find the desired show. The list of top searches reveals that half are for programmes not even in the top fifty most watched according to BARB for the period.

The top ten search terms by Virgin Media TiVo customers were:

1. The Apprentice
2. Camelot
3. Doctor Who
4. House
5. Glee
6. EastEnders
7. Dexter
8. Casualty
9. Desperate Housewives
10. Fringe

The list highlights the potential opportunity for programmes from channels further down the EPG to reach larger audiences, as demonstrated by Dexter on FX or Fringe on Sky1. This suggests

the growing success and relevance of word of mouth social recommendations or marketing campaigns rather than their scheduling and prominence.

The TiVo Service also introduces a growing number of apps from the likes of YouTube and Twitter to add further experiences like extra content and new interactivity as a part of the UK's first next generation TV experience. 79% of all the TiVo set-top boxes were used to access an app and, on average, each box launched apps 4.5 times a week.

Across Virgin Media's entire TV subscriber base in the first half of the year, customers made 484 million On Demand views - a 19% increase on the same period of 2010. That year saw 15% higher viewing in the second half, with particularly high viewing in the last three months, which suggests Virgin Media is on track to exceed the predicted one billion On Demand views in 2011.

Key statistics at a glance:

### TiVo Service

- 25% of channel views did not originate from the EPG
- The Apprentice was the most searched for TV show
- Half of the ten most searched for shows were not in BARB's most watched top fifty
- Apps were accessed on average 4.5 times a week, and by 79% of all set-top boxes

### On Demand

- 484 million total On Demand views in H1 2011, 55% of the 2010 total
- 258 million hours watched On Demand in H1 2011, 60% of the 2010 total
- On Demand viewing peaked at 9pm during weekdays
- Comic Relief and Britain's Got Talent top the seven-day catch-up charts in Q1 and Q2 respectively

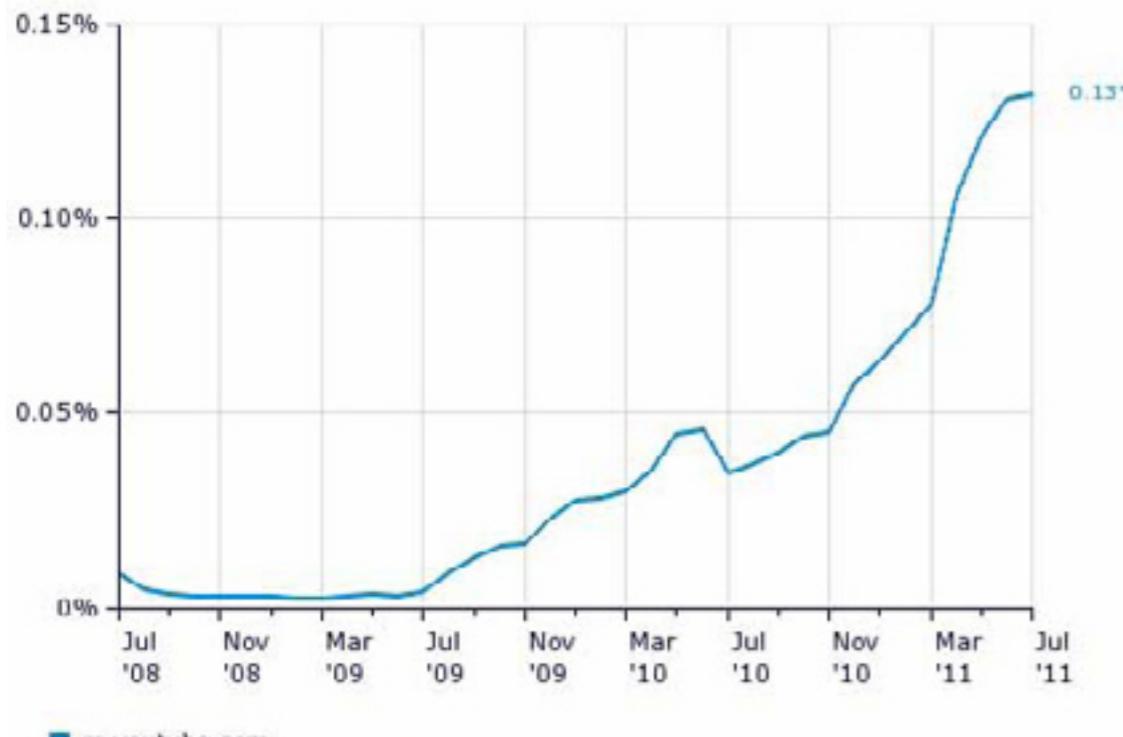
## Mobile usage boosts YouTube to highest ever traffic figures

YouTube had its biggest ever month of traffic in July, accounting for 1 in every 35 UK Internet visits during the month according to Experian Hitwise.

Factoring in the visits from mobile devices using 3G connections, Hitwise estimated that smartphones and tablets account for almost 1 in 10 visits to YouTube - a huge number considering the volume of videos watched on YouTube and the relatively short time that smartphones and tablets have been in mainstream use in the UK.



UK Internet visits to YouTube mobile



m.youtube.com

Monthly market share in 'All Categories', measured by visits, based on UK usage.

Created: 08/08/2011. © Copyright 1998-2011 Hitwise Pty. Ltd. Source: Experian Hitwise UK

## Collective Merges Web TV Enterprise Under Single Brand

Web TV Enterprise, previously known as the UK's largest premium online video advertising network, which was acquired by Collective in March, will be fully integrated and re-branded Collective Video. All Web TV Enterprise employees will now operate under the Collective brand. The new operation will see the Collective UK team expand to 26 people, all based in new offices in central London.



Following the acquisition of Web TV Enterprise earlier this year, Collective also bought rich media vendor OggFinogi and dynamic creative optimisation specialist Tumri.

"After launching just nine months ago in the UK, this expansion will enable Collective to present an unrivalled offering to advertisers, with the capability to deliver rich, video-enabled optimised creative to targeted audiences in premium environments," said Steve Filler, Managing Director of Collective UK. "The integration of Web TV Enterprise into the Collective brand, and the expansion of our team, will better serve agencies and brands seeking to benefit from the combined power of pre-roll and display, and the unified targeting and measurement opportunities we can offer."

<http://uk.collective.com/>

## Red Bee Acquires TV Genius

Red Bee Media, the leading media management company which provides multi-platform technology and creative solutions to broadcasters, content rights holders, platform operators and brand owners, announced the acquisition of TV Genius, an award-winning software company that specialises in cloud-based content discovery across the internet, TV and connected devices.

The strategic acquisition will blend Red Bee Media's rich metadata services with TV Genius' content discovery technology to bring a synchronised viewer experience across live and on demand TV with accurate search, personally relevant recommendations and enhanced TV guides across multiple platforms and devices. The deal demonstrates Red Bee Media's commitment to providing clients with market leading end-to-end solutions to maximise and monetise content and establishes Red Bee Media as the UK's first media management company to provide both broadcasters and platform operators alike with a holistic content discovery proposition.

"A critical requirement for monetising content across platforms and screens is to enable consumers to easily discover content in what is becoming an increasingly cluttered and fragmented marketplace", said Bill Patrizio, CEO of Red Bee Media. "Accurate search and personally relevant recommendation is a key differentiator in addressing this challenge and this acquisition allows us to significantly enhance our current offering by investing in new technologies at the core of the future TV experience. TV Genius is at the forefront of content discovery and we're excited to welcome them to the Red Bee Media family. Together, we intend to reinvent the EPG for online video."

"As an integrated part of Red Bee Media, TV Genius will now have the



ability to quickly grow its Content Discovery Platform while maintaining industry-leading relevance", said Tom Weiss, CEO of TV Genius. "The personalised EPG, social TV, and companion applications are changing the way we watch and interact with TV in significant ways. We're excited to be joining Red Bee Media to help create new consumer experiences for existing and new customers around the world."

In line with its ongoing growth strategy, Red Bee Media plans to invest in TV Genius' technologies as an integrated part of its portfolio and the core driver behind innovative and intelligent solutions for its content discovery offering and RedPlayer™, the first 'media grade' next generation online video platform. RedPlayer™, which was launched in June, allows broadcasters and content owners in the UK and internationally to deliver and monetise high quality video to multiple devices, including PC, iPhone, iPad, gaming consoles and connected TV in a secure and scalable manner.

TV Genius has seen significant year-on-year growth since its inception in 2005 and has established itself as a leading innovator in content discovery for operators, broadcasters and publishers. Its TV search and recommendation engine creates more than 100 million transactions each month in seven different countries and is used by a number of leading media businesses including ITV, Sky, Freeview, Astra, Bauer Media, IPC Media, STV and AOL. TV Genius recently announced the launch of its Facebook-integrated TV guide solution, further improving content discovery experience for TV viewers. The new solution uses TV Genius' award-winning Content Discovery Platform to personalise TV guides; when a user logs into the EPG with Facebook Connect, all the shows their friends like are instantly highlighted in the grid. The solution taps into the increasingly popular use of social media.

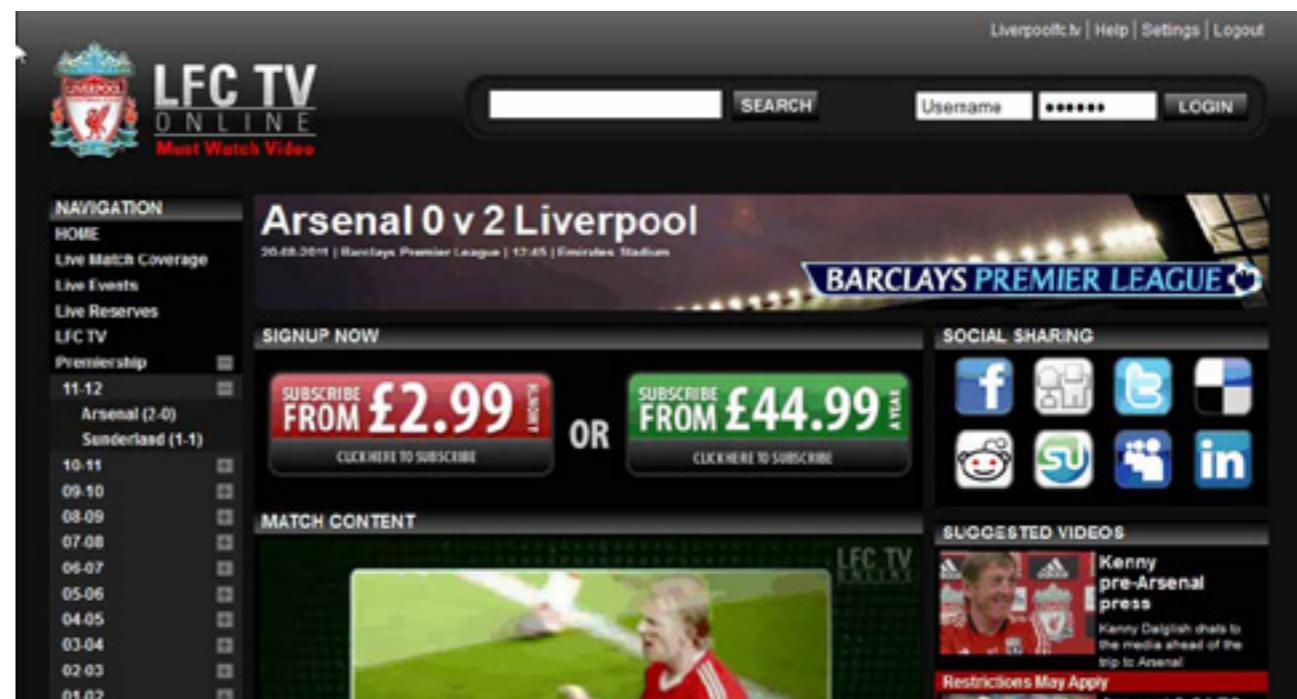
## Liverpool Football Club chooses StreamUK for Online Video

StreamUK is now working with Liverpool Football Club to completely revamp its video delivery.

The solution is built on the 'Stream Media Platform' and brings multi-platform compatibility, asset management and full control of video syndication to one of the prime sporting websites in the UK which has seen traffic of over 110 million page impressions a month.

StreamUK was chosen ahead of international competition thanks to a combination of the ability of its UK-based operation to solve technical problems, the quality of transcoding and the capability to fully integrate with the web CMS.

The solution is based on the global Level3 CDN, which proved itself during a two-week blind trial with Liverpool's testing community. The network successfully demonstrated that it is able to deliver superb-quality video to all corners of the globe.



Michael Crowder, Systems and Development Manager at Liverpool FC commented, 'We are committed to delivering the very best in functionality and quality to our fans. StreamUK shares these aims and has the know-how to realise them.'

StreamUK will be showcasing the solution at the forthcoming Sportel event from the 10th to the 13th October in Monaco.



### Tweets of the Month

The Prime Minister is genuinely talking about giving police power to "close down" Twitter and BBM. Nonsense, Orwellian or victory for cops?

@RobertAndrews, Editor, paidContent:UK, commenting on the London riots (11 Aug)

#iabbrands - Starbucks research found online to increase product awareness at 80% the cost of press and half the cost of outdoor

@IABUK (28 July)  
The Internet Advertising Bureau

@piersmorgan u do know ur not allowed hair colouring products inside mate.....i know 1st hand. Any advice am here for u brudder...

@Joey7Barton, Footballer, offers advice after hacking allegations spread to Daily Mirror (5 Aug)

## BBC Launches New iPlayer for Connected TV

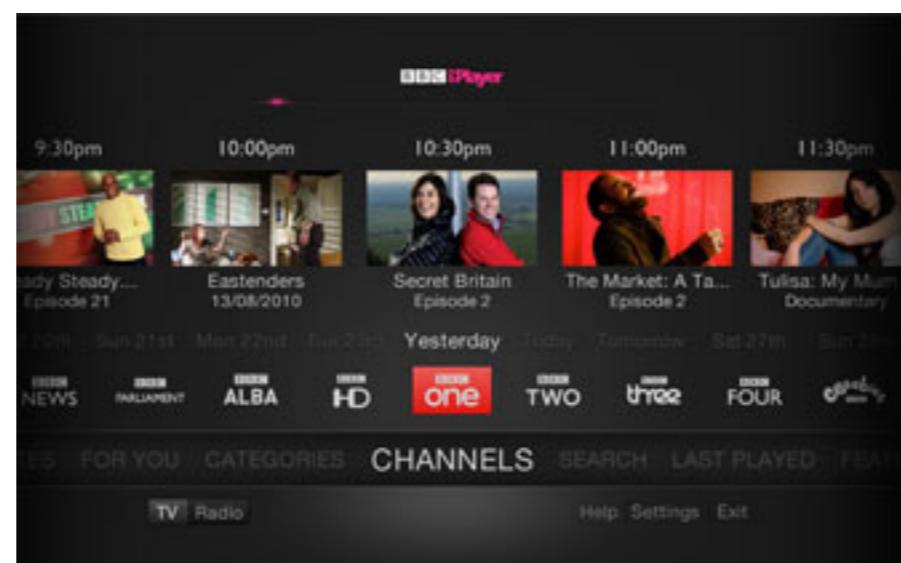
The BBC has launched a new version of its iPlayer product for use on connected TVs. The new version gives audiences the control they want directly on the TV, in a design custom-built for the living room, so the BBC iPlayer experience feels just like TV.

BBC iPlayer is now available on more than 300 different connected TV devices, and this new version-launching initially on Sony's PlayStation 3, will be coming to many more TV screens in the coming months as BBC iPlayer evolves beyond catch-up into a complete connected TV experience.

According to the BBC press release, the new version is:

- Just like TV - a new, simplified, highly visual TV-friendly design that is as simple as flicking through channels when watching TV
- Easy to use - vastly improved search to help you find programmes with little effort, quick access to programmes you choose as your favourites, and recommendations to help you find something new to enjoy
- Personalised - make BBC iPlayer your own by choosing your 'favourite' programmes, viewing previous search results, and getting right back to the last programme you watched

"We're transforming iPlayer in its most natural home: right on the living room TV. By creating a product that's as simple and intuitive as



flicking through TV channels, the BBC is bringing on demand television to mainstream audiences across the UK." said Daniel Danker, the BBC's General Manager for Programmes & On Demand.

"Last week, Ofcom reported that 10% of TV sets sold in the UK are internet ready. But BBC iPlayer is already available on over 300 connected TVs and blu-ray disc players, which has resulted in a 5x growth of iPlayer on TV over the last 6 months alone. At this rate of growth, in the next few years we could well see over half of iPlayer use directly on the living room TV."

Whilst it may not look like a website, the connected TV interface is built using HTML and Javascript says Gideon Summerfield, the iPlayer's Executive Product Manager.

"So, expect to see it come to other devices in the coming months. We're also building a variant that will work on new TV devices that are integrating the latest technology from Adobe: Flash 10.x and Air 2.x.

In addition to helping to make development easier we think building standard products on these two widely understood technologies will be able to address the majority of connected TV devices that we see our audience buying for their homes. This way we can bring this new more TV-like, easy and personal BBC iPlayer experience to the TVs of more and more of the UK's living rooms.

You can see the new iPlayer interface here: <http://www.bbc.co.uk/iplayer/bigscreen/>

## Live Streaming & VOD on the Rise on Facebook

The number of programmes available to watch live or on video-on-demand on Facebook is steadily rising. Here are just four pieces of news we've been alerted to.

First, in late-June, Milyoni, a US company involved in getting more people to like your Facebook page, announced that more than two thousand viewers in 19 countries had purchased and viewed the first 'Milyoni Social Theater' concert on Facebook. The event featured two days of live performances by a band called 'Widespread Panic' from the Austin City Limits Live venue. It reportedly received over 1,900 comments from fans during the show.

Then in July, T4, Channel 4's teenage-oriented channel, said that it would be live streaming backstage events from 'T4 On The Beach' on their Facebook page. This was supposed to give fans "...exclusive access to see what their favourite stars are doing behind the scenes" but sadly, technical difficulties meant that the stream itself was intermittent.



Also in July, BBC Worldwide offered, for the first time, a series of digitally remastered 'Doctor Who' stories to rent via Facebook. By using

Facebook credits, users visiting the official Doctor Who page were able to stream a selection of nine stories (each containing several episodes) from the history of the Time Lord.

Whilst the BBC couldn't provide specific figures, a spokesperson for Worldwide said "We were very proud to be pushing boundaries and being one of the first media companies to embrace this means of delivering content to fans, particularly as we embarked upon the initiative in direct response to their feedback and wishes."



And finally, just before this second issue of VOD Professional was released, BBC Worldwide again announced that it was making three 'Top Gear' specials available for rent on the social network using an exclusively developed VOD app.

The specials will be available to users in Europe, USA, Australia, Canada and New Zealand. Each episode costs 15 Facebook credits (about \$1.50) and once rented, episodes will be available to view for 48 hours.

With over 750 million active users, it's not surprising that content owners are making their programmes available on Facebook and we expect to hear a lot more about it over the coming months.

## BBC iPlayer Figures: July 2011

July 2011 saw BBC iPlayer receive 153 million requests for TV and radio programmes in total, with access through new devices growing in usage. Mobile devices, tablets and games consoles delivered more requests than in June (see the next page for the June iPlayer data), and IPTV requests specifically rose from 1.8m in June to 3.2m in July.

93 million requests were made for online TV (down from 96m in June) of which 24m were from Virgin Media cable TV customers (down from 24m). Radio programme requests were up however from 36 million to 37 million.

IPTV requests from services like Freesat, Freeview, BT Vision, Blu-Ray and Virgin TiVo shot up from 5 to 7% this month and mobile access was up one percentage point to 6%. Computer-based requests were down three per cent to 63%, Virgin Cable requests were down from 16% to 15% and tablet access held steady at 2%.

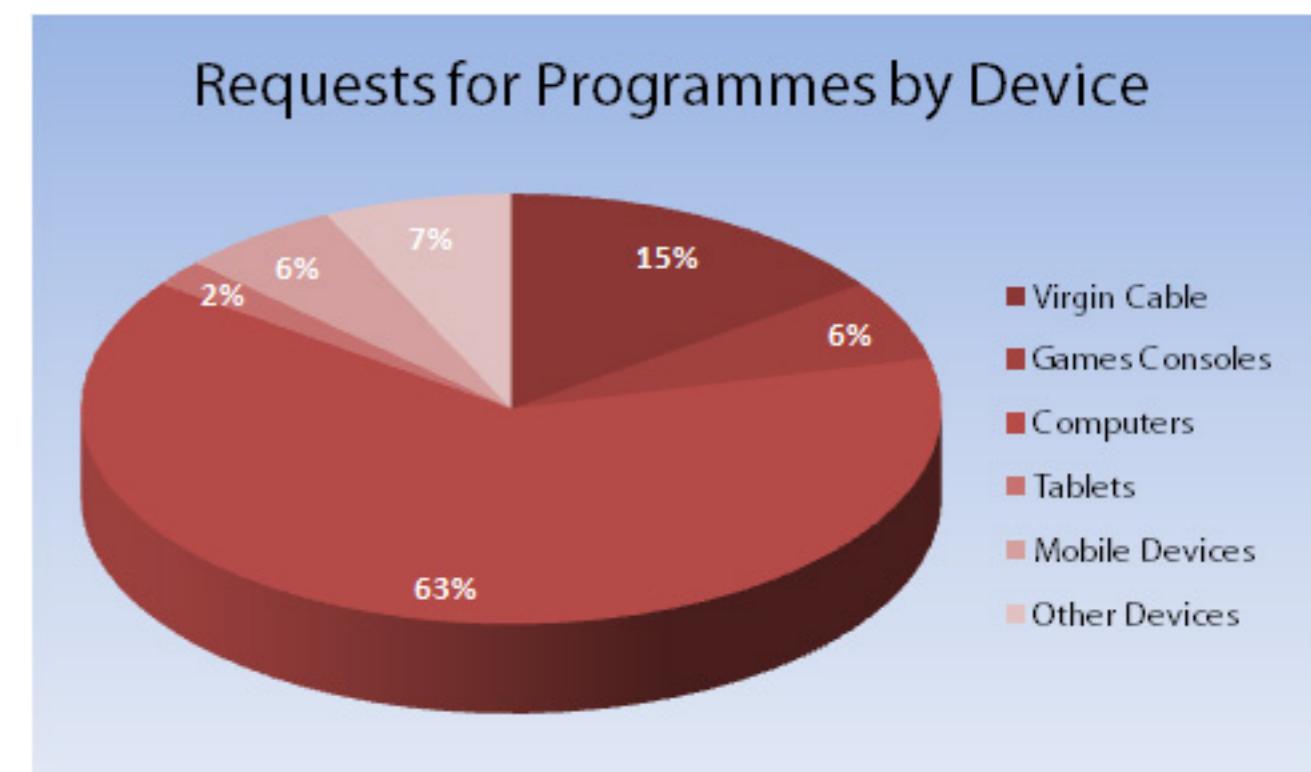
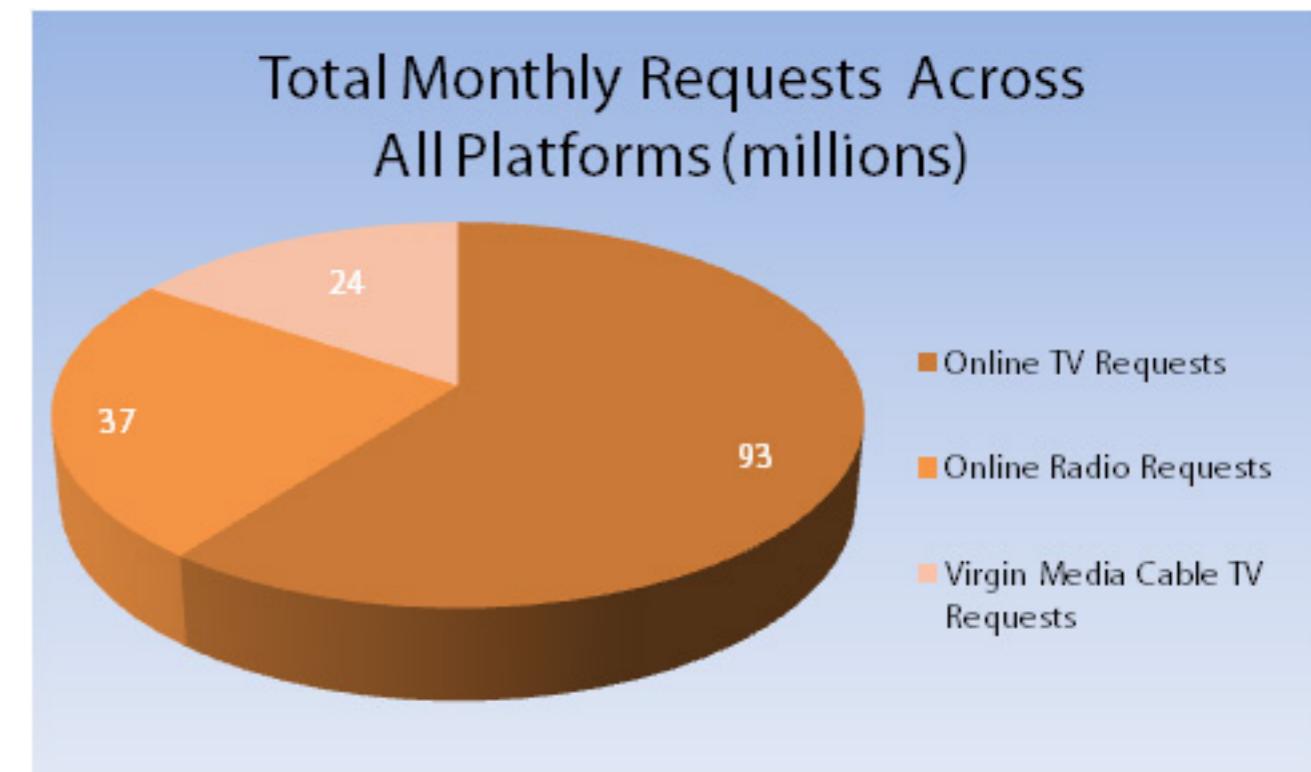
Top Gear, The Apprentice and Torchwood: Miracle Day were the top TV titles this month, with a range of genres delivering the rest of the top 20 including drama, comedy, factual, films and sport.

Daily TV requests were down 200,000 from June to an average of 3 million per day and these were served to 1.3m unique users.

Weekly requests in July declined slightly across the month, probably as a result of the Summer holidays. On a weekly basis in July, each user of TV on BBC iPlayer requested, on average, 4 programmes, and streamed over an hour of TV content.

Peak iPlayer usage is still between 8pm and 11pm with a peak audience of 316,000 at around 10pm.

You can download the full BBC iPlayer July 2011 report [here](#).



## BBC iPlayer Figures: June 2011

Figures from the BBC show that the iPlayer received 157 million requests for TV and radio programmes in June. That's down 2 million from the previous month.

96 million were requests for online TV (down from 97m in May), 25m were from Virgin Media cable TV customers (same as May) and 36m for radio (again, down 1 million from the month before). Live TV viewing from an internet-connected device was higher however: 15% of all live TV requests were made via the iPlayer.

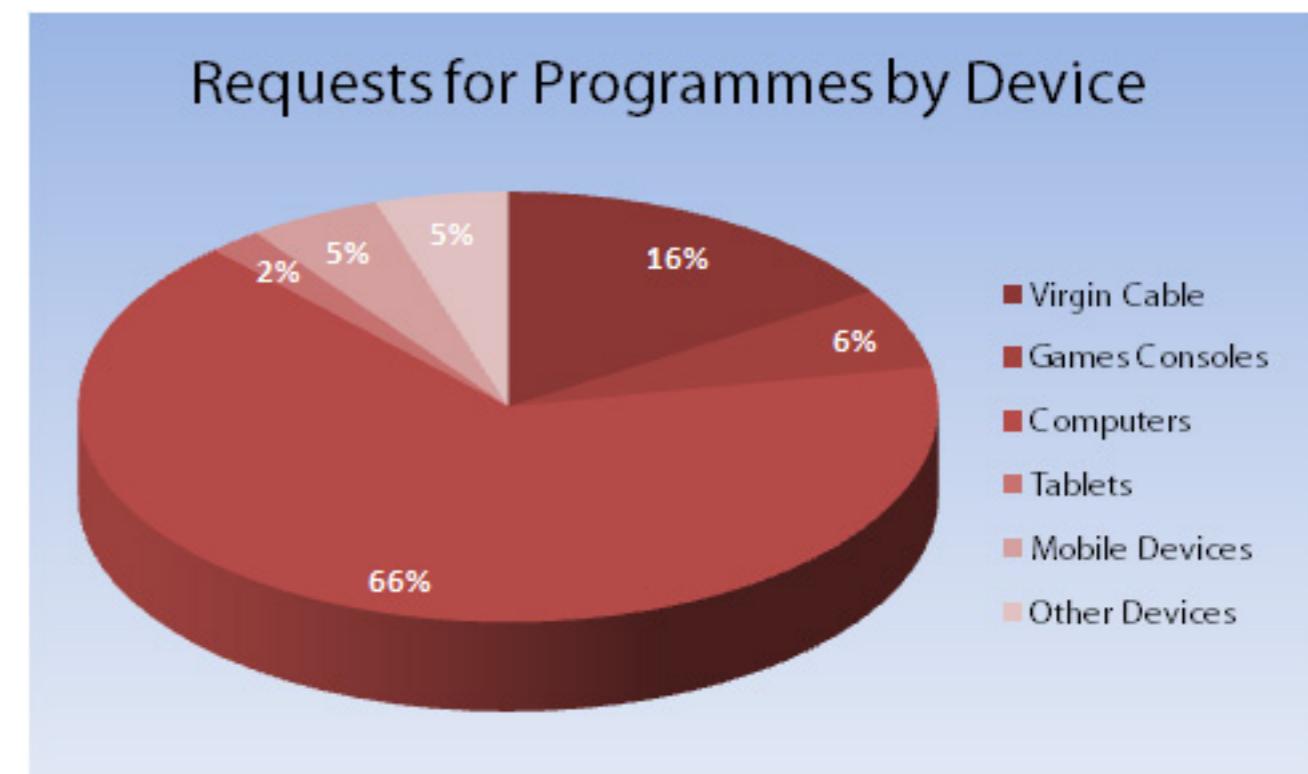
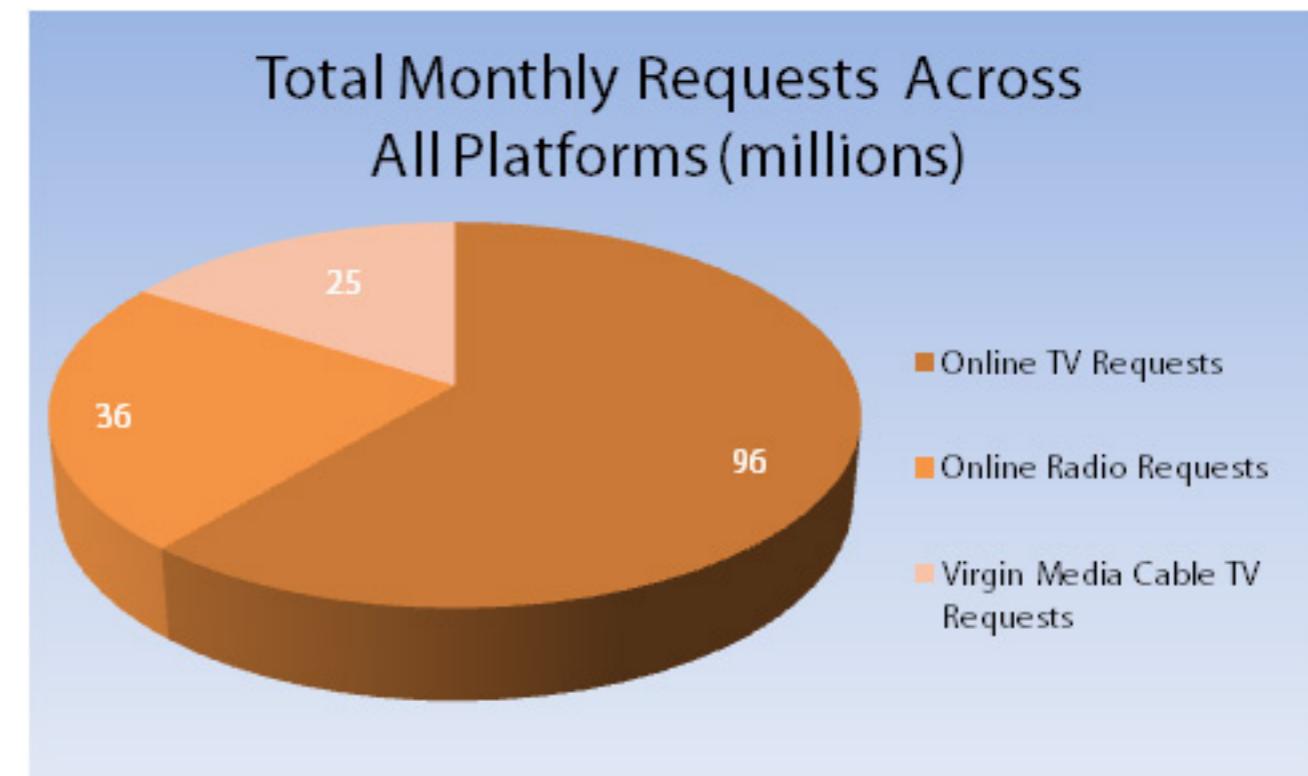
Doctor Who and The Apprentice were the most popular TV titles in June, with Waterloo Road and the new series of Top Gear also featuring. The first episode of the new series of Luther also featured in the top 20, as did Angry Boys, and Glastonbury coverage of Beyoncé's set.

Whilst the percentage of people accessing the iPlayer from a tablet, mobile or games console remained the same as May (2%, 5% and 6% respectively), computer-based visits were down from 68% to 66%. There was a small 1% climb in the number of users coming to the iPlayer from IPTV services like BT Vision, Freeview, Freesat, Virgin TiVo and Blu-Ray.

Daily TV requests were up 100,000 from May to an average of 3.2 million per day and these were served to 1.3m unique users.

Proportionately, more people use iPlayer during the daytime than actually watch BBC television channels. Peak-time usage falls between 8pm and 10pm when a high audience of 352,000 users are viewing content on iPlayer. Men still outnumber women in the audience by 57% to 43% and that's been the case for 4 months in a row. Men aged 34 - 54 is the biggest single gender demographic (43%).

You can download the full BBC iPlayer June 2011 report [here](#).





## Ofcom Releases 8th Annual Communications Market Report #1: Smartphones, Apps and the Work / Life Balance

Ofcom's 8th annual Communications Market Report is a fascinating read for anyone who works in the new television industry. The report itself is 341 pages long and you can download it here. Over the next 4 pages we present the main findings. First smartphones.

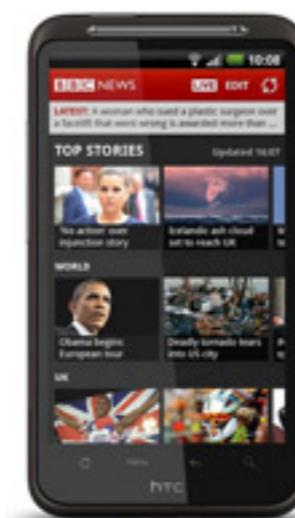
Over a quarter of adults (27%) and almost half of teenagers (47%) now own a smartphone. Most (59%) have acquired their smartphone, which includes devices such as iPhones, Blackberrys and Android phones, over the past year.

The vast majority of smartphone users (81%) have their mobile switched on all of the time, even when they are in bed, with four in ten adults (38%) and teens (40%) admitting using their smartphone after it woke them.

Smartphone users make significantly more calls and send more texts than regular mobile users (81% of smartphone users make calls every day compared with 53% of 'regular' users). Teenagers especially are ditching more traditional activities in favour of their smartphone, with 23% claiming to watch less TV and 15% admitting they read fewer books.

And when asked about the use of these devices, 37% of adults and 60% of teens admit they are 'highly addicted'.

Teenage smartphone owners are more likely to have paid for an app download (38 per cent) than adult owners, amongst whom just a quarter (25 per cent) had paid for an app.



The research looked at the popularity of apps, among smartphone users and found that just under half (47%) of adult smartphone users have downloaded an app - with many people taking advantage of the availability of free apps.

51% of adults and 65% of teenagers say they have used their smartphone while socialising, 23% vs. 34% respectively have used them during mealtimes and 22% / 47% admitted using or answering their handset in the bathroom or toilet.

The line between work and social time is becoming increasingly blurred. 30% of smartphone users say they regularly take part in personal phone calls during working hours, compared with 23% of regular mobile phone users.

However, smartphone users are more likely to take part in work calls while on holiday or annual leave. 70% say they have ever done so, with a quarter (24%) admitting to doing so regularly, compared with just 16% of ordinary mobile phone users.

Teenagers are most likely to part with cash for games, with 32% having paid for at least one game. Music is the next most popular genre with 22% having paid for a music-based app.

# Ofcom Releases 8th Annual Communications Market Report

## #2: TV & Audio-Visual

UK television broadcasters generated revenue of £11.7bn in 2010, an increase of £638m (5.7%), driven by a recovery in advertising revenue (up 11.2% year on year to £3.5bn) and by continued increases in subscription revenues (up 5.3% year on year to £4.8bn).

Spend on PSB network programming across the five main channels and the BBC digital portfolio channels increased by 5% to £2.9bn, marking a break with a five-year trend of year-on-year reductions in content spending; 2010 was a big year for sport, and spending in that genre boosted the overall number significantly.

By Q1 2011, 93% of main TV sets in UK homes were connected to a digital television tuner, either via an STB or integrated digital TV, an increase of 1% year on year. 5.3m households now have an HD subscription, while 46% of consumers claimed to have a DVR at home.

The five PSB channels and their portfolio services attracted 71% of all viewer hours in multichannel homes in 2010 - on a par with 2009. The five main services attracted a majority of viewer hours (54%, down by 1% year on year), while their digital-only services accounted for a further 17% (up by 0.5% over the same period).



The multichannel sector spent a further £2.5bn on content in 2010, up by 7% year on year. Sixty-three per cent (£1.5bn) was accounted for by sports and film channels; a further 21% (£518m) by entertainment channels. The remaining 16% (£402m) came from factual, leisure, music, retail, adult, ethnic and news channels.

9.5m television sets were sold in 2010, all of which were HD ready. Television sets incorporating new functionality are also beginning to grow in popularity. There were nearly a million internet-enabled television sales during 2010 (about 10% of the total), and 125k sales of televisions with 3D capabilities (about 1%).

Time-shifted viewing using DVRs accounted for 7% of all viewer hours in 2010, up from 6% in 2009 and 2% in 2006. Among DVR homes, 14% of all TV viewing was time-shifted. This was evenly split by programmes recorded/watched on the same day and content that was watched 1-7 days after it was broadcast.

In Q1 2011, 35% of adults claimed to use the internet for viewing catch-up TV services, a 4% increase on Q1 2010 and a 12% rise in two years. Younger adults and men are more likely to use catch-up; but growth has been fastest since 2009 among people over 65, with 25% claiming to now use catch-up, versus just 10% in Q1 2009.

# Ofcom Releases 8th Annual Communications Market Report

## #3: Internet & Other Web-based Content

Over a quarter of all UK advertising spend is on the internet. Advertising spend on the internet grew by 16% in 2010 to over £4bn, accounting for 26% of total advertising spend in the UK, marginally ahead of television. Mobile advertising increased by 121% in 2010 to reach £83m.

77% of UK households have home PC-based internet access (up from 73% in 2010). 67% of households have a fixed broadband connection and 17% have a mobile broadband (dongle) connection. In Q1 2011, 26% of over-75s had home internet access (up from 23% a year previously), as did 55% of 64-74 year-olds (up from 51%).

Over a quarter of people use their mobile phones for internet access in Q1 2011. 28% of UK adults claimed to access internet services on their mobile phone, up from 22% a year previously.

The most popular claimed use of the internet on mobile phones was social networking services (used by 57% of mobile phone internet users), ahead of sending/receiving emails (53%) and using search (42%). Mobile users of Facebook spent an average of 5.6 hours on the site in December 2010 (11 minutes a day).



In Q1 2011 46% of UK adults claimed to use social networking services at home, up from 40% a year previously. But there are signs that the growth of social networking may be reaching saturation point: total time spent on social networking sites was just 1.3% higher in April 2011 than in April 2010.

Consumers use a wide range of devices to access the internet at home. In 2010, 69% said they accessed the internet at home via a laptop or PC, 31% via a mobile phone, 9% via a games console, 6% via a portable media player and 4% of households with an e-reader. WiFi routers were used by 75% of broadband households.

Google had the highest reach of any online brand, with 79% of active internet users visiting its homepage. Facebook was the most popular website in terms of time spent with 169m hours in April 2011 (more than two-and-a-half hours for every person in the UK), ahead of eBay (30m hours) Google (28m hours) and YouTube (22m hours).

Nearly three-quarters of internet users shop online. In Q1 2011, 73% of UK internet users claimed to use their broadband connection for purchasing goods or services. Visitors to coupon and reward sites increased by 25% in the year to April 2011, when nearly 40% of internet users visited at least one such site.

# Ofcom Releases 8th Annual Communications Market Report

## #4: Telecoms & Networks

Total operator-reported telecoms revenues fell by 2% in 2010. Retail revenues from mobile services increased slightly (up 1%, having fallen for the first time in 2009), but those from fixed voice and fixed internet services continued to decline, down by 3% and 6% respectively.

Average monthly household spend on telecoms services fell by 4.3% in 2010 to £63.10. Spend on telecoms services accounted for 3.1% of average household outgoings in 2010, the lowest proportion over the past five years.

More than half of those taking up super-fast service say they have increased the number of standard-definition or high-definition TV programmes or films they watch over the internet (54% and 63% respectively), while many also claim to have increased online gaming (37%), video calling (39%), file sharing (40%).

Take-up of superfast services is increasing. Ofcom estimates that around 2% of residential and SME UK broadband connections had a headline speed of 30Mbit/s or higher at the end of March 2011, more than five times the figure for a year previously.

Total broadband take-up increased by three percentage points to 74% by Q1 2011. The largest increase in adoption was among those using solely fixed broadband services for internet access, up two percentage points to 58% in Q1 2011.

Over half of all UK households are passed by super-fast broadband. Virgin Media's cable service offers speeds of 'up to' 50Mbit/s to 48% of all households, with around 15% of households able to get an 'up to' 100Mbit/s service. BT's 'up to' 40Mbit/s fibre-to-the-cabinet service was available to around 20% of households by July 2011 and Ofcom estimates that 57% of homes were able to receive super-fast services in July 2011.



2010 saw a large migration from pre-pay to contract mobile services. At the end of 2010, 48.7% of mobile subscriptions were contract, compared to 41.1% a year previously. The main reasons behind this are growth in the popularity of smartphones (pay-monthly tariffs allow users to spread the cost of the handset across the length of the contract) and the popularity of cheap SIM-only tariffs.

In 2010, an average of five text messages a day were sent for every person in the UK. In total, 129 billion text messages were sent, up 24% on 2009.

## Consumers Want Free / Low Cost Mobile Video Apps. No, really.

When it comes to mobile video apps like YouTube or Hulu, consumers say the best things in life are free. According to a new US study released by the Cable & Telecommunications Association for Marketing (CTAM) and Nielsen, 63 percent of survey respondents said that "free or low subscription rates" is the most important attribute for a video app.

In fact, as long as consumers can get the video app for free, or at a low cost, more than half (56%) of respondents said they don't mind mobile advertisements on video apps - especially if it allows them to access content for free. In addition, 65 percent of video app users surveyed said that word-of-mouth plays an important role in deciding which video apps to use.

The study also showed that video app usage increases consumer engagement with TV programs, networks and related websites. Roughly 85% of video app users surveyed said they watch the same amount or more of regularly scheduled TV since they began using video apps, and nearly half (46%) reported being more engaged with the programs or networks associated with the video apps after accessing them. In addition, 35 percent report that video app usage causes them to visit the network or program website associated with the video app more than they had before they started using the app.

Nielsen and CTAM also conducted the first-ever qualitative study of "sync-to-TV" apps which found these apps increase consumers' engagement with television programming rather than distracting from it. Sync-to-TV refers to a second screen app on a tablet device that recognizes audio codes embedded in a program as it's broadcast through a TV set, and launches interactive and social networking features on the device that correspond with the programming on the TV screen.

## Hulu Nears 1 Million Subscribers, Still up for Sale



Hulu, the American online video service, expects to have 1 million paying subscribers before the end of the summer according to its CEO, Jason Kilar. The company had previously forecast crossing that threshold around the end of 2011.

Writing on the Hulu blog site, Kilar also said that Hulu had gained more subscribers in June than it had in April and May combined through an aggressive push to make Hulu accessible via as many internet-connected devices as possible. Working with Xbox 360 and Kinect, select Android smart phones, Tivo Premiere DVRs, and select Samsung Blu-Ray players means that an additional 25 million devices are capable of accessing the Hulu Plus service.

Hulu remains the leader in US online video advertising marketing share according to the comScore figures for July serving almost 963 million ads and is on track to realise revenues of half a billion dollars this year.

In related news, Hulu, which is co-owned by The Walt Disney Company, News Corp and NBC Universal, is still up for sale and internet giants, Yahoo, Amazon and Google, are expected to submit first round bids by 26 August. These bids are expected to be anywhere from \$500 million to \$2 billion according to the Wall Street Journal.

## Schmidt tells UK Broadcasters: “Ignore the Internet at your peril”



In a fascinating MacTaggart Lecture at the MediaGuardian Edinburgh International Television Festival, Eric Schmidt, Google's executive chairman, told his audience that although “TV is still clearly winning the competition for attention!” in that UK adults are watching as much TV in 4 days as they spend using the internet in a whole month, broadcasters shouldn't ignore

the web because it's “fundamental to the future of Television for one simple reason: because it's what people want.”

Technologically, “the Internet is a platform for things that traditional TV cannot support. It makes TV more personal, more participative, more pertinent”. Using web-based “algorithms and editorial nudges” online and on-demand viewing could become “like the perfect TV channel: always exciting, always relevant - sometimes serendipitous - always worth your time.”

Schmidt went on to extol the virtues of the new Social TV revolution (more about this in our cover story on page 38), and noted that there are 3 trends to watch: mobile, local and social. “Two hours of video are uploaded to YouTube every minute from mobile devices. Soon, your typical Internet user won't be indoors with a PC; they'll be out and about on their cell phone.”

In a wide-ranging talk, Schmidt sought to compliment the UK TV industry, “Your creative talent is unrivalled. Your independent producers are famed for their entrepreneurial zeal. Your managers have fought hard battles for efficiency, and won. Britain's TV industry has an unparalleled global reputation, including journalism, comedy and drama” but went on to counsel that a new business model for TV was

needed especially when it comes to on-demand content:

“...think about what on-demand means for traditional business models. Most TV channels seem to practice a drip-feed approach to releasing content. But in an on-demand world that's outdated. Consider too the way first-run airings attract an ad premium. That's a less relevant distinction as viewers shift to watch on their own schedule. If it's the first time you watch a show, it's first run to you, no matter how many times it has been broadcast.” History shows, he said, that “those who adapt their business models don't just survive, they prosper”.

“Google's survival strategy is to place big bets on technology trends and Google TV is a case in point” said Schmidt. He outlined the strategy for the product:

“When it launched, some in the US feared we aimed to compete with broadcasters or content creators. Actually our intent is the opposite. We seek to support the content industry by providing an open platform for the next generation of TV to evolve, the same way Android is an open platform for the next generation of mobile. Just as smartphones sparked a whole new era of innovation for the Internet, we hope Google TV can help do the same for Television, creating more value for all. We expect Google TV to launch in Europe early next year, and of course the UK will be among the top priorities.”

And whilst Google won't invest directly in TV content (“Google is a technology company”), Schmidt reassured listeners that Google was most certainly not a parasite on the market saying that the company had deep relationships with Channels 4 and 5, that it had shared more than \$6 billion of revenue with publishing partners worldwide and that it had spent huge sums creating back-office IT infrastructure which helped TV companies.

Finally, Schmidt urged the UK TV industry to think of Google as its partner: “The opportunities are vast, and British television is uniquely well-placed to take them, if we work together. So think big, think global, and think beyond the TV box.”

## Daglish & Ruch Take Joint Chairmanship of the IAB Video Council



The Internet Advertising Bureau's Video Council has selected Simon Daglish, Group Commercial Sales Director at ITV and Dan Ruch, Vice President of Europe, at Tremor Video to co-chair the committee for the next twelve months.

The Video Council exists to set standards and educate brands through research and best practice. It consists of over 50 senior industry professionals from companies like BBC Worldwide, Blinkbox, Channel 4, LoveFilm, Microsoft, SeeSaw, Sky, Yahoo!, YouTube and Virgin Media.

Daglish and Ruch will champion online video advertising, the UK's fastest growing advertising format - online video advertising grew a market beating 91% in 2010 - taking over from Bill Gash, Regional Sales Director, Ooyala. They were chosen for their extensive online video and marketing experience, recognition of achievement within the industry as well as their detailed plans for 2012.

### Video Council Strategy

The Council is working to a 5 point strategy for 2012 which centres on Video on Demand (VOD) education and enhancement:

1. Prove VOD's value through education and research
2. Prove VOD's effectiveness by delivering regular case studies
3. Improve VOD's ease of use through standards and best practice
4. Improve understanding of opportunities with an educational programme
5. Directly address issues at council meetings, driving debate, discussion and industry agreement

### IAB Video Engage Conference

The first initiative to deliver on these promises is the IAB Video Engage conference held on the afternoon of 24th November at the prestigious London Film Museum, Southbank. The summit will be attended by over 200 marketing professionals.

In addition, the Video Council has several initiatives planned for 2012, such as publishing a report on the effectiveness of VOD covering best practice and recommended standards. A research piece, expanding the IAB's video case study library, and continuing to drive the UKOM video census planning currency are also planned.

### About the Video Council

The Video Council was established in June 2007 and has since grown to a committee of over 50 leading companies in the VOD industry including leading media owners, media agencies, creative and production agencies and technology providers. It has helped educate advertisers and media agencies about the potential of online video advertising on all devices, improved business practices through standards and driven the growth of online video advertising market to reach £54 million in 2010.

Dan Ruch VP Europe at Tremor Video said: "We have made significant progress over the last year, but there is still lots to do in the way of demonstrating the value of online video as a powerful medium for brands to connect with consumers. It is an honour to have been selected to co-chair the video council along with Simon and I look forward to working with the group over the next year on initiatives that will further establish online video as a critical piece of a marketer's media mix."

**Read an exclusive interview with Bill Gash, the outgoing chairman of the IAB Video Council on the next page.**

## "Online video is now front and centre for all media organisations"

Bill Gash is the outgoing chairman of the Video Council for the Internet Advertising Bureau. Here, he tells VOD Professional about his role at the IAB, what he's managed to achieve over the past 12 months and what the new joint chairmen, Simon Daglish from ITV and Dan Ruch from Tremor Media, will bring to the organisation.



I've been working in digital for a long-time. In 1997 I joined Yahoo! As their first UK Sales Director and I've been involved with online video since 2003. I'm now a regional Sales Director for Ooyala.

My involvement with the IAB came about because of the passion I had for video and the opportunities it presents. I'm enthusiastic about what I felt the IAB Video Council could do to help marketers - and the online video advertising industry in general – to understand what video means to their business and how they can benefit from it.

When I was campaigning to become the IAB Video Council chairman I remember asking myself: what is so interesting about online video and what will the next year look like? My immediate thought was that "there's no going back". Online video is now front and centre for all media organisations and for many marketers too. We know video is the most powerful medium: people learn from and engage more with video than any other form of communication. Video has worked for brands as an advertising medium on television for decades and now that opportunity has been extended online except with online you're not restricted to what you can do; it doesn't just have to be a straight 30-second spot. Marketers can really go to town with branded content and create compelling messages around products, around the communities they want to be associated with. Once an online audience has been engaged they can use measurement and analytics tools to gain insights about where they're being successful. And because content can be consumed on all devices and published in social media, there's never been a more exciting time for organisations to get involved in video.

The IAB itself was created by those companies with an interest in growing the amount of revenues and investment around online advertising. It has members drawn from media companies, tech companies, sales houses and agencies who all this common interest – to grow the business. The Video Council, which was been going since 2008, now has 50 companies on-board who all recognise that that they have a stake in the success of online video and they want to have a voice and contribute to the conversation.

The Video Council, and the working groups within it, has a roadmap of objectives that were set over a year ago and that's what we've been carrying out under my chairmanship - ably assisted by the IAB Program Director, Jack Wallington. My KPIs were to increase the number of visitors who come to the IAB website and download white papers or request other documents, raise attendance at IAB events and, overall, actively promote greater engagement and involvement. We also needed to provide leadership around some of the more sensitive areas of the industry like regulation and reporting and other issues that the IAB needs to have a very clear voice on.

So, in the course of the past 12 months we've:

- Launched an award winning piece of research in collaboration with Sky investigating the effectiveness of advertising around different types of short form video content.
- Worked with PricewaterhouseCoopers to actively track the actual spend in online video advertising in the UK. Over three years, we've seen online video grow from practically nothing to a £54m+ business, with market beating growth
- Looked into the role that video is increasingly playing in the online experience and what the implications are for different brands from a strategic, higher-level perspective
- Established the Video Council Technology Group, led by Tom Bevan at Sky, with the aim of educating people about technology issues like VAST and VPAID standards, offering advice on VOD regulation and implications for publishers and networks, convening roundtables and getting publishers to agree a standard point of counting for billing purposes (on Ad Play)
- Run a series of popular 'Video Plus' events on topics ranging from Research to Connected TV, to Video adoption, to use of Ad Formats and creatives. We've attracted great speakers like Anthony Rose (Zeebox) and Nick Thomas (Forrester)

We're delighted that more people are attending our events than ever before and it's indicative of the overall growth of online video. The IAB Video Council has become a broad church of media companies and advertisers.

What I've also tried to do in the last year is recognise that there are so many different facets to the online video industry. So we created special sections on the IAB website around video ad formats and published the 'Online Video Guide' which is focused on branded content as well as online video advertising.

With the number of initiatives we've kicked off and the growing interest in online video, the IAB has decided that the role should be shared to ensure that the momentum continues to accelerate. Simon Daglish and Dan Ruch are taking over as joint chairmen of the Video Council and that's really so that members can be serviced better by two authorities from the media-company / video-advertising worlds.

Simon and Dan have that sense of passion and belief about online video that ensures they'll continue to encourage marketers to engage, develop and even take risks with their online video campaigns. In my present paid role at Ooyala I'm in contact on a daily basis with media companies, marketer brands, sports businesses and corporate clients and can see first hand, just how much more important video has become as a strategic asset. Whether to drive more revenues, increase sales through ecommerce, engage users of social media, access them on the move as a mobile experience, or on the sofa using Connected TV. It's all measurable, in real time and it's working.

Online video has to be the most exciting place to be right now and it gets better by the day. I intend to take an active role in the IAB going forward, as Ooyala's representative and to continue to develop the video opportunity.

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Twitter @billgash



## Tom Thorne, Managing Director of Candyspace Media Talks About Creating the New ITV Player App

The internet has evolved so much over the past few years that we need to be able to support lots of different platforms and devices. So we now think of CandySpace Media as a multi-platform agency in that we have the disciplines in-house to be able to create applications for PCs, tablets and smartphones.

Last year we worked on an award-winning ARG (alternate-reality game) for Living TV but the ITV Player is our first traditional broadcast app. The process started back in October 2010 when ITV invited us to pitch to create a TV catch-up service across Android and iOS. We had a great connection with the ITV team because both they and we wanted to build something as good and as innovative as possible – there's no point in making something just "standard". Jointly, we wanted to push the boundaries in terms of product design and make it a brilliant experience for consumers.

Right from the outset the discussions were how about how we could do this. We were asking ourselves questions like how can we use HTTP live streams to deliver the content, is that technology going to be ready in time, what kind of multi-platform approach should we take? Like any big company, ITV has lots of internal systems so we had to think about how we could build a service that would integrate with them and give ITV the ability to be able to update the end product themselves. Even though mobile is a new and

emerging platform we didn't want ITV to have to buy in lots of new kit to be able to run the Player.



Internally, we used Adobe Air for the Android build and the Apple SDK for the iOS work and we created a lot of custom components for the IA. Our approach was to go through wireframing and IA and, as soon as that was signed-off, we had two teams working on the separate tech parts of the job and another team working on the creative.

The navigation structure for the ITV Player is different to other video apps that are out there. It's a layer-based, carousel approach and partly, this came from ITV's brief which was to give the user access to as much content as quickly as possible. As a user, how do you know what content you want to watch? Sometimes it's about specific shows, other times it's about channel affiliation but a lot of the time the user wants to just see what's available so that's how we ended up with the UI that we did. Our goal was to immerse the user in the Player and be fully engaged with it.

The Android app went live 3 weeks before the iOS app. Including design, systems integration, user journeys, build, QA, testing and bug fixes, the project took 5 months to complete - on-time and on-budget!

## ITV Player iPad App

Developed by: ITV / CandySpace Media

Tested on: iPad 2, 64GB, iOS v4.3.1

Editor's Rating 

User Rating (iPad App Store) 

### Design

At first glance, the new ITV Player looks good: it's glossy and glittery and includes an A-Z of programmes plus Search and Help icons. There are no category listings however (unlike the iPlayer and 4oD apps) and programme information is limited. Perhaps that's because many ITV shows are already known brands (e.g. 'The X Factor') or that the programme titles are self-explanatory ('Wildlife Patrol') so the audience knows what they're getting. The video experience itself is great. Adaptive bit rate monitoring means that the app plays video at the highest resolution it can. Nice.

Two minor design flaws to flag up however: 1) in portrait mode, the home screen only shows one and a half programmes in the main display ('Don't Miss') which makes it look asymmetrical (perhaps that was the aim?) and 2) if you open the app in landscape mode you see only one main photo and two half photos promoting different programmes. There aren't even titles to accompany the images. Clearly, there's a balance between too much information and too little but if you're new to ITV content prepare yourself for minimalism.

### Usability

First, the positives. Tapping one of the ITV channel options on the home screen (in portrait mode) expands the menu vertically so that the user can see and scroll through exactly which programmes they can catch up with. It's a nifty trick to make best use of the available

space. Also, choose an individual programme and you'll not only see the episode you requested but previous editions. This is nicely done. The A-Z is clean and easy to use whatever the iPad's orientation and the app's search function has possibly the strongest predictive algorithm known to any video app: tap the letter 'F', for example, and every single show with an 'F' anywhere in the title comes up. Excellent.

Sadly, there are some negatives. First, the horizontal scroll through individual shows is jerky rather than smooth. We're guessing this is to make sure the user doesn't miss a programme option but, for us, it detracts from the overall experience a little. Then there's the navigation which can be a bit confusing. At random, we used the A-Z and searched the letter 'T'. The first programme was 'Take Me Out' so we tapped that and, in landscape mode, we could now see the latest episode of the show in the second layer of a navigation structure. Scroll horizontally in either direction and you get the same episode of the same show again and again. This is odd. Why not just have one central image with no scrolling? Drag the image toward you and you're back at the 'Don't Miss' top nav level with no possibility of dragging away from you to go back to 'Take Me Out' without tapping the A-Z function again. This just seems counter-intuitive.

### Content

One of the great powers of on-demand video is that it provides a long-tail for programmes which would otherwise remain cherished but inaccessible without buying the DVD. As a broadcaster, ITV knows this which is why it airs classics like 'Jeeves and Wooster' and 'Kavanagh QC' on ITV3. Unfortunately, this content is hidden on the ITV Player unless one makes a determined effort to find it either by choosing 'Programmes by Channel' or actively searching the app. There's some brilliant stuff here so why not show it by having individualised screens for, respectively, ITV1, 2, 3, 4, 'Most Watched' and 'Don't Miss'?

### Conclusion

Good but could be better. Sorry, we agree with the iTunes app store audience and can only give the ITV Player app a 3 out of 5. 



# How Kaltura Helped American Airlines Become the First North American Airline to Offer Inflight Streaming Video

Ron Yekutiel, Kaltura Chairman & CEO

The power and flexibility of Kaltura's open source video platform enables new ways of monetizing video, while containing development costs. Organizations around the world are discovering that Kaltura opens up new applications and revenue streams. I'd like to highlight a recent example.

Gogo, the world's leading provider of in-flight Internet services, is using Kaltura to orchestrate a unique video viewing experience in the air. Gogo wanted to deliver a premium video-on-demand product to users of their in-flight Internet service.

Enter Kaltura. We developed a custom solution for them that uses an on-premise version of the Kaltura software, installed on the airplane alongside Gogo's receiver and router. Kaltura stores the entire video catalog in encrypted form and serves the video over the plane's WiFi network. The satellite Internet connection is used only for the purchase and DRM license transaction.

The end result for passengers is the ability to browse, select, and view an enormous selection of premium video content from the comfort of their own laptops and devices. The end result for Gogo is a new revenue stream, and very happy customers.

Kaltura's open source video platform is ideally suited for customers like Gogo that require custom workflows, tight integration, and/or an on-premise deployment. With hundreds of publically available APIs, over 15,000 active community members, and over 150,000 downloads to-date, Kaltura is the web's leading 'factory for building video apps' – an extensible framework to build and deploy a wide range of video

solutions and applications, allowing businesses across all industries to create value with video that supports their corporate goals. Kaltura also offers an out-of-the-box SaaS video and rich-management platform for straightforward OVP deployments.

Without Kaltura, Gogo would have had to turn to a contractor to build their system from scratch since none of the other video platforms would have been able to address such custom needs. This would have been enormously expensive and time-consuming, and would not have yielded the robust functionalities that Kaltura had developed throughout the years with the support of thousands of community members. With Kaltura, Gogo enjoyed low implementation costs, a short time to market, and best of breed technology.



# American Airlines Becomes the First North American Airline to Offer Inflight Streaming Video Product

American Airlines has announced the phase 1 launch of 'Entertainment On Demand', an inflight streaming video product, for customers on board its entire fleet of 15 Boeing 767-200 aircraft. American is the first North American airline to offer the service which lets customers wirelessly stream movies and TV shows from an inflight library to select types of Wi-Fi-enabled laptops during flights.

Powered by Gogo, the world's leading provider of in-flight Internet services (**which in turn, worked with the Kaltura open source video platform**), content is stored on an airplane's onboard server ready to stream to select personal Wi-Fi-enabled laptops. Gogo is currently working to increase the number of compatible devices and intends to make tablets and other devices available for use with Entertainment On Demand in the coming months.

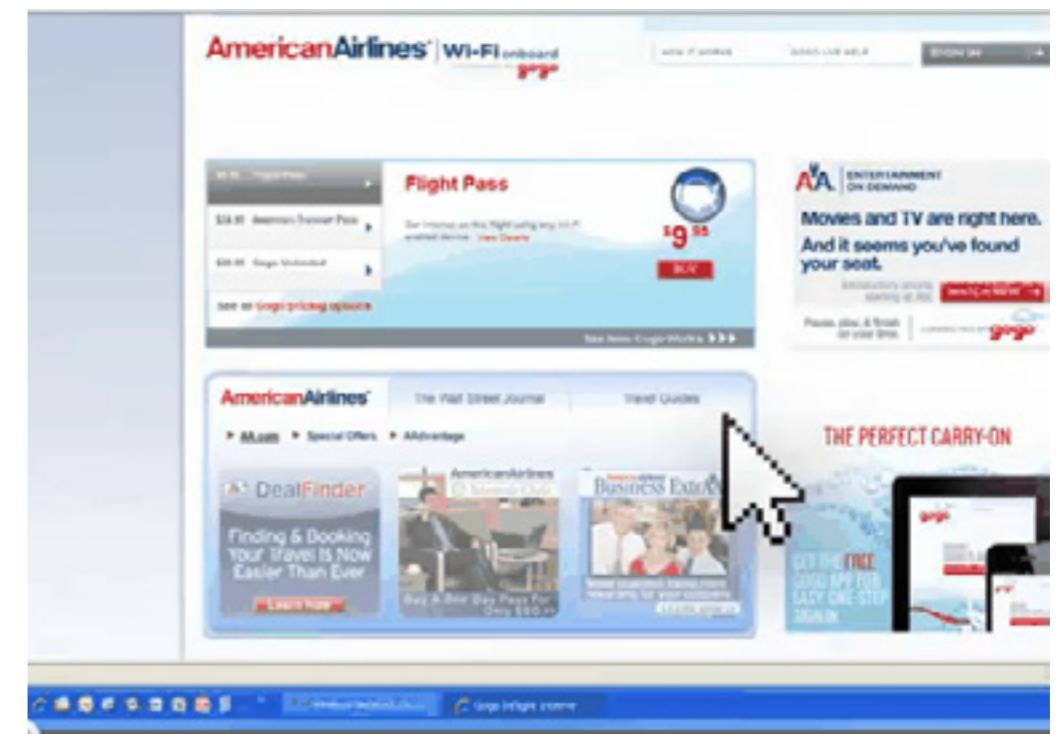


Entertainment On Demand is available primarily on transcontinental flights between New York JFK and Los Angeles and JFK and San Francisco for the introductory price of 99 cents per TV show and \$3.99 per movie. Because an air-to-ground Wi-Fi connection is maintained, customers do not need to buy inflight Wi-Fi to use the service.

The inflight library features more than 100 movies and TV shows from major Hollywood studios. Content remains accessible for viewing after the customer has landed - movies for 24 hours and TV shows for 72 hours. Unexpired rentals will be available for playback on the ground by using the same device and browser used on board.

American began testing the new inflight video system on two aircraft in May and received FAA certification in August. Subject to further regulatory procedures, the airline's goal is to roll out the service on all of American's Wi-Fi-enabled aircraft later this year.

To see a demonstration of the 'Entertainment On Demand' service click below or visit [http://www.youtube.com/watch?v=FZ\\_HyK-FgzY](http://www.youtube.com/watch?v=FZ_HyK-FgzY).



# ip&tvforum

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## The Return of Communal Viewing

Interviews by Kauser Kanji

In 1977, 'The Morecambe & Wise Christmas Show' clocked up one of the highest ever audiences in British television history with more than 28 million viewers. All over the country, families sat together in front of the box and laughed away the calories from their Xmas dinners. Afterwards, they'd have talked to each other about the show, recounted some of the best jokes and chuckled again at Eric's antics. And, as is often the way, this communal recall would have just made the programme seem even better in the memory.

Now, in the 21st century, when we have a multitude of devices to give us video whenever and wherever we want and television can be a solitary activity, a new group of companies is trying to help us recreate that social experience.

VOD Professional interviewed some of the leaders in this new sector to find out more about their products, their USPs and their vision. Tunerfish and Miso are based in the US but have an international presence, GetGlue (also from the States) is currently working with Channel 4 and E4 and then there's Zeebox, the new venture from the former head of the BBC iPlayer, Anthony Rose. Finally, we have exclusive news from KIT digital who are about to launch a white-label social TV app.

## "I've never seen a sector become so crowded so quickly as Social TV."

**John McCrea, General Manager, Tunerfish**

Tunerfish is my 6<sup>th</sup> internet startup in a bunch of different spaces and I've never seen a sector become so crowded so quickly as has happened in Social TV. It seems like there's a new player entering the market every 2 or 3 weeks.

So many startups have emerged in the US that it's no surprise that some have seen and grasped the opportunity in the UK. Tunerfish's bias is toward the US market but it's clear to me that the world is more united in what it's watching than I had previously thought. Popular shows in the US are also apparently very popular around the rest of the globe.

We're still a fairly small company with under 100,000 users who are located all over the world. We don't necessarily know for sure where our users are based – that's not really how Tunerfish works – but looking at things like language, we've had some interesting results. For example, we appear to be very popular in Italy. So, a show like 'True Blood' seems to have a pretty broad appeal.

One of the cool little features we have on our site uses a plugin developed by Facebook called 'Facepile'. As long as you're signed in to Facebook, when you visit Tunerfish, even if you're not a registered member, you can see which of your Facebook friends are using our

service. It's a neat way of spreading the social message before you go ahead and join.

We're different to other Social TV apps in that we have a clear vision and strategy for how we want Tunerfish to develop. We have a strategic partnership with Comcast and when you think about the problem and opportunity within this context of a large, entertainment distributor, the really exciting thing is the potential to unleash a virtuous cycle for Social TV which goes well beyond just saying what you're watching.



Tunerfish is a three-stroke engine which starts with "sharing". This includes checking-in, commenting, liking someone's activity – a wide variety of social gestures – which creates the first stream of data. The second stroke is "discover": if you're smart about what you do with that data you can build a social recommendation engine. In a world where there's so much great TV being made which is distributed among such a great number of channels and on-demand services, we think this is the way to help users find what's right for them. And the third one is "watch": by making it easy, fun and rewarding to share what you're watching we want to essentially end up delighting you by helping you find things you might not otherwise find and then help you watch that content.

# THE RISE OF SOCIAL TV

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Our relationship with Comcast means that we have a big partner that some of our competitors don't have. We're planning to integrate more deeply with Comcast and we also want to have intelligent links with emerging mobile and online services.

A number of the other players in the market are looking to create fairly attention-heavy, synchronised, dual-screen experiences but we're not going down that route. Our hope is that we'll enable people to find TV shows that are spot-on for them and that their eyes will, for the most part, be up on the first screen! We have a more lightweight approach to what's happening synchronously with television viewing: it's about checking in at the beginning of a show, adding comments, and having discussions after the viewer has watched something. One of the most common questions asked is "was that show any good?" so those conversations are interesting and powerful and serve the "discovery" model. It's not that we don't believe in the second-screen experience, it's just that we don't think that a Silicon Valley technology company ought to be building them because ultimately the right second-screen experience for say "True Blood" should be dramatically different to that for something like "Jeopardy" or "Glee". So we think that's more of a content play rather than a technology play.

Like many start-ups we're more focused on creating a brilliant user experience and growing our audience than figuring out the business model because unless you can get to the right scale, monetisation doesn't become relevant. Once you get to scale, the right monetisation model that fits might surprise you by comparison to your original expectations. That's been true of Google, Facebook and now even companies like Twitter.

With Tunerfish we're aiming to solve a two-sided problem. On one side the viewer is today under-served by a linear, time-grid TV-watching experience as a method for television programme discovery. We want to serve the user by helping them get more of whoever their TV provider is. On the flip-side we have the television networks that spend a fortune creating shows many of which die an early death because they were unable to connect with their audience quickly enough.

We believe that TV marketing is quite inefficient right now. The networks use TV, billboards, bus stops and other expensive ways of advertising new content whereas I'm sure we can help them add scale and deliver a much more efficient way for them to connect to their desired demographic.

Television has gone from a few channels to something that unites society and culture. With each passing decade we've seen greater fragmentation of the market and we're so excited about how Social TV is now beginning to essentially bring people back together around the passions that their TV serves in a way that isn't possible around conventional viewing.



We're a new way to socialize around the TV shows you love—and to find great stuff you're currently mis

## Recent Activity

Marilyn JH was watching Hoarders.

Well, here we go! Michele — you watching??? :D

Jonathan 'Jasper' Sherman-Presser was watching Presidential News Conference.

President Obama on the credit downgrade.

## It's easy

Share w/

Discover movies

Earn av

## On the a

## "TV is a \$74 billion business based on a single premise: you sit and you stare!"

Somrat Niyogi, CEO & Co-Founder, Miso

TV is a \$74 billion business but it's based on a single premise: you sit and you stare! Nowadays people are multi-tasking while they're watching: they're using other devices and tweeting, googling and using Facebook. So the whole idea of Miso is to help recapture someone's attention, add value to TV-watching and make it better. We envision the day where people have to use Miso while they're watching TV because there's no better way to do it!

In the future, we believe, the second-screen will be intrinsically connected to what you're watching. Your device will know what you're watching, where you're watching it, how far through a show you are.

To paint you a picture: you come home, you turn on the TV and your mobile device will synchronise with it and know what's on. So, your iPhone might tell you that 'The X-Factor' is about to begin and ask, "Do you want to share this with your friends?" You say yes. On TV, a contestant comes on stage and starts singing a song. At the same, your mobile starts loading up comments from friends as well as, for example, gossip from a celebrity website, other facts and information about the singer. That's a highly connected, rich experience. And if you put your phone away and return to it later, you'll see a bunch of notifications stacked up about what your friends thought about the show.

So, what we're building is a service that is a collection of all the things you want to know about what's on TV and a platform that enables that.

We were the first Social TV app to incorporate location-based services, user-generated questions, ratings, a chatter stream and synchronised content through our Miso Sync app which connects Android devices to Boxee. We see ourselves as probably the most innovative of the new wave of companies in this space especially when it comes to understanding how the second-screen adds to watching TV.



We were also the first company to include check-in functionality which tells your friends via social networks, what you're watching. But it's not just about sharing what you're watching – there are deeper conversations going on. So we introduced show ratings plus something called 'pick-up' which lets you ask questions about different programmes.

Even with all this functionality we want to make sure that Miso is simple and easy to use. We have to remember that people still actually want to watch TV. So yes, while you can tweet away while you're watching a show, it negates from the experience a little because your attention is divided between watching and reading messages from friends who are doing something completely different. That's where 'check-in' works because it says "This is what I'm watching, who else wants to talk about it?" It's a focused thread.

# THE RISE OF SOCIAL TV

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Second, on Twitter, there's no context around the show you're engaged with. Your friends could be watching that show live whereas you're viewing it on-demand. Twitter is linear and for me, although it's a good vehicle for broadcasting activity it's not the medium people want to use to connect around what's happening on TV. How does Twitter work in a world where people are watching more time-shifted TV than ever?

We're now in discussions with large US-based cable companies and MSOs that allow the mobile device to know what's happening on your TV. So as soon as I turn the TV on, I don't need to search for anything: the TV and my device are already synchronised.

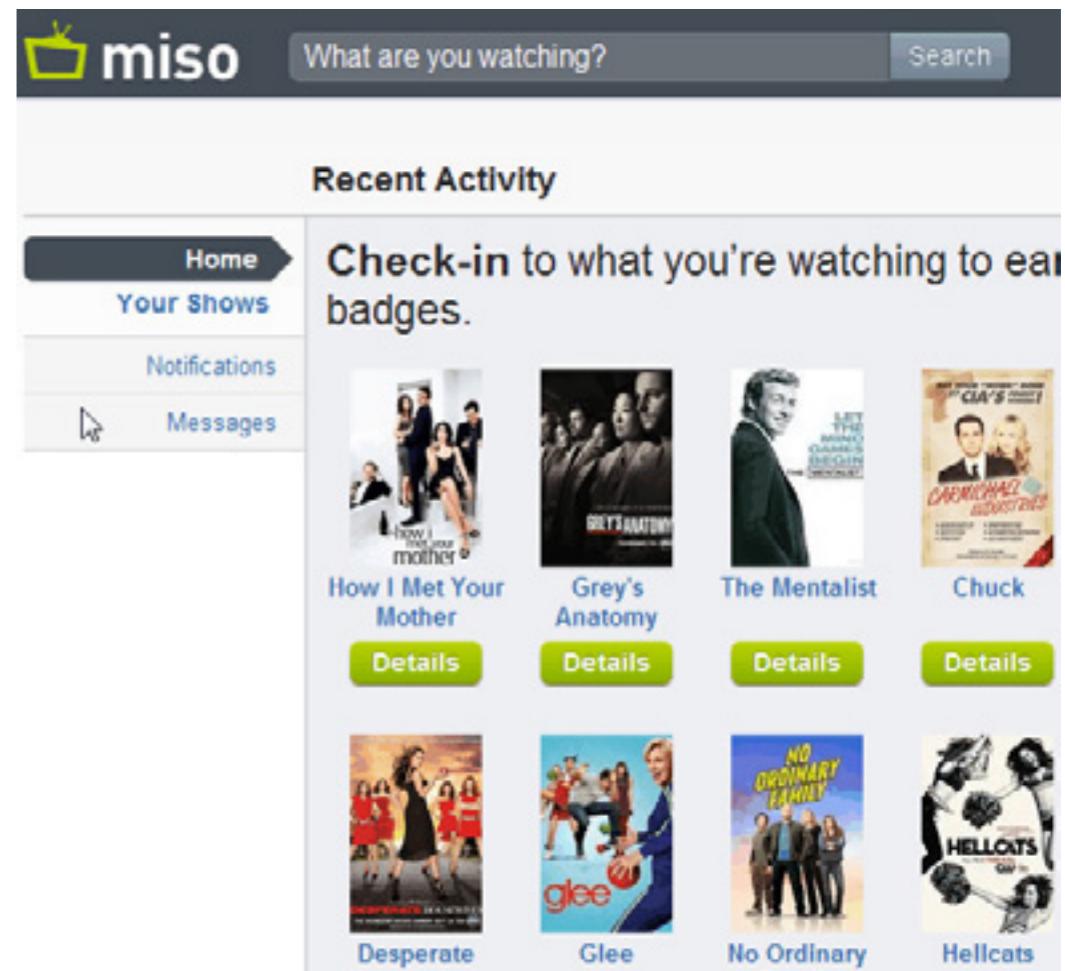
We have an internal department called Miso Labs which tries to understand how people watch TV. And one of the questions we asked ourselves is if TV is sometimes a passive experience (people may have their televisions on even if they're not watching anything), is the second-screen also a passive experience? From that came our app called Miso Sync which connects with a set-top box (we trialled this with Boxee earlier in the year) and synchronises your second-screen with the TV by loading up trivia, quotes, cast and other information. We'll soon be announcing a partnership between Miso and a really big MSO in the US.

We have 200,000 registered users. Internationally we have a growing demographic including the UK, Spain, Germany and Italy. In the UK, we had a deal last summer with the History Channel and we're very interested in working with British companies to enable social and second-screen experiences.

Monetisation is to me quite simple. The business of TV is advertising-driven and if you think about it, it's all based on reach. The more people that watch a programme, the greater the reach and the higher the ad rates that can be charged. But, as we know, more people are now watching shows either on-demand or time-shifted. Once we hit critical mass and enough people are using their tablets or smartphones at the same time as watching TV, we think that ad dollars will move from the TV to the second-screen.

So the real question that we have to work through is what do people want to do while they're watching TV? How do we get their attention back to the show rather than them texting or using Facebook? If we can do that, the money will come. We envision a world where the networks can use our platform to sell ads for their show. So, a broadcaster would sell ads on Miso and take a revenue-share just like with YouTube. The more users we get the more data we have and the more we can help ad sales become more efficient.

Overall, the market is young and we believe that openness and collaboration will lead to greater innovation. We're looking for partners who want to work with us to make the TV experience better and we have the tools through our APIs to make things happen. We're well backed and very excited to be involved in this space.



## "Monetization will come from branded partnerships and data services"

Fraser Kelton, COO, GetGlue

VOD Professional: What does GetGlue do that is different to other social TV apps like Tunerfish and Miso?

Kelton: One of our primary differentiators from competitors is that GetGlue isn't just a check-in service. On GetGlue, we see the check-in as merely a doorway to deeper engagement and activity around entertainment content.

We provide the user with three unique experiences after they check-in:

- Focused conversation with friends and fans around the show you're all watching.
- Personal recommendations, helping you discover new content you'll love based on what you've previously checked-in to.
- Rewards from over 300 TV shows.

Another important difference is that GetGlue spans all the entertainment verticals that matter – so not just television or movies, but music, movies, television shows, celebrities, books, and topics.

VOD Professional: What are GetGlue's USPs?

Kelton: GetGlue is a social network that sparks real time conversation about the music, movies, television shows, celebrities, books, and topics people are passionate about. GetGlue enables consumers to connect to one another and express themselves in real-time while watching or listening to the entertainment content they love – and get rewarded for it.

The image shows a screenshot of the GetGlue website. At the top, there is a logo and a link to 'Already a member?'. Below this, there is a large graphic of a yellow envelope overflowing with various entertainment-related stickers, including ones for 'TRUEBEE', 'MAD MEN', 'CONAN', 'Idol', and 'glee'. To the right of the envelope, there is a bulleted list of features: 'Check-in to TV, Movies, Music', 'Discover New Favorites', and 'Get FREE Stickers and Discounts'. Below this list is a blue button with the Facebook logo and the text 'Signup with Facebook'. Underneath the button, there is a smaller link 'OR Signup with email'.

People can also use GetGlue on a more individual basis. As media becomes less physical – with books, video and music all becoming digital and cloud-based – consumers can turn to GetGlue as a way to store up their library of interests. Users can rate and review content, and over time, GetGlue uses these actions to build up a taste profile for each user which informs its personalized recommendation engine.

VOD Professional: You have 1.4m registered users. Does that make GetGlue the biggest social TV app (Miso, for example, has 200,000 users, Tunerfish has above 100,000)?

Kelton: Yes, at 1.4 million users GetGlue is currently the leading social network for entertainment. We've seen great growth since January of this year, with usage up 400% in that time. Through Facebook and Twitter, our daily reach is more than 80 million.

## VOD Professional: How do you hope to monetise the service?

Kelton: We've spent the past year or so focused on growth and user experience in order to lay the foundation for monetization, and are currently experimenting with revenue models.

Monetization will ultimately come from a combination of branded partnerships and data services. We currently have more than 200 million data points (check-ins, ratings, and reviews) that offer meaningful market insights to studios, networks, and other content creators and media entities.

## VOD Professional: What are your thoughts on the evolution of the 'second screen'?

Kelton: People are naturally passionate about entertainment content – they have an emotional connection with their favourite movies, music, and television shows that they want to express. The fact that these second screens – mobile phones and tablets – have become more sophisticated and more ubiquitous has simply unlocked this latent desire to connect around entertainment. GetGlue's goal is to be the platform for this connection and expression.

## VOD Professional: How well has the tie-up with Channel 4 in the UK been doing? (Channel 4 announced in July that it was partnering with GetGlue on shows like 'Beaver Falls', 'Skins' and 'Misfits' to let viewers earn stickers and rewards.)

Kelton: We're very pleased with our partnership with E4 so far. We can't disclose the particular numbers, but we can share that E4 has committed to introducing stickers on GetGlue for a number of other shows on their network based on the metrics generated by the initial integration.

## VOD Professional: Finally, what's your message to potential GetGlue partners?

Kelton: GetGlue is unique in that it provides mutual benefits for both consumers and content creators. When GetGlue partners with an entertainment brand, the brand sees promotional benefits from our powerful network effect. At the same time, consumers benefit by receiving recommendations and authentic rewards, which are actually very meaningful to them.

### Recent Activity

Over 1.5 million users checked-in

 nasgal4kk is watching <a href="#">11Alive Weekend Mornings</a> .	
6 secs ago	
 Jim Roeder liked <a href="#">Terriers</a> .	
6 secs ago	
 osbth liked <a href="#">Australia</a> .	
6 secs ago	
 Alyson Nascimento is watching <a href="#">Harry Potter and the Deathly Hallows: Part I</a> .	
6 secs ago	
 lyn_lemon unlocked the <a href="#">Contagion Coming Soon sticker</a> .	
7 secs ago	
 Max Gordon liked <a href="#">Are You Being Served?</a> .	
7 secs ago	
 lyn_lemon unlocked the <a href="#">Opening Week sticker</a> .	
7 secs ago	

## "Ultimately, we don't think the mashup model is going to work"

Alex Blum, COO, and Gannon Hall, EVP Marketing, KIT digital



**Alex Blum:** Our new social TV platform, 'KIT Social TV', is something that will enable content producers, merchandisers and advertisers to build very compelling social TV experiences that are based on pure IP technology.

Social TV has become a hot topic because of the number of new entrants coming to market with a social TV service but in our experience, many of these solutions are based on a mashup between traditional broadcast TV and social network sites like Twitter and Facebook. That's good because there's a lot of experimentation going

on and we can all learn a lot from it but we ultimately don't think this model is going to work.

We think the pure IP-enabled experience that we've created is a winning combination because we're supplying a set of tools based on industry knowledge and best practices that we're implementing.

To create the solution, we've done studies around user behaviour and the fact that there are different phases of how users might interact with social TV. So, for example, there's the 'discovery' phase where people find out what it is they want to watch and then there's 'engagement' while they're viewing the content itself. And we understand that different types of content lend themselves better to social TV than others. Then there's a lot of interesting things that we learnt about what happens right after the show. Some content has higher engagement during the show itself while other programmes are talked about most after the event.



**Gannon Hall:** We're calling our solution 'KIT Social TV' because it has so many social components but it's also more than that.

It's about the dual-screen behaviour that's emerging - some of which has happened naturally through the advent and evolution of

tablets and smartphones. I know myself as a consumer that I'll be watching something on TV and using my tablet to get further related information. So what we're developing here is not just the ability to chat about content and comment on it – although that's included - but also the ability to enable transactional and e-commerce facilities that go with the programme: to be able to buy something or enhance the advertising. So it's a souped-up, interactive, highly capable remote control that controls the VOD or live experience over broadband on your set-top box or connected TV.

In terms of technology, our solution is a fully integrated offering based on 2 components: the app on the device such as a tablet which is directly paired with the TV programme itself via the set-top box on the live, VOD or OTT platform. The two things communicate with each other.

Part of the challenge that some of the other social TV start-ups have is that they don't have as much control over the entire ecosystem. A major broadcaster or network operator who owns the content (and the infrastructure to a degree) has a greater chance to create a much more integrated and higher quality experience. So, what we're seeing is that a lot of the social TV offerings are almost a combination of screen-scraping together with an 'anything goes' attitude in that they feel maybe it's okay if they're getting content from only some sources, maybe it's okay if they shut down in certain countries etc. They're necessarily limited.

KIT Social TV is building on something that we've believed for a while which is that the first major hurdle for most OTT or broadband TV providers is the issue of quality. For network operators, you have first have to deliver a quality of experience that is almost the equivalent of

satellite or cable or terrestrial programming. Once you get there, things like Social TV become much more viable and the opportunity is much more significant.

We've reached the point where video-on-demand is becoming a compelling proposition. For the first time we can deliver programming experiences into the living room but carry with it all of the benefits of the internet such as measurability and interactivity, all those enhancements not just to the consumer but also the opportunity for monetisation. Online video is still a fairly small industry compared to broadcast – in the US it's something like \$2 billion revenue a year versus \$120 billion now. Social TV is bringing us to the point where those two roles are really starting to converge.

KIT digital is building on years of extensive experience with broadband TV, broadcast and VOD-cast engineering and we've realised that in order to usher in global transformation and a new age of multi-screen we have to come at it not only with software but a wealth of industry and integration knowledge.

**Alex Blum:** I should stress that KIT Social TV does integrate with the "check-in" features of existing social TV services but we also provide the operator with the capability of having a white-label version of their own.

That's just one feature of our system. Our service doesn't have to do anything awkward like trying to screen-scrape EPG data or trying to have a listening device on the tablet. Because it's a pure IP approach that we deploy, there's no guesswork involved. We know exactly what's going on with regard to that video and we can deliver a fantastic experience.

## "Thanks to my experience, I wasn't afraid to start something more ambitious"

Anthony Rose, Co-Founder & CTO, Zeebox

Kanji: Obviously, there's been a lot of buzz over the last few weeks since you made your announcement that Zeebox would be going live in the autumn and while I don't plan to regurgitate other interviews you've done recently, can you tell us, for the record, what Zeebox is and what it does?

Rose: Zeebox takes television into a new age. It's a way of watching TV with friends and getting additional information, second-by-second, around what you're watching.

So, let's take 3 examples. First, you get home in the evening and you idly start flicking through channels – that's the way many of us watch TV today. You might catch a show part of the way through, get bored and flick to the next programme and it's a relatively solitary endeavour. Wouldn't it be great if instead, you sat down in front of your TV and ran the free Zeebox app on your iPad and you could see which of your friends was watching TV right now? And you would go "Ah, my friend's watching 'The Apprentice'" and you would click to start watching with him. Your TV would immediately jump to the same channel he's watching and on your friend's device, a notification would come up saying "Kauser is now watching 'The Apprentice' and he wants to watch with you". Your friend would click "Yes" and a chat window opens on your iPad so now you're both watching together.

When an ad break occurs, you'd be able to see instant analytics as people move from channel to channel. So, if there's some breaking news in the world and some of your friends have changed channel to see what's going on, you can do the same.

Instead of having to guess what's happening, suddenly your television becomes alive, socially-driven not just by your friends but by everyone.



You can even order your programmes around social behaviour. So instead of looking at an EPG that was placed in a certain order decades ago, your channels can re-order themselves based on the number of people watching, second-by-second.

So, that's reinventing television around social discovery and a social way of watching. But of course, not everyone wants social. Young people love it but for over-35's it's not such a big driver. However, all the consumer research we did told us that people love more information around television. If you're watching a programme about Madagascar and you see some fascinating lemurs that you'd

like to learn more about you're not really going to go back when the programme finishes and google it. It's just too much trouble and you might not even remember. Imagine though that second-by-second these tags came to your device, relevant to what's on TV and offered you the information instead. That's going to bring context to you.

We also know that people watch TV and are using Facebook and Twitter at the same time. Well, with Twitter, instead of having to guess the hashtag, we take care of all of that. So you click on a programme and you see the tweet stream and you can even see tweets just from the people you're following which is unique.

And then, you can also, if you have a Zeebox-enabled TV or set-top box, - which will be a later development for most people - use your Zeebox app as a remote control for your TV and have it automatically follow what you're watching on TV. So, all in all, it's a great new way of making TV better.

**Kanji:** Now that really does sound revolutionary because I've been talking to some of the other Social TV companies in the US – people like GetGlue, Miso and Tunerfish – and initially, I did think that Miso was the most analogous service to Zeebox but it sounds like Zeebox is that plus a whole lot more?

Rose: I think that thanks to my experience in mass-consumer products, in broadcast, in set-top box and in VOD propositions I wasn't afraid to start something a bit more ambitious. So we covered quite a few areas. It's a hugely ambitious project and I think that's why it stands a quantum leap beyond other things – or at least beyond other things we've seen - because it seeks to extract real-time context, it seeks transactional and social opportunities and actually, many of these other services when you try them out are impressive for a little while but then you get bored because it's one thing getting social discovery but you need more. The desire that's been created needs to be satisfied.

Also, it mustn't be hard work. Things must just come to you. That's where Google TV gets it wrong. You sit there and type in stuff and then

it says I don't have it because actually very little is available online compared to TV and so it's just alien. Really, what we're trying to do is ask "if you were reinventing the way you watch TV today, how would you do that if your TV and your means of browsing wasn't limited by technology that just beamed stuff to you and you sitting there in relative isolation?"

Finally, what's interesting with the second-screen experience is that it's free of the technology or media or, I guess, corporate limitations that are imposed on your TV so there's complete freedom. If someone wants to create say, a plugin architecture they can. The lack of controls and the openness of the platform will be even more revolutionary than the initial product platform.

**"I don't believe that when an ad occurs you're going to stop using the app that you were having fun with, load up Shazam and hold it up to the TV for 10 seconds while it identifies where you are. That's ridiculous."**

**Kanji:** Some Social TV companies are integrating with the set-top box and others, like IntoNow, use Shazam-style tech to listen to audio. I believe Shazam itself is now getting funding to move into TV. Are you able to talk about the technology behind Zeebox? Does it use existing technology or is it something new?

Rose: The answer is complicated and probably a little premature but actually we've tried to do as much processing on our servers and in the Cloud as we can so that the requirements of your TV, STB, iPad or computer are as modest possible. This in turn makes it as easy as possible for TV manufacturers to integrate the Zeebox plugin into their

TV's which allows the TV to communicate with our Cloud platform. We really do the heavy lifting on our servers so we take quite a different approach to Shazam both on the technology and on the consumer proposition. I don't believe that when an ad occurs you're going to stop using the app that you were having fun with, load up Shazam and hold it up to the TV for 10 seconds while it identifies where you are. I mean that's ridiculous. If you see a Nike ad it's just faster to go straight to the Nike website. Instead, we'd like the system to magically know, second-by-second, what's happening. It's a very different approach.

Our servers are watching television on your behalf and working out what's happening.

**Kanji: A couple of final questions. Monetisation: the consumer proposition is clear but how does it make money and how does it help other companies make money?**

Rose: Well, I'm not going to talk about how we make money because I think that firstly, that's something for us to keep internally for now. There are some, less-informed, articles I've read that suggest we don't have a business plan but that's not true. We do have a business plan, we're just not ready to talk about it yet!

I will however say that, bigger picture, nothing to do with Zeebox specifically, I think the television space and the way advertising is done is going to change. If you see a Nike ad on TV, there's no reason why it couldn't appear, hypothetically, on your Facebook page or an iPad app. And unlike the ad you see on TV - which can't be clicked on, has no real-time analytics going back to the sponsor, has little targeting, has no repeat-targeting because typically, an advertiser might like to reach the same customer three or four times, on TV, you have to keep blanketing everyone to get that reach - it's all completely different when you get online.

Online, you can have ad that is targeted to you – and exactly you – with real-time bidding systems and analytics. The internet is a decade or more ahead of television when it comes to advertising. And what's

**"When you watch TV and it says tweet our hashtag or visit us on Facebook, the broadcaster is sending you to someone else's site. They've made no advertising revenue."**

going to happen is that as more people use these companion apps, smart systems will join up what's on TV with the ads that appear. When that happens it will be very interesting because will it be the broadcaster that sells the second-screen ad or is it an ad agency like WPP or is it Google selling it? It takes the smarter, more forward-looking broadcaster to engage now and create these propositions.

You can see that already today when you watch TV and it says tweet our hashtag or visit us on Facebook – the broadcaster is sending you to someone else's site. They've made no advertising revenue. Now, smart people can create systems and glue these together and really change the space. I think things will change faster than people anticipate because it's not dependent on the old, incumbent telco's or broadcasters. It now becomes any number of small dot com start-ups creating things on these companion devices and taking advantage of situations in 2-week development sprints rather than 18-month lead times.

**Kanji: Zeebox is launching in October?**

Rose: Correct. It will be an iPad app and a website first followed by an iPhone app a little later. The key thing is that people need to be able to get started with no extra purchases, hardware or anything else. You just get the free app or go to the website and that's it. And in the fullness of time, the increasing number of devices will come with Zeebox built in which will give you an even better experience and will work without the consumer needing to do anything.



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## "I'm still very driven by a mission"

Tom Cape is a true VOD professional. He lead the delivery team for the original 'Sky Anytime' which eventually became 'Sky Player', was the Programme Manager for the first incarnation of Channel 4's '4oD' service in 2006, was the interim CTO of 'Project Kangaroo' (remember that?) and now, with his own company, Capablue, is one of the de facto pioneers in the new world of Connected TV.

It's an impressive CV, no? Plus, he seems like a good bloke - honest, forthright and the kind of guy you could easily picture yourself having a pint with. I met Tom at Capablue's offices in Waterloo and, like the two good geeks that we are, we had an enjoyable chat about television technology, the BBC iPlayer, ITV's online strategy, Samsung Connected TV and about Tom's career over the past 10 years...

**Kanji: So how did you get into VOD?**

Cape: I was originally a consultant at a web consultancy during the dotcom boom called NetDecisions –

**Kanji: I was the same but working for a company called Nettec –**

Cape: Yes, there were a lot of 'Nets' around the time weren't there?! And when I joined there were 40 odd people in the company, rising to 1,400 within a year or 2 and then back down to less than 400 a few years later.

**Kanji: I think Nettec had a similar trajectory.**

Cape: It was crazy wasn't it? I survived the rise and fall and then after a few more years there, a job came along at Sky to work on delivering new content solutions 'off platform', i.e on web and mobile. I thought video's going to be the next big thing on the net and that's what I want to be doing. So I moved to Sky as an employee to lead the delivery of the programme called 'Sky Anytime', the web part of this was subsequently re-branded to 'Sky Player'.

**Kanji: So you moved from agency to client side?**

Cape: Yes. I spent a year and a half at Sky running the project that launched the Sky Player – I also ran the older sports video site 'Video Lounge' which was replaced by Sky Player. At the time, Sky ran websites for a multitude of football clubs and handled all the associated video. I also worked on the Sky mobile application, the recommendations system and the sign-on and financial account management system that underpinned both the mobile and Sky Player application.

After launching Sky Player, I was contacted by an agency about an

opportunity to lead the programme for Channel 4 to put content online – now called 4oD. They didn't want an employee and asked if I would come in as a consultant so I set up Capablue as the consulting company.

**"The brilliant thing about 4oD is that right from the outset they built VOD into the infrastructure and the architecture of the whole business."**

When I arrived at 4oD as Programme Manager, I hired a few staff and that became the core programme team of 4oD. The brilliant thing about 4oD is that right from the offset they built VOD into the infrastructure and the architecture of the whole business. So whenever they're negotiating content rights, VOD rights are always included. And this ripples on through the whole operation. When they ingest, prepare and present content they always have VOD in mind. The whole thing is integrated.

**Kanji: Yes, I interviewed Paul Myers, the VOD Content Operations Manager at 4oD for the last issue of VOD Professional and he was saying exactly the same thing... So, let's talk a little more about the early days of 4oD.**

Cape: Right, so back then it was a downloadable app rather than a web service and you had to pay for most of the content. We spent months with Rod Henwood and Sarah Rose and the other commercial people working out the detail of the product and the pricing.

Initially all the content was charged at 99p. So, whether it was 'Friends' or 'Me and the Dog' it was all the same price. Now of course, who's going to watch 'Me and the Dog' for 99p? This was in the days pre-micropayments so anything less than 50p meant that we were going to lose money because of credit card transaction costs.

## 4oD is Channel 4 on Demand...

Now you can download your all-time favourite Channel 4 shows and films to your PC, on demand.

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- 1 Install the 4oD application free to your PC
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A screenshot showing the 4oD website and its desktop application side-by-side. The website has a dark header with the 4oD logo and navigation links like Home, TV, Radio, TV Schedule, 4oD Recommendations, and 4toZ. A banner says 'Lamsay returns! Gordon's back with an all-new F-Word and we've got a full fist mouthful.' The desktop app window shows a thumbnail of a woman and a close-up of a man's face, with a progress bar indicating a download.

The trouble, fundamentally, with broadcast VOD and trying to monetise it is that in lots of cases the content was designed for ad-funded, linear broadcast and most programmes aren't actually good enough to want to pay a fee for. With pay-TV, the quality of the content has to be higher. People will only pay for things they really want to watch like well-produced American and British shows.

'Preview' perhaps would work better. For example, if you want to watch next week's 'The Apprentice' people might pay for that.

**Kanji: Yes, because there's a time element isn't there? You're getting exclusive content ahead of others who don't want to pay for it.**

Cape: Yes. And then next week you pay again to watch for the following week so it sets up a constant loop.

**Kanji: So you got to Channel 4, set up the team, created the product?**

Cape: Yeah, my team was a central programme and product team which worked across the various departments to specify what we were going to build, managed the development of it, tested it and launched it. This was the first time Channel 4 had had a true cross-department project for a while. It was also the first time they had worked with a user-centric web design approach. Prior to that Channel4.com was an online magazine – 4Cars, 4Homes etc. The design was mainly driven by marketing rather than user requirements and it had much less to do with TV programmes.

About a year later (after we'd worked on Project Kangaroo) we went back to Channel 4 to work with the team on the strategy to incorporate 4oD into Channel4.com and merge the two together. The conclusion of the project was that they should put aside some of the magazine elements and base the C4 website structure around TV programmes. It was quite a big change for a broadcaster to base their online information architecture on their TV content information architecture but it gives a much more cohesive cross-platform solution.

**Kanji: Good strategy. I mean, Channel 4 IS a television channel...**

Cape: It is, and I think we got the information architecture and the user experience right from the start. At launch, 4oD included catch-up, close-archive, deep-archive, pay-for services, subscriptions, ad-funded content, account management and integration with multiple broadcasters. However other broadcasters have approached integrating VoD very differently.

**"I love iPlayer and of course, everyone raves about it but it is fundamentally quite simple compared to the projects we have worked on."**

Interestingly the BBC has always kept the BBC iPlayer service (and brand) completely separate - and it's always worked really well for them. Initially it was just about broadcasting free content – it was the last 7 days catch up. However it has evolved and grown into something much more complete - its multi-device, user recommendations, films etc. I love iPlayer and of course, everyone raves about it but it is fundamentally quite simple compared to the projects we have worked on – single channel, no complex account management or commercial requirements, no payments, related customer support, no advertising and so on.

**Kanji: 4oD was the first broadcaster VOD service wasn't it? I remember downloading the app to my hard drive because it wasn't a web service in its first incarnation.**

Cape: It wasn't. And you had to download Sky Player too. I remember at Sky that we felt like we were in a race with the BBC IMP (Interactive Media Player) which was in beta. Could we get Sky Player out first? So there we worked like maniacs to get it done and BBC never launched the IMP. A year later, when I was at C4, we were again in a similar race to get 4oD out before iPlayer and again, we launched the service only to find that the BBC still wasn't ready to go and we thought, "What's going on here? What's the BBC doing?"

**Kanji: 4oD was almost 15 months ahead of iPlayer wasn't it?**

Cape: Yes. I think it launched in October 2006 –

**Kanji: Yeah, and iPlayer went live on Christmas Day 2007.**

Cape: My experience at Sky and C4 were very similar in that there was a clear goal to launch Sky Player and 4oD respectively. A team was carved out, we were empowered and left to get on with it. We had to be really focused to make things happen and drive it through.

**"In hindsight, I wish I hadn't pissed so many people off and perhaps listened a bit more."**

I was in the army originally, that's my background, and there, we had something called "mission command" which was the idea where if you had a mission, you do whatever it takes to achieve the mission. And even now, I'm still very driven by a mission. In hindsight, I wish I hadn't pissed so many people off and perhaps listened a bit more. Softer management skills might have been more appropriate. But I was always under a huge amount of pressure to get things done, on-time and on-budget and that's not conducive with making best friends with everyone. It's never personal.

**Kanji: In preparing for this interview I looked at your LinkedIn profile and I noticed that you were already the MD of Capablewhilst also being the CTO at Project Kangaroo at the same time –**

Cape: Yes I was a consultant and interim CTO there. I had finished at 4oD just before Christmas 2005 and I got a call from Sarah Rose who said we're doing this 'secret' project, will you come along and get involved. So about 5 of us from 4oD pretty much upped sticks and went to work on Kangaroo, or Project 'Sherbet' as it was known for the first 3 or 4 months.

Capable provided all of the functions like CTO, project managers, business analysts, information architects, design and liaising with all the broadcasters. IOKO came in later on to do some of the systems integration.

## Kanji: Who was funding Kangaroo?

Cape: It was Channel 4, BBC Worldwide and, eventually, ITV.

The team, almost all Capable people, took a serviced office in Green Park and worked there for 3 months on Kangaroo strategy. Gill Pritchard, who's now Head of Strategy at C4, arrived there from BBC Worldwide and said let's explore the idea of putting all UK broadcast in one website. That seemed like a good idea so we mapped out the workstreams involved, the technical considerations, the monetisation functionality, operational issues etc. And we also worked with a guy called Richard Dines who is still involved, now as the head of product at SeeSaw.

## Kanji: And that's ultimately how Capable came into existence?

Cape: Yes, so it was a little complicated but effectively initially from 4oD and then growing to about 20 guys working on Kangaroo.

## Kanji: And can you explain the difference between Kangaroo and Project Canvas?

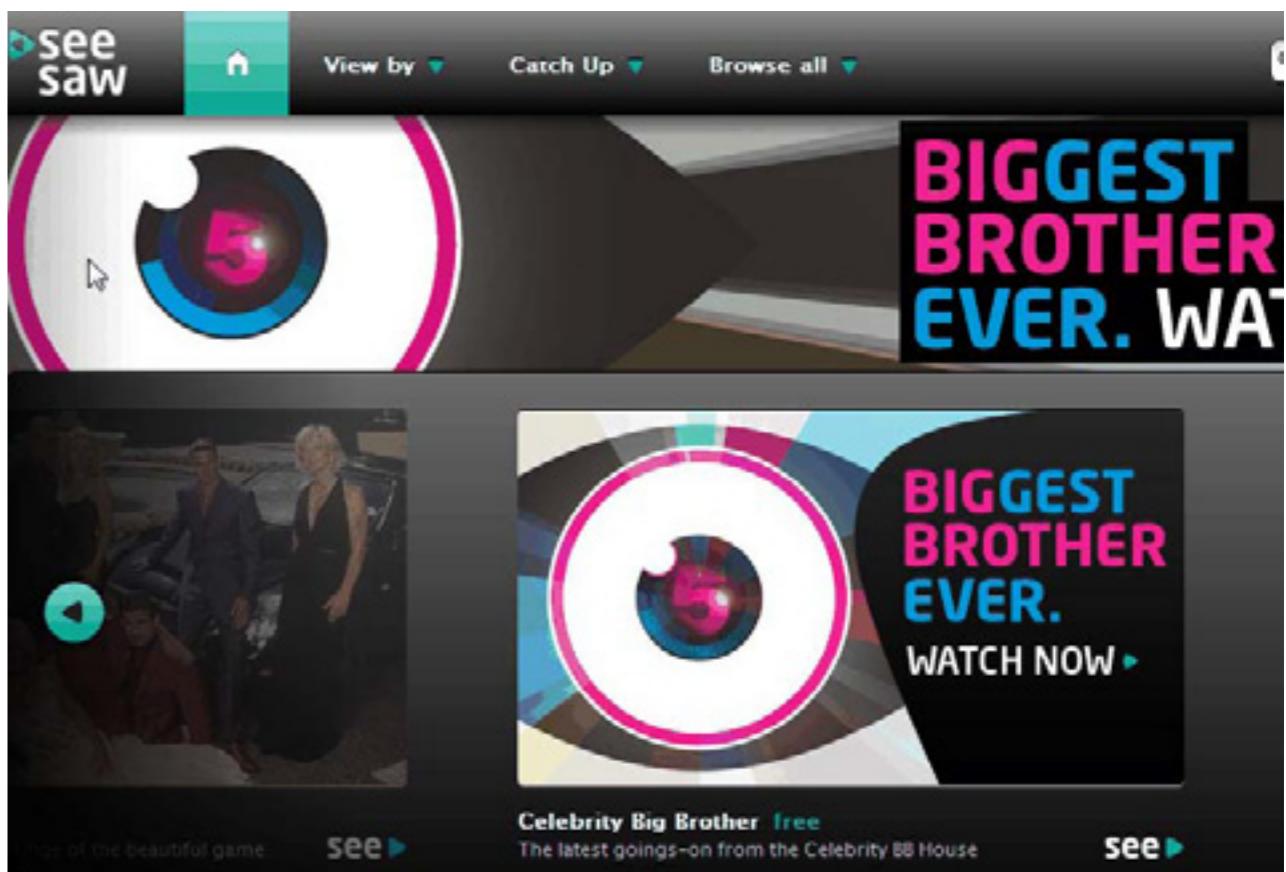
Cape: There is no connection between the two; Kangaroo was an online project and Canvas a TV platform. Kangaroo had 9 lives! It died and came back again and again. Kangaroo was closed off because the Competition Commission got involved and said no, you can't do this project. So the assets – the technology and the platform - were sold to Arqiva who then had to negotiate the rights with C4, ITV and the BBC. Arqiva decided to close it this year and then it was sold again and continues but I don't see much of a future for it to be honest, I don't think the proposition works without the exclusive PSB rights of the original concept and having to compete with content owners own sites.

When Arqiva started the rights conversation, I think the BBC said yes, you

can have the rights. Channel 4 said you can have some of our content but it won't be exclusive because we're developing 4oD as our own platform and we're putting content on things like iTunes so we're aiming for a broad distribution policy and ITV said no, you can't have any rights at all. So the whole foundation for what SeeSaw or Kangaroo was going to be was undermined.

## Kanji: What did you think of ITV's refusal?

Cape: ITV's strategy is something I agree with in many ways. As a broadcaster, you invest a phenomenal amount of money marketing a programme which you then associate with your own brand. So, something like 'Shameless' and C4 are synonymous so why would you ever want your customers to go anywhere else like SeeSaw to watch it? Suddenly, SeeSaw is the broadcaster not you! To some degree broadcasters are marketing organisations which acquire and distribute rights under their own brand so it is important to maintain that end relationship with the customer and maintain your brand presence.



**Kanji: But aren't the commercial broadcasters primarily money-making organisations rather than marketing organisations?**

Cape: They are but programmes on web are usually distributed on a revenue-share basis. So if 'Shameless' appears on SeeSaw, C4 might only get 100-x% of the related advertising revenue whereas they'd get 100% if it stays on 4oD. And remember, the internet aggregates content anyway – who needs another layer of aggregation. Users will search for a piece of content (for example on Google) and they don't really care on which website they watch something as long as the experience is a good one.

**Kanji: So, in the last bit of the interview let's talk about Capablue. What does it do?**

Cape: We've been going 5 years and, as a company, we've changed a lot. Up until 18 months ago we were more of a consultancy. We'd meet customers and help them design, build and integrate a VOD site. So we did lots of small projects for people like Orange and Turner and several iPlayer-related pieces of work but it was all a bit piecemeal and we wanted to do something a bit more sustainable in terms of revenue. So me and a couple of the guys sat down and said, first, we want to carry on building and creating services. That was a given. Then, looking at the market, we also knew that most of the Tier 1 companies were covered and already had live VOD services in place. So we started looking at Tier 2 / 3 companies, content-owners, traditional media, sports-rights owners who couldn't necessarily afford to pay Tier 1 money to build their own platform. And that's when we decided to use our knowledge to create a platform and sell it on to these firms as a managed service. That's how our VoD and Connected TV platform 'Connected' was conceived. We have spent the last year and a half developing it based on our experience and are now already running 5 channels on it with a whole bunch more on the way...

Initially launched with STV last year as an ad-funder service on PS3 and in the past few months we've built in account management and micro-payment systems and can connect VOD services to Connected devices. And that's where Samsung comes in.

**Kanji: How did you get to work with Samsung?**

Cape: We did some work with SES Astra (the big satellite company) and they asked us to create a couple of Connected TV apps which they wanted entering into the Samsung App Competition. The first app was called "How to install your own satellite dish" which is really for the German market where everyone installs their own dish and the second was a social recommendations app. And incredibly, the second one won! Since then, we've become a key Samsung partner.

**Kanji: Fantastic! And that's where Capablue's future lies?**

Cape: We still build websites, mainly VoD for broadcasters but Connected TV is definitely an area of rapid development and we are really enjoying being at the forefront of this new market. It is going to be a very interesting year or 2 ahead for the industry and Capablue as the VoD and Connected TV space continues to develop.



You can contact Capablue via their website, [www.capablue.com](http://www.capablue.com) or on +44 207 620 0909. [Twitter@Capablue](mailto:Twitter@Capablue).



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## The Future of The Ad-Funded Model

### Dan Ruch, Vice President, Europe, Tremor Video

Tremor Video is a technology company first and a media company second. What I mean by that is we use technology to change the way marketers think about having conversations with consumers. Online video is the medium that we use to give marketers a way of connecting, but the way in which we identify and then provide the right audiences to have the conversation with is all technology driven. Moreover, the marketing insights gleaned from campaign results can extend to inform strategy of an entire media mix, of which online video may play a small role.

The internet is a 'lean-forward' medium. It's an interactive medium. So why are we putting TV ads that last 15-30 seconds online and hoping that viewers engage with them? Why not use the power of online video to drive a conversation? Instead of a static, linear ad, we encourage viewers to engage. And because it's online, we can track viewer behaviour within the ad and give this insight directly back to the brand. Recently, we built and ran a campaign for Nokia wherein the brand implemented social networking features to understand how users choose to interact with their social platforms in an opt-in environment. Tracking results, we can then begin to answer questions like, given the choice, what percentage of viewers choose to use Facebook or Twitter to interact with the brand in a social capacity.

The US online video advertising market last year was worth \$1.4 billion compared to about £60-70 million in the UK. In the UK, advertising aggregators have been successful in representing publishers who outsource their entire sales function and that's because there isn't yet critical mass – in terms of video advertising inventory - to allow for

companies to set up big in-house sales teams. In the US however, major brands of different sizes, including broadcasting companies and cable networks, do have their own sales divisions and we work with them as partners, non-exclusively, to monetise their inventory supply.

**"Why aren't we taking the opportunity to target in new and interesting ways using the technology at our disposal?"**

The conversation I love to have with UK marketers is that traditionally, when brands move money into the online video space, they do so to target viewers by certain demographics – the same way they do on linear, broadcast TV. That's a given. So, for example, brands might be focusing on ABC1 males or women aged 25-34 or the youth market. And they pay on the ability to reach those groups. The reason they do that is because TV is a difficult medium to target against – that buying methodology is decades old.

Now what we've done to speed the shift of that money into the online space is to offer advertisers a way to target those same audiences on the web. This makes perfect sense as we try to attract brand budgets from the broadcast sector into online video. The problem though is that we're taking an essentially antiquated targeting methodology and applying it to a space where technology rules the day. So, the question is, why aren't we taking the opportunity to target in new and interesting ways using the technology at our disposal? Why are we offering advertisers women aged 25-34? Instead, why not offer

## The Future of The Ad-Funded Model

Dan Ruch, Vice President, Europe, Tremor Video

advertisers conversions? And let's use technology to tell them who the audiences are that buy the most?

This is a difficult conversation to have with most media buyers and planners in the UK because this is not how they have traditionally done things. Let's have a true marketing conversation and ask questions like "What is the goal of advertising your brand adjacent to 'Top Gear' or 'The X-Factor'? What are you trying to achieve?" Branding and conversions are important KPIs, and using technology means that we can optimise campaigns not just toward demographics but towards the signals, be they websites, times of day, days of week, geographic locations, even viewers using different operating systems, that exhibit the best performance against brand KPIs. Let us tell you something you may not have known about your audience before you ran this campaign.

Brand loyalty against certain programming will always exist, but we can certainly open up additional areas of premium content that performs just as well, if not better, and perhaps in more cost-efficient ways.

Another question is about the sustainability of the ad-funded model compared to other models of monetization. The pay-wall conversation has been going on in the US for years and we can cite the Wall Street Journal a property which uses pay-walls and which is excelling as an example. For me, I think one of the keys to success with pay-walls is that if you're the number 1 provider, the market leader of the content in your given sector, then you can put up a pay-wall and probably be successful. If you're not the number 1 or you're not a 'must-buy', with the volume of good content available on the Internet, there's always somewhere else for users to go that doesn't charge for its content.

For pay-TV, it's a similar story: unless your content is so desirable that you can charge for it, pay-walls are difficult. But we have proven, time and time again, that users are willing to watch a 30-second ad if it means gaining access to premium content. Users are less likely, however, to watch a 30-second ad in front of user-generated content, which is one of the reasons YouTube doesn't sell 100% of its inventory (caveat here – YouTube does have premium channels which it and its partners monetise quite well).

It's an evolving debate of course but one of the reasons online video hasn't become as prevalent as quickly as it could have is because it used to be much more expensive (and it still is expensive) to host content online. For publishers, some pieces of the maths are:

- How much does it cost to create and host content online?
- How much does it cost to stream content?
- How much does it cost to use a CMS like Brightcove or Ooyala?
- And then how much will it cost to monetise content? Do we use a sales-house or hire a sales team?

In many cases, especially in the United Kingdom, publishers don't have the kind of stream volume to warrant all that cost.

Obviously, the most successful publishers are those that have large, broadcast-ready content already available. For them, it's simply a case of repurposing the content and getting it online.



## Making Multi-Screen Pay

### Stephen Petheram, PayWizard

Multi-screen is quite rightly being touted as a way for content owners/broadcasters to generate incremental revenues, but it's easy to get caught up in the hype and wind up saddled with a payment mechanism that won't cut the mustard in the long term.

A critical - and often overlooked - element in any multi-screen, multi-platform payment mechanism is its ability to provide content owners/broadcasters with sophisticated customer data. Without this data, the payment mechanism is simply a payment processing system that does nothing to improve the customer experience and, importantly, does not help to drive additional revenues.

As multi-screen, multi-platform viewing takes hold, it is imperative for broadcasters and content owners to help consumers to select premium content that is pertinent to them. As consumers ourselves, we know that we will only pay for content if we feel that it enhances our viewing experience. Only by capturing and using 'actionable' consumer data to create flexible and relevant marketing offers, promotions, recommendations and discounts is a consumer going to part with his hard-earned cash. Any old system can be forced to yield information, often in a useless and irrelevant form. It is meaningful, actionable data that is the content owner's/broadcaster's equivalent of black gold.

In order to monetise multi-screen as effectively as possible, broadcasters and content owners need to encourage paid-for views in multiple, non-exclusive ways using a combination of recommendations and offers that are specific to each user and the devices he owns. Support for off-line transactions is essential, as well as the flexibility to accommodate user-defined payment options that include new and emerging payment models such as: pay per multi-day event, pay per

daypart, season tickets, vouchers, promotions, transaction VoD and catch-up offers. It goes without saying that single-click purchasing is also a must. The paid-for model can also be supplemented with device-optimised addressable advertising.

A new White Paper from IHS Screen Digest entitled 'Monetising Content in a Multi-Screen World' includes some interesting points in relation to the effective monetisation of VOD content across multiple screens. In the White Paper, author Merrick Kingston states that "although transactional views constituted just 1 per cent of VOD views in 2010, these same views accounted for 63 per cent of 2010 revenues. By contrast, FTV (Free to View), which accounted for nearly all VOD views, generated only 24 per cent of revenues . Advertising in its current form – neither viewer nor device addressed – has not allowed providers to effectively monetize the large number of FTV VOD sessions."

Kingston goes on to say that: "...recommendation engines and addressable marketing will be most effective if their suggestions can be tailored to a consumer's consumption patterns and preferences across their different devices. To accomplish this, these tools will depend upon data inputs that provide a view of device-specific consumer behaviour."

Kingston's comments tally with my own view that a sophisticated management system that filters multi-device transactions into a single presentation layer in real-time is an essential tool for the new multi-screen, multi-platform world. This actionable data can then be used to make timely, user-addressed offers and recommendations to ensure that every opportunity to generate revenue can be seized.

In a sector where an increasing amount of untapped pay revenue is sitting idly on the table, the ability to cut through the content 'noise' with a sophisticated payment solution that captures real-time, transactional information on consumer purchasing across multiple screens is essential.

Get the multi-platform experience wrong and other content owners / broadcasters will soon be eating your lunch.



## The Consumer Proposition for Connected TV

### Edd Uzzell, Proposition & Services Development Manager, Sony

BRAVIA Internet Video is one of the key propositions that we offer to customers who buy a Sony connected device. It gives consumers the chance to watch content from a variety of different providers such as BBC iPlayer, Demand Five, Lovefilm, Youtube, Sky News to name just a few. Customers also have the opportunity to purchase premium movies on a pay-per-view basis from the 'Video on demand' service and subscribe to 'Music Unlimited' which lets users listen to unlimited tracks from a library of over 7 million songs.

BRAVIA Internet video features on 23 out of 24 of our Bravia televisions as well as on all of our Blu-Ray players and our Netbox, which is great for people who have a slightly older TV without internet functionality.

Content partners, assuming they have the rights to a given territory, can share their content anywhere in the world. So, in the UK, when you first buy a device it connects to Sony servers, checks your location and shows you the services you can get in your region. In the UK, that's principally the major catch-up suppliers like BBC iPlayer and Channel 5, Sky News, Sony Entertainment TV plus subscription services like Lovefilm and Video on Demand.

We're still in the very early days of Connected TV and as an industry; we're trying to understand what connected TVs mean to the consumer. With second-screen applications on the horizon, how are multiple connected devices in the lounge going to talk to each other and provide an enhanced consumer experience?

At present Sony have over 20 video services on the platform as well as supporting Twitter and Facebook, but Sony are currently approaching it from a qualitative rather than an quantitative standpoint. Having too

much choice can sometimes paralyse decision-making and we want to make sure the services we do make available are recognised, trusted and, most importantly, going to be useful to our customers.

We really value our content partners and the additional services that they deliver to the consumer as well as helping us to differentiate our proposition. We tend to describe BRAVIA Internet Video as a shopping mall, in that the mall is owned by Sony and we rent plots out to content partners to showcase their content and acquire new customers.

**"Having too much choice can sometimes paralyse decision-making."**

Much of the content from partners is free at the point of delivery. Some services, such as Channel 5, are ad-supported and then we have subscription services like Lovefilm. Video on Demand is a pay-per-view service. The way we look at it is trying to understand what the partner wants to get out of the service and how we can best work them to achieve their goals, thus any new deals that we sign with content partners clearly have to work for both parties and, using our experience, we look at tailoring a deal to the specific partner.

Whilst the current trend is around ad supported content, one just has to look at the news to see that many different types of business models are being examined as this is such a dynamic ad fast moving industry.

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We give our content partners reach, that is, immediate access to the many millions of customers who have bought one of our connected devices across the globe. And because the platform is backwards-compatible, the partner service is available to use both for people buying new devices but also all the of the customers who already own a connected device. This is one of the key differences to an 'App Store' approach where the customer has to actively go out and look for the app. On Bravia, the apps are directly pushed out. Partners don't have to rely on consumers to find the service.

**"Second-screen is going to be a disruptive technology in both good and bad ways."**

Sony is one of the leading brands in this space and was the only major TV manufacturer to win a Connected TV award earlier in the year at the Connected TV Summit held in London.

We've done a lot of research on how people watch television these days and particularly looking at the 'lean-back / lean-forward' experience depending on whether a person is watching programmes on a TV screen or an a laptop. One of the most interesting things we've found is that up to 40% of people in the UK had connected their PC to a television at some point whether that's to watch catch-up on the web or stream a movie or even just to look at photographs – basically using the TV as a big second screen driven by the PC. And what we take from that is that most consumers prefer the 'lean-back' experience for

big-screen entertainment. And that's borne out by viewing figures for something like the BBC iPlayer. Although iPlayer content is still mostly viewed on a computer there are a growing number of people watching it on their TV sets. Connected devices are starting to take a share away from PCs.

**"Up to 40% of people in the UK had connected their PC to a television at some point."**

For me, the second-screen experience - and how it evolves – is absolutely fascinating. Anthony Rose (one of the architects of the first BBC iPlayer) was quoted the other day as saying that second-screen is going to be a disruptive technology in both good and bad ways. Second screens will help provide a unique experience for every single person. One could argue that Facebook and Twitter aren't main-screen applications: they can be private to the individual user. So, in a 2.4 children household, the TV will be the big public screen for the whole family to watch whilst the kids might be individually interacting with these social services on a tablet or a phone but still getting a private, customised experience to what the user feels like doing or consuming at that time. They complement the main screen.

We want to see BRAVIA Internet Video on as many devices as possible. Our chairman said a couple of years ago that 95% of our product categories would be connected to the Internet by the end of 2011 and we are well on the way to achieving that.

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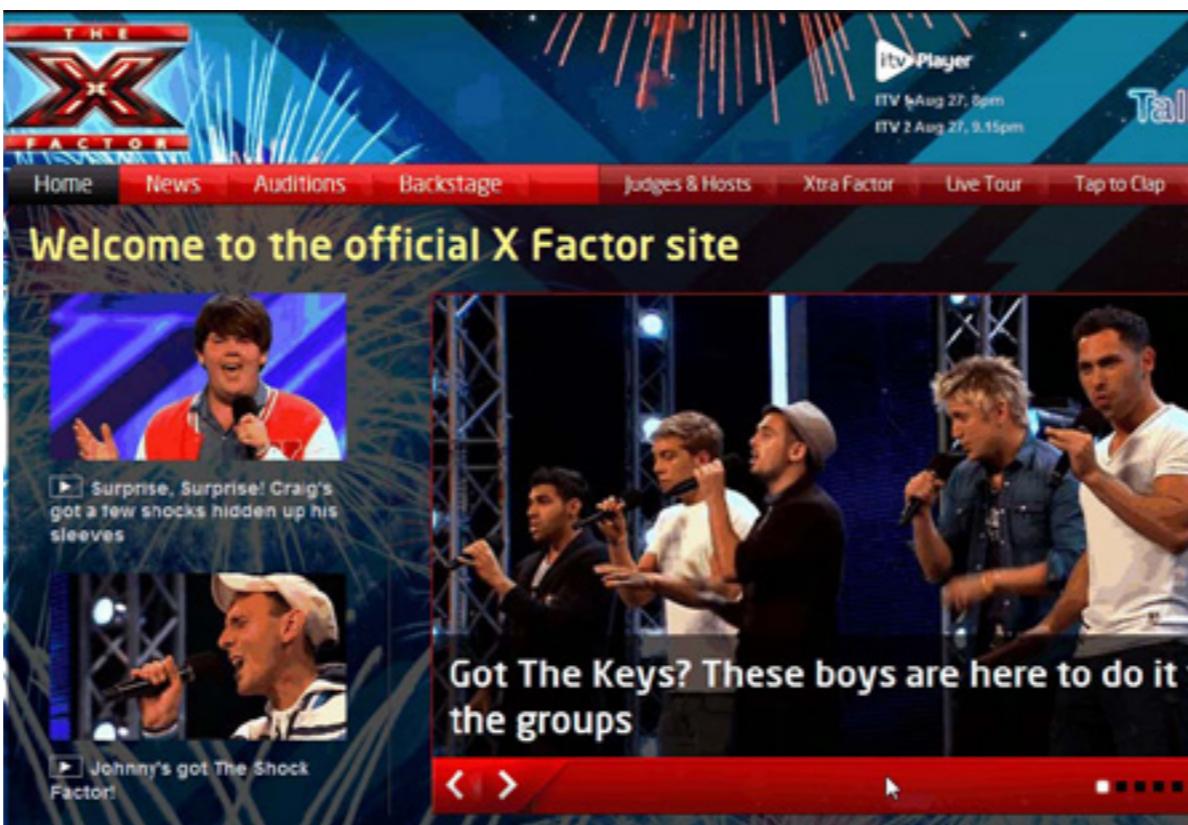
## Cast Your Vote the TV Way

### Jane Seery

The phone is dead, long live the phone. Or so it seems when faced with the choice of how to vote during your favourite TV show. Since the much publicised phone voting scandals of 2007, which led to a number of producers and broadcasters incurring fines over misuse of voting procedures, public interest has waned. Use of premium-rate lines fell and faith was lost in the integrity of the process, as accusations of "fixing" were hurled at talent shows like "The X Factor" and "Britain's Got Talent". This resulted in a clampdown by Ofcom, insisting on transparency of costs, and the set up of 'PhonepayPlus', an agency tasked with ensuring a Code of Practice was strictly followed. With the debacle dimmer in the memory, and some confidence restored, attention is now on reinvigorating this lucrative revenue stream.

The challenge for TV producers has been to find new methods of increasing and maintaining viewer participation while still making money. Given recent developments, the answer still appears to be telephone voting. With smartphone ownership estimated

to overtake that of the PC, its multiplatform capabilities within a single handset make it the ideal candidate. The use of social networking to enhance television viewing has been well-documented. Sites such as



Twitter and Facebook help create buzz around a particular show through audience discussion and interaction, and TV companies are now using them as part of their marketing strategies. But social networking is about to play a more integral part in TV viewing, as

Facebook becomes a new channel through which viewers can vote in their favourite shows. It will be tested later this year when "Big Brother" returns to Channel 5 (the current Celebrity version of the show is sticking to premium rate phone voting only a Channel 5 spokesperson confirmed). The broadcaster has recently struck a deal with MIG (Mobile Interactive Group), to produce an app that will allow viewers to purchase Facebook Credits to vote, rather than via expensive phone calls. It will enable them to vote on the site, either through a mobile or laptop, as well as interact with other fans at the same time.

A report entitled 'Emerging Trends in the UK Premium Rate Services Market', produced by PhonepayPlus, revealed that £32 million of revenue was generated through TV participation and telephone voting in 2009. This rose by 34% to £43 million in 2010. With the introduction of TV voting apps, this area is set to expand further in 2011. Increase in revenue, however, is harder to predict as methods of payment are funnelled through a diverse range of channels such as iTunes, Facebook and Paypal.

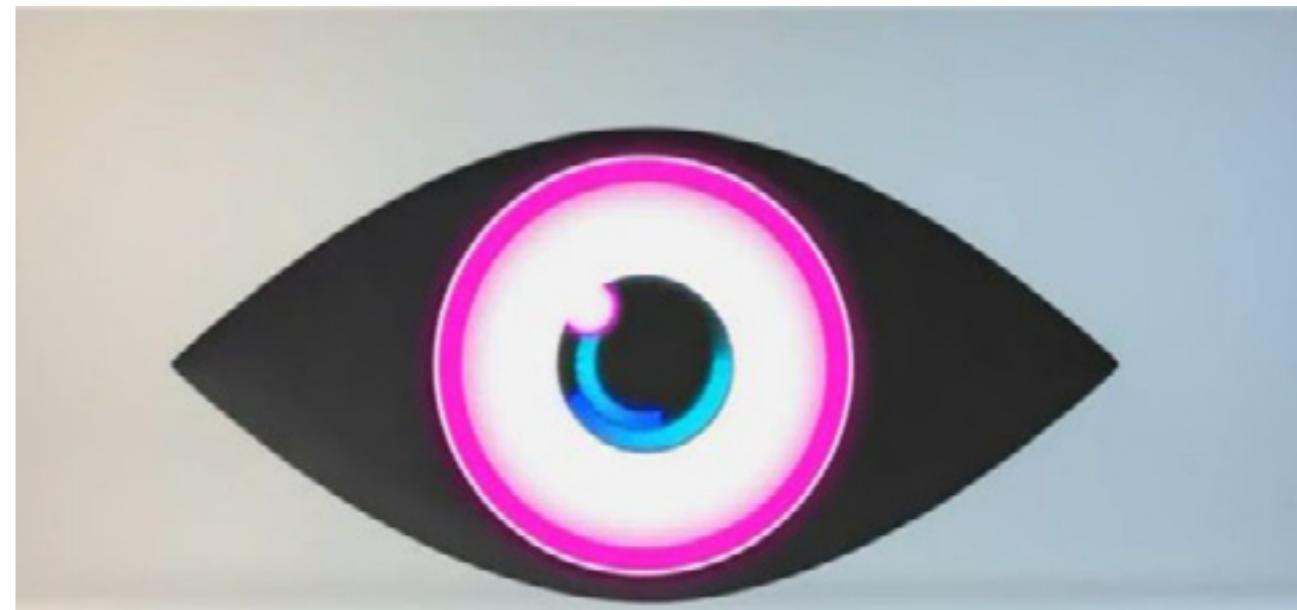
## Cast Your Vote the TV Way

This also highlights the thorny issue of regulation which could get complicated as some of these companies follow their own codes of practice whilst others are governed by Ofcom & PhonepayPlus. Then there is communication via free platforms such as email and Twitter to contend with, plus the reintroduction of standard rate calls by some broadcasters, all of which could contribute to a dip in overall revenue.

Television show voting is clearly a lucrative revenue generator, but its role in audience engagement cannot be overlooked. Shows such as "The X Factor" and "Big Brother" were successfully able to encourage viewers to call premium-rate lines because the effects of their input in the show were clearly visible. Since social networking has become a part of everyday life, interaction is becoming an increasingly important component of TV watching. Picking up the phone to register interest is no longer enough and audiences expect something back.



It will be a challenge for producers and broadcasters to come up with creative and innovative ways to lure viewers in, but the answer could lie in utilising and merging other platforms. US talent show "The Voice" recently extended the boundaries of reality show participation by giving viewers the option to vote through their purchase of the live songs via iTunes. Each download was registered as a vote for the contestant performing the song and contributed to deciding the winners of each show, along with conventional phone and online voting. This cross-platform approach could extend out from reality and



talent shows and may well be the key to utilising viewer participation in other programme genres. If rewards or activities, centred round the TV show, were offered in exchange for micropayments, there may be an additional revenue stream to tap into, other than straightforward voting.

The TV app model is a nifty way of bundling content, voting and social interaction into one neat package and could be the one to provide a steady and lucrative return. **VP**

Jane Seery is a co-founder of Shapeshift Media, a cross-platform startup company, producing content for TV, mobile and web. Her interest in social media and the web is supported by twenty years experience in television broadcast and production.

Jane is also a freelance writer for several websites and online publications including "eHow" and "Inside Guide to London". Her passion for all things cross-platform is revealed in her blog, "TV Goes Cross-Platform".



## In VOD We Trust Eddie Abrams

*IP Vision CEO Eddie Abrams believes that the digital entertainment industry's best weapon against piracy is now in its hands – the Connected TV*

As the dust begins to settle on the High Court ruling forcing BT to block access to the illegal file-sharing website Newzbin2, it does of course raise the question of what the consumer is looking for, and thinking about, when it comes to finding the online content s/he desires. Why are these illicit sites prospering and what can we do to combat them? Is every 16-30 year old in our society an anti-establishment pirate that places no value on content services, or on copyright, or is it simply that the vast majority of consumers are law-abiding citizens just looking for an easy solution to finding the content they want?

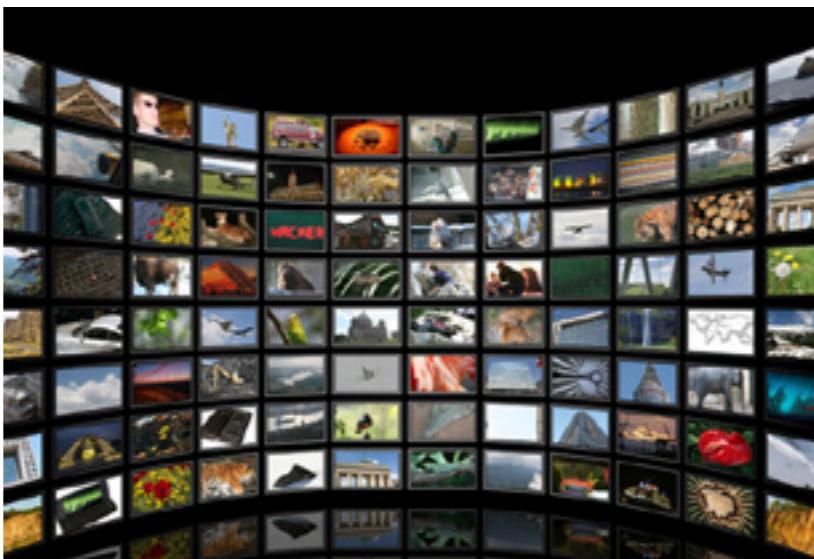
The digital media industry is collectively scratching its head because the scope of the digital piracy potentially enabled by such sites makes its physical predecessors look like a harmless game, so corrective solutions are needed and quickly.

What is clear is that it may now be high tide for the pirates. This is not because of the legal challenges that studios and creatives are

mounting, but rather because of the quality, variety – and critically, user-friendliness – of the legitimate services that are coming over the horizon.

Pirate sites have a weed-like quality that just sees them propagate randomly in the Wild West of the web. Legislators and legal teams can chase them all they want but they are fighting a losing battle.

In my view the secret weapon in all of this, the force that will take the wind out of the pirates' sails, is going to be connected devices and in particular connected televisions.



This is because there is one consumer habit that never changes – people want convenient

services that just work. Until lately, especially in non- pay-TV homes, customers saw little real difference between legitimate content websites and those that were online dens of digital iniquity – both were cumbersome to use and in many cases there were few if any visual cues to help consumers discern between the legitimate and the illicit

So we need to win back the trust of the customer by offering a meaningful, attractive and easy-to-use service to the mass market. It is connected TV that gives us this opportunity.

It is estimated that there will be some 1.6 billion connected TV devices in homes around the world by 2014 and with this, we can finally welcome next-generation entertainment into the front room.

We can focus on the quality of the experience: creating new kinds of user interfaces, providing recommendations and creating offers based on sound retail principles – never were these the concern of file-sharing sites.

We have money to spend on delivering a great viewer experience because there is money to be made. With this route to market finally making sense thanks to connected TV, the creative and successful business models

inevitably will follow.

This pattern has been borne out by my own experience in delivering over-the-top content to TVs via a hybrid set-top box. The propensity to spend money on content, even if generated from somewhere on the web, increases by a significant multiple when delivered to the television set and multiplies again when it becomes part of the familiar programme guide, displayed alongside big-brand linear TV channels.

Users don't really care where content comes from as long as it is easily accessible and they are able to make good use of their 42"+ LCD.

So, with connected TV, content that originates from the web may come down a different pipe, and it certainly will fit your schedule and tastes, but the majority of homes will increasingly see it as coming from a place that they recognise and trust.

We may call it VOD or OTT but what can stop this kind of piracy in its tracks is the fact that customers will simply call it 'television'. 

Eddie Abrams is the CEO of IP Vision (UK) Limited which he co-founded in 2007. His major achievements at IP Vision include being the first player to launch commercial hybrid over the top services in the UK, being the first provider to make BBC iPlayer and, in another first, the Sky Player available on a hybrid OTT service. IP Vision also launched the first-ever remote EPG on a Freeview device.

### Write for VOD Professional!

Whether you're an industry commentator, a blogger or you just have something to say to the video-on-demand community then you could write for us.

In the first instance, send an email to [press@vodprofessional.com](mailto:press@vodprofessional.com) telling us a little about yourself and what you'd like to talk about and we'll get back to you within 48 hours. Thanks.



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## HTML5 is NOT a "Flash-killer"



In the last issue of VOD Professional, Florian Pestoni, Group Product Manager, Media and New Technologies at Adobe wrote about the rise of TV over IP networks. For this issue, I followed up with Florian to ask about monetisation, the threat posed to Flash technologies from HTML5 and why Apple isn't using Adobe products.

**Kanji: Can you tell us a little about yourself and what Flash Access is.**

Pestoni: I'm the Group Product Manager working in the 'Flash Runtimes' organisation that includes Flash Player and Air across all platforms. The primary area of focus is around video and monetisation and a critical area of that is content protection which is where a technology like Flash Access comes in. Flash Access is a product which launched last year and one of the major differentiators for it as a content-protection or DRM solution is that it's built right into Flash Player and Air. So that gives content providers who want to distribute content securely and monetise it the fantastic reach of the Flash platform on all types of devices.

**Kanji: So a video application doesn't need to integrate with any other DRM technology?**

Pestoni: Right, it's built right in. For developers who are building video

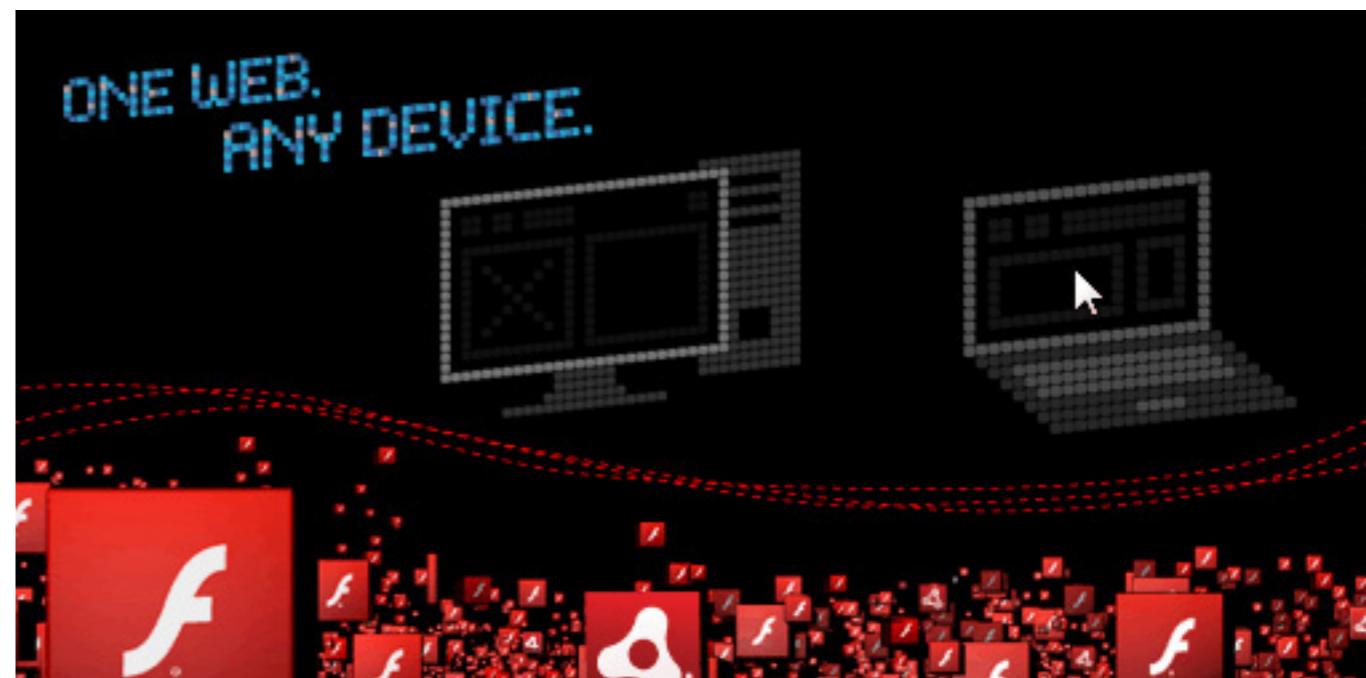
apps, they just need to make a couple of calls and in the backend run Flash Access server so that the content is protected and usage rights are only granted to the group of users that the business model dictates.

**Kanji: Can you give us a real-life example of how this is being used?**

Pestoni: So, VUDU is a company owned by Wal Mart and it recently launched a streaming service to PCs and Macs and what they were looking for was something that had broad distribution which didn't require the end-user to install any new plugins: something that was truly a web-based experience and that provided a high level of protection because VUDU licences really high-value content from all the major film studios. So they turned to Adobe for a solution based on Flash Player on the client side and Flash Access on the backend.

Streaming on PCs has been around for a while, but with technologies like Flash the user experience has improved dramatically. There's been a transition from external media player delivery (so using something like Windows Media Player) to true web-based delivery so you get that experience within the web browser.

**Kanji: And what was the strategic thinking behind Adobe creating and building something like Flash Access?**



Pestoni: That's a good question. We view Flash and Flash Player as a platform for rich content including video. If you look at the use cases for video there's a broad range – from UGC like YouTube, video-calls with services like Skype and Google Talk and premium video content which owners look to monetise. The need is to meet the content-owner's expectations. So introducing a product like Flash Access really allowed us to raise the bar in terms of security and content protection that we can offer to the extent that the movie studios who are members of the DECE or UltraViolet (all major studios with the exception of Disney) have approved Flash Access as one of the few DRM's that would carry this very high-end premium content.

**"It certainly gets more coverage if you present it as a "death-match" between HTML and Adobe but I don't see it that way."**

We launched Flash Access with Windows, MAC and Linux right off the bat. Later on we announced AIR for TV which brings AIR to connected TVs and Blu-Ray players – you can think of AIR as Flash for apps, i.e. outside of the browser. At CES earlier this year, Samsung announced their intention to support AIR for TV. And if you look at one of my earlier blog posts I also said we're extending Flash Access to mobile devices. We allow one solution to target all sorts of devices.

**Kanji: And what conversations have been going on internally at Adobe about HTML5? Is it a competitor tech and if so, how do you compete with it?**

Pestoni: Well I think we see HTML5 and Flash as being complementary. Flash Player lives inside an HTML web page so they already work side-by-side. And over time, some things you could only do with Flash have become possible with HTML. There's some great functionality with HTML5 but one thing it hasn't fully worked out yet is video codecs and

content protection. So on that front, with Flash Player, regardless of the browser, content is encoded to the H264 standard which is the most prevalent standard out there, you get content protection in the form of Flash Access. So we still think that if you're trying to create a high-quality content solution you'd use Flash.

**Kanji: So HTML5 is not a "Flash-killer"?**

Pestoni: I don't see it that way. We've always had this complementary relationship with HTML: we have great tools for HTML designers. It certainly gets more coverage if you present it as a "death-match" between HTML and Adobe but I don't see it that way.

**Kanji: I needed to ask the question! And that leads on to the next question: why isn't Apple using Flash?**

Pestoni: And I would recommend that you call Cupertino (Apple's head office) and ask them that.

**Kanji: Ok! Let me phrase the question in a different way. How disappointed was Adobe that Flash wasn't incorporated into Apple's products?**

Pestoni: Again, our focus has been on creating a great platform for content providers. We focus very much on mobile devices – we have a great working version of Flash and AIR on Android devices. I think we've clearly demonstrated there's a great user-experience around Flash and AIR but I think each company has to make their own best call about what features and functionality to include in their products and then ultimately the consumer will make the right choice.

**Kanji: Well, as you say, the consumer should be the winner because it's good to have competition...**

Pestoni: There's a benefit for consumers for sure. If you look at tablets and OS's that are coming out; they get an advantage by offering the full web rather than just apps.

**Kanji:** And that's a big difference isn't it? You're backing the full web over the alternative, enclosed universe of apps from an app store?

Pestoni: Well the thing is you can actually create an AIR app for example and say that you want it to run on Android and iOS. So, really for developers who want to target different platforms this is a great option. We've always served both designers and developers and we understand how they work together. We have tools targeted at both groups and in most projects you're usually going to have some mix of the two.

**Kanji:** Moving on, how have you noticed video-on-demand developing over the past few years?

Pestoni: Well, I've been working in media for over a decade and it's been a great ride. There's been so much change and progress. I still remember when streaming video meant a postage-stamp sized little window, with pixelated pictures, on your computer. And now you have HD, super-high frame rates on a mobile device. The technology has evolved tremendously. And so has the business side of things. You now have companies like HULU and Netflix who really focus almost exclusively on VOD. And it's extending elsewhere to companies who weren't previously targeting the online space. So you have people like HBO with HBO GO. For consumers that's a great boon because they can access the content they want when they want it. There's also an emerging trend which is about the TV experience overall. We're used to watching television on TV but now there's more engagement with content so we're using more devices to augment the viewing experience. The other thing is that as bandwidth gets broader, TV is going to be more and more delivered over-the-top or via the internet.

**"There's going to be as much business model innovation as technical innovation in the online video space."**

**Kanji:** And have you seen any innovative monetisation models in the States?

Pestoni: My sense is that there's going to be as much business model innovation as technical innovation in the online video space. Advertising has always been a great model for monetizing content, e.g. in free-to-air television, and with online delivery you get the benefit of detailed metrics, the opportunity for ad personalization.

In addition, subscription is still a very good model. You've seen the growth of Netflix in the US and they're now beginning to expand internationally. And traditional Pay TV providers are also expanding their offerings with Internet distribution.

Then there's always going to be some content which is made available in a more transactional model. So, theatrical content makes the most money in the early days and weeks after release. We're starting to see studios experiment with things like making early release window content available even sooner after the movie is in theatres.

In my mind, there's always going to be a combination of transactional, subscription and advertising. The studios have always been very adept at changing the model over the lifecycle of a content product. You pay for it at the movies, then again for DVD and then eventually you watch it on TV and there, it's ad-supported.

**Kanji:** And how will Adobe evolve?

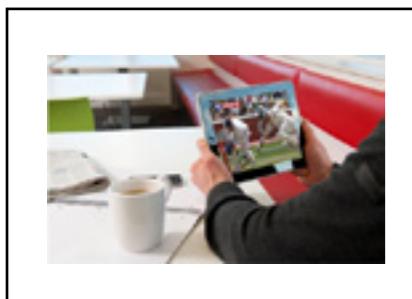
Pestoni: For us, we want to continue helping developers and designers create fantastic content and solving the problem of device fragmentation. It costs a lot of money to be able to target different devices and this is where products like Flash and AIR can provide cost-effective solutions.

And we will continue to offer tools, servers and services to meet the needs of content programmers and distributors who want to target consumers on all these devices.

## Pass Notes in Case You Missed the Story



ITV served 180 million long-form videos in the first half of 2011. That's an increase of 64% from the equivalent 2010 figures. Broadcast and online revenues rose to £887 million. ITV is to start charging for some content later this year.



Sky Anytime+, which gives users access to TV box sets and over 600 movies on demand, has had over 800,000 users since its launch in April. Overall, the company now has over 10 million customers, of which 3.8m are using Sky+ HD.



Channel 4 has relaunched its 4oD service for computers and released an iPhone app for the service. Channel 4 News is now also available on-demand. The company served 215m long-form videos in the first half of the year.



And more video stats: Virgin Media registered 484 million on-demand views in H1 2011. That's 55% of the full 2010 total. 258m hours of content was viewed which is 60% of the 2010 total.



And we couldn't really leave the BBC out of our stats-fest could we? July 2011 saw BBC iPlayer receive 153 million requests for TV and radio programmes in total, with access through new devices growing in usage.



Bill Gash retired as chairman of the Internet Advertising Bureau Video Council. His successors - for there are two of them - are Simon Daglish from ITV and Dan Ruch from Tremor Media.



Anthony Rose, former head of the BBC iPlayer, announced that he was launching a new Social TV venture called Zeebox. The story created quite a buzz in the technology press and the product itself is due out in October.



Tom Cape, MD of Capablue, was working for Sky when Sky Player was launched in 2005. He then moved on to Channel 4 and helped create the first 4oD service in 2006. He was also CTO of Project Kangaroo.



Up to 40% of people in the UK have connected their PC to a television at some point whether that's to watch catch-up on the web or stream a movie or even just to look at photographs says Ed Uzzell who works for Sony.



And finally, VOD Professional seemed to get a great response from new television industries and I was glad. I'm now off to Amsterdam to spread the word about VOD Professional to the fine people at IBC. See you there!

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