Media, Consumers & Rights Management

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How is Media Funded?

The Medici Approach

- Florence,
  - Cosimo   nking
    business
  - The Med   heir
    age - Bo
- Donations
  - Fine Art
  - Public R

- **Self Funded**
  - e.g. You Tube

Public Support

- **Direct Taxation**
  - BBC
    - £131.50 / per person per year 2007
    - Budget $39.4 B over 6 years
- **Public support for the arts:**
  - E.G. France, Germany, Norway, and Canada
  - In France for example
    - Broadcast license requires support of local movie production
    - Taxes on movies & TV help subsidize local movie production
    - Tax breaks are given for investment in local movie productions
    - Theatrical window exclusive for 6 months

Open Market

- Artists create works of art
  - Often in hopes of fame and/or wealth

- Business networks tribution networks
  - Have b marketing and distribu lia
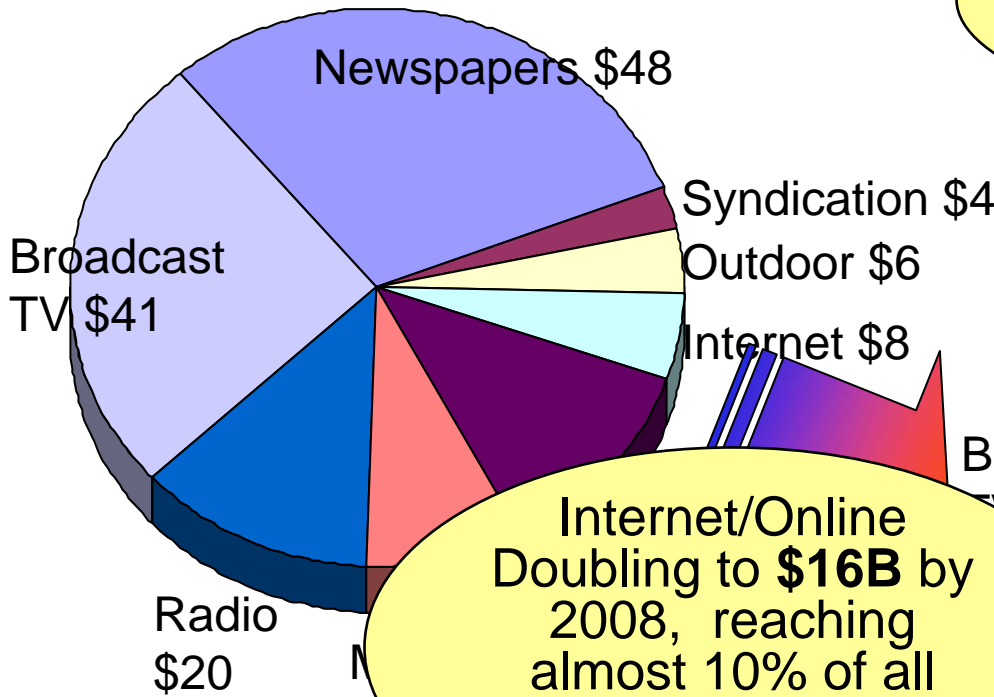 - Busine
  - Consu wallets

Open Market Business Models

- Purchase
- Subscription
  - Music Models
    - Bundled price for downloads (eMusic)
    - All you can eat, pay month by month (Napster)
  - Video Models
    - A collection of stuff (e.g. all Seinfeld)
    - Stuff available from a service for a period of time (e.g. any Vongo content for the current month)
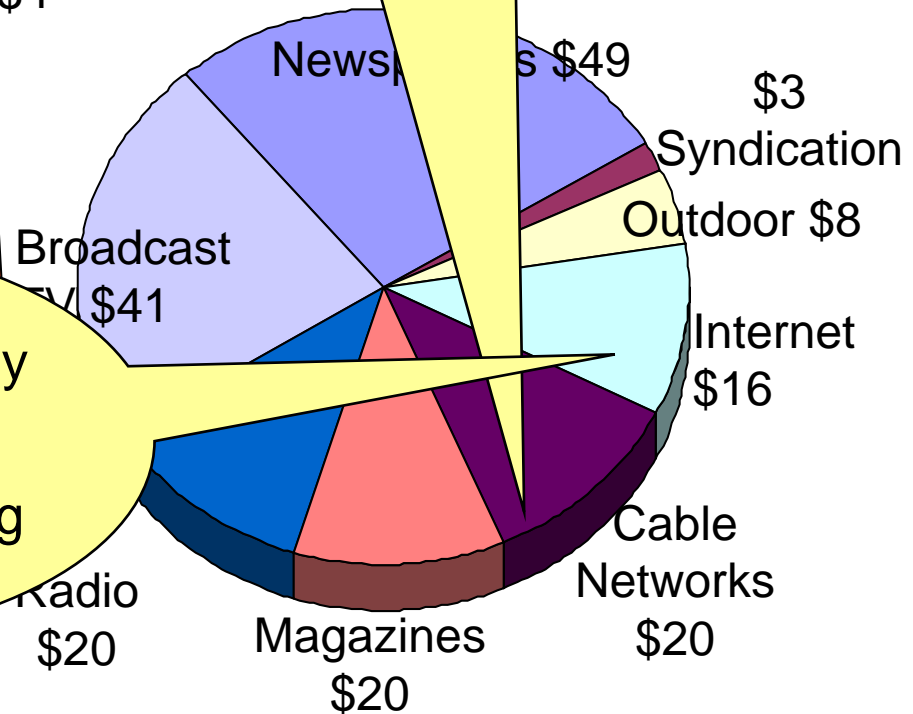- Advertising Supported

Changes in US Ad Spending

US Ad Spending 2005 in Billions of $

US Ad Spending 2008, Est.

Newspapers $48

Syndication $4
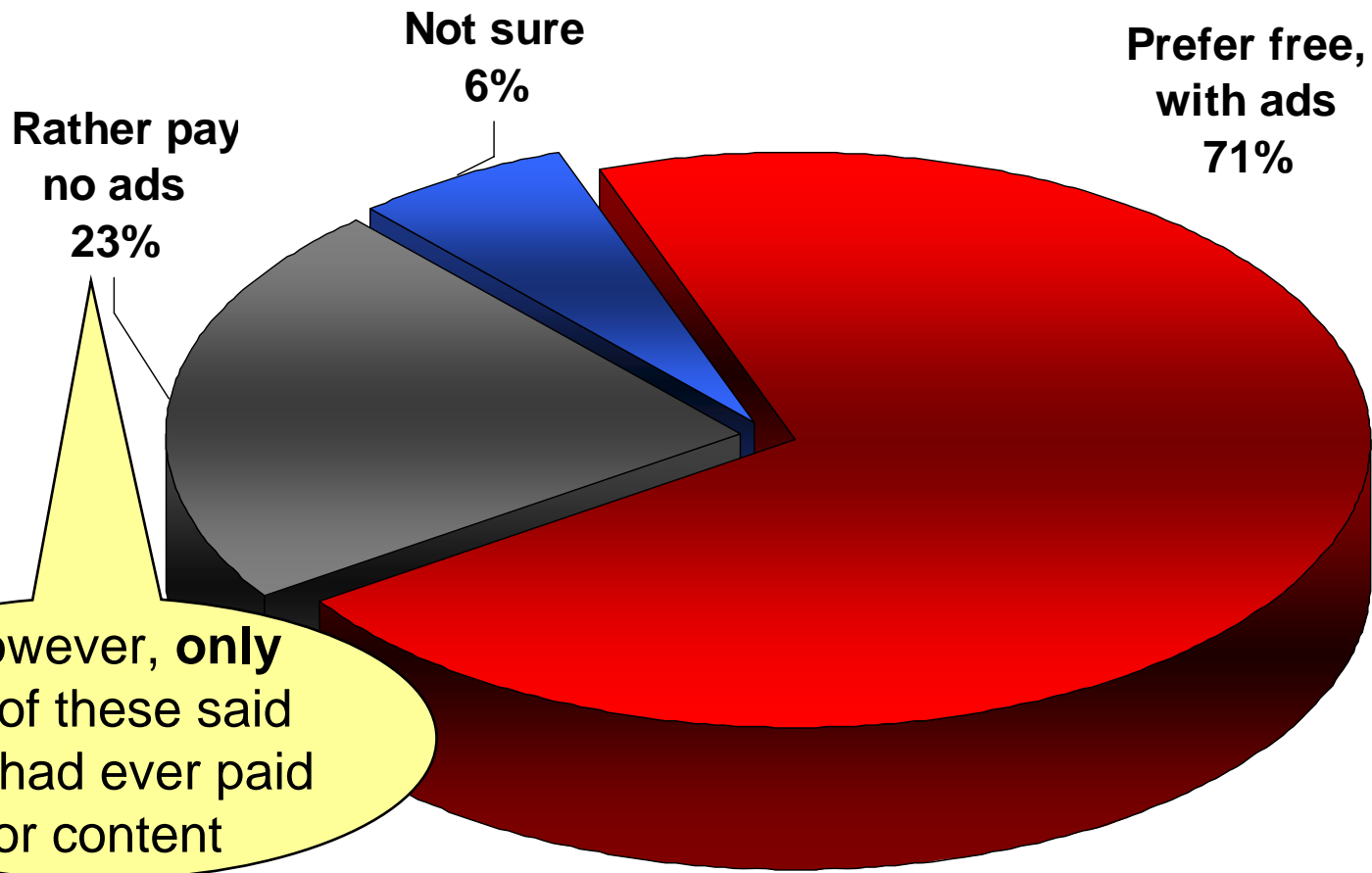
Outdoor $6

Internet $8

Broadcast TV $41

Radio $20

Cable and Broadcast Television: Very Modest Growth

Internet/Online Doubling to **$16B** by 2008, reaching almost 10% of all US Media Spending by 2010

Newspapers $49

$3 Syndication

Outdoor $8

Internet $16

Broadcast TV $41

Radio $20

Magazines $20

Cable Networks $20

NPD, Agencies, Kagan, Morgan Stanley, eMarketer

Consumers:
Ad-supported video is Preferred

**Not sure
6%**

**Rather pay
no ads
23%**

**Prefer free,
with ads
71%**

"However, **only
7%** of these said
they had ever paid
for content

Thoughts on Ads

- Revenue from ad supported TV equals:
  - $.12 / person / hour
- Revenue from iTunes download
  - Retail Price = $1.99
  - Download Cost $.25 - $.50
- Do the values of Ads increase
  - More Targeted = Higher CPMs
- Or Does the Cost of Downloads Decrease?
  - Depends on the Convenience of Ad Supported Media
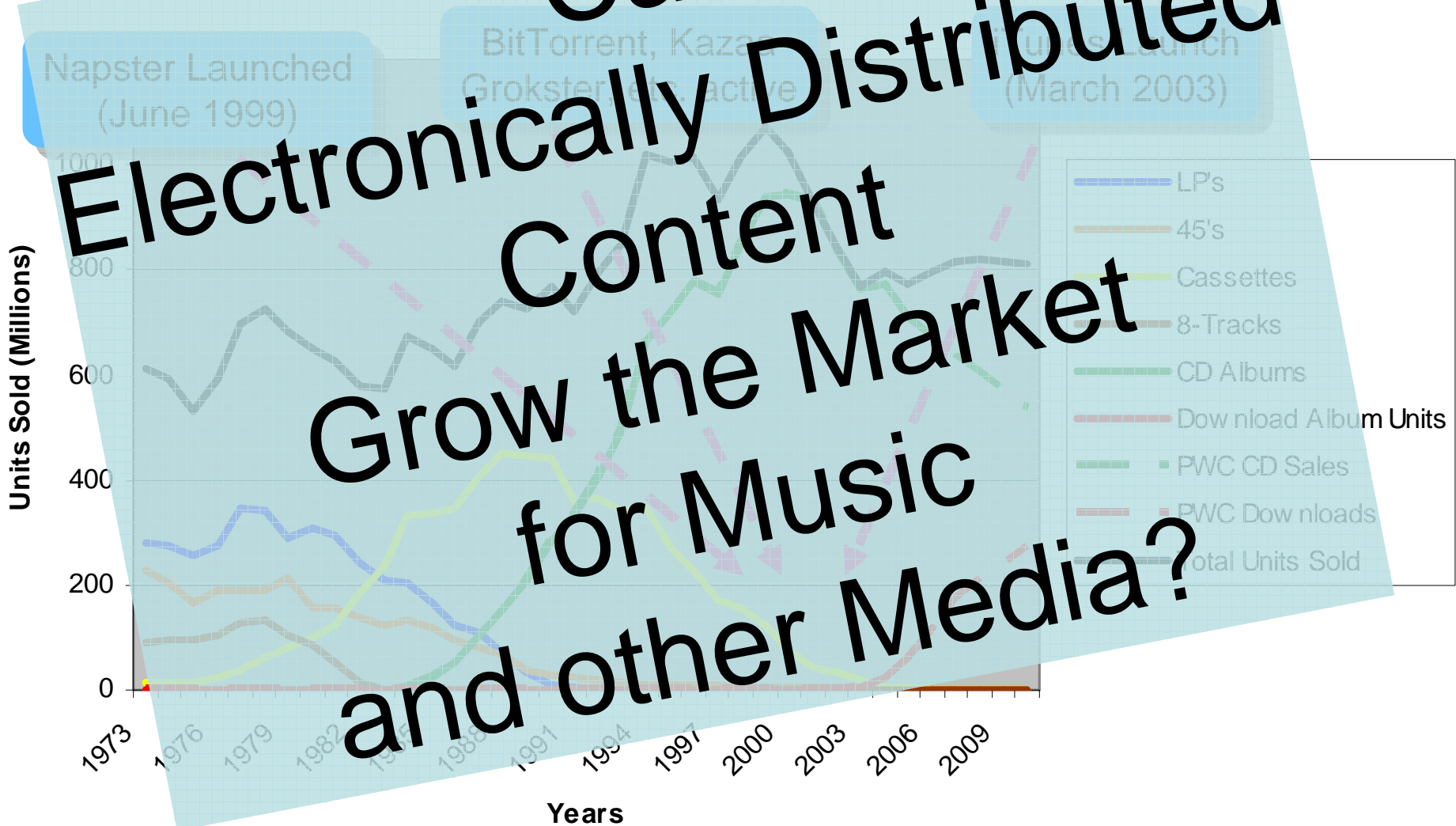
Why Did CD & DVD Succeed

- Convenience

- Durability
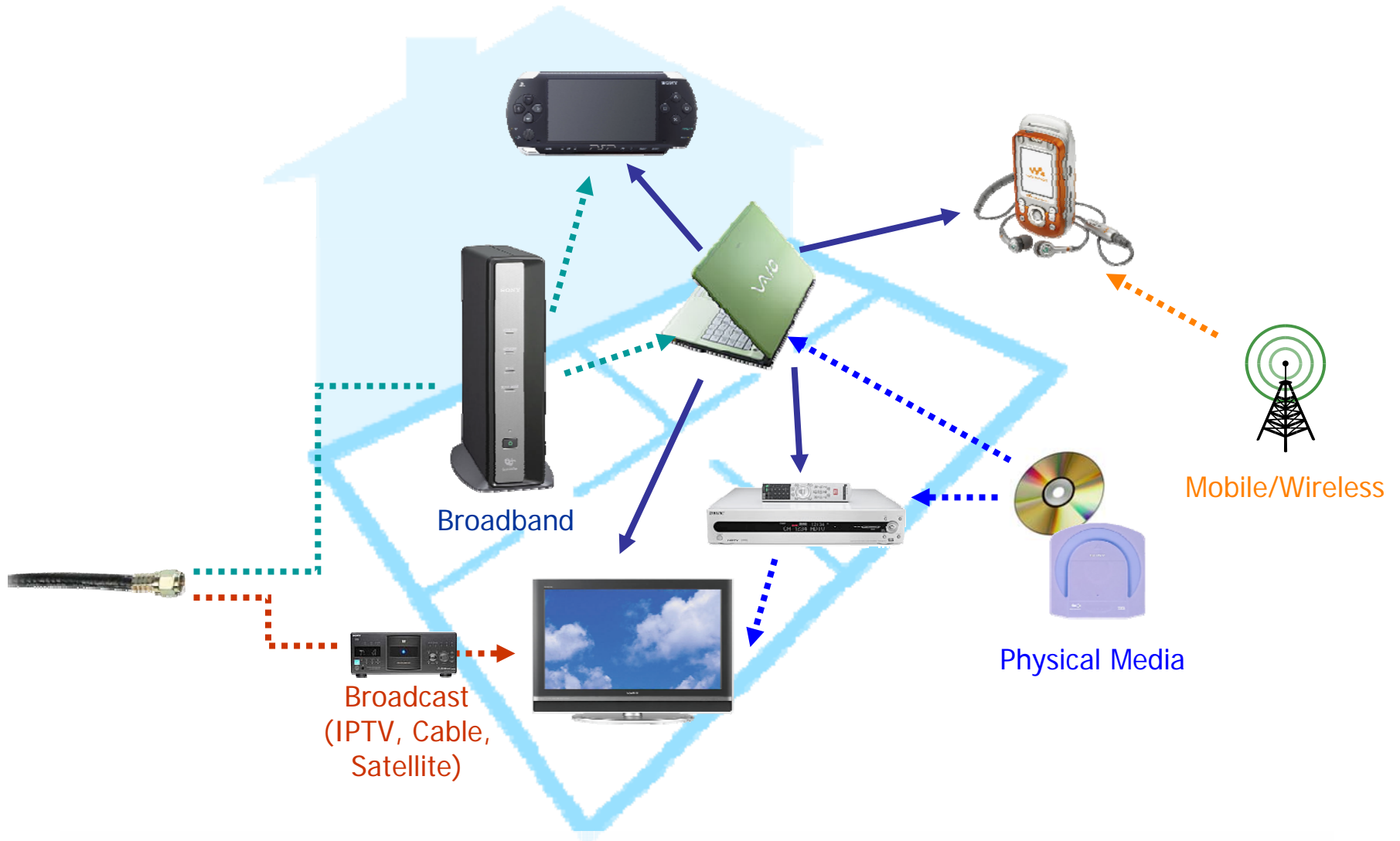
- Flexibility

How do we Succeed Going Forward?

The Flexible Personal Network

- My Content

- On My Device

- On My Schedule

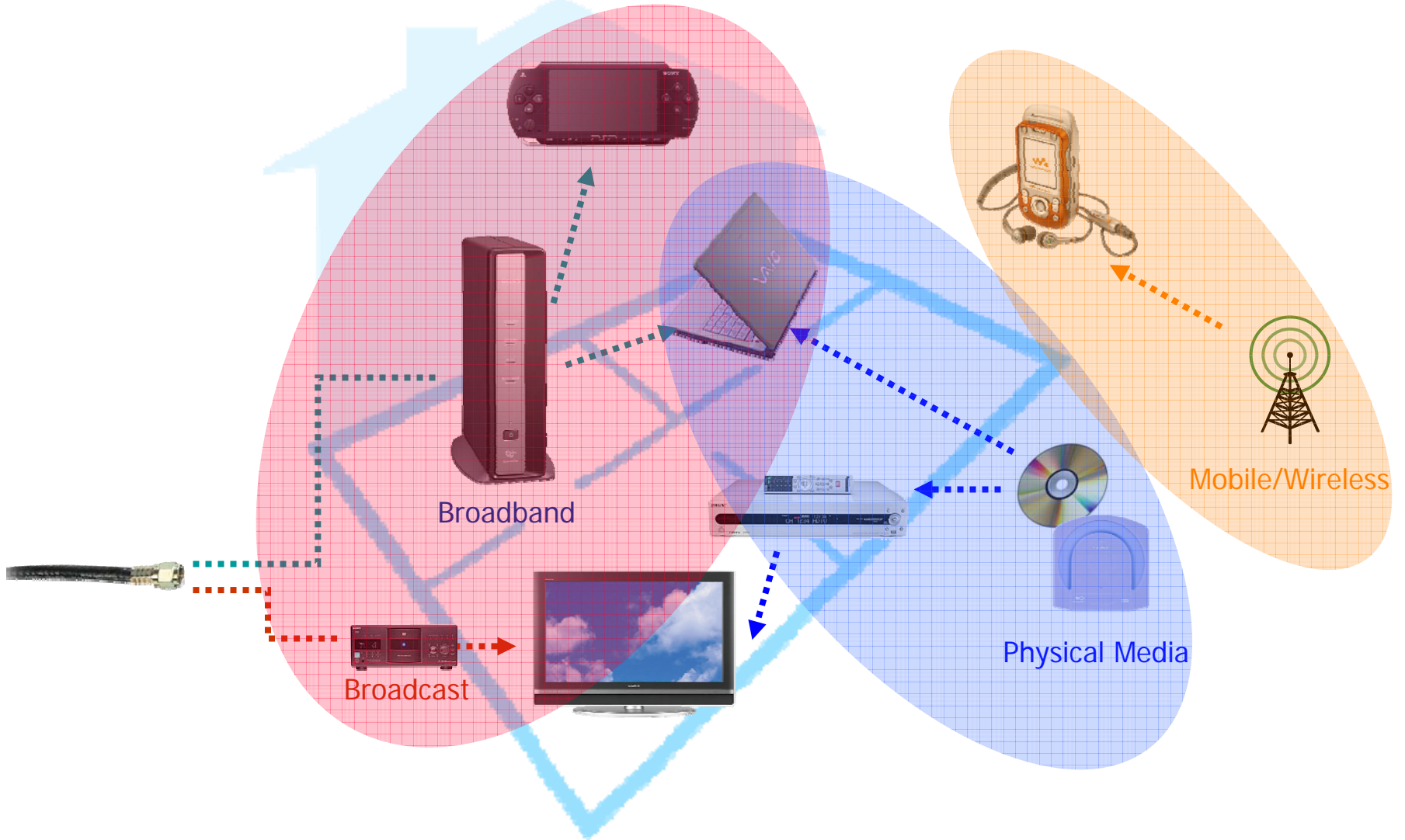 - More Convenient
  - More Durable and
  - More Flexible

The Connected Home

Broadband

Broadcast
(IPTV, Cable,
Satellite)

Physical Media

Mobile/Wireless

Content should work across all devices and channels

Today they don't interoperate

Broadband

Broadcast

Physical Media

Mobile/Wireless

They are all islands

Is DRM
the Problem?
Is it
Too Complex?

Where is the Complexity?

- Could Henry Ford have Imagined Today's Lexus?
  - Consumers have learned
    - Turn the ignition while holding your foot on the brake vs. go out and crank the starter
  - Most of the complexity is hidden
- The complexity that matters is only the complexity the consumer sees
  - Why does the iPod sync?

Governance & Friction

- Why Friction is No Longer Sufficient
  – Early Autos
    • The first speed limit was the 10 mph limit introduced by the Locomotive Act of 1861 (or "Red Flag Act") in the United Kingdom*
  – Early CDs
- Bandwidth
  – 100 MBPS in 5
    – SingTel is v
    • 15 seconds –
    • 1 minute - HD
- Privacy and Fri
  – Paper Records

DRM
Is
Governed
Friction

*(automobiles were in those days termed "light locomotives")
In 1865, the revised Locomotive Act reduced the speed limit to 4 mph in the country and 2 mph in towns.
The 1865 Act required a man with a red flag or lantern to walk 60 yards ahead of each vehicle, enforce a walking pace, and warn horse riders and horse drawn traffic of the approach of a self propelled machine.

Open DRMs

- Just as Security Benefits from Peer Review
  - So Does DRM
- Open DRMs
  - Open Mobile Alliance (OMA)
  - Marlin
- Service Provider Controllable DRMs
  - Microsoft (e.g. Janus)
  - Conditional Access Systems
- Closed DRMs
  - Apple (iTunes)
  - Microsoft (Zune)
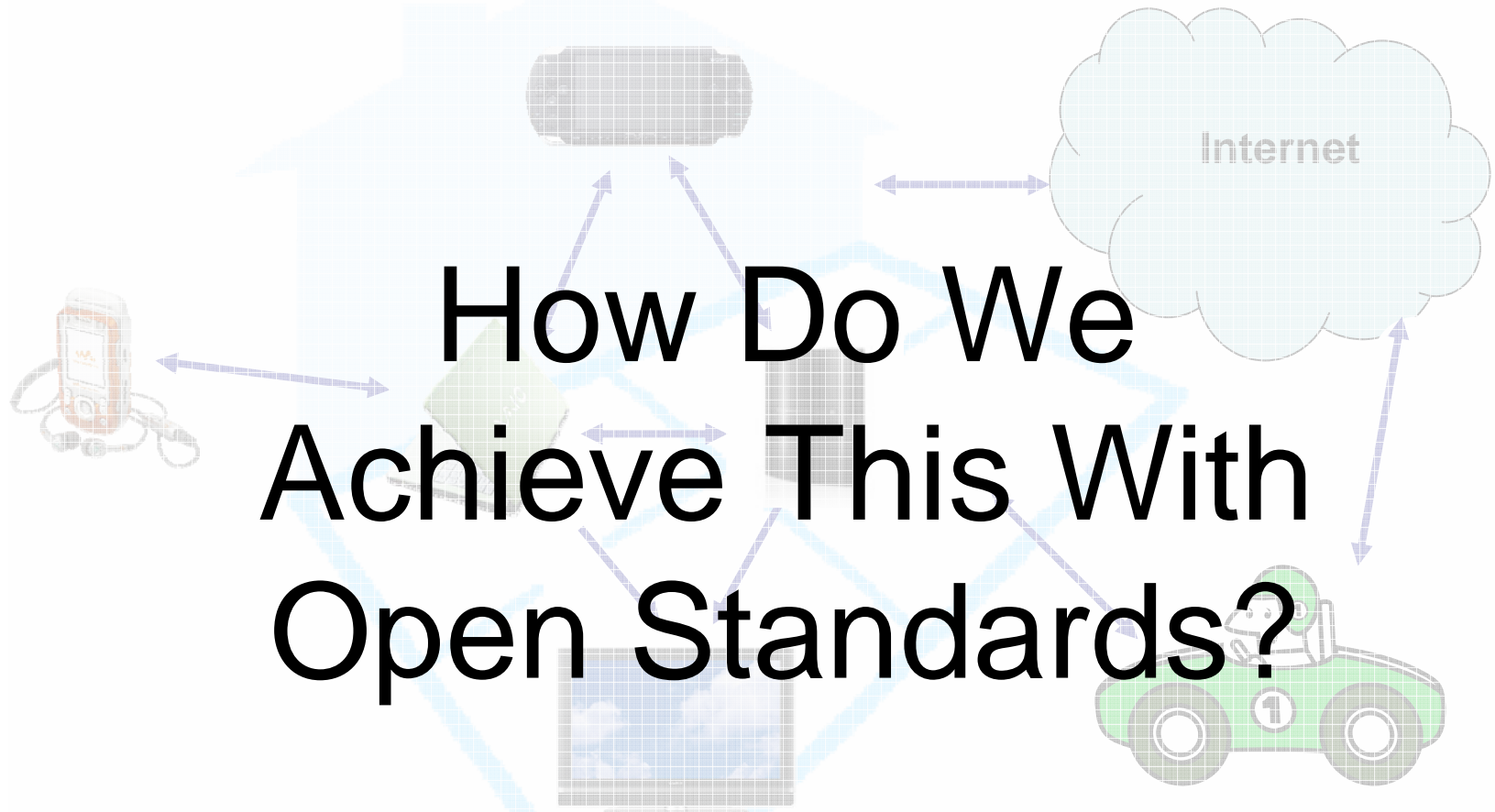
How Do We Achieve This With Open Standards?

Support Open Standards

1. Use Open DRMs
   - Open Mobile Alliance (OMA)
   - Marlin (MDC)
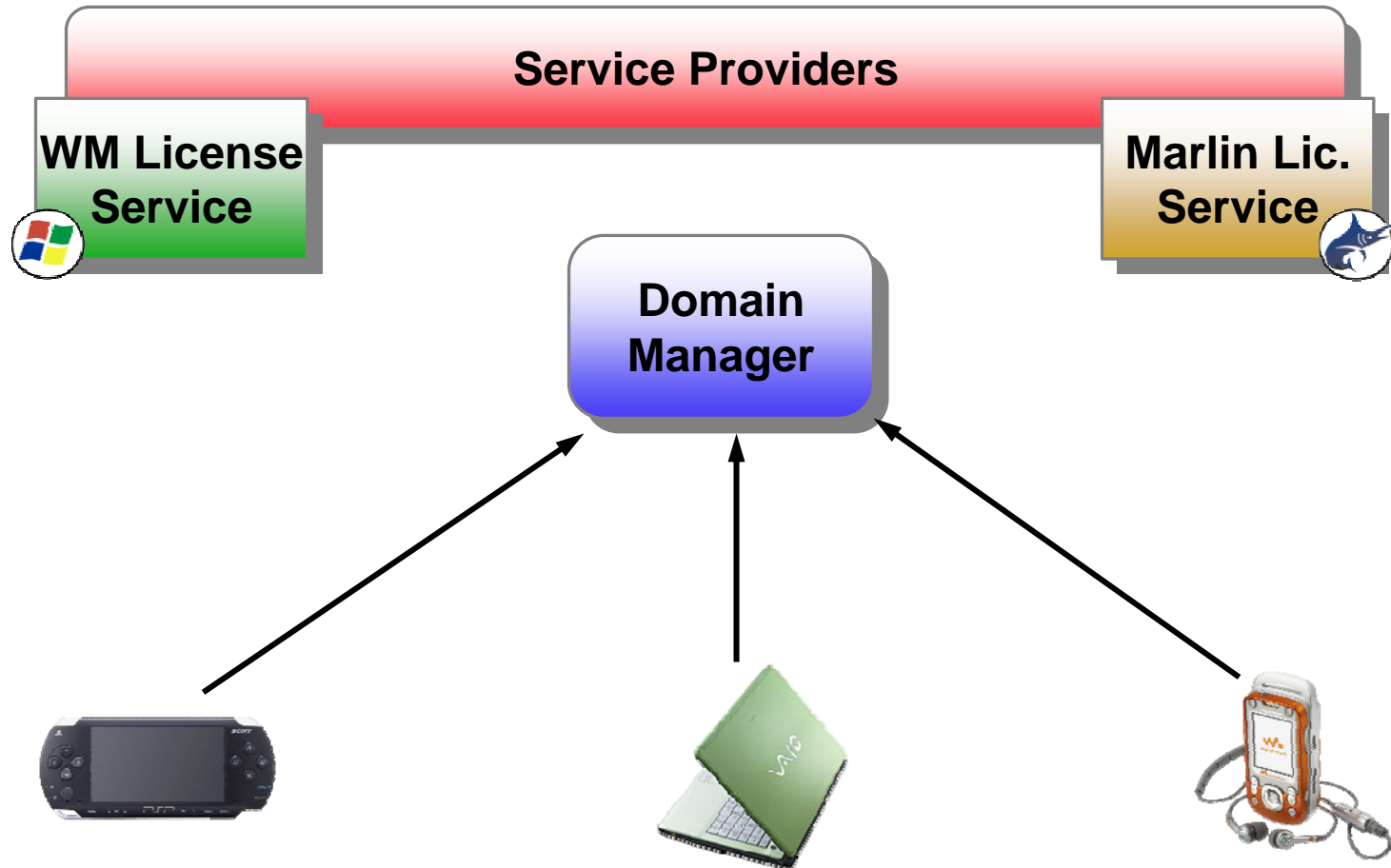
2. Encourage Vendors to:
   - Open Their DRMs

3. Use an Interoperability Framework
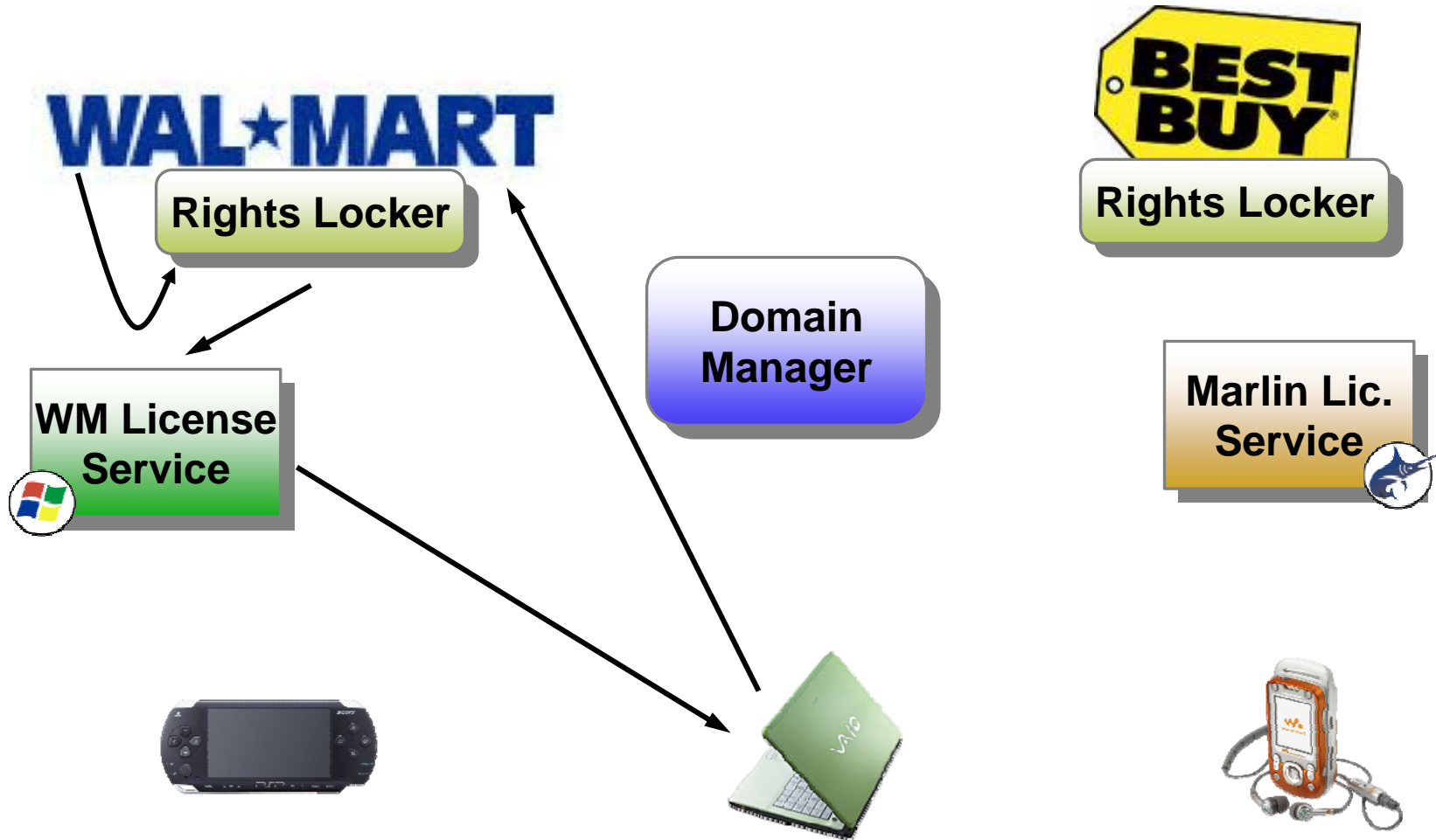   - Manages the Consumer Experience Across DRMs

How Does Interoperability Work In the Home Domain?

A Very Short Tutorial

Register Devices

Service Providers

WM License Service

Marlin Lic. Service

Domain Manager

Purchase Domain Content

Acquire Content on Another Device

Acquire Content Locally

Rights Locker

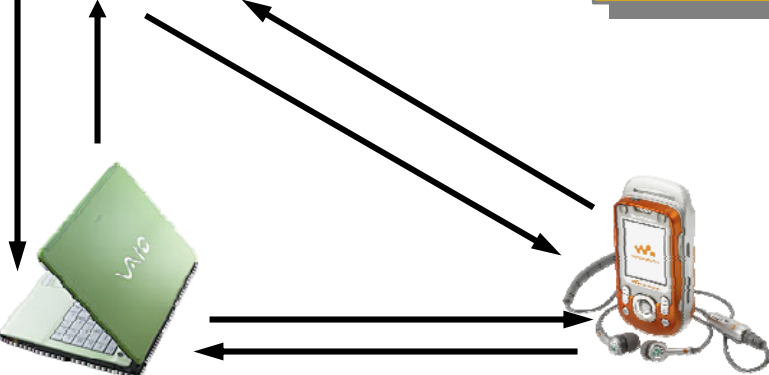**Rights Locker**

Transcryption Node

Marlin Lic. Service

A Few Words About Coral

- Coral is not a DRM
- Coral Provides the Technology to Enable DRM Interoperability
  - The Specifications are freely and publicly available
- Coral has a Licensing Mechanism Designed to Facilitate the Creation of Ecosystems
  - The First Ecosystems are Under Construction Today

Finally

How Do We Get There?

- Create a Great Experience
  - Make DRM invisible
- Give the consumer their rights
  - Personal/Family Domain
  - Rights Lockers
- On All Their Device (Interoperability)
- Flexible Business Models
  - Advertising, Purchase, Rental, Subscription

Thank You