Moving Beyond Traditional Service Providers

Who are the New Providers and What are the Technical Requirements?

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Market Model

	Broadcast TV	DVD Purchase/Rental
US Market Size	$57 Billion	$33 Billion
Service Providers	Comcast, Cox, DirectTV, DishNetworks, SBC, etc.	Blockbuster, WalMart, Amazon, Netflix, etc.
Technology Trends	Analog to digital; new competition from telcos; new services (e.g. PVR, VOD)	Retail to mail to download
Content	Mainstream	Wide selection
Set-top Box Providers	Scientific Atlanta, Motorola	DVD player to ????

The Long Tail

Source: Wired Magazine October 2004

Electronic Delivery Required

Who Will Offer the Service?

Obvious answer = Cable/Telco (through VOD)

- + Know how to license content
- + Own the pipe
- + Own the set-top box

- - Preoccupied with other issues
- - No experience delivering large content libraries
- - Content owners would prefer to see alternative distribution channels emerge

Who Will Offer the Service?

Alternative Possible Answers:

DVD Retailers/Rental Stores

- e.g. Blockbuster, Walmart, Amazon, NetFlix
- Stand to lose the most if DVD goes to VOD

Internet Portals

- e.g. Yahoo, MSN, AOL
- Already offer music

Start-ups

- e.g. CinemaNow, Akimbo

What are the Barriers?

- Licensing Content (for electronic delivery)
- Delivery Infrastructure
- Set-top Box

Delivery Infrastructure Exists

Source: Parks Associates 2004

Issue = Set-top Box

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New Set-top Box Requirements

Non-Controversial

- Network connectivity
- Based on new video codec technology (i.e. VC-1, H.264, etc.)
- Incorporate DRM
- Low-cost

Uncertain

- Local hard drive
- Optical DVD drive (read/write?)

Skeptical?

- Apple
  - Over 200 million songs downloaded from iTunes
  - Over 2 million iPods sold
- XM Satellite Radio
  - Over 3 million subscribers