

Innovation/Web 2.0

The Global Human Capital Journal

Mobile Video & TV: Content, Advertising and Technology Strategies

By Christopher S. Rollyson — Tuesday, 7 August 2007

At [Digital Hollywood Chicago](#), mobile was constantly heralded as the emerging "third screen" because it would enable content consumption regardless of time or place, and most speakers posited that video would grow significantly as a portion of all content. However, there is little video content available for mobile viewing, so why should consumers get excited about it? Will mobile shine as the most personal view into the consumer, or will it turn out to be the third wheel?

All mobile value chain players are frenetically trying to build a new digital world around the mobile device, and this world will be comprised of the familiar triad: devices, networks and content, much of which will be video. Currently, video is the highest value content medium. This session examined the current stage of development to technology and business models.

Internet pioneers who remember the thrill of squealing modems connecting in the early days have a useful metaphor with which to regard video on mobile. We are very much in the early days: networks in most geos are inconsistent, and their ability to deliver high quality video is spotty. On the devices front, screens are growing, but battery life is a difficult problem to overcome, especially where video is concerned, and device capabilities often depend on network operators' dictates.

In our opinion, the mobile entertainment experience is unique because the viewer's attention span is subject to interruption—by definition—so the most relevant content needs to be enjoyable with interruptions. Moreover, device and network limitations change expectations about "quality." Can user-generated content fill part of the content void? Think about on-site customer reviews of stores, hotels and restaurants, commuting snafus and airport horror stories. For certain mobile entertainment, context may be more important than "quality."

Panelists

- **Peter Linder, Director End-to-End Network Solutions, Ericsson AB**—Mr. Linder's role covers Broadband Access, IP Softswitching for Telephony and Multimedia applications as well as the installed base of AXE. Prior to his current position he was Technical Director for Broadband access, when Ericsson re-positioned towards Public Ethernet and introduced Ethernet DSL access, the most powerful IPDSLAM in the market to date.
- **Roger Wood, SVP & GM Americas, Amobee Media Systems**—Roger Wood is responsible for Amobee's dealings with wireless companies, mobile entertainment publishers and advertisers in the Americas. Prior, he served as General Manager of the international business for the consortium of start-up mobile operators which became T-Mobile USA.
- **A. Pierre Yurow, Director Business Development, Bling Mobile**—Pierre has spent the last ten years initiating and maintaining agreements with mobile carriers, MVNO's, content providers, ODM's; system integrators and enterprise partners worldwide and worked previously for Cellfire, Proteus, Weities and Cellular One (now AT&T).
- **Nicholas Reichenbach, VP Bplay**—Nicholas Reichenbach has over ten years of experience in the music, media, technology, games and entertainment industries. He has successfully brokered international partnerships with companies such as MTV, Universal Music, Sony/BMG, THQ wireless, Hands On Mobile (Mforma), Glu Mobile and Nokia through various projects.
- **James Bruce, Mobile Products North America, ARM Semiconductor**—James Bruce is ARM's North American segment manager for mobile products and has 10 years marketing and business development experience in mobile and consumer electronics technologies, both from the device and the network perspective. James has extensive experience dealing with handset manufacturers in Asia and Mobile Operators both in the US and Europe.



- **Brett Azuma, Head of Ovum North America, SVP of Ovum RHK**—James Bruce is the Head of Ovum in North America. In this role, he is responsible for Ovum's business in North America including Advisory Services and Sales. Brett has 20 years of experience in marketing, engineering, sales and operations.
- **DeWayne Nelon, CEO Ortiva Wireless**—With more than twenty years of telecommunications industry experience, Nelon is a recognized expert in the delivery of mobile video over highly variable wireless networks.
- **Moderator: Antonio Atwater, President SN Holdings**—SN Holdings was originally called SourceNet which was a startup ISP launched in 1995. SourceNet later became a CLEC, developed a unique voice, data and video services offering and IPTV middleware, converged over DSL, that was later spun off and is now known as Myrio Corporation.

Key Video-on-Mobile Trends

- The video experience on the mobile device must be constant and consistent; the viewer will not endure stops, stalls or rebuffering. This requirement is a challenge for most network operators, who still struggle with dropped voice calls in most geos. Video is that much more demanding.
- Content owners want to look at the third screen as another outlet for their content (most of which has not been created for mobile). Reformatting content for the small screen can destroy most of the economic incentive to reuse content; however, companies such as Ortiva are fielding tools to automate that process. For example, their algorithms edit according to human viewing behavior, focusing on faces rather than ancillary objects.
- In the U.S. and select other developed countries, mobile devices depend on the second screen (computer) to manage content, but as networks' speed increases, the link between mobile and computer will be broken. Within two years, network speeds and mobile devices' graphics and processors will put mobile device performance on par with computers.

Key Mobile Advertising Trends

- Advertising will support content in some situations, but a prolonged experimental period will ensue before advertisers get it right. In Norway, initial studies indicate that consumers actually like ads, and viewership increased (they must have better adverts than the rest of us, ^).
- Emerging solutions will make adverts more relevant so that they add value in themselves. Software can track consumption and location, and compare these actions against sophisticated databases. Some clickthroughs are 30%.
- Other advances are emerging in advertising insertion; in the future, software will detect the device and send the right version of the content, with the appropriate adverts.
- There is a shift away from CPM (cost per thousand views) measurement and pricing—toward CPA (cost per acquisition) because mobile is often closer to the sale. Advertisers are even starting to do revenue sharing deals.
- Despite these developments, consumers often flatly reject advertising, especially younger customers who have limited/no experience with TV. We are in the last generation that will tolerate adverts. Note that this demographic tests as having the highest propensity to watch mobile video.
- Four- and five-year-olds expect free content, but content owners will require payment somehow. Youth will drive mobile video. This generation is constantly connected, and the multifunctional mobile device will enable them to remain connected everywhere.
- Advertisers want banner advertising.

Business Model Trends

- The subscription model is a possible alternative to advertising.
- Currently, carriers subsidize content to change consumers' habits and increase their need for bandwidth, but they will not be willing to do that forever.
- It will not be easy to convince consumers to accept geographic tracking. All mobile devices are trackable. Advertisers would love it. One possible solution is to track people to glean their responses and activities while abstracting the data so that it is not attached to the person. This approach is employed by many websites now.
- Instead of channels (by which we distribute content), we should focus on the individual (and let him/her pull content from the carrier or third party).
- As content owners develop sophisticated tools to automatically format content appropriately, we will have content that is not created for any particular device.
- The small screen captures 100% of the viewer's attention.
- Disruption in adjacent entertainment areas suggests the risks of complacency: Tower Records and Blockbuster. Broadcast TV may suffer a similar plight.

Analysis and Conclusions

- Video on mobile is an emerging medium, and no one knows how it will play out, and the transformation of mobile will unfold slowly. Very little content exists, so consumers have little choice. Focus groups may indicate that people will not tolerate advertising to receive free video, but in fact, there is little content available. Only when consumers are faced with desirable content and the concrete choice of either monthly charges or advertising to pay for it will we know their real feelings.
- The mobile experience is unlike any other "content consuming" experience because people are moving through space and interacting with the world. The attention span is different; the small screen captivates because people entertain themselves during windows of "dead time" (waiting in line, etc.), but it is fleeting, dependent on the conditions of alternative, real world that surround the customer. For customers in this situation, having smaller chunks of content will probably provide better experience.
- To encourage adoption of mobile video, device makers, carriers and content providers have to focus on the big problems, the customer experience. It has to be easy and seamless. The iPhone has promise for breaking through. Widespread adoption will occur when the customer does not have to play technologist to make things work.
- Buying video should be easy, especially since consumers are by definition on the go when they use their mobiles as entertainment devices. It will often be an impulse buy.
- Billing systems are out of alignment with these trends. Carriers' billing systems are a gold mine in Europe, where people buy a wide range of products and services through them. Enabling consumers to have advertising for one type of content and pay-per-content for another would add significant value. This audience expects choice.
- Business models are uncertain; consumers are not accustomed to seeing ads on their mobiles, where many customers still pay by the byte for content. It is uncertain under what conditions consumers will accept advertising to enable "free" video.
- The killer app here may be consumer-generated media, as virtually all mobiles now have video cameras, and the YouTube phenomenon has millions making and sharing video.
- With a little imagination, we can see that consumer-generated video can add richness to customer ratings of retailers. E-Commerce mavens live and die by their 1-5 star rating. Now, Google maps is serving as a platform for numerous brands of customer reviews of retailers, professional services providers and any seller of goods and services. These reviews are currently mostly text, but pictures and video can turn any customer into a newscaster. Google is the ultimate intermediary that enables other customers to find the store and the reviews.

About the Author

Christopher S. Rollyson launched *The Global Human Capital Journal* in 2005 to address the most poignant issues of day for chief executives, namely global transformation, the reinvention of the enterprise, technology and culture. Mr. Rollyson has been a technology and marketing visionary and pioneer for twenty years, with distinction in corporate strategy and innovation. As a consultant and marketing executive, he has had a leading role in launching such game-changing offerings as: Java with Sun, e-business strategy with PwC Consulting, and SOA, Web services and architecture solutions with IBM and nVISIA. In 2006, he launched The Consumer Empowerment Adoption Curve™ and Transourcing™, a new approach to innovation that leverages high performance collaborative partner networks. He currently advises global enterprises on collaborating with Web 2.0-enabled customers—to drive innovation and to engage emerging markets.

Formerly the Vice President of Marketing at nVISIA, he developed executive marketing programs and service offerings to drive the value of software transformation through service-oriented architecture and Web services, working with IBM, Rational and Grand Central. Previously a subject matter expert for e-business and knowledge strategy in PricewaterhouseCoopers' Strategic Change practice, Mr. Rollyson developed original models and services frameworks for e-business strategy consulting. He consulted to clients in automotive, software, telecoms, consumer electronics, chemicals and petroleum industries, advising global enterprises in e-business strategy and technology start-ups on innovation and business strategy. Prior to PwC, he led marketing for KPMG's Midwest High Technology practice, where he built one of the firm's first intranets to transform the marketing organization to a real-time team. Before that the head of marketing at a leading edge Java consultancy, he played a key role in co-launching Java via marketing alliances with Sun and Netscape. Mr. Rollyson has done graduate work in corporate strategy and economics at the University of Chicago, with additional studies at Die Freie Universität Berlin, L'Université de Clermont-Ferrand in France and il Liceo Americano d'Aviano in Italy. He earned his undergraduate degree from Kalamazoo College. <http://rollyson.net>

About the Global Human Capital Journal

The Global Human Capital Journal addresses the global shift from the Industrial Economy to the Knowledge Economy, which is changing how human beings work and deliver value. In the Industrial Economy, products encapsulated the value of human work; in the Knowledge Economy, information produces the lion's share of value, and customer experience itself is the focus of commerce and

government. A greater degree of collaboration among people of the world is possible than ever before, and increased interaction will bring unprecedented surprise and opportunity, especially because the potential is great to "level the playing field" among people of the world. Obviously, these developments hold significant ramifications for business and organizational strategy.

Global Human Capital covers two prongs of economic transformation: 1) strategically, how organizations can rejuvenate their relationships with customers and constituents by collaborating with them to drive innovation and 2) operationally, how organizations can build strong collaborative cultures and skills to engage the world's emergent network of expertise, both within and without their walls. We analyze how global sourcing and collaboration are transforming enterprise and government organizations, as they transition from relatively self-contained, closed entities to more networked, open organizations.

Current categories (threads) are: Beyond Sourcing; China, India and Globalization; Economy; Innovation/Web 2.0; Technology/Leaders; and The Enterprise. Please visit us at <http://globalhumancapital.org>