

The Future Digital Economy

**Digital Content Creation,
Distribution and Access**

30-31 January 2006, Rome - Italy

Parallel panel sessions

New developments:

*A) Creation and access to content and the
role of new commercial agreements*

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Creation and Access to Content and the Role of New Commercial Agreements



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Digital Distribution of TV Content Potential Benefits for...



... Consumers

<p>What I want, when I want it</p> 	<p>FASTWEB Experience</p>	<p>Better, Richer, Easier</p> 	<p>FASTWEB Experience</p>
<p>Relevant content also for niche audiences</p> <p>Content on demand</p>	<p>1,5 million videos-on- demand/month (100k movies bought)</p>	<p>Digital quality and features</p>	<p>DVD quality, Dolby Digital, EPG (HDTV?)</p>
<p>'Non-TV' services (games, voice mail, Internet, ...)</p>	<p>400k network PVR recordings/month</p>	<p>One decoder, one GUI = all content and services</p>	<p>Majority of CB uses STB to watch also non FW-specific channels</p>

Digital Distribution of TV Content Potential Benefits for...



... Industry Players

1. More platforms
2. Greater distribution efficiency
3. Possibility to revamp life-cycle of certain assets
4. Possibility for more content providers to access end-users
5. Better security (with correct implementation)
6. More and better audience data

Greater revenue potential for content providers, advantages for adv spenders

FASTWEB

Experience

Some players envisaged the advantages of digital distribution and agreed on value-accretive commercial agreements...

- Music provider: pure revenue sharing
- Broadcaster: free distribution of linear content (already paid for by ads) + revenue sharing on additional iTV services
...some continued to apply traditional logics
- High minimum guarantees/buy-rates on VoD
- IPTV forced to pay to distribute channels that are distributed free on DTT

What Actions Could be Taken to Ensure that Digital Content Distribution reaches its Full Potential?



New Commercial Agreements

1. Barriers posed from traditional players to content access

- **Time windows:** from a system which unduly protects less efficient distribution channels to a level playing field that unlocks the value potential granted by more efficient distribution platforms
- Content **remuneration** should be proportionate to each platform characteristics in terms of:
 - Type: video-on-demand is more similar to DVD-rental (and potentially sale) than to traditional TV business → **pure revenue sharing** is better suited to align the interests of content providers and distributors
 - Amount: remuneration should be **proportionate to customer/user numbers**

2. Fears on intellectual property protection

- Commercial agreements that favour legal IPTV services are the best way to ensure protection from piracy

What Actions Could be Taken to Ensure that Digital Content Distribution reaches its Full Potential?



New Industry Structure

▪ Vertically-integrated operators:

- From single to **multi-platform** approach → no multi-platform exclusivities
- Focus development on core platform + take advantage of new opportunities offered by new platforms (greater efficiency, additional services, ...)

▪ Content providers:

- **No discrimination** in favour of traditional platforms (e.g.: time windows)
- Adaptation to characteristics of different platforms to unlock most value from all of them



- New relations between content providers and digital distribution platforms would **benefit all industry players and unlock value**
- The need for policy/regulation is limited IF all industry players understand the value potential of new platforms and act accordingly → **need of intervention in case inefficiencies of traditional platforms are unduly protected** against general interest



- Digital distribution of content is a great opportunity for all players in the Telecom/Media industry to unlock value and **increase market size**
- Digital platforms allow new services and **new ways to interact with content that are complementary** and not substitutive of traditional formats
- Full recognition of this value potential can foster the development of **new industry relations** that through...
 - End of discrimination among platforms
 - End of geographical/multi-platform exclusivities
 - Proportionate content remuneration
- ... would allow digital content distribution to act in the interest of the consumers and of the whole industry



Thank you

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