

Networks as Content Channel

MTV Interactive

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Content of the presentation, focus areas and limitations

This presentation handles the networks from a media house's point of view. Here will be considered the key arguments and factors of expanding the business towards the traditional operator field.

The networks are seen here as an access to the customers, not as technical entities. The profitability of the specific businesses in the current market situation are not opened here in detail.



The networks we are in, and the content we have

MTV Interactive operates and provides services in the following networks:

- **Television (analogical, digital)**
- **IP (broadband and dial-up)**
- **Mobile (2G, 2,5G, 3G piloting)**
- **IPDC piloting**

Large variation of digital media content: live broadcast, video clips, streaming video, audio, digital pictures, articles, fast up-dating news information...

Alma Media

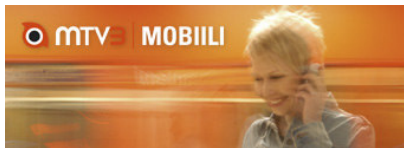
– Top of Mind Media Corporation

- Commercial TV
 - 4.4 million viewers weekly
- Nationwide, commercial radio
 - 1.7 million listeners weekly
- Business information
- Newspapers
 - 2.1 million readers weekly
- Internet
 - 0.9 million visitors weekly
- Printing



MTV3 INTERACTIVE - SERVICES

Mobile Service Operator



PayTV Service Operator



Web -portal



Internet Service Operator



Mobile portal



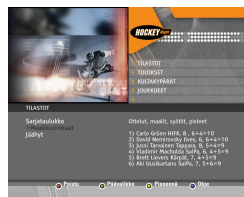
Games



Teletext services



DVB-MHP services



SMS- and MMS Services



Strategy, using the strengths

Alma Media seeks growth through digital consumer-based services. MTV Interactive executes this strategy by using the following strengths:

- **The most attractive content**
- **Well-established MTV3 brand**
- **The best media coverage (tv, radio, print, internet)**
- **Large audiences**

Media house moves towards networks, why?

There are several reasons for a media house to be expanding towards networks. These key issues are handled in the following slides:

- Digital media convergence
- Change in the media usage
- Content issues
- Value chain



Digital media convergence

Digital media convergence has been a hip concept for over a decade. In the last couple of years it has become reality to the media company.

Technical development and the adaptation of new media terminals gives the content distributor completely new accesses to the target groups which would otherwise be out of its reach (due to time, place, terminal penetration, and other reasons).



Case: Popstars

Popstars is a reality tv-show in which a new pop group is selected. It includes viewer participation, as the audience gets to vote for the band members. Popstars in the different digital media:

- Nation-wide television broadcast
- SMS-, IVR-, WAP-voting
- Previous episodes in web-TV with broadband
- Internet-, and mobile portal site
- Analogical and digital tele-text site



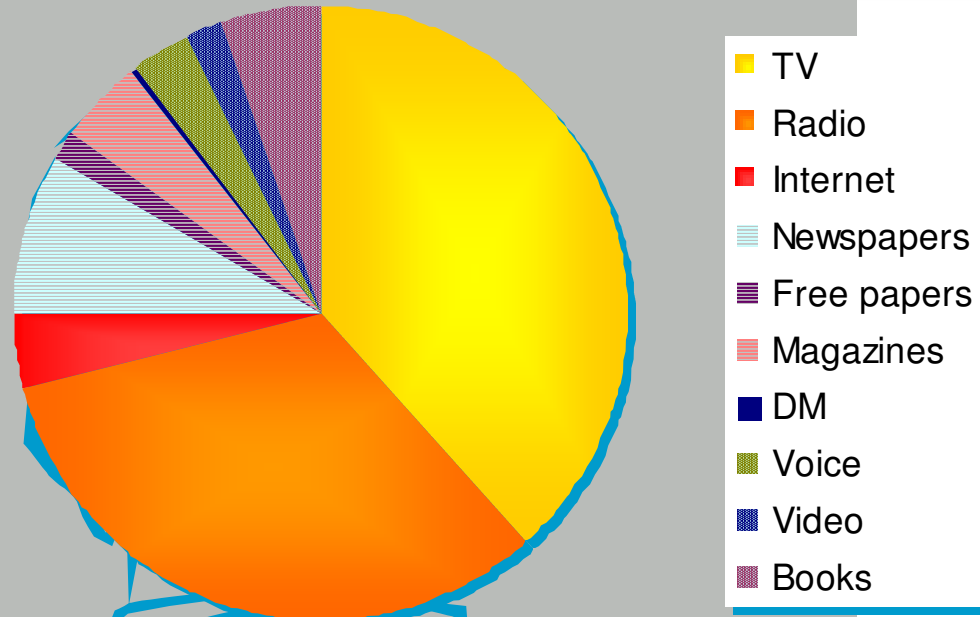
Change in the media consumption

As a traditional broadcaster we are concerned, and we should be. The media consumption in the hottest target groups is changing. For example, in the group 15-24 year olds the television watching has been dropping for 10-15% for the last two years. This is due to the internet “stealing” the time from TV.

This is one of the key reasons why a media company needs to prepare itself for the future. The future will bring in the fragmentation of the audiences and “the ruling era” of the digital media.



The consumer's media day

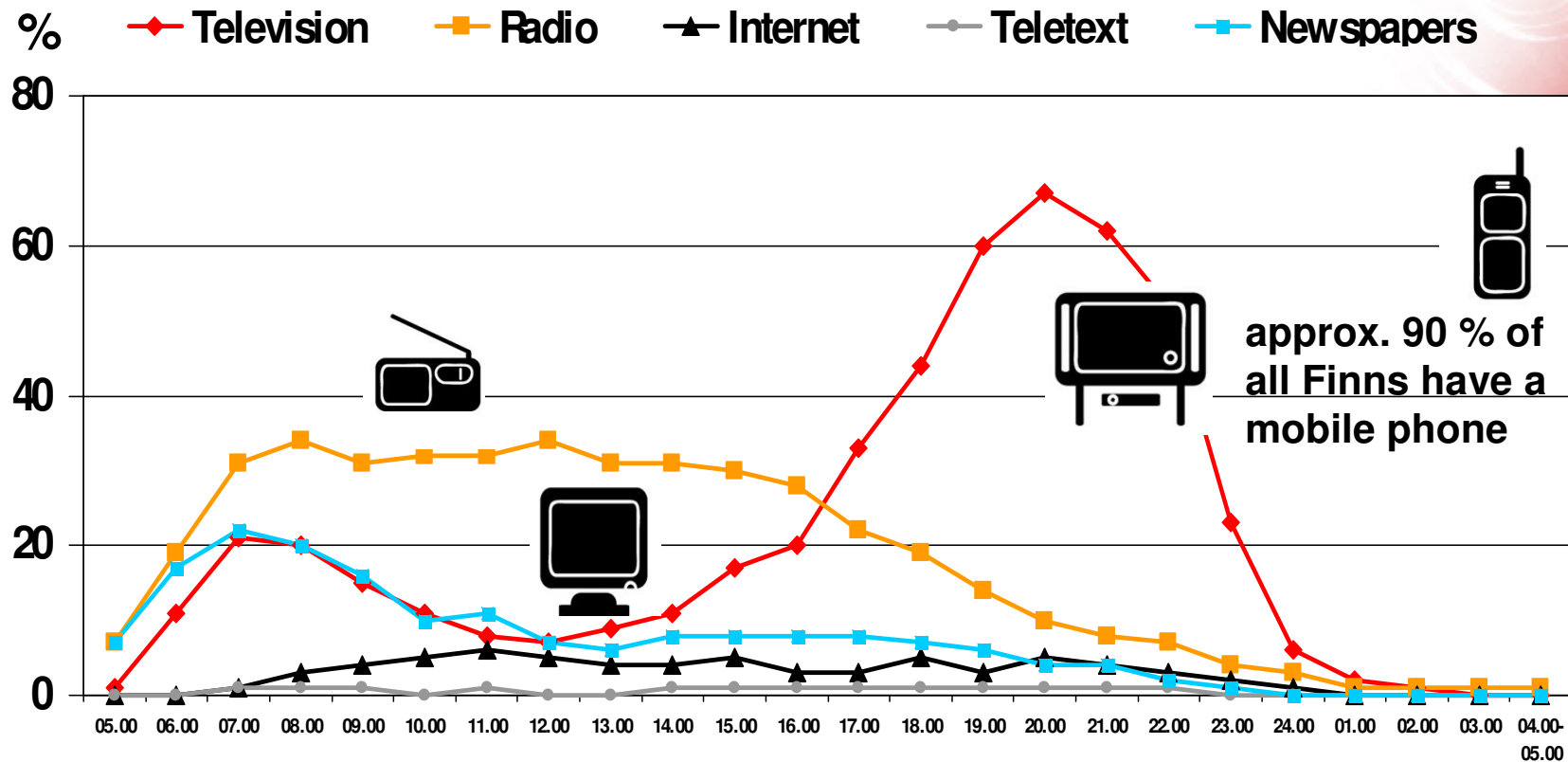


Total
9 h 22 min

Tv, radio and internet: 76 %

Source: Gallup Media Intermedia Survey 2002

Online media fills the consumer's day

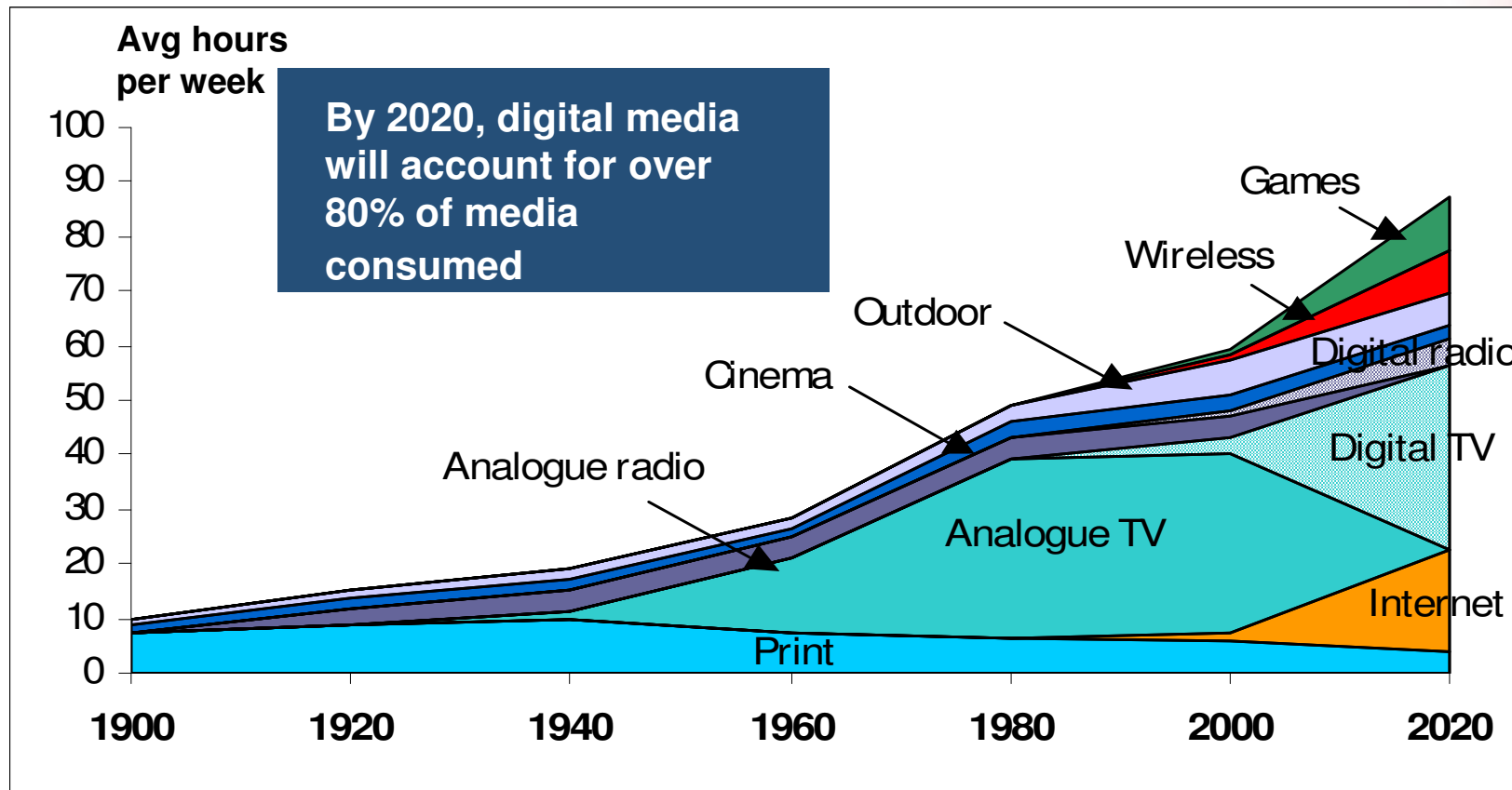


approx. 90 % of all Finns have a mobile phone

Time of media use: % of 12+ people using that medium

Source: Gallup-Media: Intermedia Survey 2002

Digitalisation is a key development across all media, but especially TV



Source: Carat International

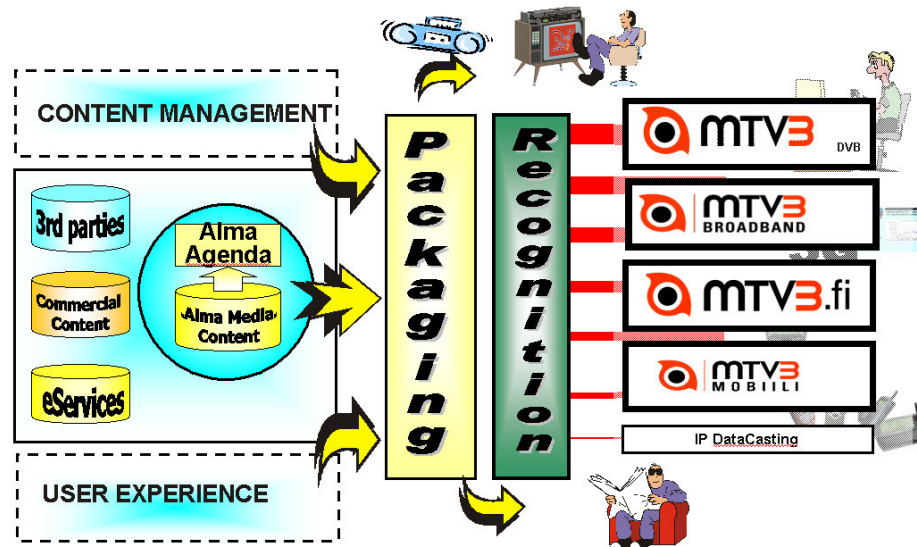
Content, the creation

Traditionally the content has been created for an individual network. This has been written into the concept, e.g. a talk-show is meant to be shown on television at a specific time of night, and the business model is to get revenues from the advertising sales.

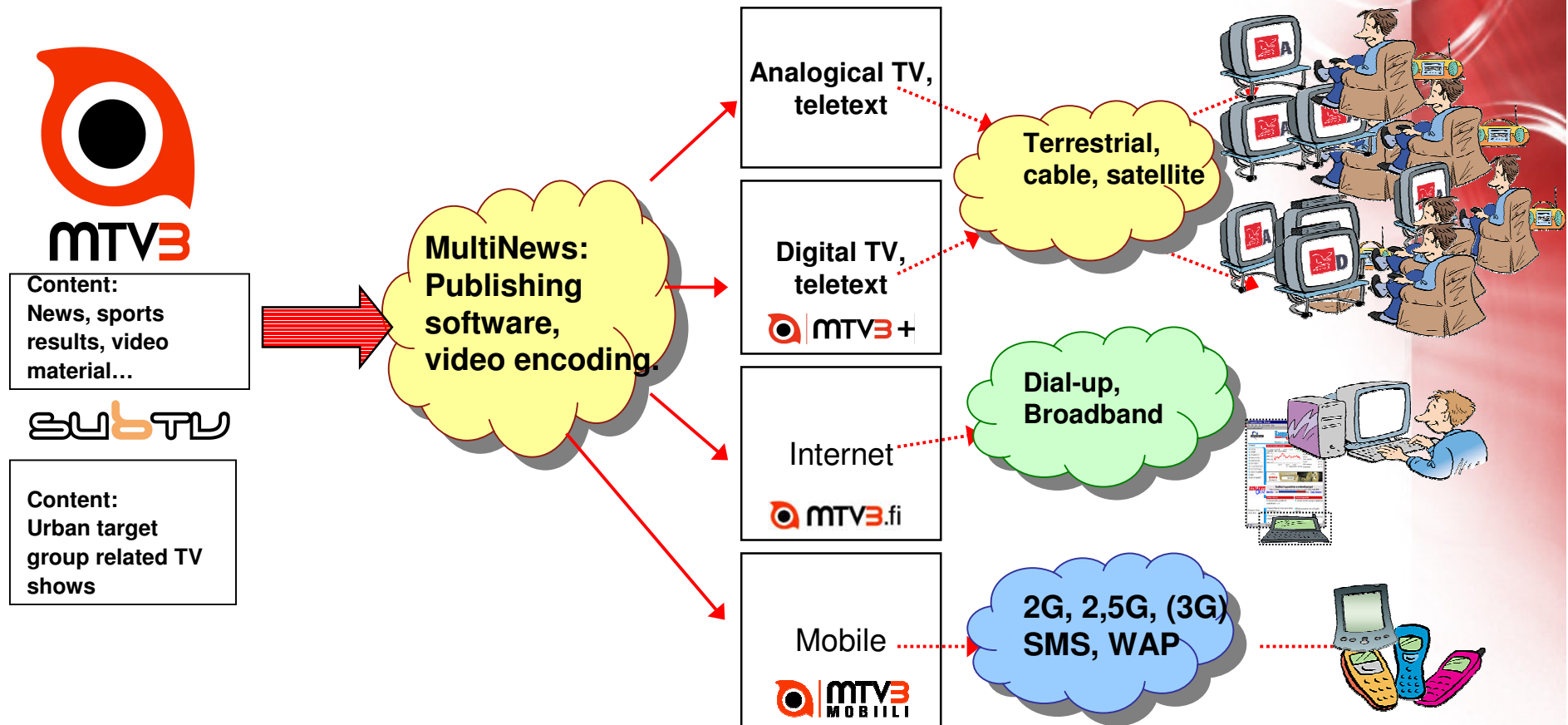
Today, the idea should include the possibilities of web-TV, mobile participation, other value added services...

Content, the production

The content production process has a critical effect on successful multi-media (multi-network) business. Synergy and cost-efficiency are a necessity.



MultiNews, in-house software for multi-channel publishing



Content, the immaterial rights

Broadcaster purchases currently rights for:

- **broadcasting (distribution) rights for a certain time period and television channel from the producer/format owner**
- **re-runs**
- **promotional rights**

In the future additionally:

- **distribution**
- **rights in the internet,**
- **mobile,**
- **digital television environment.**

Content, the distribution

The content owner has various possibilities for the content distribution, e.g.:

- **Television broadcasting**
- **IP network**
- **Mobile network**

The content distributor is forced to produce network-specific content, e.g. video services in the internet are optimised for the bandwidths. The profitability and cost-efficiency is often decided already with decisions made in the earlier stages.

Content, the distribution

There are different business models for content distribution. The choices can be based on

- **buying the access (service provider)**
- **contractual partnerships (renting the network as a virtual operator)**
- **ownership of the “pipes” as a carrier.**

The position and the alternatives of the media company are handled in the following section: The Value Chain.

The Value Chain

- **Currently the most of the revenues are collected from the access, i.e. the basic billing for network traffic.**
- **The content and the services create only a small fraction of the total turnover.**

This is the most important reason for a media company to consider to expand the business towards networks and operator status. Although, in the future we have strong belief on the revenues of the services.

There can be seen a re-structure of the value chain.



The Value Chain

The industry has a quite clear consensus about the important role of the content and services in the future. They are seen as competitive resources and as an excellent method of diversifying bulk products.

Media company sees here an opportunity and a threat while considering its options. The opportunity is the know-how and ability to create and produce content. The threat is the competition with the network operators over the content and the immaterial rights.

Media company can tackle this challenge and secure its status by taking an operator role.



Summary

- **Digital media convergence is already business as usual => this should be kept in mind in the network development.**
- **Media consumption is changing: digital media is the winner. Presence in IP and Mobile business are seen equally important.**
- **Content is still the king and television creates the biggest phenomena. But other media and networks are vital in keeping the audiences.**
- **Networks and content are the two sides of the same business, the value chain is “under construction” all the time.**



Thank you!

