

You may have noticed a change in Google's interface this summer. Since August, it has featured a 'new!' search function: Video. It's a sign of the times and how searchable video has progressed since I reported on the topic in 2005. What's changed since that time, and what we'll see rolling out this year and next, is an exciting new set of enabling technologies and services that bring a flood of prime-time and amateur video ever closer to the Internet.

Recent reports project a growing market where "the cake is getting larger, but is being divided among more players." According to Dublin analyst firm Research and Markets, the market will triple in size to over €75 billion by 2008. Likewise, advances in technology and services are creating a mainstream audience seeking a wider range of content and interactivity. Internet video has been around for years, but "there was no mass market to utilise it until now; there was not enough broadband, and consumer acceptance," said Yankee Group analyst Patrick Mahoney. High tech research firm In-Stat corroborates the growth picture, projecting that worldwide broadband households will double between 2005 and 2010 to reach more than 413m.

Portal

A year on from our first survey of Portal Power in 2005 on ISPs and TV, a surprising diversity of content and service models have reached the market, with more in the pipeline for 2007, notes Howard Greenfield.



Advanced Technology and Services:

The underlying technology driving new products and uptake is advancing on many fronts including content delivery, mobile blogging, and Peer-to-Peer (P2P) capabilities that enable greater portal and consumer power at the same time.

Caching technology company Instant Media, with 400,000 users and 550 channels with video content from the likes of CBS, PBS, and

BBC, has announced a partnership with Akamai to optimise High Definition downloads. Already sponsored by advertisers such as Chrysler, FedEx, and GE, they provide content producers scalability and storage for distributing videos globally over Akamai's network. "Instant Media has pioneered a new model for subscribing to and managing online entertainment," says Robert Hughes, Akamai executive VP of global sales, services and marketing. Akamai enables Instant Media "to flexibly add new channels and content to its platform without additional infrastructure or cost," according to Hughes.

London-based RawFlow's P2P service has just released QuickStart, a streaming tool for small and medium sized broadcasters aimed at cutting bandwidth costs by up to 90%. "The power of peer-to-peer streaming should not just be reserved for the big players," said Mikkel Dissing, CEO of RawFlow. Dissing says it's time to bring streaming to "broadcasters of all sizes," through scalability, quality, and price point. "With more and more people turning to the Internet to view news and entertainment, it is important that technology keeps pace with both the evolution in digital media, as well as the laws governing peer-to-peer media sharing," said Dissing. RawFlow has built its business throughout Europe and is now entering the US market.



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New Google website video interface

Want to broadcast to the world from your mobile phone? Now there's blogTV! Israeli multimedia platform provider Radvision has announced support for Orange 3G mobile access to live video blogs on the Tapuz entertainment portal. The technology enables 3G phone users with a

Power

web cam to create and broadcast their own live TV show over the Internet, PC, and 3G mobile users can watch and interact. "The new blogTV service adds true interactivity to the web experience, and our users are responding very positively," says Gil Bul, CEO of blogTV. It is indeed fair to say that "We are all journalists now," as blogging pioneer Dan Gilmore explains in his book, *We The Media*.

In the early days of the Internet, broadcast distribution was never expected to become a commonplace requirement. Nor was movie delivery, which was held to be too cumbersome for easy downloading and too enmeshed with rights and royalties issues. However, there are some changes ahead for both forms of media.

UK-based CacheLogic recently launched VelociX, designed to support faster, "massively accelerated" downloads and more agile file-sharing through the strategic placement of P2P delivery locations on the CDN (Content Delivery Network). "We believe our VelociX platform is a truly disruptive innovation that enables new and exciting media delivery applications," said Pat Chapman-Pincher, CEO of CacheLogic. "Hollywood and Silicon Valley have found a common ground through VelociX," says Chapman-Pincher, because it "enables [both] high-speed legal content delivery and the ability to easily monetise archived content."

Tomorrow's Portal Power

When Google Video was announced by co-founder Larry Page, he said it "demonstrates how searching television can work today. Users can search the content of TV programmes for anything, see relevant thumbnails, and discover where and when to watch matching television programmes." This has rippled across the industry where Internet video applications are about to come of age. Bradley Horowitz, Yahoo! Director of Media Search, also seemed to forecast much of what is unfolding today in his earlier comments. "So you see many touch points from distribution to content and technology—a very broad reach to literally hundreds of millions of users. You need to think about which . . . companies are going to be well positioned to solve more than just the technology problem but the relationship issues that are raised as well. It's not about a magic algorithm. It's the aggregation of all of these relationships, talent, product, properties that really speak to Yahoo!'s opportunity in this space."

Many applications are driving the development of new video portal functionality such as online social networks and virtual communities. None has gained more attention lately than MySpace, a growing focus of media giant News Corporation's market plan. There is an increasing need in such environments for personalised, searchable content and advertising on the web which NewsCorp, its partners—and competitors—all seek to address.

"With MySpace there's a whole new era now of what I call Social Networks, where people just write about themselves, look for friends, look for common interests which is just broadening it right out across

the world. Now, we have to monetise that," says News Corp's Rupert Murdoch. "We have to work out how we can find out everything we can about those people and sell advertising to them directly—I think it's going to be a big commercial success. And we're going to take it out around the world - in September we're launching in Japan."

Commercialising the New

Commercialisation in the Internet media space has begun, and some already stand to reap the reward for their risks. In a recent agreement, Google will become an exclusive provider to Fox Interactive Media web properties including MySpace.com. Google will be obligated to make guaranteed minimum revenue share payments to News Corporation's Fox Interactive Media of \$900m, based on Fox achieving certain milestones. These payments will be made between 2007 and 2010 with Google providing text-based advertising and keyword targeted ads through AdSense.

This is part of a "continued evolution to become a powerful force in the digital media marketplace," according to Peter Chernin, president and COO of News Corp who added that it was "an exciting time in our history as a forward thinking media company...the first of many steps we plan to take with Google." For Eric Schmidt, CEO of Google, who sees MySpace.com as the "acknowledged leader in user-generated content" providing search and advertising furthers his mission of "making the world's information universally accessible and useful."

In the post-TiVo, post-Internet world, there is a growing cross-over of content, advertising models, and the challenge of reaching a hybrid broadcast-online audience. "Online video has finally hit the mainstream, as the broadband connections necessary for optimal viewing proliferate throughout the United States," says Maria Mandel, partner and executive director of digital innovation at OgilvyInteractive. "The key barrier was passed last year, when more than half of US online households connected via high-speed access. This momentum will continue with the number of broadband households projected to more than double from 2004 to 69.4 million in 2008." Internet video viewing is expanding daily, and according to

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RawFlow: enabling peer-to-peer streaming.

technology

some reports, a quarter of US Internet users watch online video every week.

"All media companies have begun to reorganise themselves around the concept of multi-platform content," says Mandel. "Video now lives on television, computers, cell phones and iPods. Media companies must worry about how to monetise this content on multiple screens, while agencies only need ensure that our marketing messages reach consumers on these platforms. Online viral video has already begun to affect television as the two worlds cross-pollinate." Mandel cites MTV's purchase of viral video site ifilm.com as an example that led to a hit VH1 cable network television show - *VH1 & iFilm's Webjunk 20*. "Viral video's impact on television does not end there," she continues. "Consumer created and long form marketing content that originally existed only online has found its way to the television screen, breaking down the dominance of the traditional 30-second spot."

In a related development, America Online (AOL) has acquired 12-person, Los Angeles-based, Web-chat and instant messaging start-up, UserPlane. "Social networking sites and online communities – especially those that offer IM and chat in both text and audio/video varieties – are fertile ground for advertisers looking to reach the 18 to 35 demographic," according to UserPlane co-founder and CEO, Michael Jones, addressing some of the early points of traction for



My Flow player

commercialising online social networking. "These Web destinations give the hippest, most trend-setting audience a compelling reason to stay logged in and active on a particular website for more and more hours each day. IM and chat display ads are therefore served to a 'captive' audience that is more likely to sit through video ads and rich media than people who are merely surfing the Web," he notes.

The Big Picture

Adding to the momentum of new technologies and business models, the most influential industry players are voting with their feet. "AOL, Google, Yahoo!, MSN, Apple, major Broadcast TV networks, pay-TV services and local TV stations are all working on ways to blend their video assets with personalised TV services," says Gerry

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- Gerry Kaufhold, In-Stat

Kaufhold, In-Stat analyst. "The future of television is slowly being defined online, where the big Internet portals

are finding ways to blend professional video with their high-touch services that follow consumers from screen to screen during the course of a typical day."

The big networks indeed get the big picture. For instance, MTV Networks is also bringing the MTV Video Music Awards, Nickelodeon animation, and Comedy Central to the web. Calling it a "terrific opportunity," Tom Freston, president and CEO of Viacom says it "fits in perfectly with our strategy to deliver the best content to our audiences – wherever they are."

America Online (AOL) has just announced a free video portal application calling it an all-in-one destination for watching and sharing web videos. It will feature video-on-demand content channels and an interactive programming guide. It also supports the download and purchase of full-length content, DVD-quality video, and video search based on technology acquired from Truveo and Singingfish.

Broadband video portals will increasingly offer both *prime-time* broadcast calibre content as well as amateur video contributions. In a recent poll asking 'How far will consumer-generated media go?,' 87% of the audience responded that it was here to stay and co-exist in the future with mainstream media, as home-made content becomes widely popular. "We just want to get to the point where you will put video on your website as a default behaviour," said Peter Chane, senior product manager for Google Video, speaking recently at the Digital Hollywood 'Building Blocks' conference in Silicon Valley. "We support unlimited uploads," said Chane, "we have people that come with car-loads of video and we find ways to work with them."

The summer 2006 'AlwaysOn' media summit at Stanford University provided another good overview of the rapidly unfolding on-demand media space. "Initially there was a lot of viral growth in terms of people sharing links embedding videos," explained YouTube CEO Chad Hurley, alluding to his website's growing popularity. "There's still a lot of that going on, but we've primarily become a destination zone on video. Our idea is that everyone exists on the same level, we're just creating a stage. Even with NBC, we're not pushing NBC on our users. They just exist on our system like everyone else."

Whether it's new broadband sites offering prime-time television, movies, or user-generated video content, the power of the Internet video portal is a growing force today and for the future—in 2007 and beyond. "We're taking a very serious look ourselves and seeing where it's all going," says Nick De Martino, Director of the American Film Institute (AFI) New Media Ventures. "This is a fascinating new production and sharing of stuff, a phenomenon I find truly astounding. With a \$500 computer, a \$500 camera, and a \$300 per year broadband connection you're in business," says DeMartino. "You have the pieces in place for phenomenal change in what an individual voice can become. It's epic-making change in what the Internet can do."



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