

Münchner Kreis Kongress
“Turbulenzen in der Telekommunikations- und
Medienindustrie”




13. Und 14. Juli 2005, München

The background of the slide features a collage of images: a woman in a business suit smiling, a man in a suit walking away from the camera, a globe, and a satellite dish. Overlaid on this are glowing yellow and blue lines that suggest a network or data flow. The title 'Profiting from Convergence' is centered in white text.

Profiting from Convergence

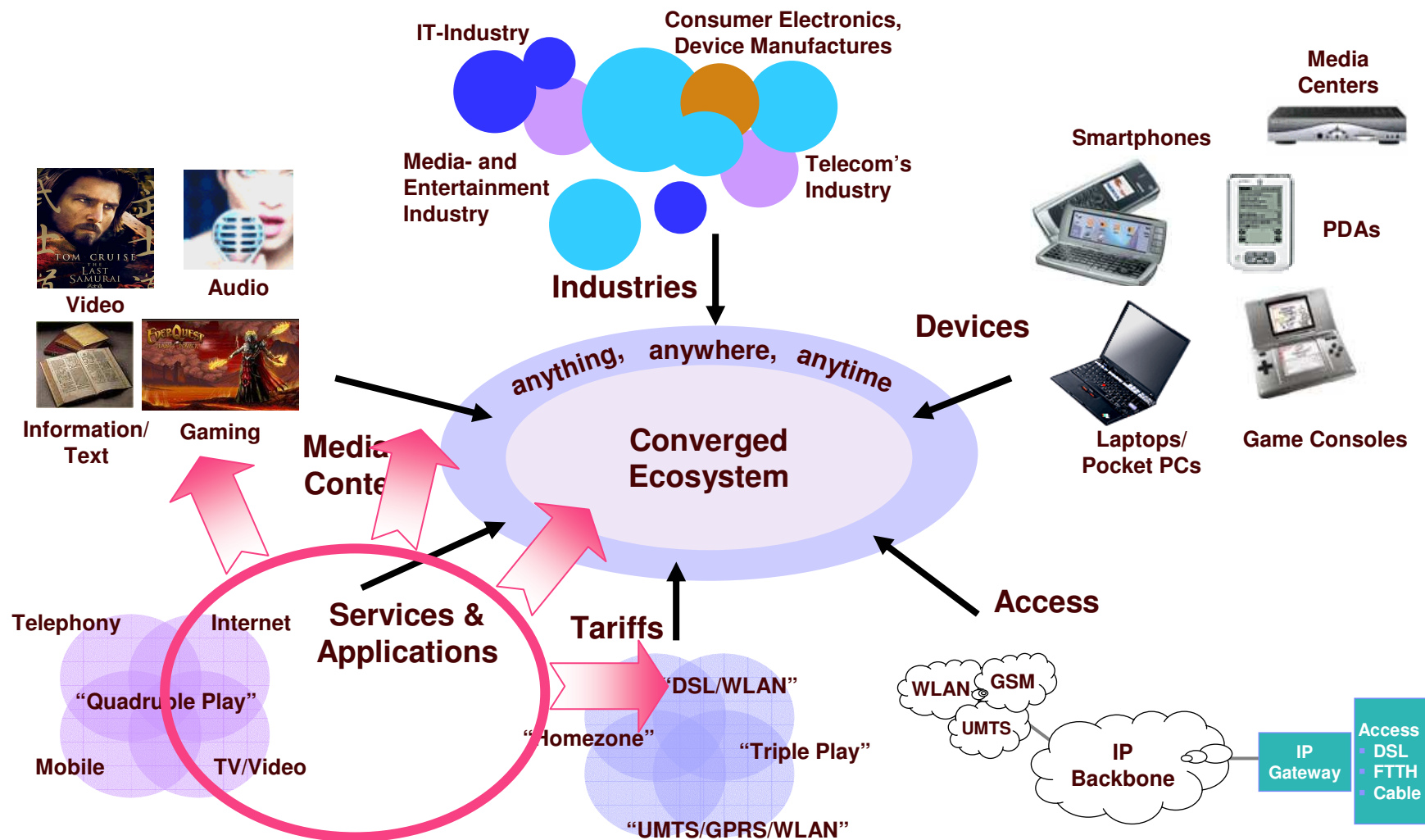
June 2005
Joachim Kriener

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There are different overlapping areas of Convergence we can see currently evolving at the market and in technology creating a new ecosystem.



One way to predict which of these convergence scenarios will become profitable we have to ask the users, what would successfully meet their demand in their actual lifetime circumstances and environment.

- ... do you use SMS more than 20 times per day ?
- ... do you use chat forums more often than once a month for private purposes ?
- ... do use awareness tools for collaboration for business and/or private use ?
- ... what do you use push-to-talk for ?
- ... do you frequently watch TV sitting in front of your PC at home ?
- ... has Internet reduced your TV time ?
- ... do you care about advertisement in movies broadcasted via TV and do you know how to eliminate it during or after recording the movie ?
- ...
- and what would have been the answer from your teenage kids ?

What is more beneficial than looking after our future (young customers) when planning future business and profits ?

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A representative survey was performed by the Centre of Evaluation and Methods (Zentrum für Evaluation und Methoden - ZEM) at the University of Bonn and IBM

Media Innovation Survey 2005

Performed by	IBM Business Consulting Services, Zentrum für Evaluation & Methoden (ZEM) Universität Bonn
Time Frame	Winter 2004 / Spring 2005
Population	Persons in the age of 14 to 39 years (whole D)
Selection through	Systematic random sampling
Sample drawn	Representative for the population 14-39 years old (more than 500 interviews)
Method used	Computer Aided Telephone Interviews (CATI)
Weighting	Age, Gender
Guiding Themes	<ul style="list-style-type: none"> - Interactivity and TV - TV and Internet usage in a converged way - Substitution of TV through other media?



Contacts to learn more about the IBM Media Innovation Survey 2005 (July 2005)



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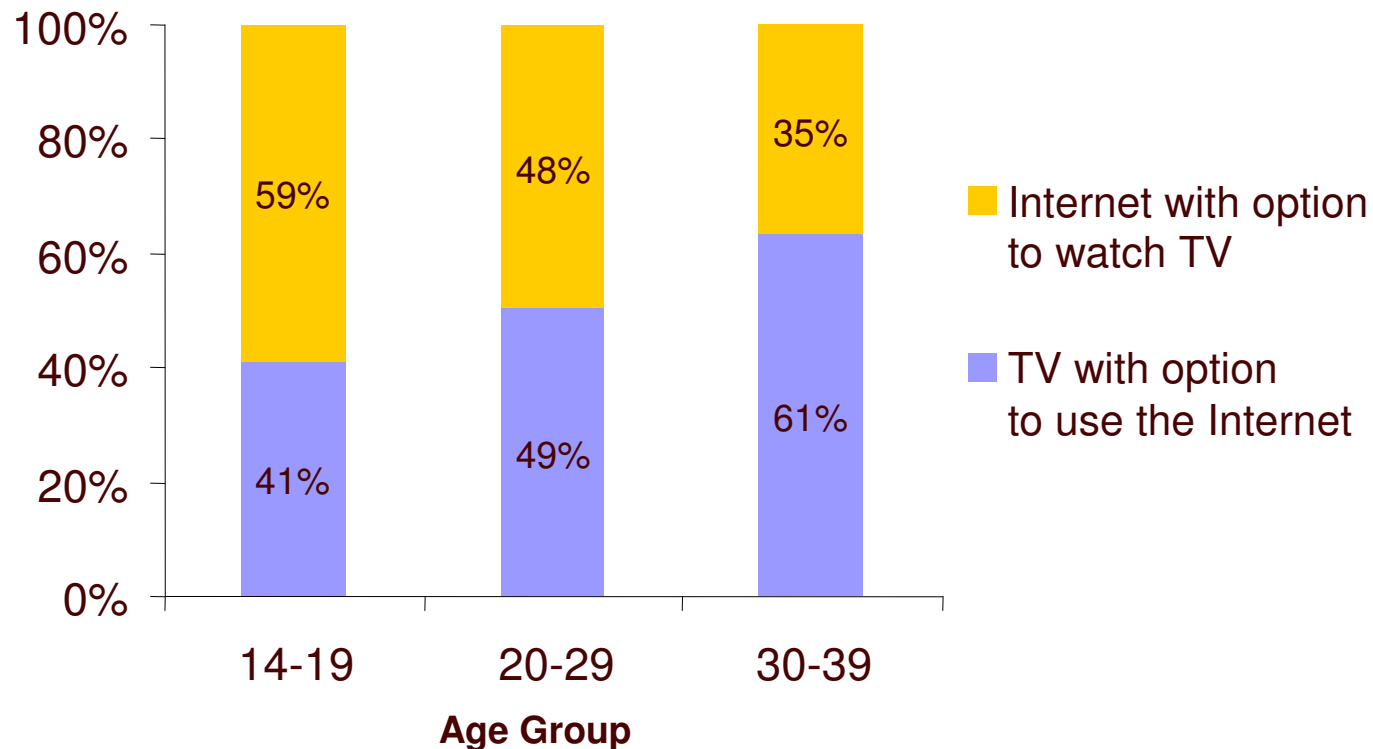
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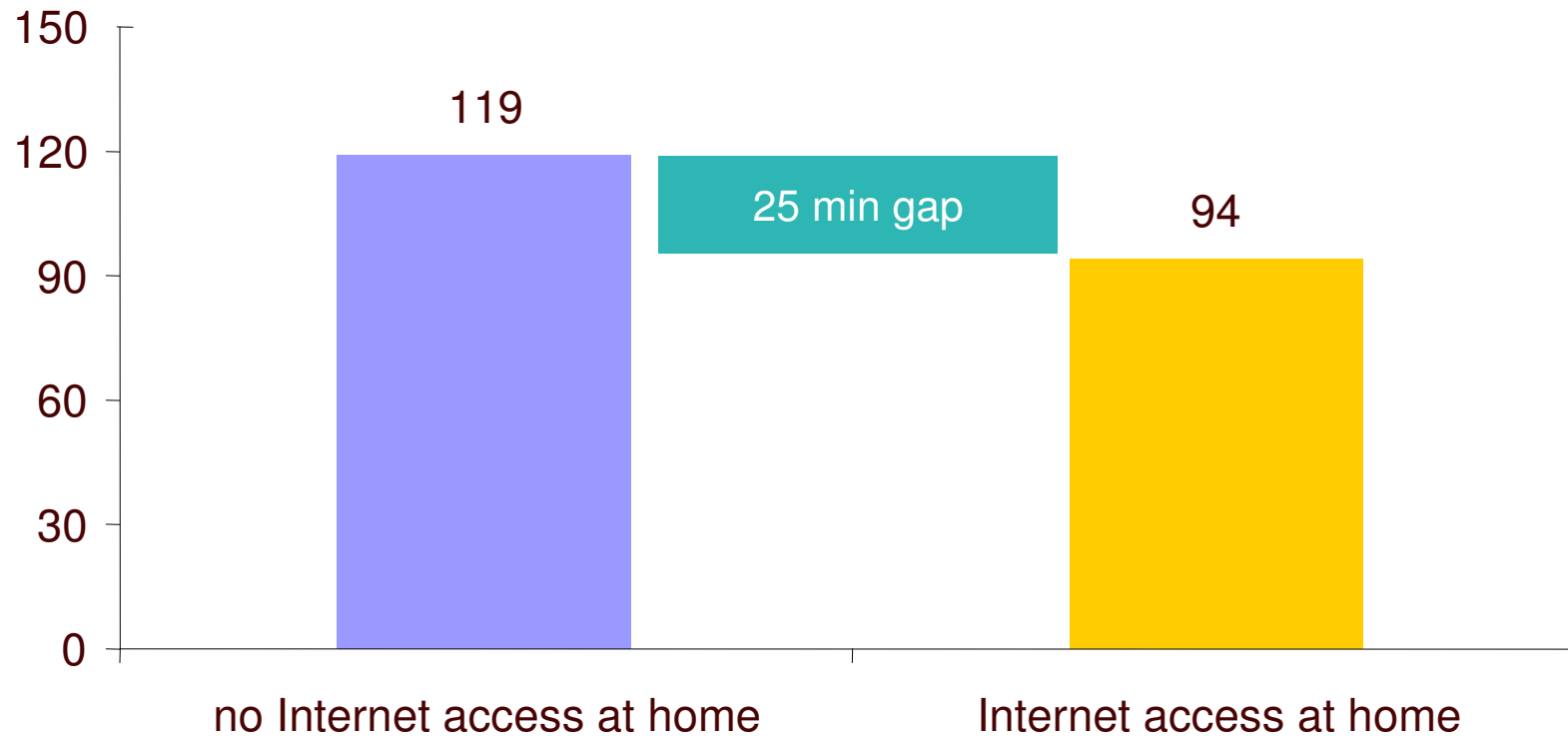
Given the choice between Internet or TV as the primary medium, through which to use functions of the other medium, the youngest age group is overwhelmingly in favour of the Internet as primary.

Choice of primary medium by age groups



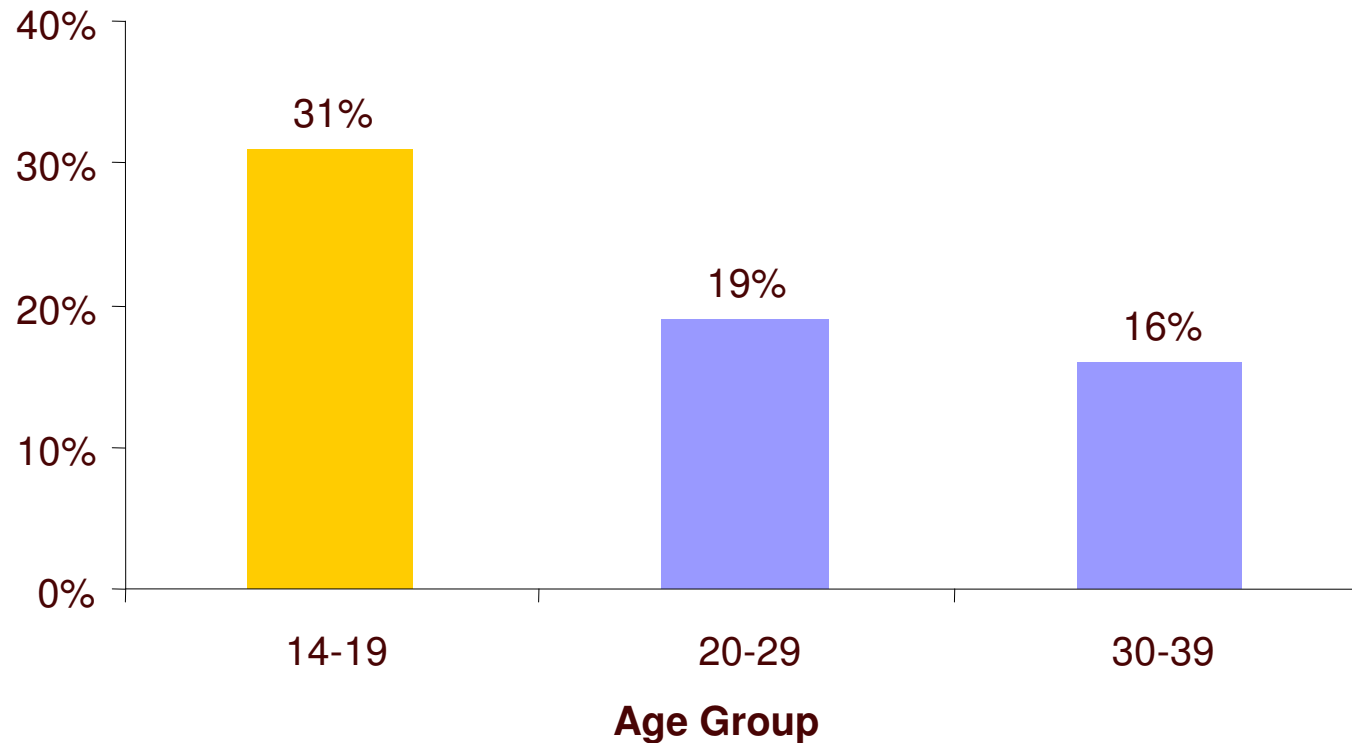
Young media consumers with Internet access at home watch almost ¼ less TV than those without Internet access – a 25 minute gap per day

Daily TV consumption in Minutes



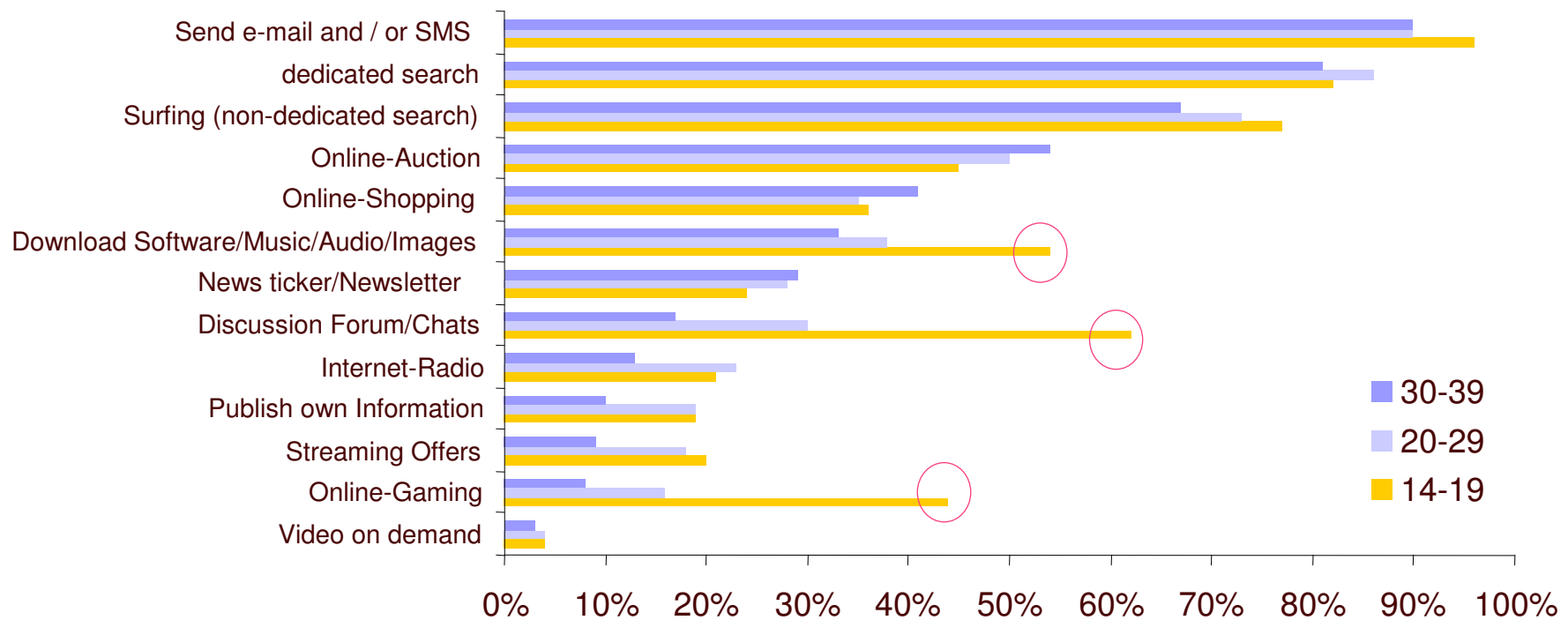
About one third of the youngest age group tells they have reduced TV consumption through use of the Internet.

“The Internet has contributed to reduction of my TV consumption”



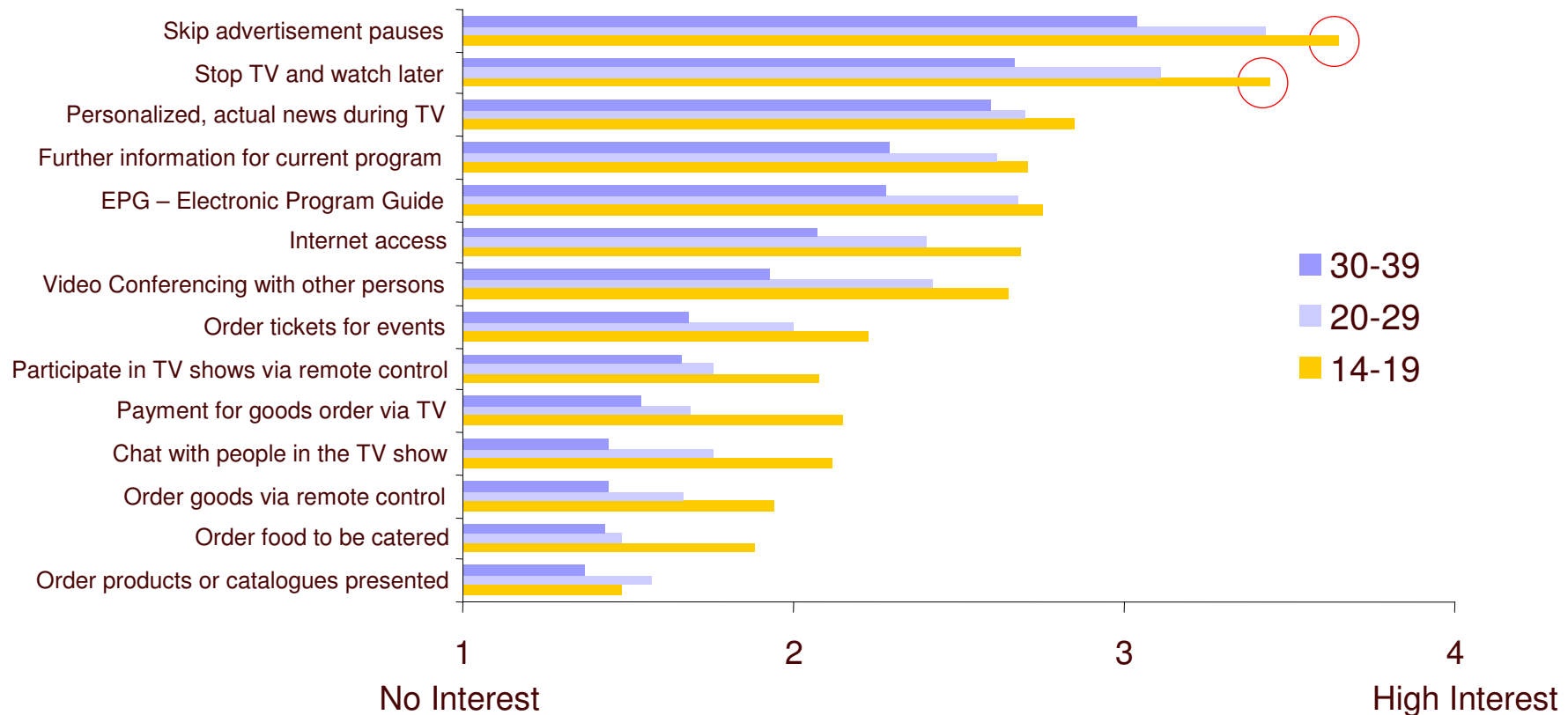
We can detect, the youngest age group has a special preference for interactive usage of the Internet

Usage of Internet Functions (more than one vote)



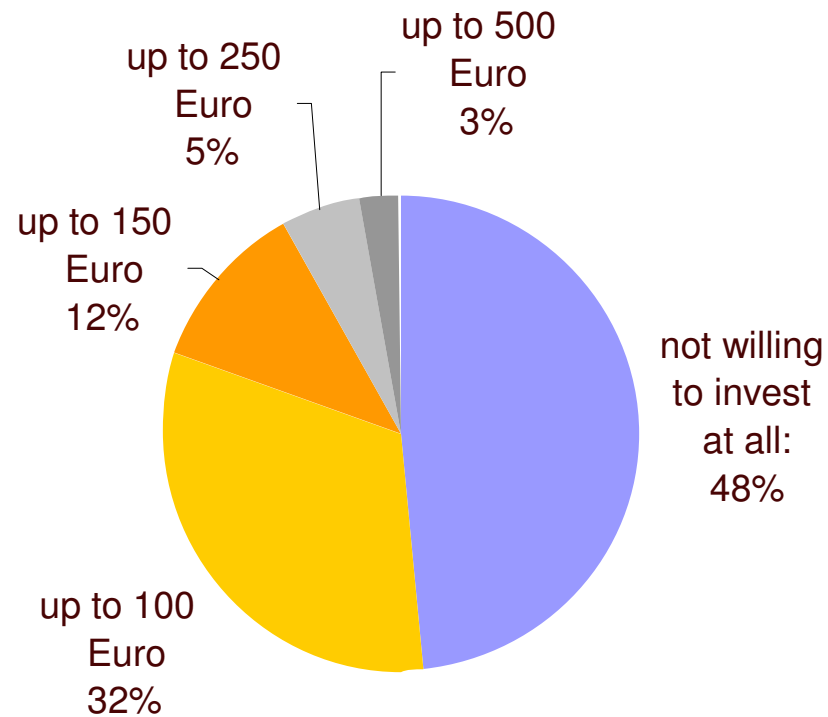
„Null Bock auf Werbung“ – „No Ads, Please!“: to bridge advertisement and to start/stop TV (i.e. time shifting) is on top of the wish list for interactive TV. Again, the youngest age group have the most interest in that features.

Interest for interactive feature when watching TV



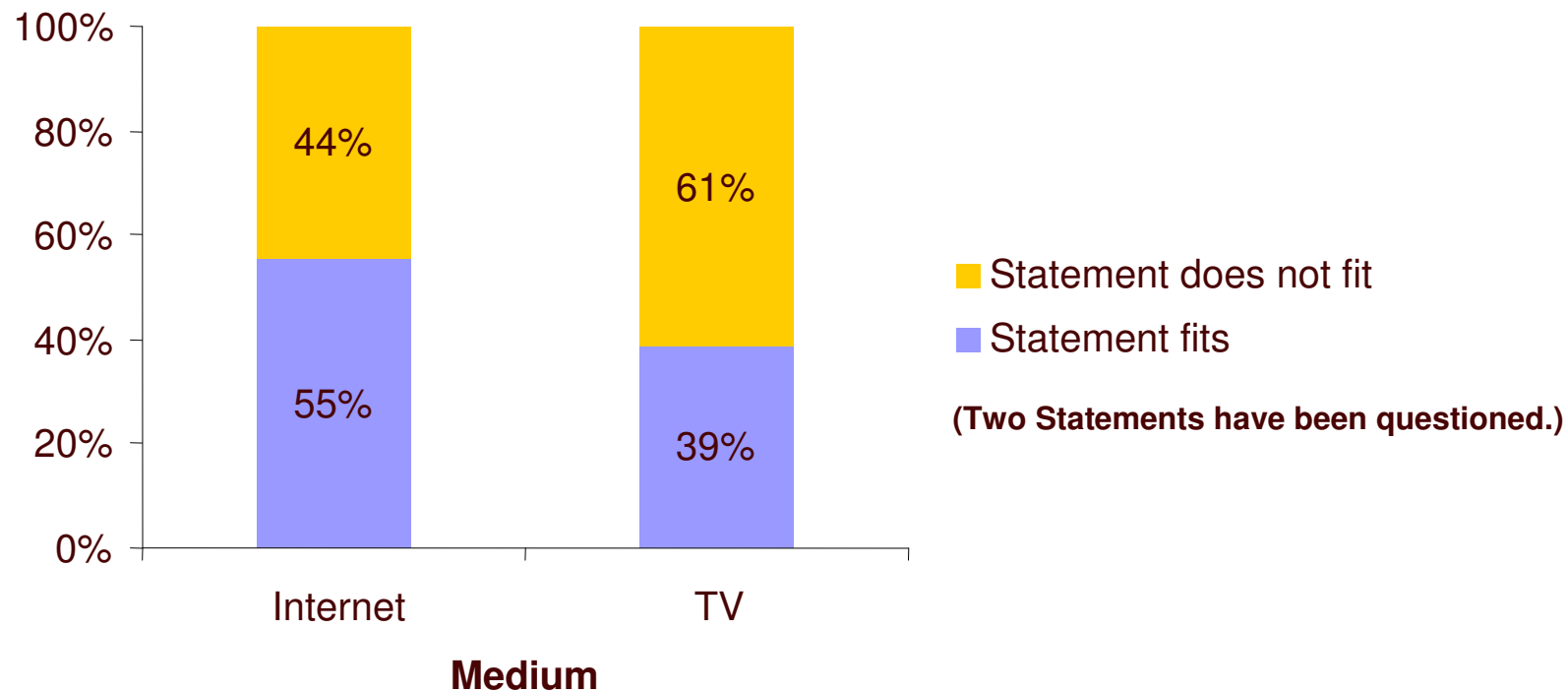
Interactive Functions to control TV consumption selectively are on top of the wish list, but not at any price; ... hope these functions come at no cost / no price !

Willingness to invest in Hardware to receive interactive TV Functions




The Internet already plays a significant role building opinion in our whole population. For the surveyed age groups Internet is ahead of TV..

“This Medium is valuable when I want to make up my mind about things.”



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Some exemplary Conclusions from the Media Innovation Survey 2005

... upfront: **young people will stay with certain attitudes**, regardless of the fact, they are getting older too.

- “DSL moves into the living room” and “Internet eats TV” is too simple when trying to estimate the main future usage scenarios, but some conclusions seem to be obvious:
- **Internet has subsidised TV in a relevant degree**
- **“Primary medium”** is depended on target groups; trend: **Internet** - integrating TV
- Interactive functions
 - in TV: **Control** (time shift, bridge advertisement): **Yes**, **Interaction** (e-commerce): **No**
 - in Internet: e-commerce: established, networking & online-gaming: massive growth
- Through more competitive offers in the Internet, **traditional TV will be treated as one Internet presence** in the future
- **Forming of opinion**: Internet will play a more important role than today

... and more conclusions to come through further elaborating on the results of the IBM Media Innovation Survey 2005.

With convergence of TV and Internet all players will come under pressure to move – to move into new competitions, into new business models, into new technology.

- **Telcos** will get under pressure by resellers of broadband access providing portals and content to their own clients; telcos risking to fall back into a role of pipe / transport provider.
- **Private Broadcasters** will get under pressure because the revenue stream from advertisement will decrease; this will change their business model dramatically – they will not any longer compete only with public broadcasters but also with telcos, content providers and private producers.
- **Public Broadcasters** will have to follow their duties and follow into the internet as the medium more and more influencing the public opinion, but also a place they are not used to be.

Who will profit and how?

- Players who best can **adapt their business model** onto the new business scenarios and who have the right infrastructure to **act on demand** will win and profit from convergence.

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In the telco / media industry IBM's value add is to consult in business solutions and to deliver technology solutions in a changing market place.

“In the past, executives had the luxury of assuming that business models were more or less immortal. Companies always had to work to get better ... but they seldom had to get different — not at their core.”

-Gary Hamel and Lisa Valikangas,

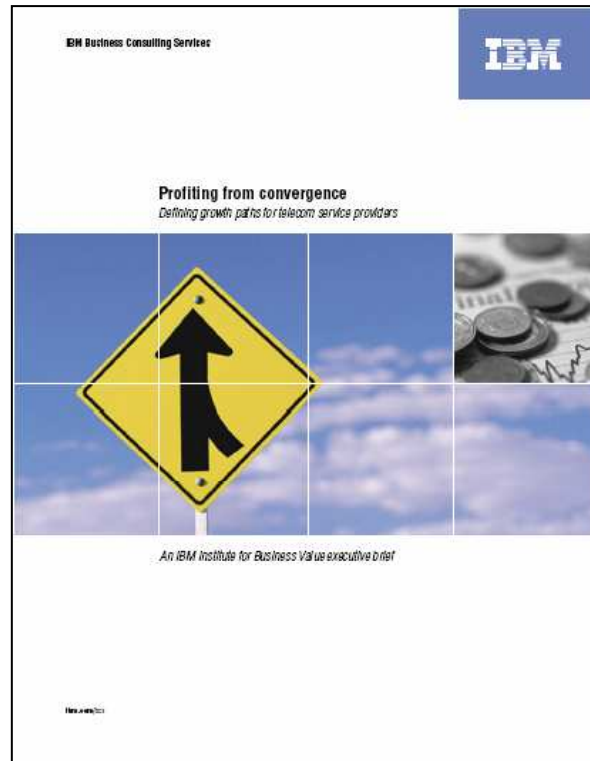
“The Quest for Resilience”

Harvard Business Review

Please also take a look at ...

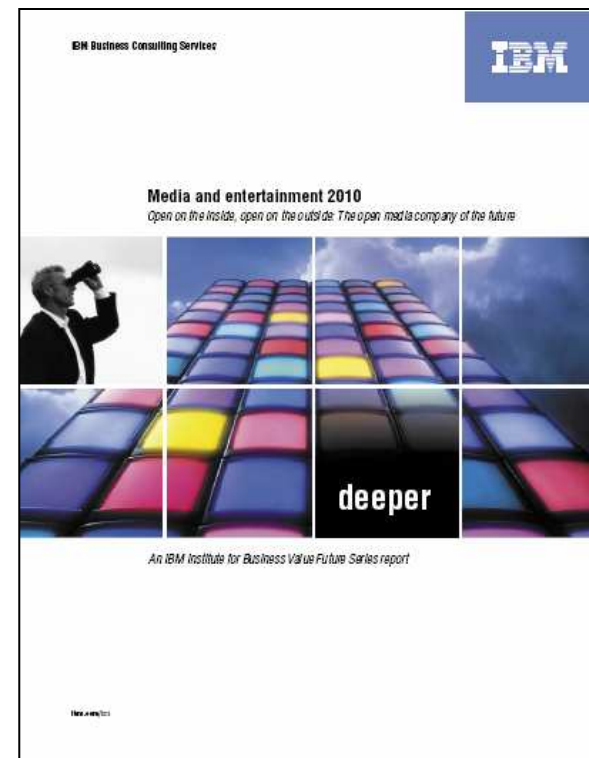
Profiting from Convergence

Defining growth path for telecom service providers



Media and Entertainment 2010

Open on the inside, open on the outside:
The open media company of the future



at
<http://www.ibm.com/services/>

Danke für Ihre Aufmerksamkeit.

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