

The background of the slide features a large, semi-transparent clapperboard on the left and a director's chair on the right. The clapperboard has a striped top bar and text including 'PROD', 'ROLL', 'SCENE', 'DIRECTOR', and 'DATE'. The director's chair is black with gold-colored metal framing and has the word 'DIRECTOR' printed on the backrest. A black cone sits on the floor next to the chair.

SILIWOOD:

A VIEW INTO THE CHALLENGES
FACING HOLLYWOOD AND THE
SILICON VALLEY

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INTRODUCTION

» 12 MONTHS OF RESEARCHING IF:

- CONVERGENCE IS REALLY HAPPENING?
- CONTENT CREATION IS CHANGING?
- DRM (DIGITAL RIGHTS MANAGEMENT) DEAD?
- IS THE TRADITIONAL MEDIA BUSINESS MODEL CHANGING?



IS CONVERGENCE REALLY HAPPENING?

» HOLLYWOOD VIEW

- NOT REALLY -

- » PEOPLE GO TO MOVIE THEATERS
- » BUY DVDS
- » DRIVE MERCHANDISE SALES

» SILICON VALLEY VIEW

- YES!

- » YOU TUBE
- » IPTV
- » MUSIC = ITUNES



IS CONVERGENCE REALLY HAPPENING?

» SILIWOOD VIEW

- IT'S NOT BINARY!

- » TOO MANY VARIABLES:

- HOLLYWOOD HAS INTERESTS BEYOND THE CONTENT... IT'S ABOUT DISTRIBUTION
 - CONTENT IS STILL KING... AND HOLLYWOOD OWNS QUALITY CONTENT
 - TECHNOLOGY IS MAKING IT EASIER TO DISTRIBUTE CONTENT DIGITALLY
 - BROADBAND MAKES IT EASIER TO CONSUME CONTENT

IS CONTENT CREATION CHANGING?

» HOLLYWOOD VIEW

- NOT REALLY.

- » EXPENSIVE TO DELIVER QUALITY CONTENT AND PROGRAMMING
- » DISTRIBUTION STILL PLAYS A LARGE ROLE IN SUCCESS
- » REQUIRES MONTHS OF PREPARATION
- » UGC IS A FAD



IS CONTENT CREATION CHANGING?

» SILICON VALLEY VIEW

■ YES.

» LOW COST TECHNOLOGY MAKES IT EASIER!

- MACS SUB \$2000
- SOFTWARE SUB \$500
- HD CAMERAS SUB \$1000

» QUALITY IS NEGLIGIBLE... ENTERTAINMENT VALUE IS HIGH

» LESS COSTLY TO SUPPORT A PRODUCTION



IS CONTENT CREATION CHANGING?

» SILIWOOD VIEW

- YES... ABSOLUTELY!

- » LOW COST TECHNOLOGY = EVERYONE IS A DIRECTOR, ACTOR, EDITOR, PRODUCER!

- » BROADBAND USAGE = UBIQUITOUS, INEXPENSIVE DISTRIBUTION

- » UGC IS GAINING STEAM... PEOPLE LOVE A TRAIN WRECK.

- KEEP AN EYE ON - INDEPENDENT TV PROGRAMMING (REVISION 3)



The background of the slide features a faded, artistic composition. At the top, a clapperboard is visible with its characteristic black and white striped pattern. Below it, a director's chair with a black backrest and gold-colored frame is positioned. To the left of the chair, a black megaphone stands upright. The overall scene is set against a light, neutral background, creating a cinematic or production-related atmosphere.

IS DRM DEAD?

» HOLLYWOOD VIEW

- MOVIES = NO... IT'S REQUIRED.
- MUSIC = NOT SURE... EMI BUCKING THE TREND.
- INTELLECTUAL PROPERTY PROTECTION IS IMPORTANT
 - » FUTURE DISTRIBUTION REVENUE DEPENDS ON IT.
 - » MERCHANDISING REVENUE DEPENDS ON IT.
 - » LICENSING REVENUE DEPENDS ON IT.

IS DRM DEAD?

» SILICON VALLEY VIEW

- TECHIES SAY NO.
- MUSIC = NOT SURE
 - » ITUNES DRM IS A MUST FOR RELATIONSHIPS
 - » EMI CHANGING THE LANDSCAPE
 - » EMUSIC AND AT&T JOIN HANDS ON MOBILE DEAL
- VIDEO = NOT SURE
 - » HOLLYWOOD REQUIRES IT
 - » UGC DOESN'T REQUIRE IT



IS DRM DEAD?

» SILIWOOD VIEW

- YES... AS WE KNOW IT
- MUSIC = YES
 - » ITUNES DRM IS PROBLEMATIC FOR HARDWARE AND SERVICE PROVIDERS
 - » EMI = CATALYST FOR CHANGE
 - » USERS WANT TO CONSUME MUSIC WHERE EVER, WHEN EVER.
- VIDEO = YES
 - » UNMANAGEABLE STANDARDS
 - » TOO MANY END USER HARDWARE ISSUES
 - » USERS WANT TO CONSUME VIDEO WHERE EVER, WHEN EVER.
- BEACON TECHNOLOGY COULD BE THE ANSWER...

IS THE TRADITIONAL MEDIA BUSINESS MODEL CHANGING?

» HOLLYWOOD VIEW

- NO.
- CONTENT IS KING.
- WE STILL SELL DVDS AND CDS.
- PRODUCTION AND DISTRIBUTION SERVICES ARE VALUE ADD
- ADVERTISING REVENUE IS JUST ONE REVENUE GENERATOR.



IS THE TRADITIONAL MEDIA BUSINESS MODEL CHANGING?

» SILICON VALLEY VIEW

- YES... AND HOLLYWOOD DOESN'T GET IT
- TRADITIONAL ADVERTISING IS TAKING A HIT -
 - » LINEAR PROGRAMMING/CONTENT VIEWING ON DECLINE
 - » PRODUCT PLACEMENT IS OLD SCHOOL
 - » INTEGRATION IS DIFFICULT
- USERS WANT PORTABILITY -
 - » TAKE CONTENT ON THE GO
 - » SELECTIVE LISTENING AND VIEWING
- GOOGLE GETS IT.



IS THE TRADITIONAL MEDIA BUSINESS MODEL CHANGING?

» SILIWOOD VIEW

- YES... AND HOLLYWOOD **DOES** GET IT
 - » HOLLYWOOD OWNS CONTENT RIGHTS... VERY POWERFUL
 - » HOLLYWOOD MANAGES DISTRIBUTION/LICENSING AVENUES
 - » THEY MADE ITUNES AND DIDN'T GIVE UP MUCH
- MUSIC =
 - » LABELS LOOK TO 360 MANAGEMENT OF ARTISTS
 - MORE INVOLVED IN ARTIST MANAGEMENT, TOUR MANAGEMENT AND MECHANDISING
 - ALIGNED WITH NEW MARKETING OPPORTUNTIES
 - » MOBILE (MOZES.COM)
 - » VENUE (NUGS.NET, MUSIC TODAY)
 - » SOCIAL NETWORKING (ILIKE, SNOWCAP, MYSPACE)
- VIDEO =
 - » PROTECTING RIGHTS UNTIL THEY FIND A DIGITAL DISTRIBUTION ALTERNATIVE
 - » FOCUS ON LICENSING AND MERCHANDISING OPPORTUNITIES
 - » LONGEVITY THROUGH PHYSICAL GOODS DISTRIBUTION

SUMMARY

» HOLLYWOOD GETS IT!

- CONTENT IS KING
- DISTRIBUTION IS KEY
- SLOW TO MOVE... BUT INERTIA IS A GOOD THING

» SILICON VALLEY GETS TECHNOLOGY!

- DON'T DISCREDIT CONTENT
- UNDERSTAND HOW MEDIA COMPANIES THINK
- WE CAN BE "AN UNBALANCED FORCE."

"An object at rest tends to stay at rest and an object in motion tends to stay in motion with the same speed and in the same direction unless acted upon by an unbalanced force."