

A Vision of

Future Media in Flanders

The consumer goes digital.

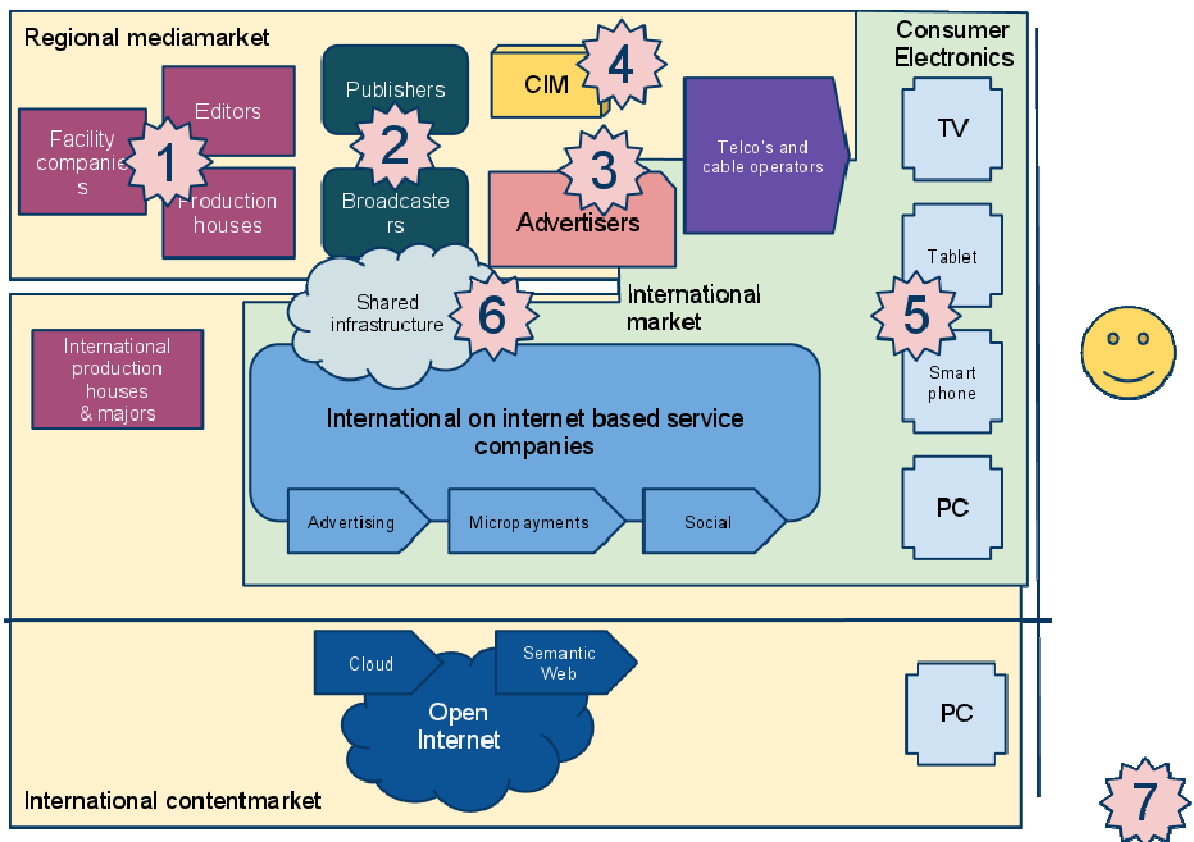
2012 - 2017

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A Vision of Future Media in Flanders 2012 – 2017

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1. Foreword

By way of an introduction, I would like to quote a paragraph from the policy letter issued by our Media Minister, Ingrid Lieten.

“ *It is our ambition that every Fleming be given access to varied and high-quality media products and services which incorporate technological innovations and new media applications. We intend to work on a new Digital Action Plan to further develop Flanders as an advanced information society and bridge the digital gap.*”

This paper aims to take the first step in demonstrating how the ambition expressed by our Minister might be realised. It is also an invitation for players in the media to discuss the possibility of setting up an innovative project portfolio.

The ultimate aim is to guarantee the future of our media sector through innovative sector programmes or, in short, to create *'Future Media in Flanders'* as a concept or movement.

We have a further ambition to launch a number of discussion papers, which should enable us to cover all aspects of the media value chain. This first paper attempts to sketch the framework, and places the consumer centre stage. Hence the subtitle, *'The consumer goes digital'*.

Hoping for a lively response and that you enjoy the read.

Harry Sorgeloos

2. A survey of the Flanders region

2.1. Broadcasters and Publishers

Broadcasters and publishers use the same business model: content is funded through advertising and money from the customer. Broadcasters and publishers alike run the greatest business risk in the advertising chain: the risk lies in programming and production, and in editing and printing costs. Producers are paid for their services (editorial offices, production houses, advertising agencies, etc.). Distribution is paid for (cable and telecom companies, AMP for analogue distribution among publishers).

The making of radio, and particularly television, is extremely expensive and the risk of failure with a new format extremely high. Wherever they can, they go for greater certainty. They both have a strong relationship with the advertising world and are the owners of strong brands. The customer has an emotional connection with the product, much more so than in other industries.

Broadcasters and publishers use the broadcast model: one-to-many, with hardly any customer interactivity. Publishers are now entering the digital era as well, with e-readers and iPad-type devices. Even so, they have lost a huge share of their advertising revenues (especially in the United States) to international, Internet-based service companies.

In recent years, broadcasters have invested heavily in file-based production. This has afforded more opportunities and made it possible to save on costs. Broadcasters are able, thanks to new production platforms, to develop non-linear services (Video on Demand) and a presence on the open Internet, all at marginal cost.

Broadcasters and publishers alike have a very poor relationship with the open Internet. To this day, they have not managed to develop a good business model. At best, they are happy if they do not lose money. This is why a public broadcaster is best advised not to toss onto the market, through the open Internet, free content that could be made to pay by a private partner (see BBC and NPO). Content that can only be made in a small region with state support (information, cultural programmes, sport, etc.) can, of course, be offered freely on the open Internet. Commercial parties have fewer difficulties with this.

Broadcasters and publishers share the CIM Ratings Institute. Through representative panels, they receive measurements of their customers' viewing habits. In the broadcasting world, this may even be augmented with qualitative research. Successful broadcasters know their target audiences fairly well. There is plenty of expertise in the sector, and the studies are conducted in a fairly 'analogue' manner, by contrast with Google, where all clicks are logged and the analyses carried out by computers using algorithms.

Broadcasters and publishers, with the exception of specialist magazines, usually have a more general offer. Target audiences are served if they are economically viable (big enough and of interest to the advertiser). Today, this method still results in a large outreach, spread across various social classes. This is fairly unique to broadcasters and publishers as an industry, which makes them a favourite partner for advertisers.

Broadcasters and publishers also tend to operate regionally, which means that broadcasters are seldom able to make theme channels pay. These days, theme channels are offered either by distributors (Telenet Digital TV, Belgacom TV, BskyB, etc.) or international players (National Geographic, etc.).

The digitisation of the distribution chain has added little to the broadcasters' business model. Aside from offering popular programmes through Video on Demand, everything has remained more or less as it was.

Digital involvement

The popular programmes put out by the broadcasters generate a great deal of emotion and involvement among the general public. In the past, it was mostly analogue: on the train, in the family context, at work, etc. Today, it is becoming more and more digital: through Facebook, YouTube, etc. This means that international, Internet-based service companies are generating traffic and presence through content produced by broadcasters and publishers. Of course, this is not the only origin, but it is one of the most significant.

Additionally, broadcasters and publishers frequently report on each other (need each other?). The magazine Humo, for example, started life as a radio programme guide, and a news item published in this morning's 'De

Morgen' could appear this evening on the seven o'clock news. Not to mention political, social and entertainment topics. One thing is of prime importance in all this: the broadcasters' EPGs.

Cost cutting and acquisitions

Since broadcasters and publishers have not succeeded in creating new business through new products, they have only two other means of survival available to them: cost cutting and acquisitions (see Persgroep and Roularta in the Netherlands and France – SBS-ProSieben in Germany, etc.). It is generally the distributors and international, Internet-based service companies that have created new services. Therefore, both are very profitable and continuing to grow.

In the case of broadcasters, the cost cuts are usually achieved through technological innovation (transfer from tape to digital file) or operating more economically. In the case of publishers, they are achieved through automation and scaling up (printing plants).

In the meantime, the consumer electronics industry is bombarding the customer with plasma and LCD televisions, which have become relatively cheap now and promise High Definition or even 3D. But, apart from the distributor, who can use this as a marketing element, there is no business model for the broadcaster, who cannot recoup his additional cost from the market. The result is yet another round of savings.

Conclusion

Broadcasters and publishers still have a cast-iron position in the market today. There is a high degree of customer involvement with the product and a strong emotional connection with the broadcasters' and publishers' brands.

However, they do not enjoy a digital relationship with the customer base. It is in precisely the latter area that they are threatened by the distributors, the international, Internet-based service companies, and today, the big consumer electronics suppliers. Their objective however, once they know the customer digitally, is to build up a relationship with the advertisers.¹

The good news is that TV and Radio media are not threatened in themselves: the number of hours spent watching and listening has grown again in the United States. There has been a sharp increase in non-linear watching only because digital distribution allows this.

Challenge

Broadcasters and publishers must keep their brands strong (at the lowest possible cost) and build up a strong digital relationship with their customers by taking advantage of new market trends (through Mobile Internet, for example).

¹ French TV ads up 17% (06/07/2010 - Cumulative ad revenues from French commercial broadcasters reached €3.8 bn in the first six months of the year, according to Yacast.)

2.2. Distributors in Flanders

Digital TV

There has been a digitisation of Flemish distribution in recent years, through Flemish Government incentives, which has made Flanders one of the most innovative digital regions in Europe, at a lower cost to the viewer (cf. cost of digital TV compared to broadband subscription). Quite a lot of grant funding has also gone to Telenet to make this type of innovation possible (Vlaanderen Interactief). In MHP – Telenet digital TV services and IP-TV, the Belgacom TV response, Flanders enjoys not just high technical quality, but, alongside a large and varied offer, true interactivity through which a great many OT-TV services can be provided (Video on Demand, e-mail, photo albums, e-government, etc.).



In many European countries, this has only just started to be hyped (Germany, UK, Italy, etc.). This has brought about a situation in which the offer available through the open Internet is more developed in some countries at the moment (the United Kingdom, the Netherlands, etc.) than it is in Flanders.

The digitisation of the distribution landscape has created a situation whereby operators own the set-top box and are able to log all the customers' clicks. They have also become broadcasters: Prime through Telenet and football through Belgacom, whereby relations between the traditional broadcasters and distributors are becoming more and more strained.

The cable distributors (inter-municipal companies) and telecom companies, who used to have to live off analogue TV distribution on the one hand and telephony on the other, have been able in recent years to turn themselves into genuine multimedia Internet companies thanks to new technological opportunities. Almost 90% of Belgacom's turnover comes from services that it has developed in the last twelve years. This will certainly be the case for Telenet too: they are now going for the fourth-generation mobile standard. Indeed, Telenet's motto goes: "We follow the customer, not cable".

Distributors also offer packages, which make things easier for the customer and generate high cash flows: landline, broadband Internet, interactive digital television, mobile Internet, GSM, etc. all in one package. Furthermore, they have seen a growing services market arise for corporate customers and private individuals, based on ICT and Internet services (video conferences, cloud services, video monitoring, payment services, etc.). This means that media are important to them, but they have plenty of other irons in the fire besides. At present, the only threat to distributors comes in the shape of international, Internet-based service companies.

Digital TV market penetration is over 50% today, and will continue to grow. Not only that, but Flemings have not yet discovered the full range of services possible. Some customers still think of time shifting as magic.

Unfortunately, broadcasters and publishers have not seen their turnover rise to an equivalent extent. In fact, the opposite is true! The proposal is therefore that broadcasters try in the next few years - where possible and through consultation within the broadcasting sector - to conclude agreements with distributors, through which maximum value can be realised from the content on which the broadcaster ran the risk. The biggest challenge is that of strengthening the position of the broadcasting sector against distributors and other players.

It is also interesting to point out that incumbent telecom operators in Europe are still organised country-by-country (old and still existing monopolists), in which government still feels involved (chauvinistically). Nothing has come of the European consolidation that was once heralded.

Cable networks tended to be much more regionally based. There are huge differences, in terms of spread and domination, from country to country. Flanders was unique: close to 100% cabling, at a democratic subscription fee, was achieved through a combination of single and mixed public/private companies. Now, we are seeing a certain amount of consolidation (American Liberty,...) through which this advantage of scale can be played out in the near future (standard set-top box, communal purchase of rights, etc.).

Digital Radio

The story of radio is in some ways different. The digitisation of radio distribution through DAB has flopped in Europe. This means that FM is the most important distribution channel for public broadcasters, as well as commercial broadcasters. For radio too, distribution via the open and mobile Internet will be important.

2.3. Consumer electronics (CE)

In the media, consumer electronics (CE) have undergone a radical wave of innovation in the last five years. Plasma, LCD, OLED, HD ready, Full HD, 3D, HBB-TV... are the terms with which we are bombarded by the marketing departments of companies such as Sony, Philips, Samsung, LG, Panasonic, etc. DVD is being replaced by Blu Ray, and all the devices of tomorrow – indeed many already today - are wireless and permanently connected to the Internet.



The industry is also facing extremely tough competition and low pricing, through which it is difficult for these companies to make a tidy profit from sales of their appliances alone.

This leads them to dream again about the advertising market available through the broadcasters or the distribution margins enjoyed by the telecom and cable companies.²

These days, some broadcasters are making exclusive deals with CE suppliers: SBS-Prosieben in Germany will be exclusively watchable in linear form through Sony's Bravia TVs. Therefore these companies are subtly attempting - they control access to the customer and control the customer data, but the broadcaster coughs up the ISP cost – to create their own access to consumers through their own portal, and offer OT-TV services, preferably exclusively, in order to differentiate themselves from their competitors (for example Net-TV by Philips). Through this, they gain access to the digital TV viewer.

Forecast for online video revenue in 2014: 800 million dollars (currently 180 million dollars). This year cable and broadcasters will make 51 billion dollars from advertising alone.
(Source: Magna Global)

Mobile Internet

And yet, of course, it does not end there. With the introduction of the iPhone to start with, and the start-up of the App store in its wake, we usher in a completely new medium: mobile Internet.

The properties of mobile Internet: user-friendly, personal, permanently available, social, multimedia, explosion of innovation, safe (or safer?), etc.

Where innovation is concerned, this is a platform on which everyone can distribute their content in a user-friendly manner, provided they follow Apple's rules and conditions (completely free if via open Internet). Furthermore, it can be done entirely independently of the distributor if the user subscribes to mobile Internet. The user subscribes to mobile Internet through operator A (Proximus, for example) and is up and running, the broadcaster brings its essence and metadata to the Internet via operator B (level 3, for example).

Google has also launched an open source alternative in Android, which has already led the way today to a broad choice of devices. It has also opened an App store. The traditional GSM giants such as Nokia and Motorola are advised to emulate this, though Nokia (with its cheaper devices) is certainly a candidate to further democratise the mobile Internet.

From this, we could actually conclude that the consumer himself, as a person, is going digital and, as a result, can consume, interact, communicate etc. Also, quite a few of the services offered on this platform are free of charge to the customer, because they are paid for through advertising. Google, for example, will offer a GPS service on the Android platform as standard (which does not look too good for a company like Tom Tom). Translation programmes, Wikipedia, mail services, Facebook, YouTube, etc.: everything is seamlessly integrated and easy to operate. What is more, these devices have an internal PC architecture, but it is sufficiently hidden from the user to avoid most of the disadvantages of a PC (system crashes, complex operation, viruses, etc.).

It is also a very simple matter for broadcasters who have digitised internally and built an Internet-compatible architecture to operate these platforms commercially. We are going to see collaborations between programme

² Philips owned networks at one time and we all remember the SuperClub story.

makers and App developers. This could give rise to extended formats for radio, TV, newspapers, etc. No big, expensive, technology-heavy projects, but small, innovative developments.

E-readers



Recently, e-readers produced by Amazon, Sony, etc. have been launched on the market. But here too, much more is expected through Apple's introduction of the iPad (already the fastest selling CE device ever!). This device will certainly run into competition quickly, based on the likes of Google's Android and Chrome platforms.

This gives publishers the opportunity to start immediately with paid Apps, and put the nightmare of free open Internet behind them. Around the world, many paid services and content sources have already been set up in the world of broadcasting and publishing through the iPad platform (see Standaard, Roularta titles, Canal+ in France, etc.).

Smartphones and e-readers as a second screen

Here too, the iPad sets itself apart in the same way as the iPhone or Android Smartphone for PC, through its ease-of-use and channel, which can be run commercially by the broadcaster and publisher.

Smartphone and iPad-type devices serve as a second screen for TVs, with main content on the big screen and metadata on the small screen. It is important to note here that this allows a highly personal interaction with generalist programming.

Furthermore, none of the attempts to overload the big screen (the TV) with metadata and overlays, operated from the armchair with a simple remote, has been very successful.

Naturally, a PC can do what any Smartphone or tablet can do. In the future, we will prefer to use the PC when we want to work in a concentrated and focused way. Entertainment, infotainment, social collaboration, and so on, will come increasingly through the TV set, along with tablet and Smartphone as a second or even third screen.

The major difference between the Smartphone and PC on open Internet is that we have no problem in being known personally to the content provider through a Smartphone. We have a greater sense of security (of course, this trend is still in need of confirmation, but in any case the chances are much greater than on a PC and open Internet platform).

Yet, here too, management and knowledge of the customer is important in retaining or developing relations with the advertising world. Both Google and Apple are looking to this extremely rapidly growing mobile platform as a way of taking a slice of the advertising cake for themselves. Here again, broadcasters and publishers can develop their business model themselves (advertising, paid services, or mixed).

In addition, the technology developed on the open Internet will be applied within this ecosystem, and put to use for the customer's benefit (ease of use, transparency as regards different screens, etc.). What we are talking about here is cloud services and semantic web technologies.

2.4. Internationally operating majors

The distribution channels for these big boys have been stable for years (cinemas, pay channels through cable distributors, open net (including public broadcasters), VHS (now replaced by DVD, and Blu Ray tomorrow).

So as not to go through the same situation as the music industry, where the power of the open Internet was underestimated for too long, these majors are taking countless initiatives to protect their business. These include the start-up of a portal of their own (e.g. Hulu in America); starting with DVD sales immediately after the release of the film, to pre-empt piracy. It can also be prevented by reaching agreements with the new Internet-based service companies such as Apple's iTunes or Google's YouTube. The start-up of a Video on Demand market can also guarantee security in distribution. Due to its unique situation, Flanders was a test market. What is important is that this is largely non-linear distribution, and personalisation and advertising are making an entrance (Hulu was entirely free at first, with a business model based on advertising, and is now part pay).

All of this is making the traditional cable operators and broadcasters nervous. As a result, locally produced content will become even more important to regional broadcasters in the future. This is why it is extremely

important that they maintain the strength of local brands. In any case, we can expect Belgacom and Telenet to throw themselves into this type of distribution as well, and attempt to attract advertisers. For example, Belgacom has recently purchased technology in Italy.

2.5. (Mostly) International, Internet-based service companies

The open Internet has never been a great business success for broadcasters and publishers. Mostly international players have managed to develop for themselves business models that make use of Internet standards and technologies.

But these are mostly services that did not exist prior to the Internet:

- Amazon the online shop
- E-bay the international marketplace
- Facebook the extended social village
- iTunes the biggest Internet music store
- Google the search engine with Internet applications (mail, calendar, maps, Earth, etc.)

Some services are paid (Apple's iTunes), others funded through advertising (Google).

From the beginning, these companies aimed at the PC connected to the Internet. Now that they are gradually seeing mobile Internet as a big market and the TV holding its ground as a medium (viewing time is rising slightly in the United States), they are gradually becoming interested in the big screen too (the Google TV initiative, involving partners such as Sony, in the United States). There are currently 1 billion PC users, 2 billion mobile users, but also 4 billion TV viewers/users worldwide.³

Knowing that Google has a business model based on advertising, this is certainly a point to watch for broadcasters. The question is, however, whether Google's highly personalised advertising model for Internet services will also work for TV. It probably will for hyperthematic content: the content on the YouTube channel (there is a clip on just about anything you can think of and, on top of that, everything is provided by a prosumer). Will advertising companies stop using broadcasters for their broad reach? Where the advertising appears will then be a secondary consideration: on the big TV screen or on a second screen.

2.6. Production houses, technical service companies, ICT services

At the present time, the content provided by broadcasters and publishers is usually made in advance and then brought to market. At the publishers' it goes via PDF to the printing press and from there, via AMP, to the shops. At the broadcasters' everything is brought together through final editing, and increasingly so without presenters (Canvas, VTM, etc.). Live programmes are inserted at payout.

The broadcasters add very little in the way of metadata when sending the stream. We send only the essence. Indeed, the EPGs are compiled today and operated commercially by the distributors.

There is hardly any digital feedback, unless viewers are able to vote via the red button or text messages during special live programmes. We see here, moreover, that texting is still very popular (voting is a personal thing, so it is done on a personal mobile phone instead of a shared remote?). The audience does respond very intensively through other channels outside the broadcaster (including via Facebook, YouTube, etc.), even while the programme is still on (such as the Linda de Win effect in Slimste Mens).

The VRT's study department has also put together a panel on the Internet, and gets a huge number of responses to programmes through this channel. Without the right tools, this would be like being snowed under in data.

It is a challenge for the production houses, in collaboration with the technical service companies, supported by the ICT service companies, to produce ever more efficiently for linear and non-linear distribution.

³ Source: Google

Cost savings force technical service companies in particular to go for acquisitions or be acquired themselves. Videohouse has been absorbed into a European group (Euro Media Group).

ICT is still the problem child for the sector, because there are no full-grown service companies on the market and, as a result, almost every broadcaster and publisher has its own ICT department. The public broadcaster recently made heavy investments in this (Digitale Media Fabriek funded by Innovatie).

The challenge now is to liberalise internal technical support, the ICT platform and knowledge of the public broadcaster to open innovation and market development to the sector as a whole.

Technologies that arose on the open Internet and are used by international, Internet-based service companies are today employed to bring multimedia services to the consumer (usually funded by advertising): text editing programmes, video, audio, photo, etc. These services are all used through a browser, dispensing with the need for local installations on a PC. For the professional user these services are still in their infancy, so they still depend on in-house technical and IT personnel who set up and maintain their own local systems. In other words, in terms of ease of use, flexibility, opportunity for collaboration, accessibility etc., the private individual's services are more modern than the professional's.

2.7. Open Internet

Open Internet is best described by the following expression:

Generativity:

Platforms and Tools that are open to user contributions, tinkering, harnessing, with little to no restrictions.

Open Internet as we now know it originated in the academic world and without commercial objectives. Collaboration, on an open and equal basis, without too many rules, continuous evolution, improvements and incremental innovation, were, and still are, pursued (under supervision!). The disadvantage is, however, that viruses, spyware and other disruptive phenomena can flourish with impunity.

In other words, this often (usually?) means trouble and strife for the layman.

With the arrival of the PC and Internet browser, open Internet suddenly became accessible to the ordinary, private individual, and, moreover, accessible from home. Dialling in on an ordinary telephone line has already been relegated to the deep recesses of our minds, due to the worldwide spread of broadband connection via cable and telecom networks.

We can also look at the PC as an open system, in which we as the user can install whatever we like (only Microsoft and Intel supply the standard building blocks, the rest is open innovation).

An open (inter) network combined with an open PC gives a digital laboratory on the world scale. The possible variations of applications and services, which can and do arise, are infinite. In addition, our identity on the open Internet is unknown.

To the ordinary man in the street this world is difficult, complex, insecure... To technology developers (not to mention devious mafia gangs), it is all a big 'playground'.

From this laboratory, successes arise with a successful business story:

- PC banking
- mail, chatting, calendar, photo album (Google, Microsoft, etc.)
- social networks (Facebook, Netlog, etc.)
- purchasing (e-bay, Amazon etc.)
- search systems (information) (Google, Bing etc.)
- online gaming (Sony, Microsoft, Blizzard, Larian etc.)
- ...

With these services the user is (usually) required to give personal details, and the environment is better protected from most of the chaos on the open Internet. Furthermore, they are offered from cloud services in a browser, through which the user is unable to mess up the application himself (the computer is a dumb presentation device). These services have outgrown the open Internet stage and also have a viable business model.

This is precisely the power of this digital laboratory: the development of new standards and concepts, not seldom stimulated by large technology companies and international, Internet service companies (Google). This is the laboratory of the Global Village, predicted by Marshal McLuhan (open, incremental innovation).

As an individual, even as a large company, it would be suicide to run counter to this innovation movement. Recognising new trends, concepts and standards in good time can make all the difference for a sector. However, coming out too early can also have serious, negative financial consequences.

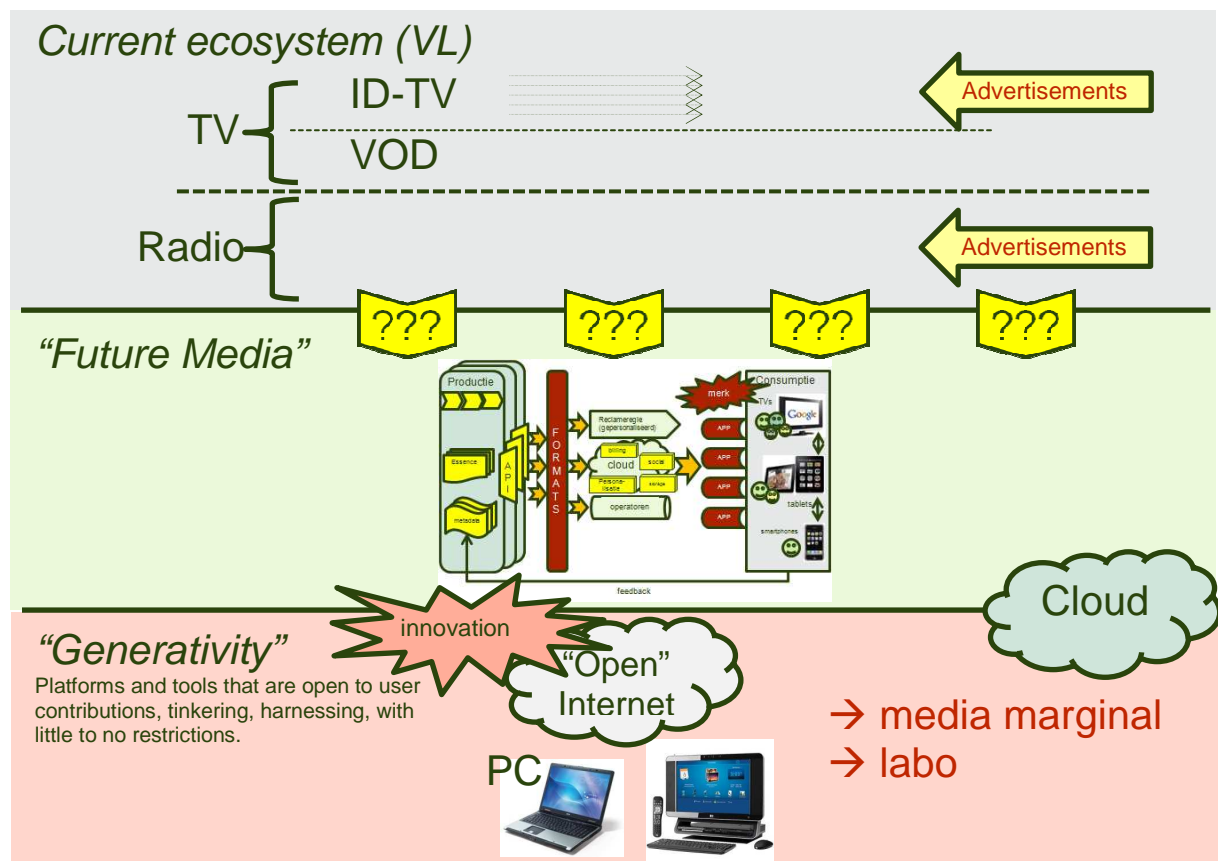
Broadcasters and publishers are also present on the open Internet, mostly through websites. There has already been a lot of experimentation (see development of the web: Drupal: open source!). What we are building here are huge warehouses where the customer can come and shop for information (metadata) on our products (video, audio file), and can watch or listen to the products themselves or clips of them (in web resolution).

Specific content for the open Internet is very rarely produced and the possibilities of interaction for the consumer are extremely limited. The question is even: would Marshal McLuhan put this down as a new medium for the broadcasting and publishing world?

Advertising has been tried as a business model, but is a loss-maker in most cases. The pay model is being tested out again at the moment, but the amount of content to be shown is still under study (De Tijd in Flanders, Der Spiegel in Germany, etc.)

It is only the national channels, funded by the taxpayer, which can maintain a thematic presence here (de Redactie, Sporza, Cobra) with specific editorial teams.

The evolution and future of these broadcasters' and publishers' environments, assuming that more and more user-friendly mobile devices (of the iPad type) become available to the consumer, is still uncertain today.



3. A look to the future

3.1. Phase 1: 2012-2014

The proposal we have devised here is for broadcasters and publishers. We have taken as our starting point the strength of the brands, and programmes which have a strong emotional bond with the audience/customer.

Condition:

We assume that the worldwide explosion of mobile Internet will not come to a standstill and that in 2012 its penetration of the Flemish market will soon enough have achieved relevant market share. This will differ for the various social groups and ages (digital natives, generation X, baby boomers, etc.). In other words, there will be sufficient reach of the target group via mobile Internet (Smartphone, tablet, other devices, etc.).

This means that our customer himself is digital and can connect via mobile Internet.

In the case of broadcasters, essence, without metadata, will largely be distributed through existing platforms in this phase, namely Belgacom TV and Telenet Digitale TV (analogue will gradually make way for digital). In the case of radio, this is Norkring and Broadcast Partners.

This means that broadcasters will not make extra investments in their own networks. Since the distributors bring to the public content provided by the broadcasters, along with their own and international content, they are legally obliged to pay broadcasters a fair price for this. This applies to linear and nonlinear transmission.

A study should be made of the property rights on the EPG, and there should certainly be a renegotiation of the share of revenue returned from distribution through operation of this EPG. Hopefully, we will not return to the situation involving the former intermunicipal companies (Interkabel), in which lawsuits were not uncommon.

There should also be an examination (through prior internal consultation in the sector) over whether the government could play a regulatory role here, so that the rights of broadcasters can be protected (more intensive lobbying: the government is open to this because it can see the distributors' dominance).

However, developing a viable alternative in the short term is not an option (the distributors' IP networks are not ready today to broadcast popular, regional, generalist (high-reach) content (one-to-many)).

For publishers, whose type of transport over the Internet is completely different to the essence of broadcasters, immediate digital distribution under their own control is possible.

This makes their service independent of the distributors from the start, provided, at least, they do not fall into the trap of providing too much video from the outset.

Innovation:

The aim is to feed the consumer's digital response to programmes, articles, artists, metadata on programmes, etc., back to the broadcasters and publishers.

When we spoke of interactivity before, this was in relation to, among others, the interactivity embedded in the TV medium (poll, vote, etc.) and Video on Demand. All responses, communication, etc., relating to the broadcasters' and publishers' content, are now taken into consideration and examined for their feasibility and usefulness.

To urge, invite (entice?) the customer towards interactivity, more metadata from existing formats can be sent to the personal mobile device (Smartphone, tablet, etc.) of the customer (in which case push or pull depends on the format or customer's choice). One way in which this can be done is by using Apps, which, for example, exist only as long as the programme or series of articles do. This will enable the customer to interact in a very personal way, even if he is watching with his family.

Smartphones, tablets and Apps as an extension

Together with programme makers, advertisers, and market researchers we can move in an innovative way towards developing extensions of existing formats for radio, TV, newspapers, etc. Advertising, which need not be as personalised as in the Google model, yet is geared more towards certain smaller groups than the big TV screen (allowing for greater reach and differentiation), can be sent out along with the Apps.

This means that the broadcasters and publishers develop a relationship with the digital customer, and do so over their digital content. Furthermore, they broaden their exposure from the newspaper, the magazine, the TV and radio set to mobile Smartphones and tablets.

TV Medium:

- LCD-HD-3D 40" screen in living room with linear and nonlinear programming
- Tablets for multimedia metadata and clips
- Smartphone for personal interaction
- Websites (open Internet) for archiving? (Experiment with the platform or does it have no future?) What public broadcasters continue to throw on the market free of charge will be closely monitored. Consultation is recommended with publishers and commercial broadcasters.

Newspaper:

- Printed version as an emotional, nostalgic copy for those who want it and can afford it
- Tablets: customer will need to discover and accept the tool; editors will have to learn to fill the new medium (not a copy of a printed newspaper and certainly not a copy of a website). This will take time.
- Smartphone for personal interaction
- Websites for archiving? (Certainly a paying service in the future or disappearance?)

Business model for advertisers

The advertisers' reach can be optimised across the devices used (Marshal McLuhan media: TV, radio, newspaper, Smartphone) by the customer. The advertising boys will certainly give full rein to their innovative powers and creativity here.

Shared platform for broadcasters and publishers

Processing all interactions of digital customers constitutes a challenge. It could prove difficult (impossible?) for each broadcaster (particularly the smaller, regional broadcasters) and each publisher, to develop, set up and operate this system in complete autonomy. Therefore, publishers and broadcasters ought to come together to set up a shared platform, following the example of the current CIM, and an extra identity.

The government could (should?), through the national broadcasting body - for whom this would be an added innovation project - play a pioneering role in developing and stabilising this platform. The development of the (market, business, partnership, cost-sharing, technology) model, and the setup of a demonstrator and test platform could be financed (in part or in full?) through Research and Innovation.

Individually, publishers and broadcasters do not have the financial resources and specific competencies needed (as opposed to distributors or international Internet service companies) to set this up without government support (certainly in a small region like Flanders).

The advantage for the government is that publishers and the broadcasting sector in Flanders are still largely Flemish (see the Netherlands: commercial channels are international players).

Thus, this is not just an innovation project, but also an economic and social one, i.e. protection of Flemish identity and pluriformity. In fact, the sector would be setting up a new CIM, possibly with an associated identity, designed to provide a number of shared services.

This would involve the following services⁴:

- operation of the “App store” (paid or free, depending on format)
- registration of media users and allocation of generic media profile: need to log on only once (profile can be used at VTM, Studio Brussel, De Standaard, etc.).
- capture of all data, followed by data depersonalisation and processing
- reporting of results to sector. Depending on type of data, parts of this report will be useful to programme makers, commercial players, study departments., etc.
- cooperation and coordination with regard to mobile operators and international players, etc.
- leading customer of Research and Innovation cell (Medialab+ which works for the whole sector).
- ...

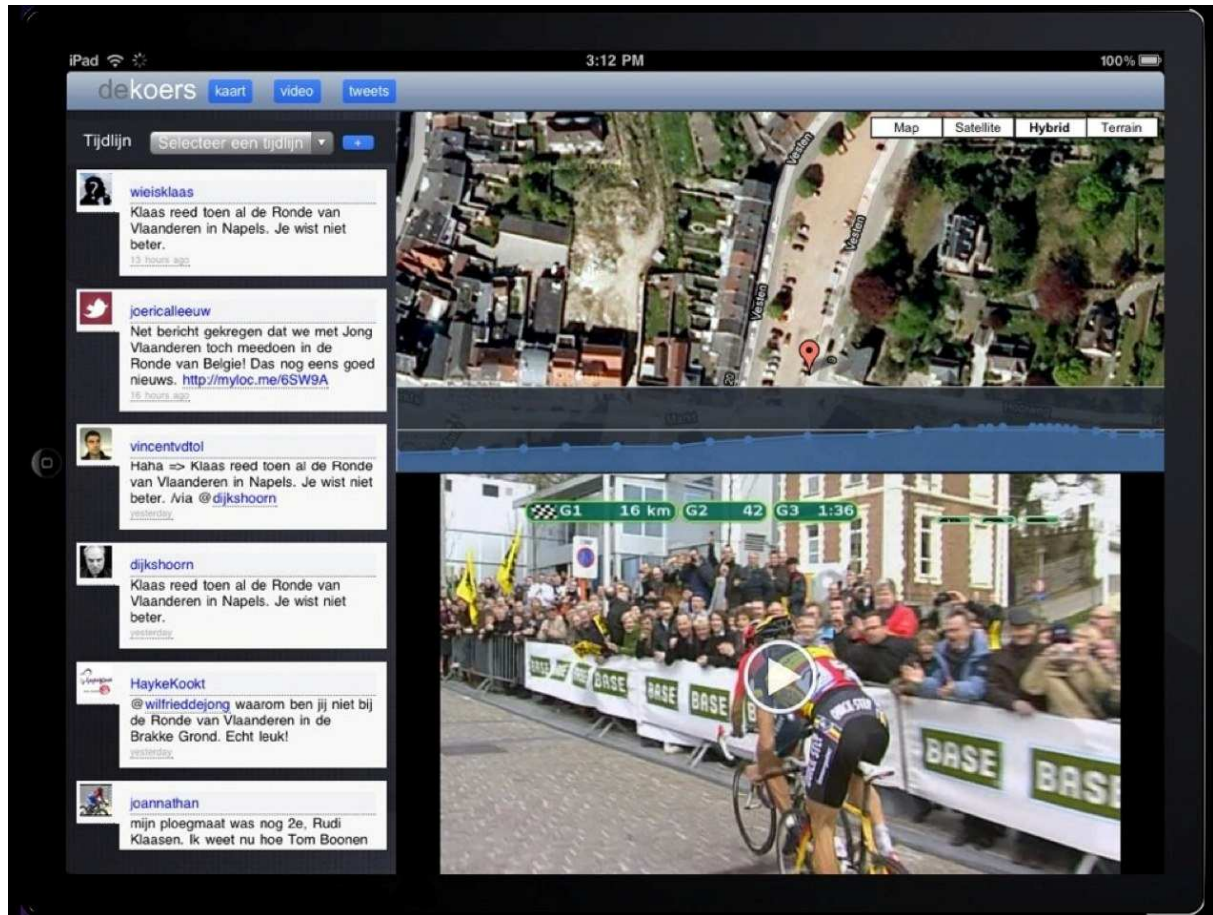
The result is that broadcasters and publishers will be able to build up a personal relationship with the consumer **about** their traditional, more generic content and provide **for** their advertising customers a better aimed reach, without descending into the computer-controlled hyper-personal advertising of the International, Internet-based service companies (as practiced by Google, for example).

This platform is a sectoral project, whose development is supported by government through Research and Innovation, and it is **not aimed at other actors in the marketplace**. It is a platform by which it can enhance (extend) its own medium and business model but which involves digital interaction on the part of the digital consumer.

⁴ Comparable with the activities developed today by companies such as RingRing (Corelio) and Paratel (Persgroep) for analogue mobile platforms (SMS on GSM platform). These companies should, of course, be given in a role in this innovation story.

This can also lead to innovative format development (IP revenues from abroad, which can make the sector grow). The triangle of programme maker, App developer and advertiser can be employed to optimum effect here and lead to new market developments.

One example of such a new format is “De Koers” (see figure beneath), developed for VRT-medialab in association with Sporza. VRT-medialab is currently developing a story to demonstrate the model.



3.2. Phase 2: 2014-2016

Broadband capacity in the existing networks will continue to increase, and compression and distribution technologies continue to improve. A new compression standard is expected on the market in 2015. This means that in future it will be (more) possible to offer generalist (even live) content of high technical quality via IP (broadband Internet) in a one-to-many scenario.

In addition, the price payable by broadcasters in particular for connection to the Internet will also fall. This means that the cable platforms which today use DVB technology (most economic distribution on cable platform for broadcast content (one-to-many)) will face competition (today NPO only pays an ISP cost of EUR 2 million for its 'Just Missed' programmes).

Comment

Talks between the distribution and broadcasting sector could well save costs for both parties (win-win situation). The aim is that, from their stronger position (which arose in phase 1), publishers and broadcasters reach a balanced agreement with operators to ensure that their networks can be, and indeed are, put to optimum effect. It is also to be expected that operators will face regulation should they develop, as they do today, more broadcasting services themselves.

