

Every minute, twenty hours of new video content is uploaded to YouTube according to the site's blog. That's the equivalent of 60,000 feature films a week. At an estimated \$700m annual operational cost to Google, who acquired YouTube in 2006 for \$1.65 billion, it's no wonder Google CEO Eric Schmidt



consumers over existing in-home wiring. One way Entone is tackling monetisation is through a new service that will be released this summer (see *Monitor*, P12).

"Our vision is 'anything, anywhere'," says Entone CEO Steve McKay, "but this year's reality is making some of the most widely

BIG MONEY IN INTERNET TV A DEFINITE MAYBE!

calls monetisation the 'Holy Grail' of broadband video.

The failure to make money from online video is the industry's worst kept secret. Many step up to crack the code; few make much headway. There is a growing market, that's for sure. US advertisers will spend \$699m this year to reach consumers according Magna - not too shabby for an economic meltdown - topping \$1 billion by 2011. And, who knows, with so many resources being applied to the problem, established broadcasting will probably face sharp competition from Internet TV sooner rather than later.

Three speed bumps to commercial success have been: 1) the need for better quality of service, 2) widespread adoption, and 3) critical mass advertising revenues resulting from that adoption. Some say it will take years to jump those hurdles. But Silicon Valley executives representing three of the players - Google, Yahoo! and Entone - are pushing hard to deliver money-making services to consumers this year.

"As an advertising strategy," Keval Desai, director of GoogleTV product management suggests, "all Google is trying to do is follow the user." Desai believes monetisation is a *lagging* activity and user behaviour is a *leading* activity. If you seek to monetise, now or in the next couple of years, you need to learn what users are doing and where the traffic is. "Follow the user and the rest will come," says Desai. "Trying to predict ad formats ahead of user behaviour is the peril that most other video advertising efforts have fallen into." The money in online video, he believes, will come at first from the same type of embedded ads seen on today's traditional television. Behemoths Google and YouTube offer advertisers a variety of embedded and click-to-play video ad solutions, but only time will tell whether even they can grow the fledgling business model into a major earner.

Entone, founded in 1999 by the team that launched PCCW's IPTV service in Hong Kong (currently around a million subscribers), provides IPTV solutions to its telecom customers that deliver IPTV to

MONETISATION REMAINS THE HOLY GRAIL OF BROADBAND VIDEO. HOWARD GREENFIELD TALKS TO THREE INDUSTRY PLAYERS WHO FEEL THEY MAY HAVE FOUND IT.



About the Author
Howard Greenfield, president of Go Associates, is a digital media strategist, columnist, and co-author of *IPTV & Internet Video* (Elsevier, 2007). He may be reached at howard@go-associates.com.

networked services like YouTube, like Flickr, like VUDU and others available to consumers so they don't need to buy a separate device." *SelectTV*, Entone's next project in development, will further address the integration of TV and Web by providing more extensive rich new media services.

My final Silicon Valley whistle stop revealed the other side of the coin. Yahoo!'s paradigm is to bring their experience to Internet-enabled TV's with something they call widgets. (For a demo, just Web search 'Yahoo! TV Widgets demo'). The Yahoo! widget engine is software that can be embedded in TV's and other consumer electronic devices. Together with a *widget gallery* server and a development toolkit, developers can deploy applications on widget-enabled TV's. Some models from Samsung and LG are in US stores now, more will ship later this year from the likes of Sony and flat-panel HDTV leader Vizio, with others available soon in Europe.

"It allows us to bring Internet directly to the TV screen," Patrick Barry, VP ConnectedTV, explained. "We think the conditions for change are in place: the underlying technology of home networking, broadband connectivity, and wide user Internet acceptance," claims Barry. "We don't see any reason why television can't be made better through a merger of the television and Internet media in a way that will make sense for users."

It's still early days, but online *and* mobile video viewing are both up over 50% from a year ago, according to Nielsen, and hundreds of millions of dollars are being spent on developing solutions by large and small companies bringing prime time to the three screens. For now, which offering prevails is anybody's guess, but change is underway. "Viewers shouldn't have to choose between TV, PC, or mobile device - it should be seamless to the consumer," says McKay who expects to have one million IPTV enabled subscribers by 2011. Entone believes that the only losers in the scenario ahead will be defenders of the status quo. Or as Yahoo!'s Barry puts it, the key to monetisation will be "survival of the most popular."