



## **Mobile's Potential More Than Just TV**

By Arthur Greenwald

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Everyone seems to agree there's big money in the mobile broadcasting service that the major TV stations groups are developing through the Open Mobile Video Coalition (OMVC.) But how much money?

One answer is "\$2 billion annually by 2012," according to a study released in January by the NAB technology program called FASTROAD (Flexible Advanced Services of Television & Radio On All Devices.) That is advertising revenue that will come from stations' simply simulcasting their regular programming on a digital mobile channel, the study says.

"Honest-to-goodness broadcast TV on a handheld device is just so totally the core offering that it's a no-brainer," says Glenn Reitmeier, chairman of the Advanced Television Systems Committee and VP of technology standards for NBC Universal.

It's the killer application" for mobile TV—and almost certainly your most lucrative business model, says Rick Ducey, chief strategy officer for the BIA Financial Network, and co-author of the FASTROAD report. "Stations have already paid the rights fees for their market."

Of course, stations will not get all the money. Just as in conventional broadcasting, they have to split the take with their network and syndication partners. The stations end is \$1.1 billion, the study says. (You can download a PDF file of the entire 130-page study by clicking [here](#).)

But a closer examination of the technology and business models for mobile video reveals that \$2 billion may be only the appetizer for the revenue feast to follow.

Simply by simulcasting a mobile stream, broadcasters could generate much more than \$2 billion. And a host of other enhanced mobile services and features now being considered could push the number still higher, although nobody is yet forecasting how much higher.

The most frequently mentioned services include interactive program content, targeted advertising keyed to the personal preferences of individual viewers, location-based information and ad content driven by GPS data, as well as a multitude of distribution schemes including subscription-based video services and handheld DVRs.

BIA Financial Network's Ducey says that the projected \$2 billion for the basic service is actually a lowball figure. How so?

"It's based on a standard cost-per-thousand ad rate multiplied by 175 million handheld video viewers (see below) watching on average one additional hour per week," says

Ducey, "even though Nielsen Mobile tells us that the British are already watching an extra three hours per week on their mobiles."

What's more, the FASTROAD report counts only handheld devices like cell phones and MP3 players equipped to receive mobile broadcasts. It doesn't include larger units such as laptop PCs or car receivers.

Together with receivers at gas pumps, checkout counters and everywhere else, the OMVC estimates as many as 400 million additional out-of-home locations will be able to tune into the mobile signals.

With mobile, broadcasting becomes fully interactive for the first time. It's a two-way digital data stream that enables customization of both programs and advertising:

Fox's American Idol garnered a record 78 million text messages from viewers' cell phones this season. But texting is cumbersome compared to just tapping your favorite contestant on your mobile touchscreen—a service demonstrated by OMVC and Dancing With the Stars at NAB.

Other OMVC demos displayed live viewer reactions during Bravo's Top Chef and challenged specific CNBC pundits with pointed audience questions.

Broadcasters may send out digital coupons and discount offers that may persuade many viewers to opt into a station's customer database, yielding much richer marketing info than supermarket scanners or even Internet "cookies." After all, a mobile device is a constant companion, able to tap a much wider range of consumer choices in programming, products and data services.

Soon it will be possible to deliver highly-targeted ads, chosen to match to each viewer's cumulative program choices. (e.g., beer ads to sports fans, even during non-sports programs.)

And each of these digital services is a potential sales opportunity, says OMVC Executive Director Anne Schelle. "All of this coincides with the growth of the [cell phone-based] mobile payment movement. Viewers will click on ads or touch the screen to buy things."

Data from GPS tracking chips in mobile devices may enable stations to deliver location-savvy content to viewers, either passively or on demand. Examples include live traffic data, restaurant reviews or bargain alerts for nearby retail outlets, often accompanied by discount coupons and other offers.

Stations can also use GPS to help create content. They could, for example, signal mobile viewers in the vicinity of a breaking story, asking them to send cell phone snapshots and video directly to the newsroom.

"Of course, privacy concerns are very real issues," says ATSC's Reitmeier. "And broadcasters will have to do the appropriate work with consumers to make sure they understand when they are opting in to such services."

Longer battery life and increased storage capacity will make it practical for mobile devices to find and capture broadcast programs. Think of it as a pocket TiVo.

Armed with digital data from a customer database, stations will be able to promote—or even "push"—appropriate programs to interested viewers. This combines the benefits of both a broadcast and subscription model.

Aspects of this system can already be glimpsed in Apple's iPods and iPhones which can download and store hours of TV shows on demand—currently for \$1.99 apiece. TiVo Desktop Plus software transfers recordings from your TiVo to your PC or iPod. And the Slingbox AV lets you remotely control and watch the output of your home TV receiver, cable or satellite box, or your DVR from any PC—or, as of this week, any iPhone. (See a video demo by clicking [here](#).)

Within a few short years, mobile viewers will enjoy all these features and more on any number of handheld devices. In fact, they'll probably take them for granted.

"I predict these features will all develop pretty quickly," Reitmeier says. "Each new generation of integrated circuits delivers better performance and lower power consumption."

Eventually, even mobile screen size will no longer be a limitation. Several manufacturers have already demonstrated tiny video projectors that allow mobile phones to display a three-foot image.

Of course, some broadcasters will prefer a business model that offers recurring revenue with the least effort and at the lowest operating cost. Sinclair's David Smith has championed the concept of third party leasing—renting out your digital signal to a network, or consigning it to a cell carrier who sells your program service and then splits the service fee.

If mobile broadcasting proponents sound confident while discussing business models they have good reason. They believe one of the chief technical obstacles fell when Samsung and LG agreed last month to join forces in developing a single mobile TV standard through the Advanced Television Systems Committee.

That partnership "is just fabulous news because it really means we'll get the best of both systems in the final standard," says ATSC's Reitmeier. "There was a tremendous amount of innovation on both sides."

Although "final" mobile video standards are right on schedule for August of this year, they will continue to evolve—an inherent advantage of a digital system, says Reitmeier. "We'll get both a rapid roll-out and a growing set of capabilities."

OMVC's Schelle expects that "2009 will be the year when broadcasters build out their networks and try out initial services." Happily, the first cell phones to feature TV receiver chips are expected in time for February's digital transition. Schelle expects more sophisticated mobile services and gadgets to roll out late in the following year—just in time to become the hot holiday gifts for 2010.

Mobile video presents broadcasters with a wealth of possibilities—and one perplexing problem: with limited resources, which gadgets and services are the surest bet? The truth is nobody yet knows.

Schelle sees a useful parallel in the launch of consumer digital cellular service. "It had limitless potential but at first you really couldn't do much with it—not even over-the-air activation. And nobody envisioned that text messaging would grow into such a major application. In the next two or three years we're going to see some very exciting things with DTV, but it's the consumers who will tell us which features will really take off."

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