

# Internet television finally grows up

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At the height of the Internet boom, television companies and Internet startups were promoting the power of using video on the Internet.

Real Networks had a multibillion dollar public offering; Microsoft launched the first version of Windows Media player. A lot of money was poured into this effort. Unfortunately, there weren't a lot of content plays out there to go with the burgeoning hardware and software advancements. Into this breach stepped a little company called the Digital Entertainment Network. Company executives touted it as being the MTV of the Internet.

Investors and the public alike followed this company closely as it burned bright fast and flamed out just as badly; DEN was one of the first companies that started the bubble burst. ITV development came to a virtual standstill after DEN's spectacular failure.

Thanks to the success of Apple's new video service for iTunes, content providers and software companies are pooling their resources to create broadband networking deals. Companies like DAVETV, Whiteblox and MobiTV are at the annual National Association of Television Program Executives in Las Vegas to cut deals with content providers.

"When we started two years ago, we couldn't get in the door of major Hollywood studios like Warner Brothers, Fox, etc. ... Now they are coming to us," said Bruce Phillips, chief financial officer for DAVETV. "Hollywood executives are clearing their content for all of the various Internet Television plays." NATPE has also devoted a good portion of

the trade-show floor to "Digital Village," a collection of exhibitors who are all riding the second great wave of Internet television.

Companies are doing whatever it takes to get into this market early and become established. Booth space at NATPE can start at \$3700; fees become more and more elaborate depending on booth features. Vicki Perdue, marketing director for the children's safety television series "Will the Gowilla," says her company just got into the television business eight months ago.

"Serial entrepreneur" Greg Demetriades studied the market and has seen the potential of the ITV market and has created a company called Whiteblox that will help companies create custom "turnkey" broadband networks. "We let customers design their own players. Our company supports the entire backend operations; we help them get advertising, host the video, and more," he said.

Patrice Courtaban, chief operating officer of the French television network (U.S. Group) TV5 loves the potential of this new technology. The problem is that while the overseas market has embraced multimedia, the American market has been slow to catch up on enhanced phones and is about "two years behind the Europeans."

"I know when I'm in America, I only know a few people who are using SMS (Text Messaging), but in France, everyone I know uses it," said Courtaban. "I think video is something Americans understand."

While all of this new interest in ITV is fantastic and provides a lot of opportunities for independent producers and networks, the issue of what's "the financial model" is the big elephant in the room. Many of the deals being struck at NATPE are being created on a barter or revenue-share basis. While hardware and software companies can come up with a compelling financial deal for companies to be willing to take a risk,

everyone assumes that if you build it, they (being advertisers) will come -- but as the explosion of e-zines has proven that isn't necessarily the case.

"We've been doing this for years and have discovered several different revenue streams, some people do pay per view, others have a subscription models, or there is advertising. It's up to the customer to decide," added Demetriades.

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