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H A R R I S C O R P O R A T I O N



## *On Demand Advertising*

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**HARRIS**

# Changes in Media = Advertising

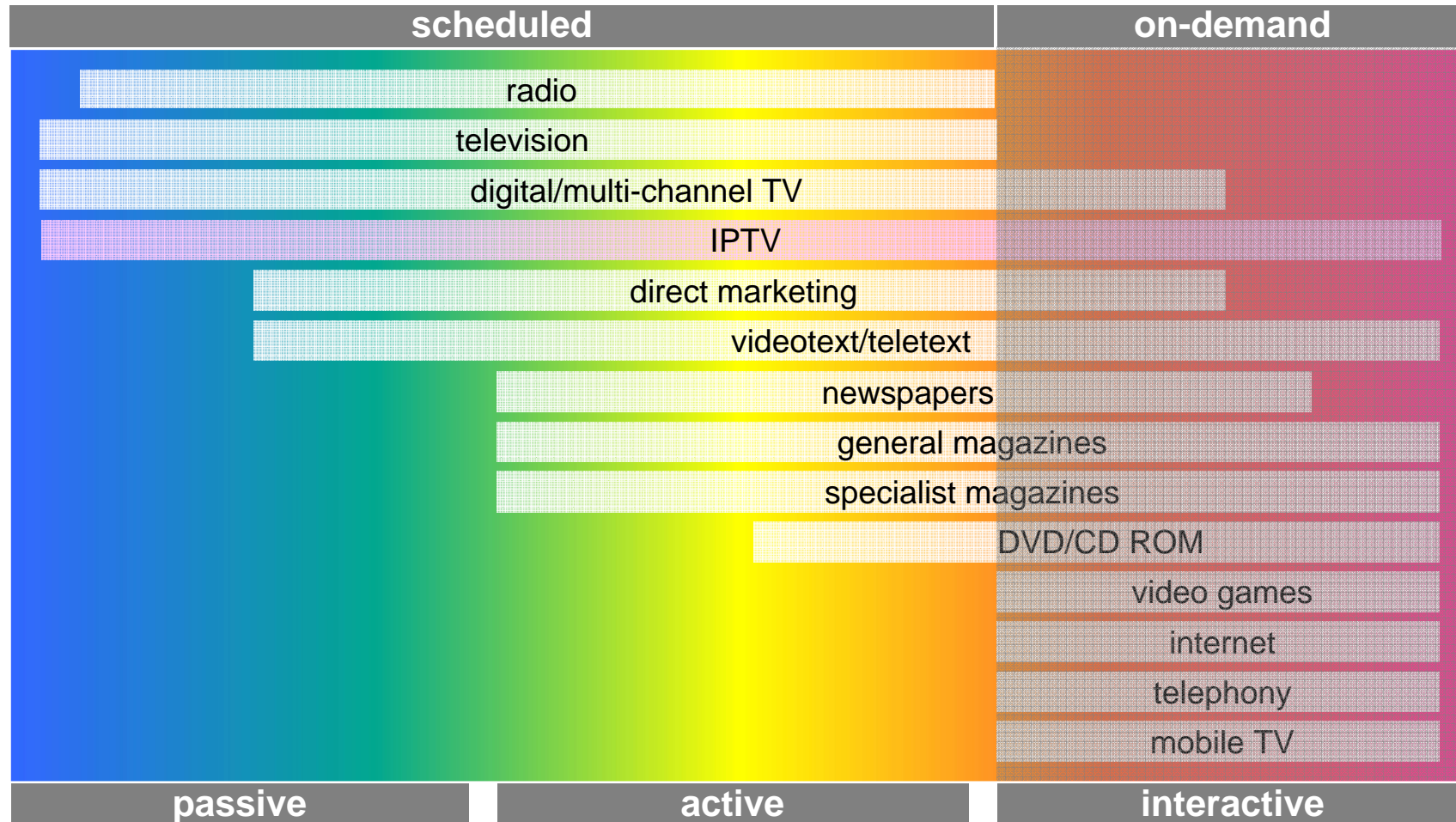


1970	1980	1990	2000	2010	2020
<b>Subsidized</b>		<b>Subscription</b>		<b>Transactional</b>	
Ratings Based Revenue		Subscriber Based Revenue		Targeted & Value Based Revenue	
Broadcast/Cable TV		Pay Per View Video On Demand Satellite TV		Electronic Download Interactive TV/Games E-Commerce	
Cinema, TV, VHS		Digital Cinema, DVD, Video Games		HDTV, MobileTV IPTV, Internet TV Online Gaming	
<b>broadcast</b>		<b>narrowcast</b>		<b>IP - personal</b>	
<b>analog</b>		<b>hybrid</b>		<b>digital</b>	
<b>scheduled</b>		<b>'non-linear'</b>		<b>on-demand</b>	

*What is On-Demand Advertising?*

*On-Demand is VOD right?*

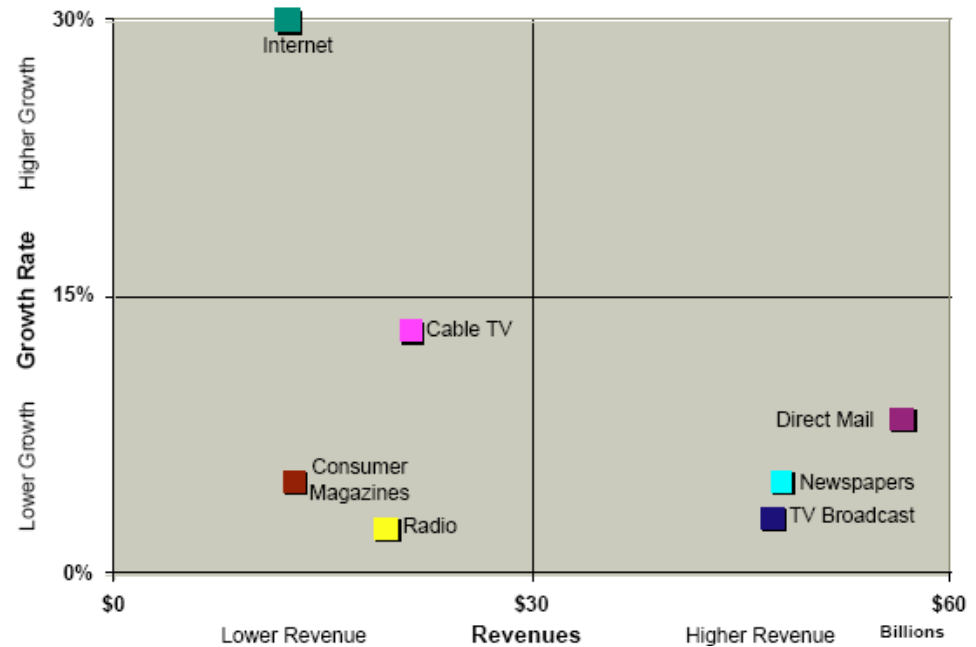
# 'Nature of Media' Spectrum



As media organizations seek additional revenue streams and diversify their media offering, the drive to high-value revenue sources implies interactivity, hence more rich content. Most importantly it will demand a back-channel from the customer – and that customer information must be managed...



2005 U.S. Advertising Industry  
©MRG, Inc. 2006



Its about personalization.  
Because consumers immerse themselves in content,  
**channels** should be considered as **video portals**,  
and this is the prime advertising opportunity

*[www.universalmccann.com](http://www.universalmccann.com)*

“The proliferation and influence on communication channels is the most dynamic variable in driving consumer change.”

*Tethered, shifted, file-based...?*

If it is consumer initiated, then does it matter?

*...all of the above!*



- 
- In it's value to the advertiser, because that affects the
    - cost of delivery
    - accuracy of measurement and therefore price
    - 'stickiness'
  - “Dorothy, we’re not in Kansas anymore!”
    - “Yes! We are!”
  - You need to have an infrastructure that can scale and support all, and anticipated... and it's not all you!
  - File-based & stream based – standards and interfaces!
  - Hybrid business models, networks & operations cover both...



IPTV enables '***content services***'.

Some are streamed, some interactive, some  
transactional.

It's actually ***on-demand*** content access – the perfect  
environment for advertising.

*www.ogilvy.com*

“The difference is that building brands today requires a keen understanding of how new communications technology, new channels, vibrant creativity and insightful consumer research combine.”

*Where do I make money?*

*You're probably doing this...*



The collage features several elements: a blue and yellow race car with 'MILD SEVEN' and 'MICHELIN' branding; a weather forecast for Las Vegas showing temperatures of 78° (Tue), 90° (Wed), and 68° (Thur); a sports news snippet about Shaquille O'Neal and the Miami Heat; and an NBA scoreboard showing Cleveland with 89 points and Philadelphia with 98 points. Other visible logos include Budweiser and 24/7 Sports.

*...and you should*

Multi-element  
'L-Bar' with  
various ad  
revenue  
opportunities.

You'll need a scalable sales, scheduling and automation system to handle and monetize all of these elements – especially if you want to start personalizing them...

*...and you should do this...*



*...and you will*

Multi-element 'page layout' with targeted advertising opportunities

You'll need a delivery mechanism that is able to target specific advertising and deliver that targeted content to the consumer device (STB)...

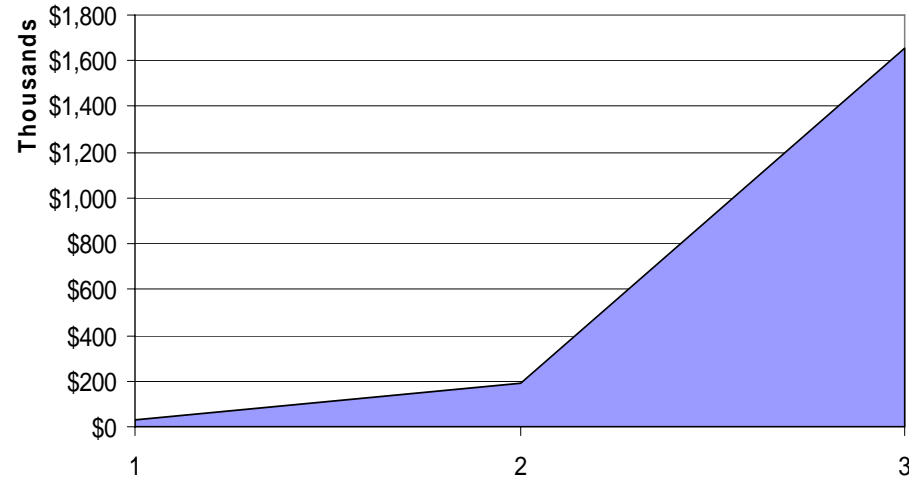
...and you'd better do this...



**create services that  
enable micro-  
transactions**

(impressions\*viewers\*channels)

**adjust *any one* → growth**



	Year 1	Year 2	Year 3
Current TV Customer Channels	20	100	200
New 'Long-Tail' Channels	200	400	700
Ad CPM (\$10-\$50 industry)	\$35	\$40	\$50
Concurrent Viewers per Channel	250	400	800
<b>Annual Ad Revenue ('000)</b>	<b>\$32,522</b>	<b>\$192,720</b>	<b>\$1,655,640</b>

3

**Content** drives advertising.  
This is the foundation of the **media business**.

Value is leveraged by understanding the **'4 rights'**  
- *the right content, to the right consumer, on the right device, at the right time – perfectly targeted ads to an aggregation of fragmented audiences*

*www.jwt.com*

“We believe that time is the new currency.  
The more people who spend time with a  
brand the better.”

*If its about me...*

...then you need to measure your services and advertising potential against

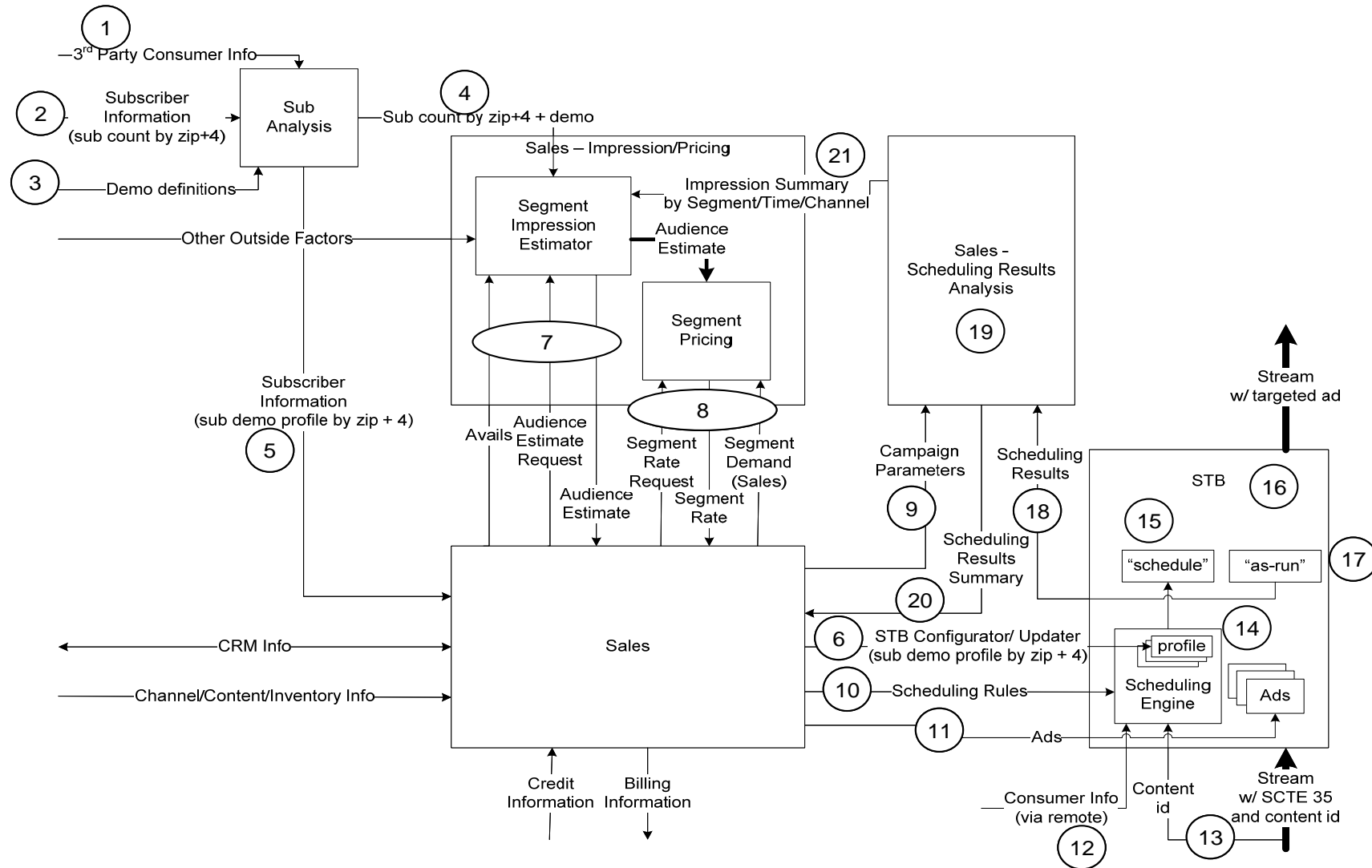
1. my time
2. my money
3. my privacy
4. my location



*So how do you do this?*

“It’s about leveraging the production qualities of current video management with the economically disruptive nature of IP distribution...”

# Monetizing Targeting



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Questions?

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