

# Navigating the Content Quagmire

## Protecting and Monetizing Intellectual Property

Telecom & Media Insights

Issue 62

# Contents

---

1	Abstract	1
---	----------	---

---

2	Introduction	2
---	--------------	---

---

3	Challenges Facing the Content Industry	3
	– Consumers Expect Content to be Free	3
	– Barriers to Piracy are Low and the Impact Multi-faceted	4

---

4	Revenue Protection and Generation Options for Content Players	5
	– Control Piracy through Regulatory and Industry Action	5
	– Generate Revenues by Identifying Monetization Opportunities	7

---

5	Recommendations	11
	– Deter Piracy through Legislation	11
	– Employ Multiple Monetization Models	11
	– Create Superior Content Consumption Experiences	12

---

# 1 Abstract

The rapid growth and consumer uptake of the Internet has created both opportunities and challenges for the content industry. The advent of new form-factor devices such as tablets and content types such as short-form video are creating significant shifts in consumption patterns. The increased ease of transfer of electronic files over the Internet has also led to an increase in piracy. For consumers, the cost, convenience, and anonymity are the prime drivers for piracy. Content owners have traditionally countered piracy by seizing counterfeit CDs/DVDs and prosecuting online distribution platforms and pirating consumers. However, piracy is not the only challenge facing content owners. While consumers have rapidly increased consumption, the pace of monetization has been much slower. A combination of advertising and consumer payments is likely to establish itself as the *de facto* monetization model for most content owners.

In the long run, content providers need to evolve beyond only selling content. One way of achieving this is to provide superior digital content consumption ecosystems that provides anytime, anywhere access across multiple devices. In this aspect, cloud-based services will play a critical role in adding significant value to the content proposition. Moreover, such ecosystems are difficult to pirate and they enhance the content's value proposition. Content owners should also actively work with Governments and Internet Service Providers (ISPs) to create legislation modelled on the "three strikes rule" in order to create a credible deterrent and cut down on piracy. In the end, the imperative for the success of content players will be, creation of platforms where consumers get a superior experience, in the most convenient manner.

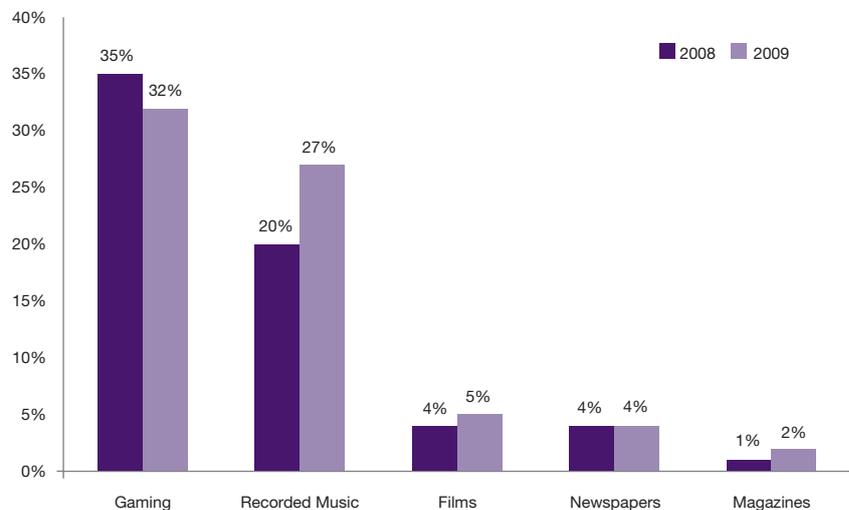
## 2 Introduction

The advent of, and subsequent transition to, digital has had a disruptive impact on the content industry. The spread of the Internet; the rapid increases in fixed and mobile broadband speeds; and a rapid proliferation of new devices have driven strong growth in the consumption of digital content. Overall, digital content is beginning to register significant increases in revenues (see Figure 1).

Platforms such as peer-to-peer networks, streaming sites, and file hosting services have made sharing pirated media convenient for the general population. Recent surveys indicate that over 15% of Internet users admit to regularly sharing files over peer-to-peer networks<sup>1</sup>.

In this chapter, we study the key challenges facing content players and analyze the opportunities that they have in terms of driving revenues and minimizing Intellectual Property (IP) theft. We also present insights from a primary research of key content industry players across Europe conducted by Capgemini<sup>2</sup>. We conclude with a set of recommendations for content providers.

**Figure 1: Digital Content Contribution to Overall Category Revenues, Global, 2008-2009**



Source: IFPI, *Digital Music Report*, 2009, 2010; PWC, *Global Entertainment and Media Outlook*, 2009, 2010

<sup>1</sup> Forrester Research, *The Napster Legacy: File Sharing 10 Years On*, June 2009.

<sup>2</sup> Capgemini conducted detailed primary research with select content industry senior executives on a wide-ranging array of matters related to the spread of digital content; the need to protect intellectual property; the impact of piracy on business models; and various other related questions. The survey was conducted in mid-2010 across major European markets.

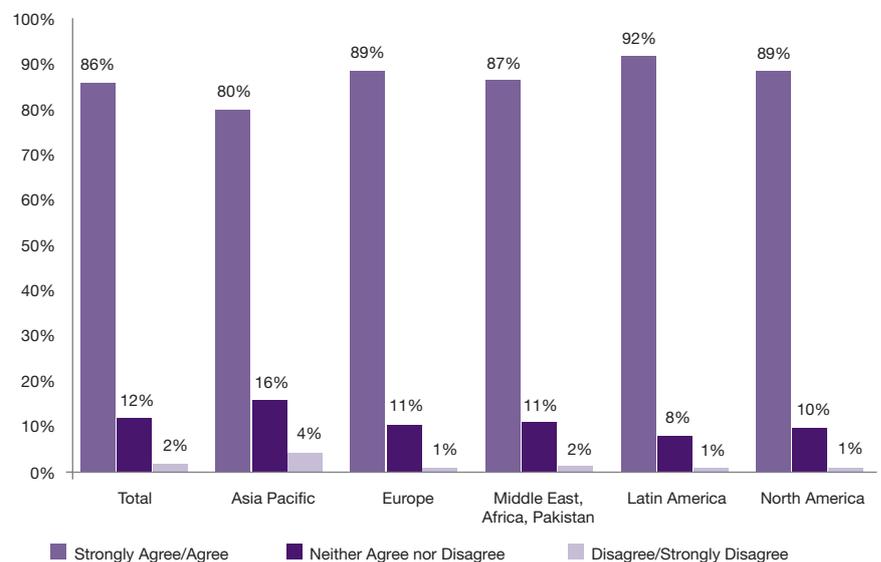
## 3 Challenges Facing the Content Industry

Content players globally are facing significant challenges through a combination of changing consumer behavior, evolution of technology, and piracy. These challenges create the need to continuously innovate, pursue new business models, and effectively apply law enforcement.

### Consumers Expect Content to be Free

A key reason for the rapid uptake of web services has been the largely free content provided initially. *The New York Times* and *The Times* originally encouraged free access to their websites while charging for print editions. After gaining traction, they are now attempting to create paywalls around their websites. User perception, however, is still at the price point of zero (see Figure 2). Moreover, the ease and convenience in transferring digital content has led consumers to have a poor appreciation of the inherent costs of the content owners. Industry players now have the challenge of changing this perception and creating pricing models that will viably entice customers.

**Figure 2: Survey Response to Question “Free content on the Internet should remain free”, Global, 2009**



Note: The numbers may not add up to 100% due to rounding errors.

Source: Nielsen, *Changing Models: A Global Perspective on Paying for Content Online*, February 2010

### New Consumption Patterns are Evolving

The proliferation in devices such as smartphones, tablets and Digital Video Recorders (DVRs) and the increasing fixed and mobile broadband speeds are driving consumption pattern changes. Consumer attention spans have shrunk. In a survey published in June 2010 short-form videos were the most popular in eight out of ten genres<sup>3</sup>. Multi-tasking is widespread with 59% of US citizens using the TV and the Internet simultaneously<sup>4</sup>.

<sup>3</sup> Frank N. Magid & Associates, *Magid Media Futures 2010: Online Video*, June 2010.

<sup>4</sup> Nielsen, *Three Screen Report*, Q1, 2010.

**Changes in consumer behavior and expectations coupled with low technological barriers to piracy are some of the biggest challenges for content players**

Customers also demand more flexibility in consumption, and some industry players are beginning to address that. For instance, Amazon's Kindle automatically synchronizes the last page read between devices letting consumers to move seamlessly from a PC to a dedicated e-book device to a smartphone. Similarly, Capgemini's research indicates that Video on Demand (VoD) to be a priority for content companies<sup>5</sup>.

**Barriers to Piracy are Low and the Impact Multi-faceted**

Efficient digital file formats and the ubiquity of the Internet has enabled easy access to a large variety of content. For the end-consumer, piracy is seen as an effective option because of cost, convenience, and the perceived anonymity.

For companies though, the full impact of piracy goes beyond the direct revenue loss. Piracy puts pressure to lower prices or shorten release windows. The provider's reputation might suffer from substandard and illegal versions due to quality issues. However, file sharing also serves as a way to discover new content, especially before the arrival of legal platforms.

These challenges create a tough environment for content players. In the next section we look at the options available to content providers to overcome these challenges.

## 4 Revenue Protection and Generation Options for Content Players

The content industry needs to look at stemming losses from IP infringement as well as identifying new avenues and models for an increased monetization of content.

### Control Piracy through Regulatory and Industry Action

A key option for content owners is to confront parties indulging in and facilitating large-scale piracy (see Figure 3). Such action can include the individual initiative of a content owner, or of a larger industry consortium.

**Figure 3: Synopsis of Options for Controlling Piracy**

	Implementation Feasibility	Potential Impact
Confiscate Physical Counterfeits	High	Medium
Close Online Platforms	High	Low
Prosecute Customers	Medium	Low
Involve ISPs	Low	High
Create Barriers	Low	High
Charge Levies	Low	High
Increase Consumer Awareness	High	Low

Source: Capgemini TME Strategy Lab Analysis

### Confiscating Physical Counterfeits

The seizing of counterfeit CDs and DVDs is a commonly exercised option. In 2010, over 42 countries participated in a collaborative operation and seized over 142,000 DVDs and 28,000 CDs<sup>5</sup>. With a stronger substitution effect for counterfeit discs compared to online piracy, the economic impact is also greater.

### Pursuing Online Distribution Platforms

Platforms that aid large-scale piracy are a highly visible target. An early success was the closure of Napster's original P2P<sup>7</sup> file sharing service following lawsuits and a court order in 2000. Post-Napster, the actual content is typically not stored on the P2P site but is distributed across a large number of customers, making the task of taking down such services more challenging.

Torrent sites that allow users to download content off P2P networks are now the primary target. In 2005-2006, US authorities permanently closed down Elite Torrents and imprisoned some offenders<sup>8</sup>. In 2006, the leading torrent site—The Pirate Bay's servers—were raided by the Swedish Police<sup>9</sup>. In May 2010 the site

<sup>5</sup> Capgemini Primary Research, 2010.

<sup>6</sup> World Customs Organization, *Mountains of Pirated and Counterfeit CDs and DVDs Seized in Global Operation*, October 2010.

<sup>7</sup> Peer-to-Peer: A service that directly connects users of a service with one another, without the need of a server to host content.

<sup>8</sup> US Department of Justice, *Federal Law Enforcement Announces Operation D-Elite, Crackdown on P2P Piracy Network*, May 2005.

<sup>9</sup> The Register, *Swedish Police Scupper Piratebay*, May 2006.

**Adopting a multi-pronged approach involving legislation and collaboration is key to reducing the impact of piracy**

went offline, but only temporarily, when a German court blocked access<sup>10</sup>. After a prolonged litigation, the founders were sentenced to jail in November 2010<sup>11</sup>.

Despite these few successes, such platforms continue to thrive. With no copyrighted content hosted on their servers and the option of hosting servers globally, impactful legal enforcement remains a challenge.

***Detering Pirating Consumers***

Barring few instances, content industry players have not directly prosecuted pirating consumers. Also, such cases are typically against uploading copyrighted media but not downloading it. In 2005, a Hong Kong man was sentenced to three months in jail for what is considered to be the first such action for sharing files through torrents<sup>12</sup>. The ensuing negative publicity and the unviable costs of pursuing large number of individual consumers has blocked the implementation of this option.

***Involve ISPs to Block Network Access of Pirates***

The reluctance of ISPs to cooperate with content owners is a long standing issue. For ISPs, blocking paying customers is not good economics. In the US, the Recording Industry Association of America (RIAA) launched a “three strikes” program to block Internet connectivity but did not get the backing of the major ISPs<sup>13</sup>.

However, control over a consumer’s piracy history and the ability to share content and contact details makes ISPs a critical element of the value chain. The HADOPI Law in France and the Digital Economy Act 2010 of the UK are based on the “three strikes rule” and are examples towards ensuring ISP participation<sup>14</sup>. The UK Act, however, is facing stiff opposition from ISPs with BT and TalkTalk having forced a legal review of the Act<sup>15</sup>.

France’s HADOPI has had a successful start with the sending of warning e-mails to IP infringers<sup>16</sup>. The law faced initial resistance with ISP Free refusing to send warning e-mails. However, after the French Government filed a decree stipulating ISPs to send warning emails within 24 hours of a HADOPI request, Free was forced to comply<sup>17</sup>.

***Creating Barriers to Piracy***

An effective deterrent is to make it inconvenient and/or costly for consumers to use illegal content. Microsoft has banned modded<sup>18</sup> Xbox 360s from playing online via Xbox Live and has also voided their warranty.

Similarly, Sony’s PlayStation 3 has rolled out an update disabling the third party operating system installation<sup>19</sup>. As per a lawsuit against Sony, the update was not for the benefit of consumers but to protect content.

The difficulty here is in devising effective barriers for content that is downloadable and consumed offline.

***Charging Levies on Internet Access or Hardware***

Another option being exercised by content players is to impose levies on Internet access and/or media storage hardware since they are perceived as key enablers of piracy. In some countries, content owners are engaging with regulatory authorities to create legislation aimed at doing so. For instance, there is currently a proposal before the Canadian Government to extend the levy that exists on

10 PC World, *German Injunction Knocks The Pirate Bay Offline Temporarily*, May 2010.

11 Denver Post, *Jail Reduced for Founders of File-sharing Company*, November 2010.

12 New York Times, *In Hong Kong, a Jail Sentence for Online File-Sharing*, November 2005.

13 Wired, AT&T, Comcast Deny RIAA ‘Three-Strikes’ Participation, March 2009.

14 The HADOPI law, named after the institution administering it which is the *Haute Autorité pour la Diffusion des Œuvres et la Protection des Droits sur Internet*, refers to the French law introduced in 2009 promoting the distribution and protection of creative works on the Internet.

15 TalkTalk Website, *BT and Talktalk Win Legal Review of Digital Economy Act*, November 2010.

16 The Wall Street Journal, *All Eyes on France as Officials Enforce New Antipiracy Law*, October 2010.

17 The Connexion, *Free Backs Down in HADOPI Dispute*, October 2010.

18 A modded Xbox is a device that has been hacked to allow it to play pirated game DVDs.

19 Techtree, *Sony Sued For Removing ‘Other OS’ From PS3*, April 2010.

physical storage media such as blank audio cassettes and CDs to MP3 players<sup>20</sup>. However, such moves are likely to face significant implementation challenges since they are based on the premise of punishing other stakeholders in the ecosystem instead of just the perpetrators.

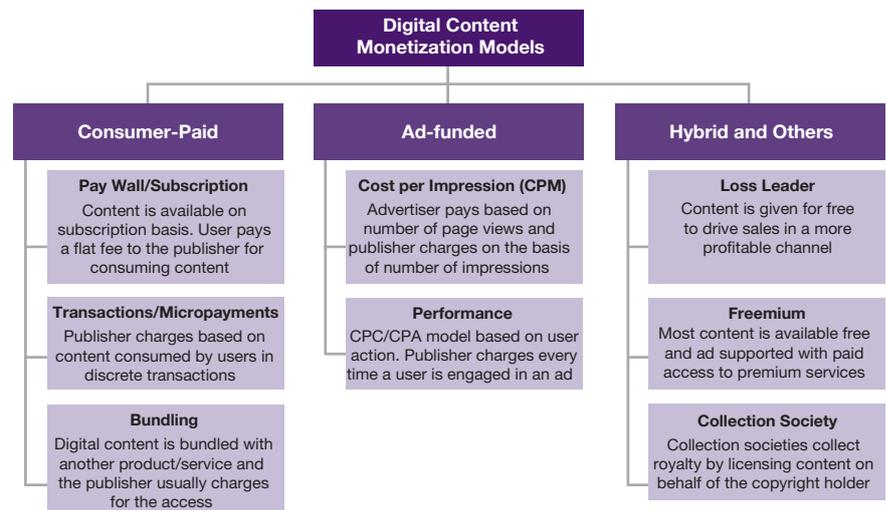
### Conducting Consumer Awareness Campaigns

Compared to consumer prosecution, a softer approach is to conduct awareness campaigns highlighting the negative impacts of piracy. Several of these campaigns have been started by content providers and regulatory bodies. Disney took a creative approach by having its characters educate on piracy<sup>21</sup>. However, Capgemini's primary research clearly shows that an approach based on changing attitude is not regarded as effective as the legal enforcement<sup>22</sup>.

### Generate Revenues by Identifying Monetization Opportunities

The landscape of monetization opportunities available is changing with the evolution of several traditional models and the emergence of new models such as bundled-with-device (see Figure 4).

**Figure 4: Overview of Digital Content Monetization Models**



Source: Capgemini TME Strategy Lab Analysis

### Consumer-Paid Models

The most commonly used consumer-paid models for monetization include subscriptions, one-time transactions and bundling.

#### Subscription Based Offerings

Media players are putting higher quality content behind a pay wall. This is particularly true of companies with strong brands and loyal following. *The Wall Street Journal* adopted paywalls in 1997 and now has over a million paying customers<sup>23</sup>. Likewise, digital versions of *The Times / The Sunday Times* have crossed 100,000 paid subscriptions since their launch in June 2010<sup>24</sup>. These successes are, however, qualified. Half of *The Times / The Sunday Times*' paid subscribers are occasional users and website traffic has fallen by 90%. Overall, few general purpose publications have generated large digital subscription revenues.

<sup>20</sup> Toronto Sun, *Canada's Government Says No to 'iPod tax' and Kicks Around its Political Opponents*, December 2010.

<sup>21</sup> British Video Association, *Industry Trust Informer*, June 2008.

<sup>22</sup> Capgemini Primary Research, 2010.

<sup>23</sup> The Week, *The media's risky pay wall experiment: A timeline*, July 2010.

<sup>24</sup> The New York Times, *More Than 100,000 Pay for British News Site*, November 2010.

**Content companies need to focus on generating revenues through innovative combinations of consumer-paid and ad-funded monetization models across multiple platforms**

An effective approach is to target a niche audience that values the content and usage experience. Thomson Reuters has around 500,000 users, almost half of them being premium, while Bloomberg has about 288,000 paid customers in the financial institutions segment<sup>25</sup>. Similarly, Microsoft's Xbox Live service targeting online gamers, crossed the US\$1 billion annual revenues in June 2010<sup>26</sup>.

Subscription-based streaming services are also a potential option. Hulu Plus offers paid video streaming for access through devices like iPad, PS3 and TVs. Similarly, Rhapsody offers subscription-based premium music access.

**Transaction Based Offerings**

Pay-per-download offerings have been very successfully offered through Apple's iTunes and Amazon's Kindle. Through a superior device and store integration they make using genuine content the default way and more convenient than illegal content. Such offerings typically have micropayment based *à la carte* pricing.

Micropayments can overcome the consumer's reticence to pay by offering content in small units thereby lowering the economic barriers for paid consumption. Capgemini's research has found that the content industry believes that micropayments will be a key driver in monetizing currently free content such as catch-up TV<sup>27</sup>.

Selling content to corporations can also be fruitful. The BBC in the UK makes money from selling TV show formats. The Master Chef series now has versions for five countries. Similarly, our research indicates that music labels believe that selling synchronization licenses for the use of music for audiovisual productions is insulated from piracy<sup>28</sup>.

**Bundling**

Bundling involves offering digital content together with another product/ service. Nokia's Ovi service offers free access to maps, music and other content through select Nokia devices. Similarly, 3 UK is experimenting with offering free limited period access to *The Times/The Sunday Times* with mobile broadband connections<sup>29</sup>. Bundling helps to harness the existing customer base for new product trials and faster time-to-market.

**Ad-Funded Models**

While advertisement revenues for traditional media are stagnating or declining, digital media is seeing growth. US Internet advertising revenues have shown a 19% annualized growth over the years 2004 to 2009<sup>30</sup>. This growth is encouraging traditional print media companies to consider a shift to digital. Print magazine *U.S. News & World Report* is dropping its subscription business to focus on the USNews.com website which gets nine million monthly visitors and tablet applications<sup>31</sup>.

A critical challenge in building ad-funded models is to build up a large active customer base, since the revenue per user is typically low. Capgemini's primary research suggests that measuring audiences across all platforms will help optimize advertisement revenues<sup>32</sup>.

**Hybrid and Other Models**

Apart from generating revenues only from advertisements or consumer payments, content owners are also actively looking at other innovative ways of monetizing content.

25 Reuters, *Thomson Reuters to launch next generation desktop*, September 2010.

26 Bloomberg, *Microsoft's Online Xbox Sales Probably Topped \$1 Billion*, July 2010.

27 Capgemini Primary Research, 2010.

28 Capgemini Primary Research, 2010.

29 The Next Web, *Three offers customers free access to The Times newspaper websites*, November 2010.

30 IAB, *IAB Internet Advertising Revenue Report*, 2009.

31 Star Tribune, *U.S. News & World Report to stop sending subscribers monthly print edition, shift toward digital*, November 2010.

32 Capgemini Primary Research, 2010.

**Marketing Loss Model**

In the Marketing Loss Model, content is given away for free to drive purchases in a more profitable channel. Music artists Prince and Radiohead have distributed free albums to increase their fan base, and recoup investments through sold-out live shows. Moreover, these shows are authentic experiences that cannot be duplicated or pirated. Photo sites, Snapfish and Kodak Gallery, offset online storage costs by selling merchandise such as mugs, prints and T-shirts. Gaming consoles are frequently sold at a loss to help drive software sales and online services. It is estimated that Sony loses 6 cents on every US dollar of PS3 hardware sales<sup>33</sup>.

**Freemium**

Freemium is a hybrid model where consumers have a choice of ad-funded as well as paid premium content. Paid content may be subscription or transaction based while advertisements help fund the long tail of non-paying consumers.

These dual revenue streams improve the economic feasibility for the publisher. Spotify provides ad-supported music for free and the higher quality, advertisement-free music, with mobile phone access, for premium customers. Similarly, Hulu has a paid subscription with expanded content portfolio over free access though both versions have advertisements.

The mobile gaming space has several games available for free with a restricted set of levels and features. Unlocking these requires payments. A recent mobile game, *Angry Birds*, has achieved 10 million purchases on the Apple App Store despite having free versions available<sup>34</sup>.

**Collection Societies**

The role of collection societies<sup>35</sup> varies by country, market, service, and channel. There is significant fragmentation across these dimensions along with limited transparency. In some countries efforts are being made to expand the scope of collection societies into digital services such as radio, music and video streaming. For example Buma Stemra in the Netherlands has introduced a collection mechanism for online downloads and streams comprising of flat rates and variable models where 8-12% of revenue is shared<sup>36</sup>.

<sup>33</sup> The Wall Street Journal, *Cost Cutting Pays Off at Sony*, February 2010.

<sup>34</sup> Yahoo! News, *(Not so) Angry Birds passes 10 million iPhone downloads*, November 2010.

<sup>35</sup> Collection societies are responsible for collecting royalty by licensing content on behalf of the copyright holder.

<sup>36</sup> Buma Stemra, *Digitale tarieven: On Demand*, December 2010.

# Portable Connected Devices and the Content Opportunity

One of the biggest developments in the past year has been the advent and rapid rise in popularity of portable connected devices such as the Apple iPad. While tablet PCs have been around since 2000 very few have been able to create the compelling user experience that Apple has done through its iPad. The results are telling. In 2010, Apple sold over 15 million iPads in the 9 months that it was available in the market and has already released the iPad 2 with enhanced features<sup>a</sup>. It is now estimated that global tablet shipments are set for a 12-fold rise from 19.7 million units in 2010 to over 242.3 million units by 2015<sup>b</sup>. Devices such as the iPad encourage increased consumption of various types of content in both nomadic and mobile environments, giving rise to more monetization opportunities. Through their highly interactive and immersive design, these devices allow content owners to reach out to consumers in ways that were traditionally not possible.

The larger 9.7” sized screen of the iPad with a large on-screen keyboard, allows for convenient viewing of a range of content category, with traditional print and video being the most favored (see Figure above). Content owners have begun to recognize the premium nature of the device—prices starting at US\$499 going up to US\$829 for the top-end model—and have taken early steps to tap into the potential of the iPad demographic.

For publishers, devices such as the iPad offer a clear route to creating price plans that merit the medium, rather than relying on having a single serve-all website-driven solution. Publishers such as Conde Nast have realized this and have introduced apps that are priced similar to their print equivalents. Conde Nast's Wired iPad app sold over 95,000 units at US\$4.99 in June 2010 (a price that has continued to the time of publishing). A lot of the content of Wired magazine is already available for free on their site or at deeply discounted yearly subscriptions of US\$10<sup>c</sup>. These apps offer rich content including videos, annotations, expanded photo galleries, and interactive advertisements that can potentially help drive engagement levels. Publishers are experimenting with models where each issue is a separate app or they are using a common container app with in-app purchases for new issues.

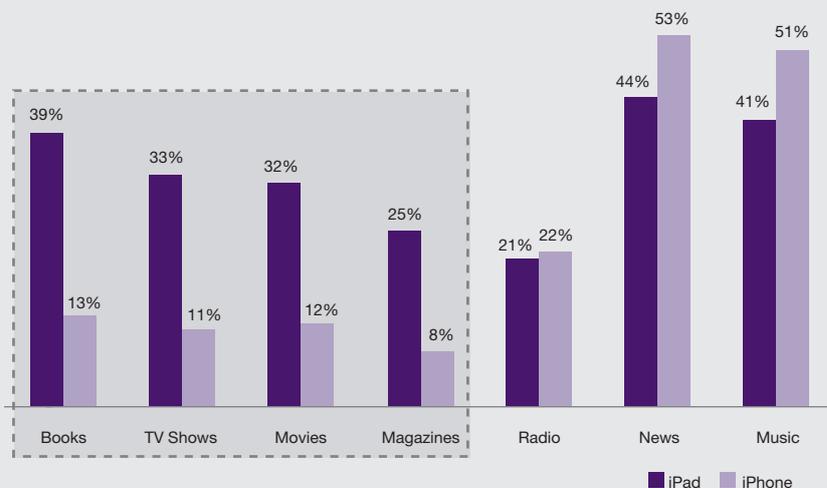
Other magazines such as Time and The Atlantic are also experimenting with similar pricing approaches. Content players are also launching free apps that they are seeking to monetize using mobile advertising. Research commissioned by a consortium of five leading publishers indicated that the publishing industry could gain as much as US\$1.3 billion in incremental revenues through interactive periodicals<sup>d</sup>.

Newspaper publishers too are viewing the medium with expectation and anticipation. News Corp invested over US\$30 million to launch “The Daily”, an iPad-only newspaper that is priced at \$0.99 per week or \$39.99 annually<sup>e</sup>.

Video aggregators and broadcasters are among the latest entrants to this opportunity. The BBC is reported to be working on launching a subscription-based offering of its popular iPlayer service on the iPad for audiences outside the UK<sup>f</sup>. Similarly, video streaming services such as Hulu and Netflix have launched dedicated apps for the iPad.

These are early days for the device category. As such, the current traction could likely be attributed to the initial enthusiasm for the format. Moreover, the market is growing rapidly and Apple now faces strong competition from a variety of vendors that are using the Google Android platform and from other players such as RIM. However, the initial wave of applications and the traction generated indicate the strong potential of the medium. Content players should keep an active eye on this rapidly evolving category and its likely impact on the overall content ecosystem.

Survey Response to Category of Content Regularly Accessed, Global, August 2010



Source: Nielsen, *The Increasingly Connected Consumer: Connected Devices*, October 2010

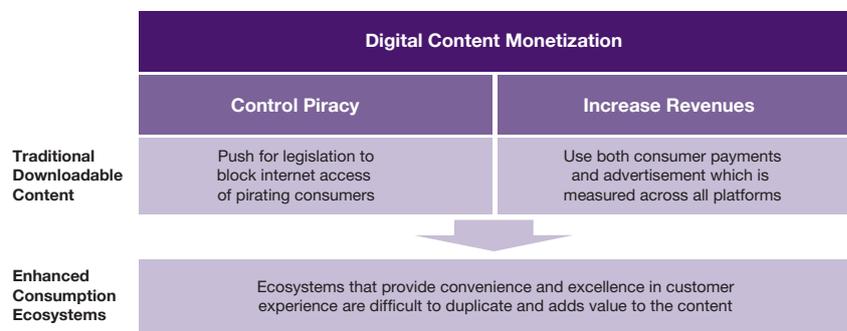
a) Company website.

b) iSuppli, *Global Tablet Shipments to Rise by Factor of 12 by 2015*, February 2011.

## 5 Recommendations

Future roadmaps for content owners need to move beyond just packaging traditional content in digital formats. This includes looking at curbing piracy, creating new revenue models and providing superior content consumption ecosystems (see Figure 5).

**Figure 5: Key Recommendations for Ensuring Superior Monetization of Digital IP**



Source: Capgemini TME Strategy Lab Analysis

### Deter Piracy through Legislation

In the long run, a credible deterrent for the average pirating consumer is a necessity. Directly prosecuting consumers and platforms has seen limited success. An effective option, also validated by the content industry in our research<sup>37</sup>, is to block Internet access of pirating consumers. This requires legislation along the lines of the “three strikes” model. Industry associations will need to lobby for laws such as HADOPI in their respective countries.

There are, however, challenges in pursuing this course. For one, it puts the implementation onus on ISPs. They are expected to act against their paying customers for the benefit of the content industry with which ISPs have no revenue sharing. Costs incurred by ISPs for such operations, thus, should be covered. Moreover, care should be taken to not alienate the consumers. Providing benefit of doubt to borderline cases could be helpful. Also, content owners should strive to maintain a degree of anonymity by ensuring that action is taken by an independent body and not a specific content owner.

### Employ Multiple Monetization Models

Generating profitable advertisement revenue is a challenging task. For instance, Blinkbox, an on-demand video streaming service, estimates that breaking even requires over 60 million monthly streams, a reach that only Google and the BBC can command in the UK market<sup>38</sup>. At the same time, a low consumer propensity to pay means that sufficient consumer payments are not likely to be widespread either. Most providers would need a combination of advertisements and paying customers. Companies that cater to niche user groups and/or offer specialized content should, however, construct their model around consumer payments.

<sup>37</sup> Capgemini Primary Research, 2010.

<sup>38</sup> Broadband TV News, *On demand Blinkbox on a roll*, November 2010.

In all the cases, content owners need to hit the sweet spot of pricing by matching it with the perceived value of content and convenience in that particular format. Advertising revenue would improve by delivering advertisements tailored to a device's capabilities while measuring audiences across all platforms.

### **Create Superior Content Consumption Experiences**

Content providers need to embrace digitization beyond just packaging content in digital files and streams. Companies that have provided ecosystems enabling superior content consumption experiences have done better.

Bloomberg terminals have for long time integrated device, secure connectivity and real time content. Similarly, Apple offers iPod along with iTunes computer application and the Internet store. The key here is to have an integrated ecosystem that offers a superior, convenient consumption experience and not just content by itself. A traditional parallel would be a movie theater experience versus offering video cassettes. The prevalence of piracy and low consumer paying propensity makes it even more important in the digital era to go beyond just providing content.

A vital area is to offer content across multiple devices and platforms. Free flowing content that can be seamlessly accessed across devices encourages consumption in varied scenarios.

With improving Internet connectivity, content owners should also consider cloud-based distribution models. These also allow access to far greater amounts of content than can be stored in devices. Consumers can conveniently stream the chosen content onto the preferred device at their desired time. With increased consumer uptake of cloud-based content and the acceptance of its benefits, the utility of downloading a complete version of the pirated content or buying counterfeit discs goes down.

In conclusion, the content industry needs to move from just combating the threats of digitization to taking advantage of this media. It helps to consider all the aspects of digital content access and consumption. The content industry needs to create new digital ecosystems that provide convenience and a superior customer experience. If the value provided to the consumers improves, so will the fortunes of the content providers.

## About the Authors

**Bas den Braber** is a managing consultant in Capgemini Consulting's TME practice. He has been working with major telecom and media companies on strategic and operational challenges for more than eight years. Bas focuses on B2B music, digital media, as well as online sales and services. He is based in the Netherlands.

**Nikhil Ray** is a senior consultant in the TME Strategy Lab. His recent work includes growth strategies for telecom operators through diversification and innovative services. He has over five years of experience in business planning and consulting across diverse industries. Prior to joining the Lab, Nikhil worked at a boutique strategy consulting firm. He is based in Mumbai.



### About Capgemini and the Collaborative Business Experience®

With 112,000 people in 40 countries, Capgemini is one of the world's foremost providers of consulting, technology and outsourcing services. The Group reported 2010 global revenues of EUR 8.7 billion.

Together with its clients, Capgemini creates and delivers business and technology solutions that fit their

needs and drive the results they want. A deeply multicultural organization, Capgemini has developed its own way of working, the Collaborative Business Experience™, and draws on Rightshore®, its worldwide delivery model.

More information is available at [www.capgemini.com/tme](http://www.capgemini.com/tme)

For more information contact:

#### Jerome Buvat

Head of Strategic Research  
Telecom, Media & Entertainment  
[jerome.buvat@capgemini.com](mailto:jerome.buvat@capgemini.com)  
+44 (0) 870 905 3186

**Argentina**

Manuela Pedraza 1545  
C1429CBA  
Buenos Aires  
Tel: +5411 4735 8000

**Australia**

Level 777  
King Street  
Sydney NSW 2000  
Tel: +61 2 9293 4000

**Belgium**

Bessenveldstraat 19  
B-1831 Diegem  
Tel: +32 2 708 1111

**Brazil**

Av. Francisco Matarazzo  
1500 – torre New York – 18° A  
Bairro – Água Branca  
São Paulo  
05001-100– SP – Brazil  
Tel: +5511 3525 0100

**China**

42F Hong Kong New World Tower  
300 Middle Huaihai Road  
Shanghai 200120  
Tel: +862 161 822 688

**Denmark**

Delta Park 40  
DK-2665 Vallensbaek Strand  
Tel: +45 70 11 22 00

**Finland**

Niittymäentie 9  
02200 Espoo  
Tel: +358 (9) 452 651

**France**

Tour Europlaza  
20 ave. André Prothin  
92927 La Défense Cedex  
Tel: +33 (0)1 49 00 40 00

**Germany**

Konrad-Adenauer Ufer 7  
50668 Cologne  
Tel: +49 (0) 211 912644

**India**

Piroshanagar, Vikhroli  
SEP2 B3 Godrej Industries Complex  
400 079 Mumbai  
Tel: +91(22) 5555 7000

**Italy**

Via M. Nizzoli, 6  
20147 Milano  
Tel: +39 02 41493 1

**Mexico**

Av. Guillermo González # 1600 – 3er. Piso  
Col. Centro Ciudad Santa Fe  
C.P. 01210 México, D.F.  
Tel: +5255 8503 2400

**Middle East**

P.O. Box 502 420  
Dubai  
UAE  
Tel: +971 50 884 77 64

**Netherlands**

Papendorpseweg 100  
3528 BJ Utrecht  
Postbus 2575  
3500 GN Utrecht  
Tel: +31 30 689 0000

**Norway**

Hoffs veien 1D,  
0275 Oslo  
Tel: +47 24 12 80 00

**Poland**

Piekna 18  
00-549 Warsaw  
Tel: +48 (22) 464 7000

**Portugal**

Av. Colégio Militar  
37 - Torre Colombo Oriente  
Piso 10  
1500-180 Lisboa  
Tel: +351 21 412 22 00

**Spain**

Edificio Cedro  
Calle Anabel Segura, 14  
28100 Madrid  
Tel: +34 91 675 7000

**Sweden**

Gustavlundsvägen 131  
PO Box 825  
161 24 Bromma  
Tel: +46 8 5368 5000

**Switzerland**

Rue du Rhône 65  
1204 Geneva  
Tel: +41 22 879 16 50

**United Kingdom**

40 Holborn Viaduct  
London, EC1N 2PB  
Tel: +44 20 7936 3800

**United States**

623 Fifth Avenue  
33rd Floor  
10022 New York  
Tel: +1 212 314 8000