


an incentive to market the service aggressively, since they put more “skin in the game” in exchange for the promise of higher per-subscriber revenue.

Some larger network operators have expressed interest in offering all of their Internet subscribers a basic HomeMovie.com account, and then driving revenue from premium accounts with higher levels of storage space. HomeMovie.com’s per-subscriber business model would also encourage this kind of arrangement.

In addition to charging for storing high-quality video, network operators can share in revenues by referring customers to HomeMovie.com’s digitization services, which take old home movies on analog tape and transcode them into a digital format.

Krumme also emphasizes that HomeMovie.com’s “stickiness” is attractive to network providers. Consumers with hours of high-quality video stored on the network’s servers are less likely to jump ship to another broadband provider.

From HomeMovie.com’s perspective, marketing through network providers is an “exciting morphing of our business” that allows the company to focus on its core strengths. “We’re great at making cool technology and forever making it easier to use and adding additional features. Now, we’ll be able to continue our focus on technology while working with network operators, who know their customers and are already marketing to them,” says Krumme.

HomeMovie.com has been talking with network operators about possible deployments ranging from 300 to millions of customers. The company’s first test deployments, this summer, are with a greenfield fiber-to-the-home provider. 

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IN DEMAND: VIDEO ON DEMAND

A Killer App Staff Report

Scheduled television programs? That’s so 20th century.

In the last several years, television viewers have begun bypassing “linear TV channels” for on-demand channels that show the programs they want to see, when they want to see them. Many of them are willing to pay for the privilege, creating a significant new revenue stream for cable, telco, broadband and even mobile video providers.

In a recent Webinar for the Fiber-to-the-Home Council, John Smith, senior vice president of sales for TVN Entertainment (www.tvn.com), gave FTTH providers some pointers about creating successful VoD lineups. TVN, a digital content aggregator, provides content to every VoD distributor in North America today.

While no network providers offer all of TVN’s 8,000 hours of content, the successful ones balance their offerings among several content categories:

- **Hollywood movies:** Consumers are willing to pay to see new movies, which studios are releasing to VoD faster than ever. The average time between DVD and VoD releases fell from 45 days last year to 38 days this year, and some studios now issue the two simultaneously – a model that Smith thinks all studios will follow eventually. To show mainstream movies on VoD, providers must demonstrate adequate security measures.
- **Local content:** “We’re bullish on local content,” Smith says. Providers build goodwill in their communities with on-demand coverage of local sports, elections, cultural events and even local advertising. What they can’t do is charge for it.
- **Premium networks:** HBO, Cinemax and other premium networks offer their content on VoD after showing it on their linear channels. Access to VoD is part of the subscription to

the premium network.

- **Major television networks:** The linear networks have all extended their brands to VoD. Providers do not pay for this content, but they must carry the linear channels to have access to the corresponding VoD channels. Some networks, like MTV, have been extremely successful in VoD format.

- **Minor television networks:** The Weather Channel, Independent Film Channel, Bloomberg News, Music Choice and many others have free-to-consumer VoD channels.

- **VoD-only networks:** Launching a linear channel is becoming more and more difficult for independents, Smith says. Companies that don’t belong to a conglomerate like Viacom or Fox increasingly bring their new channels straight to VoD. Karaoke, music, children’s programming, news and niche content have all succeeded as VoD-only. Network providers have to pay for this content, but usually can’t charge consumers for it.

- **TVNow content:** TVNow is a service that TVN provides to its content partners, allowing time-sensitive material to appear on VoD within hours. Twenty-minute highlight reels of major NFL games and Major League Baseball playoffs; daily updates from film festivals, the Olympics, the Tour de France and NASCAR; and major addresses by government officials are examples of TVNow content.

- **Adult content:** This is probably the most profitable of all of the content categories.

Network providers need a mix of paid and free content, Smith says. While free content may not seem desirable, studies show that good, free branded content brings in new users, reduces churn, and ultimately leads to higher user bases, higher buy rates and more transactional revenue. 