Hype Cycle for Media Industry, 2007


Although its full impact will play out over a decade, real-time digital distribution is already transforming the landscape for every sector of the media industry. The key to success is in knowing why, when and how to respond to changes in the market for digital media.
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ANALYSIS

What You Need to Know

The sweeping changes in media distribution brought on by the worldwide embrace of broadband Internet are now being felt beyond the PC, and are affecting television, radio, print and mobile media. Search continues to play a dominant role in revenue generation while guiding consumers to products and content, and social aspects of media, including consumer content creation and the rise of new networks of influence, continue to dismantle the mass-media edifice of the twentieth century.

To become and remain leaders in the new media world, media companies must understand consumer needs and take advantage of new technologies to meet those needs. Key issues for media companies include:

- For content creators — Which of the many new distribution platforms and models should be considered to support future business?
- For content creators and distributors — How do you identify and leverage viral pathways for content distribution, without losing all control?
- For every part of the media value chain — How can technologies, such as RSS and XML, be used in future media distribution? Which products in this ecosystem should be selected and why?
- For every part of the media value chain — What are the right technologies and partnerships to embrace to ensure the right positioning in the emerging media ecosystem? What will be the best ways to monetize these new technologies and services?

The Hype Cycle

Many industry trends are emerging as disruptive forces impacting the media industry:

- Digital media technology disrupters — Digital media production, distribution and access technologies enable and accelerate the major changes in the media ecosystem.
- Consumer behavior disrupters — Major changes in the general order of consumer attitudes, beliefs and actions can come on quickly via viral marketing, such as peer-to-peer (P2P) networks, or they can be established through gradual change, such as viewing TV content on a PC or mobile device, or viewing PC content on a TV.
- Advertising disrupters — Changes here range from advertising content, such as creative models, to business models behind the purchasing and delivery of advertising.
- Competitive landscape disrupters — The growing power of Google, Yahoo, Microsoft, Apple and other new media titans is changing the media marketplace in unexpected ways, forcing traditional media companies and their suppliers to quickly react to a new set of market dynamics.
Figure 1. Hype Cycle for Media Industry, 2007

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<th>Technology Trigger</th>
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<th>Trough of Disillusionment</th>
<th>Slope of Enlightenment</th>
<th>Plateau of Productivity</th>
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As of June 2007

Years to mainstream adoption:
- ○ less than 2 years
- ● 2 to 5 years
- ● 5 to 10 years
- △ more than 10 years
- ✗ obsolete before plateau

Source: Gartner (June 2007)
The Priority Matrix

The short-term technologies with the most impact for media companies are those that hold the greatest power of disruption, including viral distribution and the ability to distribute in a more targeted fashion.

Consequently, advertising targeting technologies, RSS, blogs, podcasting and videoblogging must be closely observed. The success of these distribution technologies will likely have a ripple effect across the publishing and consumption of content — the two other major areas of the media ecosystem.

Figure 2. Priority Matrix for Media Industry, 2007

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<th>Benefit</th>
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As of June 2007

Source: Gartner (June 2007)

Off the Hype Cycle

AM/FM/TV Datacasting has stalled against IP-based technologies with upstream return paths such as GPRS, UMTS and 3G technologies. There will likely continue to be niche applications for the concept, but the mass-media pioneers of this approach, which include iBlast, Dotcast and
USD-TV, are all struggling or out of business, and MovieBeam, a video-on-demand (VOD) device for movies developed by Disney and based on datacasting powered by Dotcast, has failed to gain traction with consumers.

**Broadband Video** has evolved to the point where it is better treated as a set of more specific technologies, such as broadband VOD, consumer-generated media and streaming media.

**Multichannel Content Distribution Engine** has been merged into Multiplatform Content Delivery.

**HD Optical Disc Players, Online Game Consoles** and **PC Media Centers** are being continued in the Hype Cycle for Consumer Technologies.

**Digital Magazines** and **Digital Publication Software** are continued in the Hype Cycle for Media Publishing.

**Open IT Standards in the Back Office** is being subsumed by Metadata Standards for media companies.

**Streaming Media, High Definition TV** and **Instant Messaging** have been judged to have reached the Plateau of Productivity.

**On the Rise**

**Multiplatform Content Delivery**

**Analysis By:** Michael McGuire; Allen Weiner

**Definition:** Multiplatform content delivery service providers work with publishers to take finished assets and offer them for distribution to multiple platforms: mobile, Web, IPTV and so on. They add such services as transcoding, assigning digital rights management, and enabling content protection schemes and e-commerce.

**Position and Adoption Speed Justification:** Although this space is starting to emerge as a significant and legitimate area for investment, some publishers and asset holders have lingering concerns about letting third parties distribute valuable assets. These concerns will evaporate as hybrid solutions involving the licensing of tools/platforms to publishers come to market, enabling publishers to leverage the capabilities while maintaining control over the core assets.

**User Advice:** Evaluate third parties that can speed up your distribution plans with an eye toward creating multiple options — a la carte, subscription, ad-supported and so on. After experimenting, evaluate the platforms and business plans that can best meet the revenue growth needs of the company.

**Business Impact:** Given the belief in the three-screen approach to content creation, distribution and consumption, the ability to find a qualified service provider that can do significant “heavy lifting” is a key to success.

**Benefit Rating:** Moderate

**Market Penetration:** 1% to 5% of target audience

**Maturity:** Emerging

**Sample Vendors:** Entriq; thePlatform
Videoblogging

**Analysis By:** Michael McGuire; Allen Weiner

**Definition:** Videoblogging involves newspapers and magazines mixing video content created “in house,” as well as from consumer and third-party content creators, to create branded channels for their content mix.

**Position and Adoption Speed Justification:** Newspapers and magazines have moved beyond the early stages of understanding how videoblogging fits into the content stream. They are now moving to add videoblogging capabilities for staff and starting to examine how they can leverage them on a full-time basis.

**User Advice:** Publishers must embrace videoblogging for their core employees — reporters and editors — and their readers. Providing another vehicle for long-form video news is not the driver here. Rather, it is to create a compelling adjunct or sidebar role, which video can play in making the core product more interesting, relevant and competitive in terms of time-share. Beyond creating compelling content, publishers can take advantage of the higher ad revenue offered by embedded video compared to standard display and text ads.

**Business Impact:** Publishing companies must consider every form of content to extend their brands and any channel that can reach the digital natives in the market while also pulling along the digital immigrants.

**Benefit Rating:** High

**Market Penetration:** 1% to 5% of target audience

**Maturity:** Emerging

**Sample Vendors:** iUpload; Veoh

Rich-Media Search Technologies

**Analysis By:** Michael McGuire; Allen Weiner

**Definition:** Rich-media search involves the crawling and indexing of audio and video content from the Internet, external databases, and in some instances, select images that enterprises may have and want to make available to Web-based video searches. It can be done by examining individual Web pages, the video files available on those pages and the associated tags/metadata, or it can be done by reviewing and analyzing digitized content. The information is listed on indexes for searching by consumers.

**Position and Adoption Speed Justification:** The ability to find rich media is key to the success of audio and video on the Web. The technology is still nascent, but advances in converting speech to text, crawling closed-captioning and examining Web pages have drawn a lot of investment, as has phonemic analysis of audio and query text. Advances from portal search engines have been limited, but a number of companies that developed image recognition technologies for defense and intelligence agencies are looking to move into the copyright detection and filtering systems needed for large portal-based distribution of copyrighted content. This new crop of companies, as well as how incumbent portal companies react, will dictate the speed at which this market evolves.

**User Advice:** Keep an eye on the vendors in this industry and how rich-media search becomes the springboard for the consumer use of video and audio applications.
Enterprises will be best served by partnering with ASPs, rather than attempting to build solutions in-house, at least through 2009. Advertisers should recognize that results will be spotty and therefore invest only tactically.

**Business Impact:** As an ingredient of any large media or search portal, rich-media search will be a driving force behind consumer access to TV, movies and audio content. Sites that specialize in search will not thrive as stand-alone entities unless and until they are able to develop some of the core applications that have been developed by Google and Yahoo. Technologies created and developed for the media industry will trickle into the enterprise markets over time.

**Benefit Rating:** High

**Market Penetration:** 1% to 5% of target audience

**Maturity:** Emerging

**Sample Vendors:** AOL; blinkx; Divvio; Google

### Web 2.0 Distribution

**Analysis By:** Michael McGuire

**Definition:** Web 2.0 distribution is the use of such tools as embedded players and permalinks, as well as social search/social bookmarking, to create viral distribution networks.

**Position and Adoption Speed Justification:** These viral tools have quickly morphed from darlings of the "digerati" to regular parts of many online articles. They are starting to drive an interest in and about content on social networks. Capitalizing on this interest to drive revenue is the next big step.

**User Advice:** Under the consumer-as-network theory, in which consumers rely on friends, peers and those whose advice they value to assist in content selection and consumption, this distribution option must be leveraged by content owners to create the basis of new types of embedded syndication models capable of increasing the reach of social networks. Portal and technology vendors must develop toolkits that enable these emerging distribution models to be monetized via advertising, micropayments and superdistribution models.

**Business Impact:** If properly leveraged, Web 2.0 viral tools can be the path that makes or breaks content success.

**Benefit Rating:** High

**Market Penetration:** 1% to 5% of target audience

**Maturity:** Emerging

**Sample Vendors:** Brightcove; Digg; Maven Networks; Yahoo; YouTube

### Content Delivery Networks

**Analysis By:** Michael McGuire; Mark Gilbert

**Definition:** Content delivery networks (CDNs) are purpose-built IP-based networks that operate on top of existing Internet backbones. These systems are used to distribute media as downloads or streams.

**Position and Adoption Speed Justification:** Two irresistible forces are driving increased demand for bandwidth: media companies seeking competitive advantages by moving more
content to online distribution points and consumer-generated digital media in the form of podcasts or videoblogs published on social-networking sites. The resulting demand for bandwidth to support the efficient uploading and downloading of digital media files (and related business opportunities for creating sites and services to accommodate these forces) has created the need for CDNs.

The CDN market will mature rapidly, as media companies scramble to develop multiple distribution options to deal with the fragmentation of their core audiences and reassert control points lost in the move from physical to digital media. In mid-2007, BitTorrent landed deals with a number of movie studios, game developers and music labels to stock their own media and entertainment services. However, less well-known is the company's effort to create "white box" solutions for entities that want their own distribution networks, be they media companies or enterprises. However, regulatory forces such as the Net neutrality debate may hinder the market's rapid acceleration, as existing Internet service providers (ISPs) resist allowing CDNs unfettered access to their networks.

**User Advice:** Media companies, content providers and emerging media titans must carefully assess the opportunities for partnering with CDNs. As more consumers look to online service options for searching for and acquiring content, an efficient and seamless experience will mean the difference between success and failure.

**Business Impact:** Content providers and media companies have the most to gain, in terms of creating strong partnerships with CDN providers. CDNs can exploit efficient peer-to-peer or BitTorrent-like architectures to grow quickly and take complete advantage of the resulting benefits. Existing ISPs will be potentially disruptive forces, because they view CDNs and the newer delivery architectures as potential drains on their network bandwidth. Thus, the Net neutrality debate will cast a large shadow over the evolution of these services.

**Benefit Rating:** High

**Market Penetration:** 5% to 20% of target audience

**Maturity:** Adolescent

**Sample Vendors:** Akamai; AT&T; BitTorrent; CacheLogic; Limelight Networks

**Advertising Distribution and Management Software**

**Analysis By:** Andrew Frank

**Definition:** Advertising distribution and management software is an integrated platform to support management, delivery and measurement of advertising traffic and assets across multiple channels.

**Position and Adoption Speed Justification:** Advertisers and agencies would strongly benefit from a common interface to distribute advertising across multiple platforms. However, distribution networks have long remained separate for each platform. Creating one platform not only lowers costs, but also reduces complexity and opens up more cross-media integration and reuse possibilities. There is a wide gap currently between online and offline models for ad delivery and measurement. Adoption of new technology is also hampered by integration issues with legacy infrastructure. The volatility of emerging formats and business rules also impedes rapid progress.

**User Advice:** Advertisers should add distribution management capabilities to their list of agency evaluation criteria and ensure centralized coordination of distribution activities.
Advertising and media agencies must develop cross-channel distribution management capabilities with best-of-breed vendors.

Publishers and broadcasters should adopt insertion, traffic and billing management systems that can integrate with advertiser solutions.

**Business Impact:** Advertising distribution and management software enables real-time advertising placement, reduced advertising costs and improved ad traffic coordination, media mix optimization, and return on investment (ROI) reporting.

**Benefit Rating:** Transformational

**Market Penetration:** 5% to 20% of target audience

**Maturity:** Adolescent

**Sample Vendors:** Atlas; DG FastChannel; DoubleClick; Operative; Point.360; Solbright; ValueClick-Mediaplex

**Widgets**

**Analysis By:** Van Baker; Andrew Frank

**Definition:** Widgets are small pieces of embeddable code that can add feed-driven functionality to a Web page or desktop.

**Position and Adoption Speed Justification:** Widgets are primarily focused on the delivery of news, weather and other information. Initially deployed on the Apple desktop, Microsoft has followed suit in Vista with what it refers to as "gadgets." In addition to PC desktop software widgets, the widgets that are targeted at Web pages are proliferating rapidly, with sites devoted to collections of Web page widgets. Some widgets are being deployed as advertising.

**User Advice:** Use widgets as a means to stay in touch with consumers of your media content. Widgets can be considered valuable by consumers, but they must be maintained regularly and will be abandoned by consumers if the content is stale.

**Business Impact:** This is a tool in the Web 2.0 toolset that can be used to help retain regular communications with consumers.

**Benefit Rating:** Moderate

**Market Penetration:** 1% to 5% of target audience

**Maturity:** Emerging

**Sample Vendors:** Apple; Microsoft

**TV-Ad-Targeting Technologies**

**Analysis By:** Andrew Frank

**Definition:** These technologies enable advertisers to target TV ads to consumers at the geographic, demographic and household levels, through cable, satellite and IPTV delivery systems.

**Position and Adoption Speed Justification:** Despite considerable investment in TV-ad-targeting technologies — which promise more efficiency and higher CPMs for cable TV, satellite TV and IPTV operators — adoption continues to proceed slowly. The technologies' reach and
capabilities remain limited, while various business and privacy issues have yet to be addressed. Also impeding a more rapid adoption are the sales model, which often requires coordination between formerly siloed local and national markets; the pricing model, which has a large number of variables and no good precedents; and various technical and operational issues. These problems are exacerbated by the current focus of hype on IP-based advertising and delivery technologies, such as Apple TV. These IP-based technologies could provide an alternative path to targeted TV capabilities should a set-top-box solution take too long to arrive.

**User Advice:** Advertisers must consider how to position their media and sales strategies and privacy policies against emerging TV-ad-targeting technologies.

Agencies must offer campaign management services that include support for various targeting capabilities, preferably across media.

Cable and satellite operators must continue to work with manufacturers and advertisers to optimize targeting and metrics feature sets, as well as resolve business issues.

**Business Impact:** TV-ad-targeting technologies affect advertising agencies, TV distributors, TV networks and privacy advocates. These technologies also affect brand advertisers considering media strategy and the CRM implications of new targeting capabilities, as well as set-top-box and related equipment manufacturers and software vendors considering how to implement privacy controls.

**Benefit Rating:** High

**Market Penetration:** 5% to 20% of target audience

**Maturity:** Emerging

**Sample Vendors:** Atlas; C-Cor; Motorola-Broadbus Technologies; SeaChange International; Tandberg Television; Visible World

**Recommended Reading:** "Findings From the 'All Company' Research Meeting: Trust Is Key to Digital Advertising Success"

## At the Peak

### Consumer-Generated Media

**Analysis By:** Michael McGuire

**Definition:** Consumer-generated media (CGM) refers to any written, audio or video content created by end users, using basic or semiprofessional tools.

**Position and Adoption Speed Justification:** CGM is filling content pipelines with material that competes with established media for consumer time-share. By extension, CGM does undermine traditional mass-media business models.

**User Advice:** CGM must be embraced by traditional media companies and used to their advantage, but with the caveat that vigilance is required. The proper mix of premium content and CGM that supports many premium titles provides a 360-degree offering to consumers and provides cross-marketing and multichannel advertising opportunities. That said, media companies must be diligent in tracking CGM publishing sites for potential copyright violations, while acknowledging and enabling the potential business benefits of CGM. The best and latest example of striking this balance between protection and business opportunities is George Lucas's announcement in May 2007, making clips available from the "Star Wars" films for consumers to use in their own creative works.
**Business Impact:** Because of a lower barrier to entry for consumer creators, it could be difficult to gain the audience’s time. Additionally, the potential benefits of working with CGM must be balanced against a media company’s or rights holder’s need to monitor sites such as YouTube and MySpace for copyright violations. While these sites and others have implemented some types of copyright detection/filtering systems to prevent the publishing of unlicensed copyrighted material, rights holders are still responsible for tracking and reporting violations. This process can impose significant costs (in time and money), and many media companies believe some CGM sites are not doing enough to discourage copyright abuse.

**Benefit Rating:** Moderate

**Market Penetration:** 1% to 5% of target audience

**Maturity:** Adolescent

**Sample Vendors:** vSocial; VideoEgg; Yahoo; YouTube

**Consumer Content Creation Tools**

**Analysis By:** Michael McGuire

**Definition:** These tools are used to capture, organize, convert, edit, embellish and publish consumer-created content on the Web.

**Position and Adoption Speed Justification:** Media coverage of podcasting, remixing, blogs and videoglogs is reaching saturation. Consumer adoption of these tools, especially among digital natives, is significant. Content creation tools are rapidly evolving from a “shrink-wrap software” model to online platforms that can take advantage of native code for capture and local storage of content and network services for publishing and, increasingly, editing and embellishing content with third-party elements. This hybrid model opens up new business opportunities beyond software sales, such as premium subscriptions, various advertising forms and promotional services for content creators. Mainstream media companies are adopting technologies such as podcasting (for example, BBC Radio, The New York Times, San Francisco Chronicle and Infinity Broadcasting already have multiple programs available in podcast form) to reach new audiences and enable consumer creators to become part of the conversation.

**User Advice:** Software platform providers targeting the consumer market need to extend programs from pure management of photos, video and the like and provide simple (as few button clicks as possible) file conversion and publishing options for content. Consumer content creation tools represent an important channel for media companies to promote new properties. Content companies must continue to work with technology companies to enable these channels and ecosystems where consumer content creators can reuse copyrighted material for their own noncommercial uses. In addition, consumer content creators want to be able to add effects and publish via social-networking sites, blogs and so on.

**Business Impact:** Increasingly easy-to-use digital editing tools for consumers, combined with multiple publishing options, will have an impact on everything from service-related businesses to software development. Media entertainment businesses will see major shifts in how and what they monetize. Libraries of older content could become very valuable as source material.

**Benefit Rating:** Transformational

**Market Penetration:** 5% to 20% of target audience

**Maturity:** Early mainstream

**Sample Vendors:** Adobe; Apple; Avid; Microsoft; Motionbox; VideoEgg; Yahoo
Recommended Reading: "Content Creation, Publishing at Heart of Apple’s iLife ‘06"
"Online Video Communities Embrace Web 2.0 to Capture Eyeballs"
"Future Digital Media Titans Will Exploit Content's Shifting Value"

Intellectual Property Rights and Royalties

Analysis By: Van Baker; Michael McGuire

Definition: Intellectual property rights and royalties (IPRR) software lets companies with digital media assets monetize those assets by issuing contracts that license the use of their IP for distribution, incorporation with advertising, use in consumer products, or display through traditional and digital means in vehicles other than those owned by the copyright holder. The software typically integrates with a digital asset management solution to determine the authorized use of the IP, create and manage contracts that license the use of the IP, and report on the financial returns received as a result of licensing activities. Solutions should incorporate analytics to determine the relative performance of properties and integrate with a digital rights management solution to monitor compliance with the licenses that have been granted and identify the unauthorized use of IP.

Position and Adoption Speed Justification: The shift from analog to digital assets has changed the nature of IP in the media industry. IP that used to consist of a single episode can be treated as literally hundreds of digital assets. As such, IP management systems have struggled to adapt to the changes in the nature of asset licensing. As a result, we are in the early stages of digital IP management in the media industry as many companies begin to convert from manual to automated processes. Many of the IPRR solutions have grown out of custom consulting/integration engagements that used traditional tools and attempted to adapt them to the unique needs of IP management. As such, issues remain with the integration of legacy applications, such as financials, sales force automation and CRM. Additionally significant growth issues will only increase as companies move to monetize more of their assets in increasingly discrete ways.

User Advice: Media companies should evaluate IPRR solutions carefully, with particular attention paid to the integration level offered for core business applications and potential for growth. As an IP portfolio grows with the conversion to digital assets and business model alternatives proliferate, demand will increase for customized solutions for IPRR needs.

Business Impact: IPRR affects IP management, contract management and CRM. In contrast with businesses that are trying to protect their IP, media companies are trying to protect their assets while making them available for use in several business models. As such, the needs of the industry are unique.

Benefit Rating: High

Market Penetration: 1% to 5% of target audience

Maturity: Emerging

Sample Vendors: Counterpoint Systems; Jaguar; PLX Systems; Rightsline; RSG Media Systems/RightsLogic; SAP; Sophoi

Legal File Sharing/Legitimate P2P

Analysis By: Michael McGuire
Definition: Direct data transfers among end-user PCs (popularly known as peer-to-peer [P2P] file sharing) is being used for legitimate video and music distribution. For example, BitTorrent launched an online media network, which has movies, video, music and game content licensed directly from rights holders. The models can be consumer paid or advertising paid, and they use playlist sharing, friends' recommendations or other viral effects to support legal distribution of entertainment content.

Position and Adoption Speed Justification: Beyond BitTorrent, entities such as Joost (developed by the team that created Skype) will use a P2P architecture to distribute licensed content. In addition to the pure P2P networks, some content delivery networks (CDNs), such as CacheLogic, leverage P2P infrastructure to lower delivery costs.

User Advice: Backbone providers, telecommunications companies and media companies that want to get into the exploding market for online video delivery must examine and review P2P or BitTorrent-based architectures as important alternatives to traditional network architectures for delivering large video files.

Business Impact: This technology leverages low-cost distribution models and reduces the use of pirate P2P sites by offering legal alternatives. It has the potential for significant impact on IPTV providers' tiered-pricing models. Carriers will likely compete on distinctive services, such as HD content, or get P2P service providers to pay for caching-type services.

Benefit Rating: High

Market Penetration: 1% to 5% of target audience

Maturity: Emerging

Sample Vendors: BitTorrent; CacheLogic; iMesh; Peer Impact (owned by Wurld Media)

Mobile Search

Analysis By: Sandy Shen

Definition: Mobile search technologies enable users to find information and content online through a mobile phone. There are two main types: Wireless Application Protocol (WAP)-based and client-based. With the former, users access either their mobile operator's WAP portal or a WAP portal run by a search provider such as Google or Yahoo. There they enter search terms in a search box, rather as they would when using a PC. With the client-based approach, they use a search application either pre-installed on the phone or downloaded at their own request. The client-based approach is generally easier to use, and it supports more features. Other, less common, approaches include Short Message Service (SMS), picture, voice and location-based searching.

Position and Adoption Speed Justification: In 2006, the mobile search market saw a slew of high-profile announcements of partnerships between mobile operators and Internet search providers, but these have led to few developments. Ironically, seven European and American carriers — several of which had deals with Google and Yahoo — teamed up in early 2007 to develop their own search engines to rival those of online providers. This move was symptomatic of wider confusion in the industry about which technology works best, which channel to use for search, which companies to collaborate with, and how to make money from search services. This uncertainty will not be dispelled anytime soon.

There are several requirements for a successful mobile search service. The technology must be made more precise than its online equivalent, so that it recognizes the user's intention immediately. It must also support more efficient text-input methods, such as voice recognition.
Additionally, the comparative lack of mobile content must be addressed. Furthermore, carriers must increase their marketing in order to raise customers’ awareness and make the search function easy to find for handset users. U.S. operator Alltel Wireless has teamed up with JumpTap, a mobile search specialist, to put a dedicated search key in a mobile phone.

Finding the right revenue model is also important. At present, carriers and content providers use mobile search facilities to encourage content purchases, but in the long term mobile search will be fueled by advertising. This will demand collaboration between carriers, content providers, advertising networks and search providers — which will take a long time to shape.

**User Advice:** Mobile carriers should work with multiple search providers (whether "white label" or branded), as no one provider can do everything well. It is also important to experiment with different technologies and channels to see which work best. Mobile carriers should also make user data available to advertisers and content providers in order to help them recommend content, while giving users opt-in and opt-out choices.

**Business Impact:** Mobile search capabilities will help to increase sales of content in the short term, and may generate advertising revenue for mobile carriers in the long term. They may also help to keep mobile subscribers loyal.

**Benefit Rating:** High

**Market Penetration:** 1% to 5% of target audience

**Maturity:** Emerging

**Sample Vendors:** Google; InfoSpace; JumpTap; Medio Systems; MotionBridge; Yahoo

**Recommended Reading:** "An Introduction to the Mobile Search Market"

### Podcasting

**Definition:** Podcasting involves prerecorded, radio-like-format delivery of audio/spoken-word content captured on PC-based hardware and software. Content is as different as the interests of the people creating it. Creators range from individuals making podcasts in their home offices or on the road with their notebooks, to professional news organizations, including the Washington Post, ABC News and other established media outlets. Listeners subscribe (creating a regular delivery channel) via Really Simple Syndication (RSS) or Atom's Syndication Format. Podcasters create feeds, typically hosted on their blogs. Listeners subscribe to feeds either directly or through services such as Apple's iTunes. Additionally, iTunes, the online music store, also provides free indexing of podcasts. Podcasters submit their pieces, and they are indexed on iTunes, enabling podcasters to reach a broader audience.

**Position and Adoption Speed Justification:** Podcast subscriptions will become increasingly important as the market for content continues to fragment. Maintaining persistent links with consumers/listeners via the RSS link is crucial.

**User Advice:** Podcasting is a viable alternative for delivering audio/spoken-word content to employees or partners and should be considered for distributing content that can be converted into audio format and is not time-sensitive. Media companies such as radio stations and news companies must adopt podcasting as a way to extend their broadcast and online footprints. Marketers and advertisers must also invest in podcasting, because it offers a way to target niche audiences through sponsorships of leading category podcasters.
**Business Impact:** Podcasting’s popularity is giving way to video podcasts — video content captured by individuals but delivered via a similar RSS-based syndication model — in the consumer market. For enterprises, the costs of developing portable video content are dropping rapidly, and the delivery infrastructure developed for podcasts can be used for delivering short, timely videocasts to employees and partners. An audio podcast is an extremely efficient method for delivering audio and spoken-word content to niche audiences, and it can still be an important corporate communications tool. However, video podcasts or videoblogs may offer equally compelling tools to enterprises.

**Benefit Rating:** Moderate

**Market Penetration:** 1% to 5% of target audience

**Maturity:** Adolescent

**Recommended Reading:** "Newspapers Can Find Salvation as TV Channels"

"Super Enablers Begin to Reshape the Media Ecosystem"

**Mobile TV Broadcasting**

**Analysis By:** Carolina Milanesi

**Definition:** This involves the broadcasting of digital TV programs to cellular handsets using technologies such as Digital Video Broadcasting — Handheld (DVB-H) and Terrestrial Digital Multimedia Broadcasting (T-DMB).

**Position and Adoption Speed Justification:** Many trial projects were run in 2005 and continued in 2006, in countries such as Australia, Finland, France, Germany, Italy, Spain, the U.K. and the U.S. Commercial services were launched in a few markets — Italy, Germany and the U.K. among them — in the second half of 2006, to add to those already operating in South Korea and Japan. In the U.S., MediaFLO has recently launched a commercial service with Verizon Wireless.

The key hurdle for widespread launches of commercial DVB-H services remains the lack of free spectrum. DMB technology remains confined to Asia for the time being. Although we expect mobile TV to become a key service going forward, we believe broadcasting television will be only one part of the TV/video offering that carriers will have. Furthermore, this will be very much a pushed service, rather than a service that consumers demand.

**User Advice:** Mobile carriers should:

- Guarantee quality, variety and exclusivity of content
- Drive uptake so that the market looks interesting to advertisers and they can then experiment with advertising-funded content
- Make mobile TV a unique "TV experience"

**Business Impact:** Mobile TV broadcasting will affect all areas of video production, rights management, syndication and advertising.

**Benefit Rating:** Moderate

**Market Penetration:** 1% to 5% of target audience

**Maturity:** Emerging

**Sample Vendors:** DiBcom; LG; Nokia; Philips; Qualcomm; Sagem; Samsung; Texas Instruments
**Recommended Reading:** "Dataquest Insight: Revenue Model for Mobile TV Needs Tuning"

**Sliding Into the Trough**

**IPTV**

**Analysis By:** Adam Daum; Patti Reali

**Definition:** Internet Protocol television (IPTV) refers to video services delivered to TV sets over managed IP telecommunications networks. The networks may be copper, fiber or fixed wireless; the video streams may be standard or high-definition; and the services typically employ advanced compression (AVC) technologies such as MPEG-4, H.264 or VC-1. IPTV services are normally provided by telephone companies in competition with cable or satellite TV providers; however, cable TV companies may use IPTV to deliver their services to households that are not passed by cable.

**Position and Adoption Speed Justification:** IPTV has the potential to be transformational. For telcos, it provides a way to respond to triple-play offerings from cable TV operators, to enter the digital media ecosystem and to establish a platform in the home to support a wide variety of future services. For consumers, it could transform the TV-viewing experience, improving navigation and options for on-demand consumption and integrating the TV with both the PC and mobile devices.

However, many factors will slow adoption. These include consumer inertia, lack of product differentiation, market saturation, highly competitive multichannel TV markets, immature technology, telcos' lack of experience in content aggregation and marketing, unproven business models, and increasing competition from video delivered via the public Internet.

**User Advice:** Expect market development to vary by region, with U.S. markets lagging because of delays in infrastructure build-out, high investment requirements and lack of clarity in the regulatory area. Europe will remain the leading region in the short term, spearheaded by France, but we expect the Asia/Pacific region to become the leader in subscriber numbers from 2009. Key beneficiaries in the midterm will be the equipment technology suppliers and system integrators. Service provider opportunities are contingent on the ability to differentiate services, especially in regions with significant satellite and cable deployment.

Service providers should therefore look beyond premium content in their search for differentiation, considering price, unbundled content, consumer-generated content, interactive services, integrated communication services, convenience/flexibility, navigation/search and an improved overall customer experience.

**Business Impact:** IPTV will help drive convergence of the communications and media industries. In addition, it offers a new distribution channel for media, new revenue streams and bundling options for telcos, and an opportunity for cross-platform integration of services and applications.

**Benefit Rating:** Transformational

**Market Penetration:** 1% to 5% of target audience

**Maturity:** Emerging

**Sample Vendors:** AT&T; Belgacom; BT; Deutsche Telekom; Fastweb; France Telecom; PCCW Limited; Swisscom

**Recommended Reading:** "IPTV World Forum 2007 Offers a Reality Check"

"IPTV in France: Free Tests Low-End-Disruptor Model"
"Customer Experience Is King"
"Key Issues for Carrier Network Infrastructure, Applications and Wireline 2007"
"Hybrid TV Services Explore New Approach to European Markets"
"Leading IPTV Carriers and Their Technology Vendors"
"Findings From the Gartner 2006 Global Research Meeting: IPTV Is a Platform, Not a Product"
"Forecast: IPTV Subscribers and Service Revenue, Worldwide, 2004-2010"

**RSS (Media)**

*Analysis By:* Michael McGuire; Andrew Frank; Allen Weiner

**Definition:** Really Simple Syndication (RSS) is a data format that enables Web sites to inform subscribers of new content and to distribute content more efficiently, in part by using RSS reader software to bypass the browser. RSS is widely used for syndicating weblog, podcast and videopodcast content. It is available in nearly all of the tens of millions individual blogs, and increasingly, it is used by online versions of newspapers and magazines.

**Position and Adoption Speed Justification:** RSS is widely used by blogs, blog reader software and hosted RSS aggregation services. Microsoft, Google and other vendors have proposed extensions, but these expand RSS into new usage scenarios, rather than completing the maturation process, which has already occurred. It is an embedded technology in programs such as Yahoo Mail and iTunes.

**User Advice:** Content creators must continue to exploit RSS and/or Atom-based syndication tools, because the base of online media consumers will continue to grow, as will the demand for personalization of content streams. RSS should be enabled as a syndication protocol for applications or publishing systems that are exporting or publishing data. The incremental effort required is modest. When evaluating a publishing or content management system, all things being equal, organizations should choose the one that already supports RSS or a related protocol such as Atom.

**Business Impact:** As an enabling technology for personalized delivery of content and eventually targeted advertising, XML-based syndication tools will provide important functionality for consumer-facing publishers as well as enterprises that want to efficiently deliver targeted content.

**Benefit Rating:** High

*Market Penetration:* 20% to 50% of target audience

*Maturity:* Early mainstream

*Sample Vendors:* FeedBurner

**Broadband Video on Demand**

*Analysis By:* Andrew Frank; Michael McGuire

**Definition:** Broadband video on demand is the reception of video content on a PC at the click of a mouse. There are both streaming and downloadable versions of this, but generally, the defining characteristic is instant access, along with "trick mode" controls (such as pause, fast-forward and so on). Digital rights management (DRM) may be used to protect this content. It should be noted that, for the purposes of this definition, we are concentrating on long-form professional content.
rather than on short-form user-generated clips. This definition supersedes the "broadband video" profile of previous Hype Cycles.

**Position and Adoption Speed Justification:** Although consumer-generated video has taken off on sites like YouTube, more-substantial challenges face long-form broadband video in gaining acceptance. Foremost is the problem that most consumers prefer to watch long-form video on TV rather than on a PC, especially given the adoption of high-definition televisions. The technology to transfer broadband video from PC to TV screens has faced its own set of technology and usability challenges. In addition, DRM requirements for broadband distribution have posed a usability problem, as usage restrictions associated with rental models and device binding have produced negative user experiences. Apple's iTunes, however, has reignited interest in long-form content on demand by offering superior choice, including next-day TV series, and by eliminating many of the DRM issues. A new wave of offerings, including Amazon's Unbox, Joost and BitTorrent, has created new competition and anticipates stronger consumer demand.

**User Advice:** Content owners: Keep close tabs on the evolving business and digital rights management environment. Enter this market as soon as you find solutions offering "good enough" protection, because it will never be perfect.

Video distributors: Look up and down the chain for partnerships. Niche content has the potential to flourish in this environment, if presented by an effective aggregator.

Technology providers: Overcome the home networking and interoperability bottlenecks. The greatest barrier to widespread consumer adoption of broadband video is still getting the content from the PC to the place where people really want it, whether it is TV or some other device.

**Business Impact:** This affects streaming and downloading technologies, compression, digital rights management, digital asset management, advertising, consumer devices, and related technologies.

**Benefit Rating:** Transformational

**Market Penetration:** 5% to 20% of target audience

**Maturity:** Emerging

**Sample Vendors:** Amazon.com; Apple; BitTorrent; CinemaNow; Joost; Movielink

**Metadata Standards**

**Analysis By:** Venecia Liu

**Definition:** Metadata is information about the characteristics of a digital asset, such as title, author, subject matter, date of creation or acquisition, and technical characteristics. Metadata standards are important for data consistency.

**Position and Adoption Speed Justification:** There is a multitude of audio, video, image compression and media container formats. Standards around metadata have succeeded in some formats, such as Prism, Dublin Core, NewsML and Extensible Metadata Platform (XMP). Whereas some metadata standards are slow to progress, the Material Exchange Format (MXF) can be cited as one example in which its broad application has led to various vendor interpretations and implementations and therefore interoperability problems.

**User Advice:** Track metadata standards activities as well as partake in these activities, because stakeholders can influence digital media direction. Ensure internal systems have standard metadata classifications for data consistency.
**Business Impact:** Metadata is essential for asset nomenclature and data consistency. Standards around metadata are important to track digital assets throughout the content value chain and into multiple distribution channels.

**Benefit Rating:** High

**Market Penetration:** 20% to 50% of target audience

**Maturity:** Emerging

**Sample Vendors:** Adobe; Apple; Avid; MOG Solutions; OpenCube; Sony

**Recommended Reading:** "Metadata Repositories Address Disparate Sets of Needs"
"CIOs: Metadata Improves Four Critical IT Activities"
"What Metadata Is and Why You Should Care, 2H05 Through 1H06"

**Blogs**

**Analysis By:** Michael McGuire; Allen Weiner; Andrew Frank

**Definition:** A blog, which derives from the term "weblog," is a Web site designed to make it easy for users to create entries in chronological order. The entries are then displayed in reverse chronological order (most recent first) and are generally archived on a periodic basis. Blogs are mostly used to express opinions on topical events such as sports, music, fashion or politics. They may be maintained by an individual, group or organization.

**Position and Adoption Speed Justification:** Blogs are pervasive. Google, Yahoo, Six Apart and MSN, among others, have blogging platforms, and publishers have begun to monetize blogs. While some press reports have characterized the blogging trend as having peaked, this perspective ignores the fact that new users are coming on the Web every day. It also ignores a trend toward extending the blogging phenomenon to mobile devices.

**User Advice:** Blogs have grown from a novelty to a mainstream platform for content distribution. Therefore, it is time to align IT and business forces to develop a blogging strategy for corporate and public-facing opportunities. Enterprises must define clear strategic objectives for blogging and support them with policies both to encourage executives and employees to maintain regular entries and to identify and discourage harmful blogging practices. It's generally a best practice to involve a PR group in the review of an enterprise's blog and, if a public company, to involve investor relations.

Companies should fully disclose the provenance of its blogs and eschew temptations to create false or deceptive "fan" blogs, often called "flogs," which almost invariably backfire into public relations disasters.

**Business Impact:** Print content companies — from magazines to newspapers — are affected. Increasingly, any public-facing media company or enterprise must have a blogging strategy. A need for better blogging tools will continue to drive developer and hosting business opportunities.

Liberal citation and quotation of other sources — not always clearly or appropriately referenced — is the current norm for blogs, which makes monitoring them important, to protect syndication policies in the case of media companies, and brand integrity in the case of marketers. Several tools support the monitoring of brand mentions in blogs, and at least one tool — Attributor — can identify specific instances of copyrighted text in blogs.

**Benefit Rating:** Moderate
**Market Penetration:** 1% to 5% of target audience

**Maturity:** Early mainstream

**Sample Vendors:** Blogger; Bloglines; Movable Type

**Consumer Digital Rights Management**

**Analysis By:** Michael McGuire; Ray Wagner

**Definition:** Consumer digital rights management (DRM) technologies control how consumers can use copyrighted material (for example, music, books and magazines).

**Position and Adoption Speed Justification:** The online music market continued to serve as an instructive leading indicator for other media sectors in 2007, with the market-changing announcement in April 2007 that Apple and music label EMI agreed to start distributing EMI's catalog of music to iTunes consumers without Apple's FairPlay DRM. The unprotected files are encoded in the AAC format at 256 Kbps and sold at $1.29 per track. These files are offered alongside the existing catalog of content, which is encoded in the AAC format at 128 Kbps, protected by the FairPlay DRM and sold at $0.99 per track. This setup gives the music labels a tiered pricing model, which they have been asking for, with the consumer benefit of the higher encode rate (delivering a higher level of audio fidelity) and the absence of DRM. This won't be the first commercial online service to sell content without DRM — eMusic (founded in 1998 as GoodNoise) has been selling DRM-less MP3 files since 1999. However, while it has over 2 million tracks in its catalog, it does not have any of the major-label content. Industry consortia aimed at developing interoperable DRM capabilities — Coral Consortium and the Open Mobile Alliance (OMA) in the mobile communications space — have made moves to ameliorate concerns regarding complex licensing terms and the like, but are still some way off from delivering broad and deep consumer-facing service offerings. Efforts at hardware-assisted security mechanisms (such as the Trusted Computing Platform Alliance) are still not making significant gains at this time.

**User Advice:** Rights holders must partner with DRM providers — such as Microsoft and Macrovision — which can protect content but also enable consumers to virally share it. This viral sharing is the new face of marketing and promotion of music and, eventually, all media. The best evidence of the power of viral sharing is the explosive growth of online video, led by YouTube, Break.com, iFilm and others. A crucial part of the success of those sites has been that each enables viral sharing by letting visitors mail links to specific videos.

**Business Impact:** The technology protects copyrighted intellectual property and prevents redistribution. A risk exists for vendors that emphasize the "lockdown" aspect of DRM and are not able to refocus their technologies to enable rights holders to use DRM as primarily a tracking and accounting tool. By shifting the emphasis from locks to accounting tracking, media and technology companies can look to leverage the ability to deliver highly targeted advertising, for example, that can deliver a potentially lucrative revenue stream.

**Benefit Rating:** Moderate

**Market Penetration:** 5% to 20% of target audience

**Maturity:** Adolescent

**Sample Vendors:** Apple; Macrovision; Microsoft; Open Mobile Alliance; RealNetworks; Sony

**Video Chat Over IP**

**Analysis By:** Van Baker; Michael McGuire
**Definition:** Video chat over IP involves one-to-one teleconferencing between consumer PCs over webcam-enabled instant messaging clients. The technology requires broadband to facilitate video transport.

**Position and Adoption Speed Justification:** This technology has been promoted for several years but has failed to meet consumer expectations. With the widespread adoption of broadband and improved codec technology, this technology is approaching viability. The rapid rise of Skype in the free voice over Internet Protocol (VoIP) market — and that Skype just incorporated video chat with its interface with conferencing capability — should cause a gradual acceleration of adoption. One additional trend that could accelerate the adoption of this technology is the increasing incorporation of webcams in notebooks, such as the Apple MacBooks.

**User Advice:** Technology providers should put video chat for technical support on their road map for implementation when the penetration of video chat increases to 5%. As tech-savvy consumers increasingly accept this technology, they will come to expect to see a person in an online technical support session in selected cases.

Service providers should consider adding video chat capabilities to their social network services through the support of one of the established messenger clients or through inclusion with their services.

Consumers should re-evaluate video chat if they have already tried it and dismissed it, because the technology has improved with USB 2.0 cameras and better compression.

**Business Impact:** Video chat affects broadband services, PCs, instant messaging clients and VoIP.

**Benefit Rating:** Moderate

**Market Penetration:** Less than 1% of target audience

**Maturity:** Emerging

**Sample Vendors:** AOL; Apple; Microsoft; Skype; Yahoo

**Climbing the Slope**

**Interactive TV**

**Analysis By:** Andrew Frank

**Definition:** Interactive TV is any platform that enables two-way television services, such as electronic program guides (EPGs), video on demand (VOD), interactive advertising, games, and information, transaction, and communication services. Interactive TV can consist of both local or network interactions, but must support some return path to a network-based station that can collect data, process transactions and so on.

**Position and Adoption Speed Justification:** Interactive TV has taken nearly 20 years to make its Hype Cycle journey, since it first emerged in trials in the early 1990s. During this long period, its architecture, design and business models have changed considerably and continue to do so. Thus, although it is climbing the slope toward productivity, we still see it as a slow-moving technology at least five years away from fully realizing its ultimate promise.

EPGs and VOD are now common with the success of digital cable and satellite TV. Other interactive TV applications lag behind, and regional adoption varies significantly (for example, North America lags parts of Europe and Asia). Interactive TV will gain more exposure with wider
application of digital production and distribution and as broadband video delivery influences cable, satellite and broadcast delivery.

Satellite TV companies increasingly offer interactive features, particularly in the U.K. and the U.S., with cable companies in early deployments. The ongoing addition of new technology and standards to this field (and the ensuing interoperability issues) means that interactive TV still faces slow adoption, and TV delivery architectures will continue to evolve, adopting more IP elements and Internet standards, before stability is reached.

Interactivity will be driven largely by advertising applications. However, advertisers have not yet found sufficient value in interactive TV — especially in linear-programming contexts — to justify the high investment in developing reliable and effective ways to use real-time interactivity.

**User Advice:** The technical capability for interactivity will move into the TV set-top box by way of the broadband connection, as it has for digital video recorder (DVR) platforms.

Television operators must continue to press for interoperable standards based on Internet protocols.

Operators and TV networks must develop business models that can effectively leverage technical possibilities.

Advertisers and agencies must consider how best to support emerging interactive TV capabilities within a multiplatform model through integrated ad server platforms.

This area is ripe for partnerships that combine cutting-edge technology with business vision and staying power.

**Business Impact:** Cable, satellite and IPTV operators have a substantial opportunity to increase their revenue share from advertisers and direct marketers by offering interactive features that can support transactions and consumer engagement. Consumer electronics, middleware and set-top boxes face potentially decisive competition to strike the right balance between features and cost. TV networks and advertisers, for whom DVR-based ad-skipping is a significant disruptive trend, rely on interactive features, along with more-dynamic targeting, to shore up the value of the TV medium to advertisers.

**Benefit Rating:** High

**Market Penetration:** 5% to 20% of target audience

**Maturity:** Adolescent

**Sample Vendors:** emuse technologies; Gemstar-TV Guide International; OpenTV; Tandberg Television

**Mobile Video on Demand**

**Analysis By:** Carolina Milanesi

**Definition:** The provision of video content for mobile phone users to download over mobile networks at a time of their choosing.

**Position and Adoption Speed Justification:** Video has been available to download to mobile phones for several years on General Packet Radio Service (GPRS) and cdma2000 networks. But it is only since the arrival of fast Enhanced Data Rates for Global Evolution (EDGE) and third-generation technologies such as wideband code division multiple access (WCDMA) and CDMA2000 1X EV-DO that the download process has become tolerable for many users.
Music videos, sports clips and adult content are by far the most popular types of material. And, with the storage capacity of mobile phones increasing all the time, we could well see interest in these and other topics grow, as people will be able to store more — and longer — videos on their handsets.

**User Advice:** Mobile carriers should:

- Encourage video downloads at times of day when their networks are underused.
- Offer material that complements their mobile TV services.

**Business Impact:** Video on demand has an impact on mobile data services, the production of content and digital rights management.

**Benefit Rating:** Moderate

**Market Penetration:** 5% to 20% of target audience

**Maturity:** Early mainstream

**Sample Vendors:** Ericsson; Motorola; Nokia

### Digital Asset Management

**Analysis By:** Venecia Liu; Lou Latham

**Definition:** Digital asset management (DAM) manages, stores and retrieves rich media (text, graphics, photos, video and audio). DAM catalogs, retrieves and renders (displays) rich-media content. DAM can be sold as a software license or hosted service.

**Position and Adoption Speed Justification:** The benefits of a DAM system are fairly well understood in the industry. Implementations have evolved from archival DAM, to DAM for single distribution, to DAM for multichannel distribution, and now DAM for Web 2.0. Standardized XML, .NET or J2EE architectures are being utilized to connect DAM with rights management and royalty payment systems. These interconnections are still in progress. Several media companies are replacing or extending siloed DAM systems to an enterprisewide strategy. DAM solutions are being viewed within the larger enterprise content management (ECM) context. Hosted DAM continues to gain traction.

**User Advice:** Establish a flexible DAM architecture that incorporates workflows and business processes surrounding the life cycle of the rich-media asset. Proactively engage various stakeholders across the organization to ensure usability and functional requirements. Have a governance model in place. Examine strategies to extend a DAM system to channel partners and other geographies to capitalize further on scale, efficiency and cost savings. Enforce consistent metadata policies.

**Business Impact:** DAM systems enable media firms to monetize rich-media assets. Media titans can re-purpose rich assets toward a multitude of distribution channels. With the widespread use of video files among enterprises, government agencies and user-generated content, DAM enables users and companies to unleash tremendous marketing potential.

**Benefit Rating:** High

**Market Penetration:** More than 50% of target audience

**Maturity:** Early mainstream
**Sample Vendors:** Ardendo; Artesia/Open Text; Blue Order; Chuckwalla; ClearStory; Corbis; Dalet; DAX Solutions; Documentum; Extensis; Getty Images; Interwoven; MediaBeacon; North Plains Systems; Picdar; Veneca; Vfinity

**Recommended Reading:** "MarketScope for Digital Asset Management in Publishing, 2006"

"MarketScope for Digital Asset Management in Media and Entertainment, 2005"

"IT Vendors Deliver SOA to Media Broadcasters"
Appendices

Figure 3. Hype Cycle for the Media Industry, 2006
# Hype Cycle Phases, Benefit Ratings and Maturity Levels

## Table 1. Hype Cycle Phases

<table>
<thead>
<tr>
<th>Phase</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Technology Trigger</strong></td>
<td>A breakthrough, public demonstration, product launch or other event generates significant press and industry interest.</td>
</tr>
<tr>
<td><strong>Peak of Inflated Expectations</strong></td>
<td>During this phase of overenthusiasm and unrealistic projections, a flurry of well-publicized activity by technology leaders results in some successes, but more failures, as the technology is pushed to its limits. The only enterprises making money are conference organizers and magazine publishers.</td>
</tr>
<tr>
<td><strong>Trough of Disillusionment</strong></td>
<td>Because the technology does not live up to its overinflated expectations, it rapidly becomes unfashionable. Media interest wanes, except for a few cautionary tales.</td>
</tr>
<tr>
<td><strong>Slope of Enlightenment</strong></td>
<td>Focused experimentation and solid hard work by an increasingly diverse range of organizations lead to a true understanding of the technology's applicability, risks and benefits. Commercial, off-the-shelf methodologies and tools ease the development process.</td>
</tr>
<tr>
<td><strong>Plateau of Productivity</strong></td>
<td>The real-world benefits of the technology are demonstrated and accepted. Tools and methodologies are increasingly stable as they enter their second and third generations. Growing numbers of organizations feel comfortable with the reduced level of risk; the rapid growth phase of adoption begins. Approximately 20% of the technology’s target audience has adopted or is adopting the technology as it enters the Plateau.</td>
</tr>
<tr>
<td><strong>Years to Mainstream Adoption</strong></td>
<td>The time required for the technology to reach the Plateau of Productivity.</td>
</tr>
</tbody>
</table>

Source: Gartner (June 2007)

## Table 2. Benefit Ratings

<table>
<thead>
<tr>
<th>Benefit Rating</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transformational</td>
<td>Enables new ways of doing business across industries that will result in major shifts in industry dynamics</td>
</tr>
<tr>
<td>High</td>
<td>Enables new ways of performing horizontal or vertical processes that will result in significantly increased revenue or cost savings for an enterprise</td>
</tr>
<tr>
<td>Moderate</td>
<td>Provides incremental improvements to established processes that will result in increased revenue or cost savings for an enterprise</td>
</tr>
<tr>
<td>Benefit Rating</td>
<td>Definition</td>
</tr>
<tr>
<td>----------------</td>
<td>------------</td>
</tr>
<tr>
<td>Low</td>
<td>Slightly improves processes (for example, improved user experience) that will be difficult to translate into increased revenue or cost savings</td>
</tr>
</tbody>
</table>

Source: Gartner (June 2007)

### Table 3. Maturity Levels

<table>
<thead>
<tr>
<th>Maturity Level</th>
<th>Status</th>
<th>Products/Vendors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Embryonic</td>
<td>In labs</td>
<td>None</td>
</tr>
<tr>
<td>Emerging</td>
<td>Commercialization by vendors Pilots and deployments by industry leaders</td>
<td>First generation</td>
</tr>
<tr>
<td></td>
<td>Uptake beyond early adopters</td>
<td>High price</td>
</tr>
<tr>
<td></td>
<td>Maturing technology capabilities and process understanding</td>
<td>Much customization</td>
</tr>
<tr>
<td>Adolescent</td>
<td>Maturing technology capabilities and process understanding</td>
<td>Second generation</td>
</tr>
<tr>
<td></td>
<td>Uptake beyond early adopters</td>
<td>Less customization</td>
</tr>
<tr>
<td>Early mainstream</td>
<td>Proven technology Vendors, technology and adoption rapidly evolving</td>
<td>Third generation</td>
</tr>
<tr>
<td></td>
<td>Uptake beyond early adopters</td>
<td>More out of box</td>
</tr>
<tr>
<td></td>
<td>Maturing technology capabilities and process understanding</td>
<td>Methodologies</td>
</tr>
<tr>
<td>Mature mainstream</td>
<td>Robust technology</td>
<td>Several dominant vendors</td>
</tr>
<tr>
<td></td>
<td>Not much evolution in vendors or technology</td>
<td></td>
</tr>
<tr>
<td>Legacy</td>
<td>Not appropriate for new developments</td>
<td>Maintenance revenue focus</td>
</tr>
<tr>
<td></td>
<td>Cost of migration constrains replacement</td>
<td></td>
</tr>
<tr>
<td>Obsolete</td>
<td>Rarely used</td>
<td>Used/resale market only</td>
</tr>
</tbody>
</table>

Source: Gartner (June 2007)

### RECOMMENDED READING

"Microsoft Shows It's Serious About Advertising"
"Finding: Microsoft Must Optimize Its Assets to Launch Silverlight"
"Changes in the Media Industry Will Drive a Shift in Power Among Key Stakeholders"
"Customer Experience is King"
"Nine Things Media Executives Should Do Today"
"Mobile Advertising is Calling"
"Advertisers and Advertising Agency Executives Lack Alignment on Interactive Media"
"The Media Company Online Privacy Play"
"Google Extends Advertising Dominance with DoubleClick Deal"
"Newspapers Can Find Salvation as TV Channels"
"Cool Vendors in Media"

"Expect to See AT&T and Yahoo Closer Than Ever in 2007"

"Findings: Free Unlimited E-Mail Storage From Yahoo, But What's the Catch?"

"Key Issues in the Media Industry, 1H07"

"New/Old Media Strains Show in Viacom's Google/YouTube Lawsuit"

"Understanding Gartner's Hype Cycles, 2007"

This research is part of a set of related research pieces. See "Gartner's Hype Cycle Special Report for 2007" for an overview.

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