Marketing for Hi-Tech Entrepreneurs

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Introduction

- Summary
  - OpenTV and Interactive Television
  - Value Chain Analysis
  - Television Trends
  - Porter's Analysis of Five Forces
  - SWOT Analysis
  - Recommendations
  - Takeaways

OpenTV and Interactive Television

- **OpenTV's Value Proposition**
  – End-to-end software that enables interactive television
- **Definition:**

  The possibility of interacting with TV programs:
    - Enhanced Broadcasting
    - Interactive Advertising
    - Net TV
    - T-Commerce
    - Video on Demand
    - Interactive Program Guide
- **Shift from passive to active**
    - couch potato to mouse potato

Value Chain Analysis of Interactive TV

MSO	Set-Top Box Manuf's	Real-Time OS	Middleware	Application Vendor	End Viewer
Cable Satellite Terrestrial	Motorola Pace Scientific Atlanta	Power TV Wind River Mentor Graphics Windows CE	OpenTV Liberate	TV Networks Film Distributors Service providers	Consumers

TV industry at a glance

- Multichannel Video Distribution Market:
  - 100M Households , 80M Subscribers
- Two major players in US:
  - Cable (80% of subscribers)
    - mature, segmented, highly profitable, steady
    - analog network
    - $36.1 billion revenue (1999)
  - Direct Broadcast Satellite (DBS) (20%)
    - recent, technologically advanced, small, high growth
    - digital network
    - $5.3 billion revenue (1999)

Trends: Towards Interactive Television?

- Rapid growth in Digital Broadcast Satellite
  - 60-100% last year
- Rapid Digital Cable Deployment
  - competitive threat from DBS
  - FCC Digital TV Rollout Schedule
- Success of interactive television in Europe
- Growth in iTV revenue from advertisers, applications, services
- Forrester iTV User Survey Results

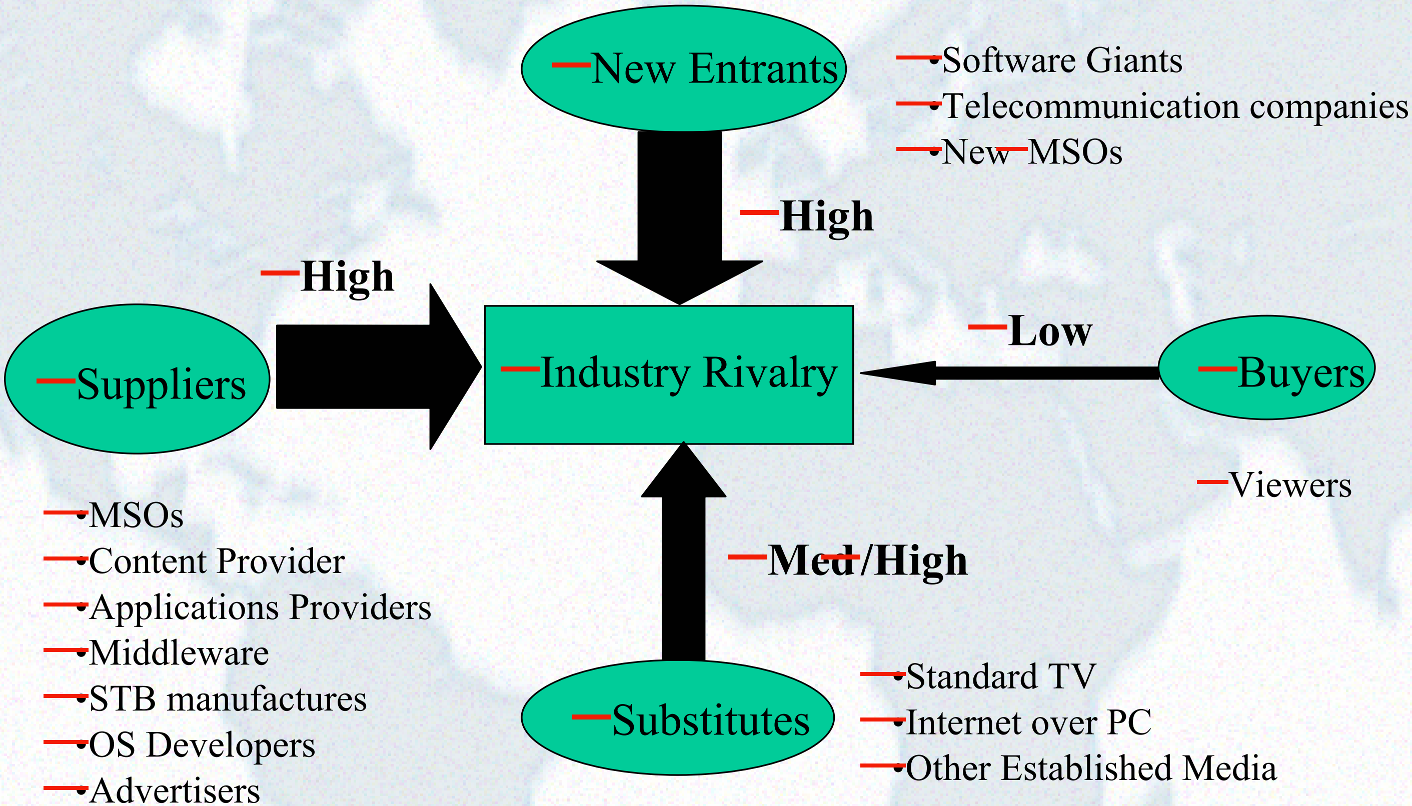
Added Value by Player

Player	Added Value
MSOs	Revenue from new subscription, transaction fees from T-commerce and interactive advertising
Advertisers	Effective advertising, customer profile
Content & Application Provider	Revenue from sale of interactive programs
Middleware	Revenue from sales, license & transaction fees
STB Manufacturer, OS developer	Revenue from sales
Viewer	Enhanced Broadcasting, VOD, IPG, personalized services (banking, traffic information, local weather)

High

Low

Five Forces within ITV



SWOT of OpenTV

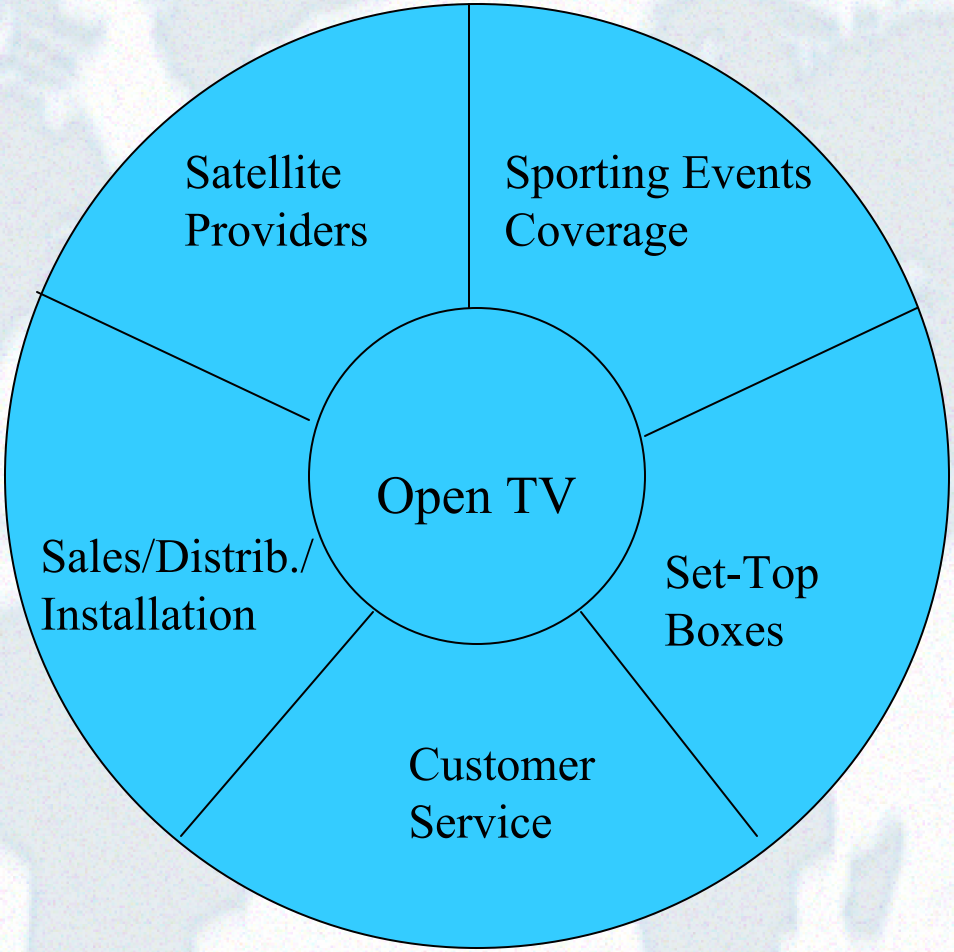
Strengths	Weaknesses
•Network effects •Strategic alliances •Strong IP Portfolio	•No significant deployment in US •Lack of IPG solution •Late to market in NG products
Opportunities	**Threats**
•Applications •Microsoft stumble •Lack of standard in ITV middleware	• Competition from Microsoft, AOL, and others •Slow adoption

opentv

Current Strategy Versus Our Recommendations

- Current Strategy
- Transition Open TV from Early Adopter Market to Early Majority
  - Attack the Satellite Service Sports Fanatics Niche
  - Create a “Whole Product” for its customer
  - Choose Non-interactive TV as its only competition
  - Create Market-Centric Value
- Future Niches
  - Local services

The Whole Product



Takeaways

- Idea or opportunity? Where’s the pain?
- Need for killer application
- Distribution roadblock – cable monopolies
- Next Big Thing – Dot com to Dot TV?
- T-Commerce – mass customization
- Extend core competencies out of middleware