

Pay TV with a difference – we pay you to watch...

Over the 13 years that IncentTV has evolved there have been many ideas and angles explored. The principles of enabling advertising to be more efficient and accountable have remained constant. The fundamental importance of the EPG as the fulcrum of any system remains unchallenged.

This document explores some opportunities for IncentTV from a VOD-centric perspective.

A narrative overview:

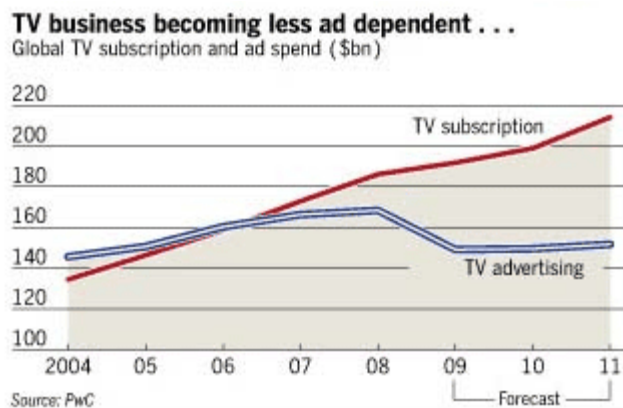
OK, let's set the scene...

All commercial media exists to join eager seller with potential customer. The past 10 years has seen an steady expansion in the range of techniques available to match the interests of audiences with the objectives of advertisers, largely as the result of the dialogue now possible between buyer and seller thanks to "pervasive networking": the internet.

The partnership between broadcast TV and advertising has understandably lead generations of viewers into believing that TV is free. Which it of course is not.

Then, in 2000 the people at Tivo and Sky noticed that hard drives had become remarkably cheap and that 3rd party 'personal video recorders' (PVRs) with - their time-shifting abilities - were remarkably popular with early adopters. It wasn't long before the likes of Tivo and Sky+ were enabling scores of viewers to merrily skip through the adverts contained within the programmes they'd each recorded. While such manufacturers became carried away by the momentum of the marketplace, advertising revenues suffered because over 90% of adverts played through a PVR are skipped. Charging uses £30-£50 a month, Sky's reliance on advertising revenue was and is rather less than ITV's 100% dependence, and the consequences have been all too apparent for ITV's shell shocked shareholders.

Tivo was likewise not dependent on ad revenues, and indeed was going to benefit by destroying the traditional broadcast "ad break" - if it could replace it with something proprietary and under its own control. Subscription revenues quickly overtook advertising revenues in 2006.



Today, over 2.6 million Sky+ boxes see a remarkable 92% of their ads watched or rather 'ignored' at x30 speed.

With the 'Freeview+' market growing by 76% year-on-year, pretty soon after the digital switchover, the entire UK viewing public will be ignoring over 90% of the ads. TV will no longer be a viable - let alone attractive - advertising platform.

Maybe it's worth mentioning here that the biggest voices around the Freeview+ meeting table actually belong to the BBC and to Sky.

ITV2 looks set to be the first casualty of Freeview+ to now slip under Sky's cloak. The ITV2 advertisers will still be ignored but at least ITV will get a little subscription income. As each Freeview+ channels lay on their death beds, Sky - rather like Satan - will be there, ready to do the deal.

Viewers will have little option but to join Sky. Those susceptible to the hard sell may already be BT Vision or Virgin Media customers. The lovable early adopters are blowing a few hundred quid on the lesser promoted subscription-free Freeview+ VoD boxes as we speak.

Broadcast commercial TV is doomed.

.....

That's what the VoD industry is shouting into the faces of all bypassers anyway. And - as defeatist as it sounds - that's the future the broadcast industry has resigned itself to. The chief operating officer of News Corp recently said "We have an ad-supported business model that does not work". RTL's chief executive said "In the future, advertising will not pay the bills".

So it's official: TV is terminal.

But just as the music industry was cattle prodded into taking a giant evolutionary leap forward and into the arms of iTunes and other forms of online distribution, we believe that TV could also take that same progressive step forward.

The music industry's 20th century middle men have been squeezed - but the distance between performer and consumer is now shorter than it's been since the days of 17th century strolling minstrels. TV wasn't around in Shakespeare's time, but if it had been, the chances are that the Bard would have welcomed the opportunity to connect directly with his audience through a platform like IncenTV, rather than be forced to rely on publishers, printers. He would also have appreciated the opportunity for his patrons to promote - and sell - their wares during the intermissions.

We believe that video-on-demand - with a spicing of live TV such as the X Factor and Olympics - is the future. However, people used to putting their hand down the side of the sofa for the remote will not take kindly to reaching for the credit card every time they want to 'watch the box'. None the less, with Freeview+ boxes flying off shelves, that would appear to be the future that oblivious viewers are fast forwarding into.

...

Fundamentally, what do these viewers want? Free TV, preferably on-demand.

And what facilitates that 'free TV'? Advertisers and sponsors.

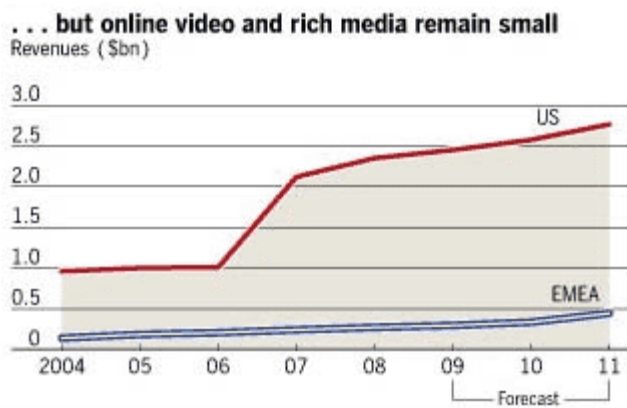
And what do Advertisers want? Audiences that pay attention.

And where are agencies slowly finding those audiences - albeit for notably less profit -

on the Web....

...where the audience's attention is measured. Received opinion would have you believe that a website and a TV channel are in competition with one another for audience numbers; they're not. The Web and TV both have audiences, it's just that when Alistair goes on the web he's looking at what's in front of him, but when he's watching an ad break he's off channel surfing or hitting his fast forward button for 8 seconds.

Breaks didn't used to be 4 minutes long, they didn't pop up every 10 minutes either, but as they become less effective, adverts are getting cheaper by the minute -so more must be crammed into more frequent breaks.



So, if broadcast TV is dead and if paying £30 a month for Sky+ isn't going to float the boats of the masses, is **paid-for VoD the answer?**

Well, somebody thinks so, thanks to 'Digital Britain' the media industry is gearing up for a future ruled by paid-for video-on-demand content delivered over broadband.

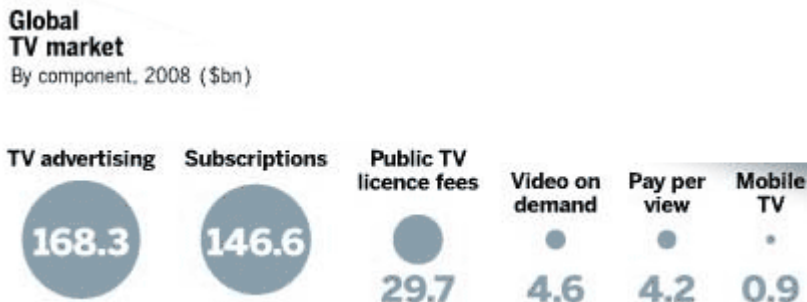
The trouble is that each subscription-free service is reliant on dangerously optimistic movie sales. Makers of this SmartBox, on sale in John Lewis right now for £220 are - typically - counting on viewers purchasing over £10.00 worth of VoD every two months. So for each of these manufacturers to just survive you and I would have to rent 2 movies every month.

Based on talking to our own acquaintances, we don't know of any Sky subscriber that visits Sky Box Office even once a month.

In the UK at least, there is more than enough good **free** stuff on Sky+ and Freeview.

Also, keep in mind that the target market of "Freeview+" is *not* existing Sky+ subscribers, the Freeview+ market isn't used to paying a penny beyond their license fee for TV. To illustrate the unwillingness of the unwilling, take **BT Vision who have already tried** - with

all of BT's resources - to sell their subscription service into this market and have yet to convince the early adopters let alone everyone on the other side of the chasm!



Some talk half-heartedly of providing this market with free video-on-demand by perhaps inserting an ad break, to subsidise the video's cost, before their choice of video is played and tacking another break onto the end of the video, much like cinemas take advantage of their somewhat more captive audiences.

It's not a serious proposition, we all know people don't watch the titles and credits, let alone any ads played during or after them. The ad break at the start would end up containing the same irrelevant ads concerning debt consolidation and ringtones that triggered the skipping craze in the first place. Also, to balance the books, that initial break would be an ad marathon.

Perhaps you'd get away with it to some degree in a cinema but the living room's a very different environment.

It's incredible (but true) that neither the broadcast nor on-demand industries have found a workable model yet.

And this is where we move onto what we came here to talk about, a sustainable, financially viable broadcast and video-on-demand model that suits everyone:

- advertisers,
- tv channels,
- manufacturers

AND

- viewers

Conceived, incidentally 10 years ago and backed with a promise of £30 million by Commerzbank. Unfortunately when we pitched the idea in '98 / '99 we pitched it into a world of media made frenetic by its sudden discover of the dotcom phenomenon. And that bubble burst in 2000 with several high profile collapses to unnerve investors, and so Commerzbank made polite excuses, rolled up their remaining carpet, and left. It transpired

that the entire Commerzbank section that we were working with had been shut down as the result of internal reorganisation.


That said, the investment team executives (including the department head) still believe in the ideas and still endorse the current strategy, to the extent that each have asked us to involve them when we have got the wheels back on.



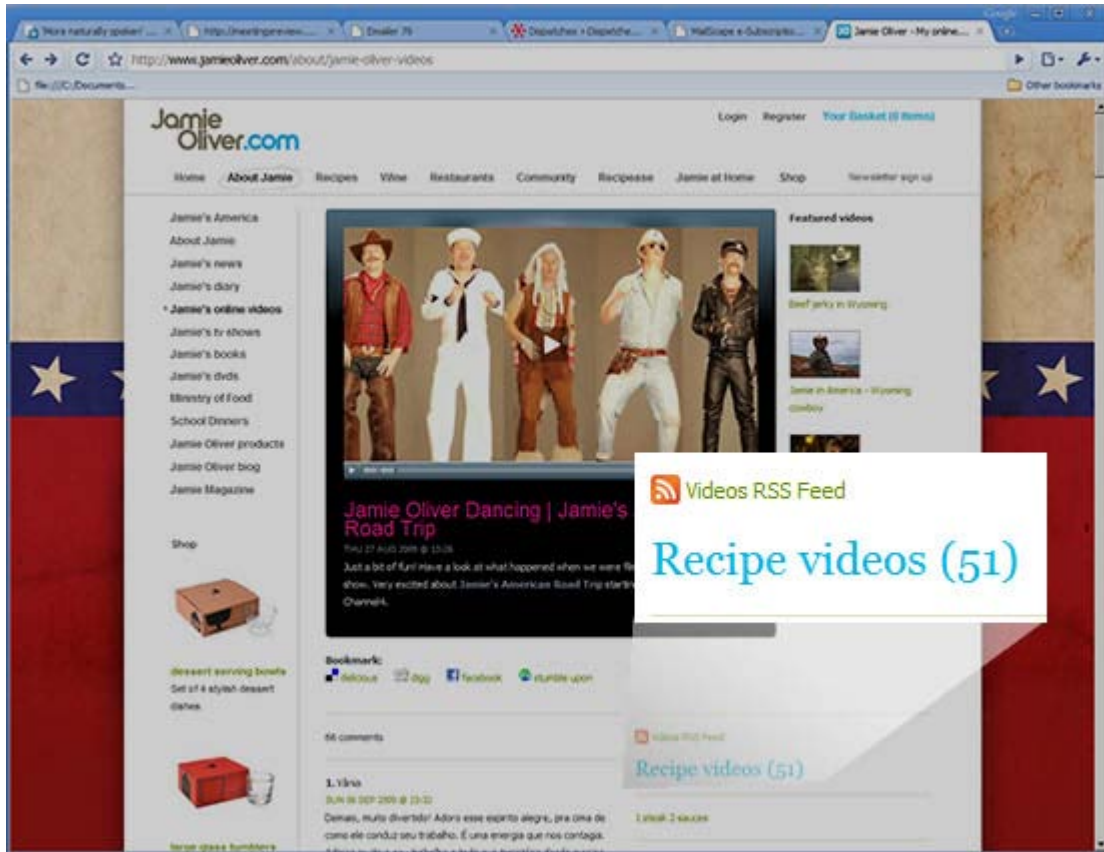
The IncentTV Future.

Any set top box offering video-on-demand is obviously 'Internet enabled'. So any and all the Freeview+ devices that offer VoD - such as this one right here, on sale now in John Lewis for ~£220 - allow viewers to watch video streamed to their boxes from normal streaming servers all over the Internet, on-demand.

Games consoles (think 'XBox', 'PS3', 'Wii' etc) already facilitate this; you can rent a movie on your XBox today, but since nobody makes any money from the free Internet video out there it's not an aspect that's been given any thought.

Specifically, this box has an 'Internet TV' section, behind which is a collection of standard RSS feeds, freely available on the Web - designed for consumption by normal computer users. 

RSS stands for "Really Simple Syndication" in this context think of each feed as a list of links, linking to various 'videos' that are then watched for free on the Web.



So, you can click on INTERNET TV, then COOKERY, then JAMIE OLIVER's MINISTRY OF FOOD and from there you choose which video recipe you fancy watching. Bam, Jamie's on your TV, on demand, for free. Free VoD for everyone, available right now in your living room.

The trouble is that nobody makes money from this; Jamie actually has to pay server costs (fixed) and bandwidth (variable) every time someone watches one of his 30 minute programmes on demand. Not many people watch his videos online, at the moment, so he currently swallows the cost into his 'online' budget.

This box, although the best on the market today, is not the important part of the equation. The important aspect to focus on is the RSS feed and the current ability to view the video content of those free feeds from your sofa.

Specifically, we want you to focus on the incenTV service we plan on creating. A service which manufacturers of all internet enabled devices such as Xbox, the PS3, this box and many like it can implement through a simple software update. Exactly the same as when Freeview boxes and PCs receive a broadcast update overnight to add new stations and security features.



After the update users of the now 'incentTV enabled' hardware will be able to search, using their remote control and indeed search the RSS feeds that we will host ourselves within a default or reskinned 'Sony' interface, in much the same way you would find 'music' on iTunes or 'websites' on Google.

So, viewers get free video-on-demand in their living rooms.

Great, but why would the **manufacturers, content owners** or **TV channels** be interested in incentTV?

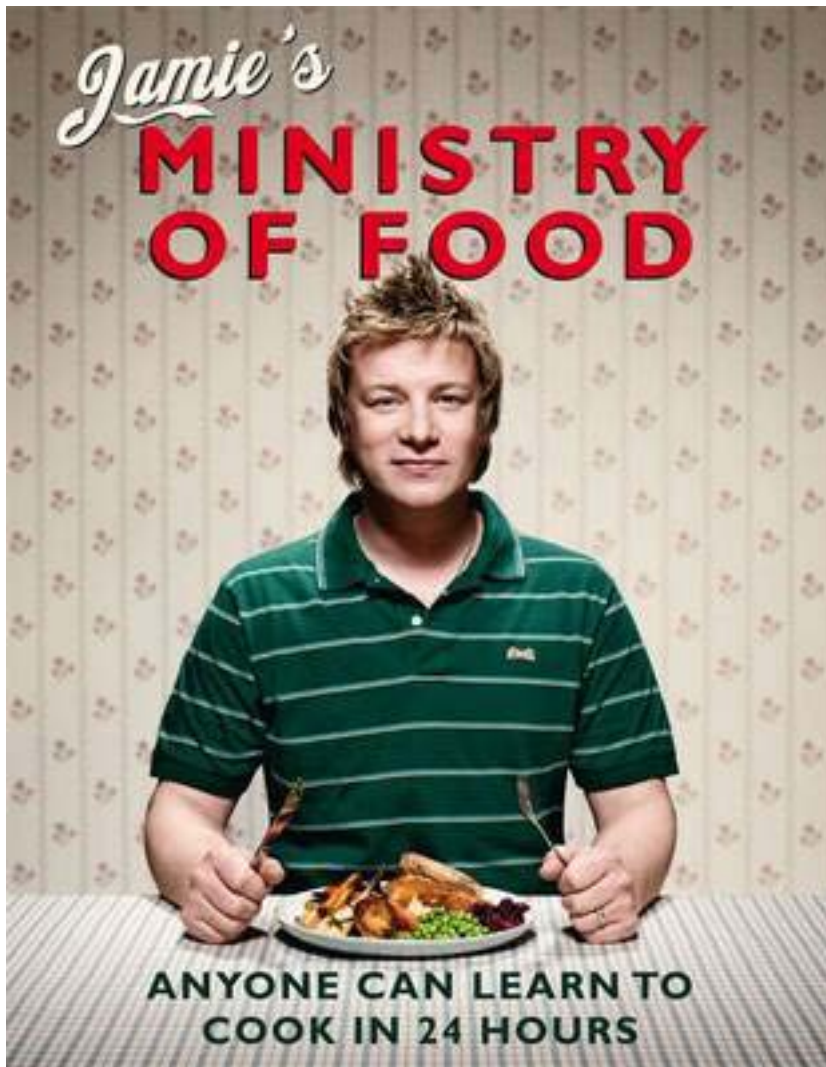
Let's start with Video Content

The owners of content will quickly understand the potential of offering their films and programming to a living room audience. If they haven't already got RSS feeds on their websites, all they'll need to do is put their content on a streaming server and tell incentTV where that server is. Or they could upload their videos to our site where we'll offer better price deals on bandwidth anyway.

Either way, content owners will realise that bandwidth isn't free and that it's costing them to stream their video out.

JAMIE EXAMPLE

So how is today's independent film maker, who's film wasn't picked up at Cannes this year going to make money from this? How can Jamie make money from his back catalogue of Ministry of Food recipe videos?



He can't predict how many people - if any - are going to watch his video, he can't offer targetted ads, they'd have to be hard-edited into his video file and basically, it's a totally impractical and fundamentally financially crap idea.

It's an option for incenTV though. We would go to advertisers and offer them highly profiled viewers, measurable response rates and geographical targeting.

Jamie's Videos

Hi guys, from time to time I'll post up a video.

[Beef jerky in Wyoming...](#)

Tue, 08 Sep 2009 21:50:35 GMT

Jamie discovers the traditional process of making beef jerky...

[Jamie in America Wyoming cowboy...](#)

Tue, 08 Sep 2009 16:13:22 GMT

Jamie riding a horse in Wyoming delivers a special message to all the website users...

[1 steak 2 sauces...](#)

Tue, 01 Sep 2009 21:42:00 GMT

Jamie visits Californian native Ramiro in his home and cooks this Los Angeles inspired steak recipe...

So, sticking with Jamie and his existing RSS feed, where he already lists out the URL of the video, its title, its description, he now adds another field called 'incentTV'. Within this field he specifies the exact points - using timestamps - within each of his videos when he would like incentTV to pause his video and insert 4 ads at a time. In the case of a 20-30 minute video typically, that would be an ad break at the start and one in the middle, totalling 8 adverts, each standard advert being 30 seconds and costing 20 pence a head.

No break would be longer than 2 minutes, except for where individual videos are sponsored by advertisers wishing to be associated with specific content; they can own the start and end of any break with an additional 5-10 second sting.

Of course advertisers can pay double for a 60 second ad or half for a 15 second ad; they can pay for a 2 minute ad and take up the whole break if they really want to.

Ultimately the content owner - in this case 'Jamie' - makes 9 pence for every 30 seconds of advertising played while a viewer is waiting for his content to come back on.

8 adverts times 9 pence is 72 pence. Take off the 20-25 pence that it'll cost Jamie to stream his content to that viewer and Jamie walks away with 50 pence from every viewer.

And what about the viewers?

Well, for a start they get free video-on-demand! Viewing Nirvana!

What's the catch? They have to watch some ads, albeit shorter ad breaks containing shorter ads about things that interest them. The term 'Ad Break' has baggage, so let's call them Ad Breaks 2.0.

SHORT AD BREAKS

IncentTV ads, always being relevant to the viewer, need only be 4 ads long because advertisers pay more for proven efficiency of targeted ads. *Studies show that asking advertisers to pay up to £1 for the qualified leads we'd offer wouldn't make them blink too hard.* Because they're **relevant** ads, viewers will be less inclined to speed through them. They'll be more inclined still if they each carry an easily grabbed 'incentive' such as a '10% off your next order' voucher or a free 'extended test drive of the new Discovery'.

You see, when a viewer watches an incentTV ad, we pay a percentage of the ad revenue to the video content owner (to give him a reason to produce content), and a percentage to the manufacturer (to encourage him to incentTV enable his hardware) and, to the viewer because recent events teach us that they're now calling the shots.

WHAT TO DO WITH EARNINGS

Viewers can pay to watch content ad-free, or the STB manufacturers can stipulate to their viewers how they can use their earnings. Perhaps they could convert them to Nectar Points, maybe pay for their manufacturer's own movie downloads, in XBox's case that would be credit sent to their XBox Live accounts; maybe they can send their earnings to charity, perhaps ebay credit... nothing is impossible.

So incentTV benefits everybody:

1. Video content owners have a new revenue stream that costs them nothing to enter.
2. Hardware manufacturers have a new revenue stream that costs them nothing to enter.
3. Viewers are literally paid to watch TV.
4. And all the while, advertisers enjoy unprecedented ROI, and interact with a relevant and therefore 'attentive' audience that is receiving information on products they are interested in.

Staying with the viewers...

PROFILING THE VIEWER

We know who and where the viewers are because when they first plug in their device - such as this SmartBox - each member of the household is asked to register with incenTV. We ask for their **age**, **gender** and **mobile phone number** (which becomes their username) and a **password**. On the occasions that we can't determine their **postcode** from their IP address - we'll ask for that, too.

Once a viewer has selected and is watching their video an ad break will come along. Viewers must prove they've watched an incenTV ad in order for us to pay them; so in the closing 2-3 seconds we prompt the viewer to hit their green button to store the incentive. Whatever the incentive was that was scrolling across the bottom of the TV during the ad - let's say '20% off your next purchase' - is then deposited into their incenTV account and they can retrieve that discount by visiting their IncenTV account and sending the voucher to their phone as a picture or barcode.

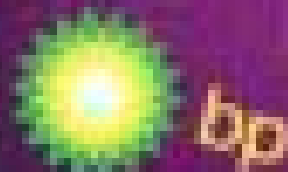
When retrieving more 'high end' incentives such as "an extended test drive in the new Discovery", Land Rover may have stipulated (when they uploaded their commercial to incenTV) that viewers must correctly answer one (or more) qualifying, multiple choice questions. Questions that any serious customer would be able to answer after having watched the ad... ...'what is the on-road-price of the new Discovery?' for example.

Every time a viewer goes to access the incentives they've collected we ask them to answer a question. So each time a viewer wants to see what he's collected, we'll refine our profile of that viewer. The first question is the longest one we're likely to ask: 'do you own any loyalty cards, if so, which ones? Followed by: 'if you want to retrieve your incenTV points as Nectar Points just tap in your card number'.

Sainsbury's

BARCLAYCARD

DEBENHAMS



98263000

The next time they access their incentives inbox we ask their earning bracket. The next time we ask if they have any children, 'how often do you eat out?', etc. All done in the best possible taste and in a DPA compliant manner.

The key to the proposition: let's talk about advertisers

With incenTV, adverts are delivered to individuals, not to very loosely defined block demographics.

ADVERTISING EXAMPLE : RESTAURANT

If you own a restaurant in SW1 and you want to test the effectiveness of incenTV advertising - then you can create an incenTV account; upload an advert to your account, shot on your video camera, edited on your home computer. You can specify that you want to spend no more than £50 next week, advertising to men aged between 18 and 24 who earn £30k+ who like eating out... ..and that live in SW1.

You're encouraged to add an incentive to your advert such as a 'free bottle of wine with all orders over £50', which will display across the bottom of the screen throughout the advertisement. Perhaps you'll take our advice to choose to show it to each viewer no less than 3 times, perhaps not... Either way, it'll cost you just 20 pence per 30 second slot per viewer. So perhaps a restaurant would only want a 15 second slot, costing just 10p per viewer.



After £50 worth of viewers have seen the advert, your prepaid budget is spent and hopefully you're going to have up to 500 new customers **aged between 18 and 24, that eat out, that live in SW1 and** turn up with incenTV offers on their mobile phones, each offer displaying the incenTV account number of each viewer.

If you then input those numbers into the website you'll have an added option next time around to show your ad to 'existing or potential customers, only'.

We've explained how incenTV will create and sustain new markets for all video content owners - but what of existing 'Broadcast Channels..?'

VoD may be a main theme of incenTV, but it can also help save Channel 4 and ITV from further shrinkage. As far as incenTV is concerned, channels are simple content owners, with a whole lot of content. Overnight we can provide these content owners with that which none of them can facilitate on their own: a revenue stream from their existing back catalogues. Don't confuse this with 'Catchup TV' - Catchup TV is a few days worth of recent content at best, incenTV monetises the entire back catalogue.

Would you spend money to watch Fawlty Towers again? Probably not; but the outlook of the viewer changes when it's offered for free, alongside "incentivised" adverts about products and services that are genuinely of interest and relevant in a personal (or professional) capacity.

What of Britain's Got Talent finals and sporting events?

IncenTV is an ideal medium for live TV so we'll be happy to take on the live broadcast streams of any channel that wants to use the platform. There will be issues of scalability to address as the system grows in popularity. Once advertisers have experienced the benefits of IncenTV, they are likely to ask broadcasters to switch their adverts to use incenTV ads without any prompting. The broadcasters themselves will do it, because it'll increase their own commercial options and profit margins, because the percentage of incenTV *targetted* ad revenue that we would be able to provide to the channel would undoubtedly be more than the ad revenue any channel could make for themselves. They'll also not lose as many viewers to channel hopping, during the much shorter ad breaks.

And Finally...

MRG's 'Global OTT Report' was published this year, predicting that 2012 would see upwards of 57 million boxes, potentially able to tap into the incenTV ad distribution service at the drop of a hat.

Bluntly, incenTV is *Spotify* for video, and on steroids. If we're first to create this market and if we don't get greedy, incenTV could change the face of living room TV, worldwide.

Some unresolved issues

If a viewer only watches the first 20 mins of a video...

...then incenTV will have paid for the content, but will not be able to make enough money from the advertising to make a profit.

So, we take the money from the viewer - viewers will only be able to watch a video so long as they have sufficient credit in their account. If the viewer stops watching a video after just 20 minutes then we take credit from their account. If the viewer watches the content within the allotted timeframe, then the credit is given back.

Adverts

The hope is that incenTV will see the dawn of a new era whereby every business, big and small produces TV advertisements as a standard part of their marketing plan. Office cleaning companies will advertise to people we know to run or own their own business. Schools will advertise to prospective parents. Small TV repair shops will advertise, beauty salons, hair dressers, local pet stores, etc.

Before each of those small businesses is going to have their own advertisement on incenTV someone has to get in touch with them and tempt them to do it.

If I am a 22 year old male earning nothing who's to say that there will be 30 adverts relevant to me, for me to watch? Obviously - at least some of the time - I'm going to have to see the same adverts repeated (probably 3 times).

The Advertising Profit:

Using approximates, the average viewer may watch 3 hours of TV a day.

A typical **30 minute** programme will include **9 ad slots**:

- 1 ad before the start	(30 seconds)
- 4 ads around the 10 minute mark	(2 mins)
- 4 ads around the 25 minute mark	(2 mins)
Total = 4.5 mins	

Each **60 minute** programme will carry **17 ad slots**:

- 1 ad before the start	(30 seconds)
- 4 ads around 5 minutes	(2 mins)
- 4 ads around 20 minutes	(2 mins)
- 4 ads around 40 minutes	(2 mins)
- 4 ads around 55 minutes	(2 mins)
Total = 8.5 mins	

Each **90 minute** programme will carry **21 ad slots**:

- 1 ad before the start	(30 seconds)
- 4 ads around 10 minutes	(2 mins)
- 4 ads around 30 minutes	(2 mins)
- 4 ads around 50 minutes	(2 mins)
- 4 ads around 65 minutes	(2 mins)
- 4 ads around 85 minutes	(2 mins)
Total = 10.5 mins	

Studies show the average UK TV viewer watches 4 hours of TV a day. If we are pessimistic about how much 'on-demand' TV a viewer will watch we can say that an incenTV viewer will watch 2 hours of content a day broken down into:

- One 60 minute programme	(17 ads)	(8.5 mins)
- One 30 min programmes	(9 ads)	(4.5 mins)
- One 30 min programmes	(9 ads)	(4.5 mins)
Totals = 35 ads 17.5 mins		

breakdown of the 30 second ad slot (costing 20p)	income from a 30 min prog (9 ads)	income from a 60 min prog (17 ads)	income from a 90 min prog (21 ads)	income from a low-average 24 hr period (30mins x 2 + 60 mins x 1) (35 ads)
incentTV (4p) gets	£0.36	£0.68	£0.84	£1.40
STB (4p) gets	£0.36	£0.68	£0.84	£1.40
if incentTV was the STB it gets (4+4=8p)	£0.72	£1.36	£1.68	£2.80
Content (9p) gets	£0.81	£1.53	£1.89	£3.15
Viewer (2p) gets	£0.18	£0.34	£0.42	£0.70
Emergency fund (1p) gets	£0.09	£0.17	£0.21	£0.35

The Business Essence

INCENTV – is the only demand driven media service that meets the needs of the three main contributors to successful commercial video based media (TV): the viewer, the content provider and the commercial advertiser/sponsor.

It does so by providing advertisers with a targeted qualified audience that have confirmed their wish to watch the advert and respond to the advertiser. The fee paid by the advertiser for this service is split between the content provider, the consumer and IncentTV

The benefit to the advertiser is self explanatory; the benefit to the content provider is that the most popular content will attract the highest revenue, as it does now; and the benefit to the consumer is that they get paid to watch their favourite content and participate in exclusive promotions.

IncentTV provides eager sellers direct access to willing buyers; facilitating direct relationships between the two with special 'incentive' offers and monetary rewards.

IncentTV gives viewers access to a typically comprehensive VoD library and allows them to either pay to watch their choice of content or *be paid* to watch their choice of content.

Viewers are paid to watch each advert, which carry special offers, capturable/rejectable in the closing 2 seconds of each advert.

Viewers: The Rationale

There's no catch; with incenTV you watch what you want, when you want. It's paid for the same way TV has always been paid for, by advertisers. The incenTV difference is that the ad breaks contain only relevant products and services, are 50% shorter than what you're used to and they carry incentives (special offers). You also get incentive points for watching the adverts, plus a bonus point for every incentive you grab!

A typical ad break for me may contain:

- An advert for 'San' (a Chinese takeaway 2 miles away) **offering 10% off my next order.**
- An advert for a nearby indoor play facility for my toddler **offering '2-for-1' entry**
- An advert for Dominos offering me a **15% off my next online order**
- An ad for a hotel & theatre package from lastminute.com **offering a code that gets me a 10% discount if I book within the next 24 hours**

How does the box know when 'whoever' is watching?

When you turn on the TV there is a narrow set of overlaid buttons on the right hand side (unless you set a default name to be active the moment the box is turned on). Each button contains the name of someone in your house. You select your name and that's that. When

your daughter comes and sits down she hits the green button and the narrow menu appears where she selects her name too.

The system now knows that two people are watching and an algorithm decides which of them is more important; possibly there are adverts in the queue that suit both father and daughter. The algorithm ultimately makes the decisions.

If you go to a friend's house and want to their incenTV box to know you're there you just select "Visiting Viewer" from the bottom of the list and enter your username and password.

To skip or not to skip (the ads)

We won't allow fast forwarding, given that incenTV viewers will understand the very good deal we're offering it is suspected that viewers will understand this to be a minor inconvenience in the face of the conveniences incenTV offers with the other hand.

Loyalty Cards (ie Nectar)

Viewers can be rewarded for watching adverts either through obvious money off vouchers, which can be later retrieved and sent to their mobile phone or printed off. The less obvious incentives are the straight monetary rewards given by adverts that don't carry their own obvious incentives. This amounts to about five pence per advert. Over the course of a week that's going to amount to an expected minimum of over £3.50.

Viewers: The Pitch

IncenTV is a free 'on demand' video library that allows you to watch anything you like, whenever you like. You can either pay to watch content or you can watch it for free. The free version of each movie is paid for by advertising which is targeted to your individual profile; most of which come with special offers attached. We know what adverts you want to be targeted with because you tell us a snippet of information about yourself each time you download your special offers. Special offers such as "20% off your next purchase of Green & Blacks Dark Chocolate" are capturable in the closing 2 seconds of a 30 second Green & Blacks advert. Because we know so much about you (the viewer) - even your postcode - we're able to only show you things that you want to see and hopefully, nothing that you don't; even time-sensitive special offers for your local steak house.

Your information isn't sold on, it's all held at incenTV HQ, where national or local businesses can target themselves to (for example) all 20-30 year old males living in NW1 who earn at least 40k and eat out at least once a week.

Just to prove we're not out to get you, incenTV carries 50% less advertising than standard UK TV AND pays you 2 pence for watching each advert. So with incenTV you can watch two episodes of 24 you'll earn about 70p. You could watch a whole series of 24 and incenTV would credit you with about £16.00. That credit can be used to pay for ad-free content or - in the future - you can exchange it for goods and services from incenTV advertisers and partners. So you could swop your £16 of points for dinner at your local steakhouse.

To prove that incenTV isn't out to get you, the omniscient, lovable and trustworthy Stephen Fry is a co-founder of the business.

Video Content Owners: The Rationale

For content creators and owners, it's no longer about distribution deals, DVD sales, pitching to channels with dwindling budgets. They'll be able to put their comedy programme onto incenTV and anyone with an incenTV enabled box (an estimated 10m 2012) will be able to find that movie within the 'comedy' genre.

Bandwidth costs money

If a content owner stores his videos on third party server, he'll have to pay his own bandwidth bills, obviously. He can do that using a proportion of their incenTV earnings, obviously.

If a content owner uploads and manage his video(s) at incenTV.com then we can neatly subtract the cost of bandwidth from his earnings. We will also have approved ISP partners. So if you're not using incenTV.com to host the video, but merely to point at the video on a third party's servers we can pay your 3rd party ISP in the same automatic way.

Good for the content owner, good for the ISPs.

What video content will be offered on day of launch?

We'll have done as many deals with as many video content owners as possible. Through existing web communities we'll have a rich stock of independent films and shorts. We'll have spoken to TV chefs (such as Jamie Oliver) and will offer their recipes. There will be a plethora of 'How to' DIY/exercise/gardening programmes and as many 'classic' and forgotten sitcoms as you have sticks to shake at them. The adult entertainment industry is obviously ready too.

Live TV

If we are to insert targeted incenTV adverts in agreed substitution of the conventional broadcast ads, we need to know when the ad break starts and finishes. This scheduling information is available (it is required in any event for regional broadcaster synchronisation across a national network) and would enable the broadcaster to share in the incenTV revenue stream.

If incenTV is playing one of its 30 second ads while the programme comes back on then the PVR box would pause that programme until the incenTV ad was finished and we'd make up the lost seconds during the next break.

BBC - Is there a role for them?

Several minutes per hour of BBC programming are given up to trailers for other programmes on BBC television and radio networks. With IncentTV we could show viewers trailers for programmes relevant to their interests and of course we can show the BBC who was watching.

BBC - Radio

If IncentTV was offered as hardware, rather than a software update within existing hardware then it will have to punch above its weight from a brand perspective. To do this it will sport extraordinary capabilities in respect of radio - the stepchild of the modern BBC. SKY+ does not cater for radio listeners and offers them no facilities. With IncentTV the UK radio listener will get, for the first time, a proper "on demand" service and the BBC will receive accurate metrics regarding radio listeners. It will be possible to series record BBC radio programming and then verify whether the series had been listened to by particular demographics.

The back catalogue of BBC Radio is a vast and underutilised resource. The BBC Trust has undertaken to make the BBC's archives available to independent programme makers at reasonable rates and to favour creativity and new programming. We envisage being able to implement a very attractive BBC licensing structure to allow independent commercial programme makers to reuse content from the BBC in the making of new sound broadcasting for commercial and educational use on the IncentTV "on demand" services - which of their nature will be verifiable and subject to demographic analysis. The hardest issue for creative developers of new media programming arises through the difficulties and the cost of obtaining copyright clearances for materials which they wish to incorporate in their programmes. IncentTV enables us to solve this problem for them at a stroke - helping the BBC fulfil its role as a public service broadcaster and enabler of creative programming at no cost to the public purse.

There is a well established documentary programming genre for compilation programmes illustrated by audio clips on topics such as "The History of Comedy", "The Origins of the First World War", "The Art of Advocacy" etc and we envisage enabling the development of "intelligent speech" broadcasting in the UK to support the BBC Radio audiences.

Copyright

An important issue with RSS feeds is that I can create an RSS feed and specify videos on servers that are not mine within that feed. I can add timestamps into it, to signal IncentTV to insert its 2 min ad breaks, I can add category names alongside each video in accordance with IncentTV's categorising methods.

I can go to IncentTV.com and register as a content owner, provide IncentTV with the location of my RSS feed and the contents of that RSS feed will appear within all IncentTV users' EPGs.

Let's say I point to all of Jamie's recipes. Jamie notices a sharp increase in his bandwidth costs as his videos are being streamed to IncentTV consumers on their STBs by the hundreds. All the while I'm getting the revenue from the adverts because I own the account that contains the RSS feed that catalogues Jamie's videos.

Jamie is not happy at this!

So Jamie tries to contact incenTV but we don't pick the phone up so he goes to the site and follows the 'add your content wizard' on incenTV.com (where we do all the complicated RSS feed designing behind some pretty buttons and forms). Jamie specifies his videos on his server.

Ar, but we already have those URLs in our database...

"Dear user, there's a problem. We already have one or more of the videos you're submitting to us, in our database. To prove yourself to be the owner of this video content, please upload the following file into the same folder as contains the video files: blahblah.txt". Only Jamie will have the necessary ftp access to the folder containing his video files. So when Jamie puts the authentication .txt file into the folder we'll know that this user is the genuine one and that the existing user will be marked down to be prosecuted for copyright infringement.

Advertisers: The Rationale

For advertisers, it's no longer about spending tens of thousands of pounds on punts and mirky estimated viewing figures. With incenTV it will be a simple case of 'spend 20p to interact with a member of the viewing demographic of your choice'. Big and small time advertisers alike will spend less money reaching more of the people they want to reach.

Today TV advertising is blind salesmanship. incenTV shows its advertisers who they're selling to, so they can now produce several adverts for several different demographics. Take the Fiat 500 car. You show dad the version talking about economy and safety. You show the daughter the version that promotes lifestyle and ipod compatability.

Example Cost of Advertising and that money goes

If the local takeaway wanted to advertise to me according to my AGE GENDER and POSTCODE it would also cost them 0.20p.

- 4p for the box
- Take the box out of the equation and incenTV makes 8p
- 4p for incenTV
- 10p to the content owner
- 2p to the viewer (viewer can choose to give it to charity or spend it on ad-free content).

Bear in mind that many times the same advert will be seen by more than one viewer at the same time. When this happens we multiply the advertising charge accordingly. So - taking incenTV - we will be making an average of **over 4p** per advert served, not **just 4p**.

For a premium we will offer more tiers of targeting:

We will offer the AGE, GENDER and POSTCODE targeting for free - they are the first 3 questions (that must be answered) before a viewer is able to start watching incenTV. Each time the viewer goes to see the latest incentives they've collected they are asked another question (ie "Do you own a dog"). If an advertiser wants to advertise to men aged 20-30 in SW1 that own dogs then we will charge the advertiser 20.5p per viewer. If the advertiser wants to advertise to 20-30yr old men in SW1 that own dogs and earn between 20k and 30k pa they will pay 21p per viewer (0.5 pence per layer of targeting).

incenTV advert salesmen

Originally we'd planned on having local newspaper advertising departments sell ads on incenTV. This has been scrapped so as to keep costs down (for advertisers) and revenues up (for content owners and manufacturers). If we want to offer commissions to salesmen selling advert slots on incenTV we must increase the standard 20p cost of advertising. If we increased the cost of a 30 second ad to 25p then the cost of advertising to 1000 people would go up from £200 to £250. The cost of advertising to 100,000 people would increase from £20,000 to £25,000.

The scale of the revenue opportunities:

If we add 1 minute of adverts before each programme starts, the advertorial content must be good in order that it not be ritualistically skipped. This is easily done in the case of PlayStation, Xbox, Nintendo, etc, who will advertise their latest games to the owners of those games consoles. Virgin Media customers will see ads for new premium content movies (so long as the demographic suits).

If we take the Play Station 3 as an example of a piece of hardware out there, capable of becoming incenTV enabled overnight, there are over 2,000,000 PS3s in the UK.

If just 100,000 of the 2m+ UK owners of PS3s took advantage of the incenTV facility for a single day, Sony would make £180,000 (assuming the average viewer was alone and watched one movie + two 30 minute programmes).

NB Games consoles have to be more than games consoles now due to the hardware battle coming to an end and things like iPhones offering games at £0.99 and in many cases for free! They will one by one all become set top boxes, internet browsers and anything else they can find to stuff in there.

Average Cost per Lead in North America, by Industry, August 2008-July 2009

	Basic fields	Premium fields
Technology	\$0.43	\$3.75
Health	\$0.60	\$3.36
Entertainment	\$0.80	\$3.00
Travel	\$1.40	\$2.50
Nonprofit	\$1.33	\$1.85
Consumer packaged goods (CPG)	\$0.87	\$1.13
Online retail and catalog	\$0.59	-
Average (overall)	\$0.60	\$2.27

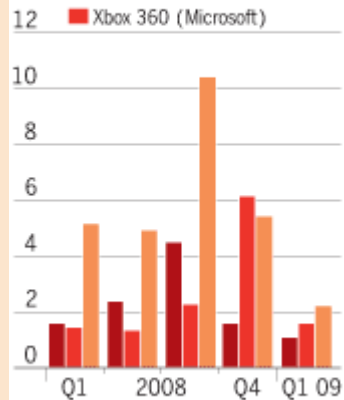
Source: Pontiflex, "Cost-per-Lead Advertising Data Report," provided to eMarketer, August 24, 2009

106386

www.eMarketer.com

Global console sales

Units (m)
 ■ PS3 (Sony) ■ Wii (Nintendo)
 ■ Xbox 360 (Microsoft)



Source: companies

Advertisers: The Pitch

IncentTV puts sellers and willing buyers together

You make money by selling products and services to consumers. incentTV is an ad-funded VoD library that is going to be made available on millions of IP enabled set top boxes and video phones. Our library will be watched by deeply self-profile consumers. incentTV will know their ages, their locations, their incomes, whether they have pets, insurance, if they eat out, how old their kitchen is (the list will go on forever).

How are incentTV viewers so accurately profiled?

incentTV not only offers all its video content for free, incentTV pays the viewer to watch the two minute long incentTV adverts inserted within it; 2p from every 20p goes to the viewer.

A typical incentTV advert also carries a voucher for the product or service being advertised ("30p off your next purchase of Pot Noodle" or "buy one Yorkie get one free") that viewers are invited to grab during the closing 3 seconds of each advert.

Viewers are periodically invited to review the vouchers and credit they have accumulated; if they wish to have the vouchers sent, or their earnings paid out to them, they need but to answer a single profiling question (for example "do you own a car?"). As soon as they answer the question incentTV pays them and sends them their vouchers by SMS/email.

What kind of money are we talking?

If you wanted to target a 30 second long advertisement to 5,000 people fitting this profile:

- - women

- - aged 30-40
- - Who live in SW1

it will cost you just £1,000 (20 pence a head). We encourage you to add an incentive within your advertisement by offering free access to realtime viewer stats to those that do. You'll also qualify to be able to target any subsequent adverts to just those that responded to your first advert or just those that didn't.

incentTV makes advertising on TV affordable for small businesses

A restaurateur will be able to upload a 30 second advert and target it to be watched by 500 people fitting this profile:

- - men
- - aged 20-30
- - Who live in NW1

for just £100. The incentive they could attach to their advert is entirely up to them. Perhaps "A free bottle of wine when you dine on a Wednesday", perhaps simply "10% off".

To recap

incentTV aims to be the largest free online library of movies and programming in the world.

While incentTV viewers watch their chosen video they are paid to watch short commercial breaks containing advertisements for products and services that interest them and offer them money saving "vouchers".

incentTV facilitates the building of positive relationships between 'useful' advertisers and 'appreciative' consumers.

Set Top Box Manufacturers: The Rationale

ie 2Wire, ADB, Netgem, Roku, TiVo, etc

Why would a manufacturer such as Virgin Media want to offer the premium content that they're already selling, for free?

Current hardware manufacturers ask the viewer to pay £3.50 to watch the latest 2 hour movie (£0.50p for a Dad's Army episode). Some of that money obviously goes to the movie studio.

With incentTV the viewer will still be able to pay £3.50 and watch that movie using that same service. But they get a choice; they could watch £3.50 worth of advertising instead or they could take £3.50 out of their ad watching earnings.

For this to happen, incentTV offers premium content such as 'Transformers 2' with a flag to inform the viewer that 'Transformers 2' is available to purchase from Virgin, ad-free and

therefore, if they wish to watch it for free, through incenTV they will have to watch a larger number of adverts.

In the case that incenTV and Virgin are offering the same content, we would expect Virgin to tell a viewer (that is looking to purchase 'Transformers' from Virgin) that:

1. The content can be paid for using stored incenTV credit
2. Transformers is available to watch with adverts on incenTV

For Virgin to be happy with this we must obviously offer Virgin the same profit. This profit varies from platform to platform because each platform makes its own deals with each studio.

[The Boat That Rocked](#) costs £3.95 from Virgin (the top price for a movie). That £3.95 covers the studio fee, streaming costs and an income to Virgin.

If the viewer chooses to watch The Boat That Rocked with incenTV, we have to create £3.95 for Virgin and Universal Pictures. It's a 129 minute movie so using our standard policy of 4 adverts every 20 minutes we would show a break before the movie begins plus 6 further breaks at 20 minute intervals. This puts 28 adverts in front of a viewer. Those 28 adverts make Virgin £1.12 pence, Dreamworks would get £2.52 (total = £3.64). In this example we're 31 pence short.

Some movies (ie Men in Black) are a mere 98 minutes long so we'd only fit 5 breaks in (20 adverts: £0.80 for Virgin, £1.80 for the studio = £2.60 [£0.90 short]).

So we're going to run short, consistently. That said, we take away the streaming costs from Virgin and we give them a 5-8 second 'brought to you by' slot at the end of every break. That 5-8 second slot has a real world value of £0.20p per viewer, per instance. We'd show 5 breaks to a Men in Black viewer and that equates to £1.00 worth of advertising space for Virgin to advertise their latest releases. Add to that the psychological angle that people will spend £3.95 of incenTV credit (earnt through 1 viewer watching 8 hours of content) before they spend £3.95 of their 'real' money.

If more people are encouraged to watch movies - because they're free - then manufacturers and studios will be happy. Of course this may ultimately mean that studios will make their content available through incenTV themselves and do away with the middle men (ie BT Vision, Virgin Media, etc).

Set Top Box Manufactures: The Pitch

incenTV increases your VoD sales by paying your customers to watch TV

Adding incenTV to your viewers' on-screen menus will make you more money.

incenTV is an ad-funded VoD library that can be made available on any IP enabled set top box.

Let's say that you have a viewer. He pays you £3.50 to watch a movie tonight. Let's say that that movie is 100 minutes long and that you ultimately make 50p profit from its sale.

Let's now imagine that you incenTV enabled your STB boxes yesterday. Today, your viewer has a choice:

1. Pay £3.50 to watch your copy of that movie.
2. Be paid to watch incenTV's ad-funded copy.

Let's pretend that your viewer chooses incenTV's copy of the movie. What next?

We show your viewer the movie, during which we insert short, sympathetically timed 2 minute commercial breaks at 20 minute periods (a total of up to 28 thirty second slots).

4 minute ad breaks are commonplace today at 15 minute intervals. So we are halving the number of ads people are used to watching.

What's in it for you (the STB provider)?

incenTV pays you the same profit you would have made had your viewer paid you directly. Your potential and existing customers benefit from a free VoD library that credits them 8 pence to watch every ad-break. incenTV takes no money from viewers, the 8p of credit accumulates with every ad-break and is eventually used to pay for ad-free content from your existing library.

How is this possible?

Due to the patented model at its heart, incenTV not only pays the viewer to watch our adverts, our adverts carry discount vouchers for the products they advertise. Viewers periodically review the vouchers and credit they have accumulated; if they wish to have their vouchers sent, or their credit made available, they need but to answer a single profiling question (for example "do you own a pet?"). As soon as they answer the question (enabling incenTV to provide them with ever more relevant advertising) incenTV sends them their vouchers and adds 56 pence of credit to their account, with you.

What does incenTV ask of STB providers?

incenTV is signing up UK set top box providers until access to a suitably large potential audience is achieved. Once incenTV has a potential audience large enough to support the model, software will be made available to all STB partners, for inspection. Once all partners are satisfied that there are no software conflicts on their respective platforms a date will be set - amicable to all - from which point all of the partners' active STBs will receive a software update, making them incenTV enabled.

- Your viewers will have 24 hour access to free VoD, funded by relevant, incentivised advertising.

- Your viewers receive 8p per ad-break which they will spend on your premium ad-free content

- Your viewers will watch more TV - because it's now (better than) free. Because incenTV pays you your profit margin, every incenTV download is technically just another VoD sale to you.

Behind the scenes

The Gaming aspect

incenTV viewers watch premium TV for free = Nothing new.

incenTV viewers are paid to watch TV = something new.

The incenTV viewer is rewarded and therefore is encouraged - financially - to watch more TV.

The Privacy Wonks and how to overcome their attacks

We are aware that there are a variety of people with specific agendas who view all advertising as attacks on the right of privacy. Their agenda is to portray the world as one where the "proles" are monitored by big business who manipulate their every thought and action - viz Orwell's 1984. (<http://www.hermitcard.co.uk/>)(http://www.sfgate.com/cgi-bin/blogs/techchron/detail?&entry_id=45432)

These people fail to understand that loyalty cards users want to be profiled and accept this in return for the benefits that profiling gives them - in improved offers and saving of time. IncenTV is **protecting and emancipating** consumers - so that they have greater control over their privacy.

IncenTV brings buyers and sellers together in a controlled, intermediated form where the advertiser never knows the exact (and identifiable) personal characteristics of the person to whom he is advertising. This is because all our data is **anonymised** so the advertiser has to work through us. And IncenTV is to be a **highly trusted organisation** - privacy and security is to be built into IncenTV's DNA.



Second where there is a conflict between targeting and the risk of identification we will voluntarily skew our system against targeting if this is perceived as a real risk. Thus if an advertising campaign is to be too narrowly directed (e.g. black children in a single postcode) **we will not run it** unless it is a public service advertisement such as a specific health warning or product recall.

Third we will allow all IncenTV viewers to remove specific records of their viewing history and shall ensure that this information is not used in future targeting of them, even as an anonymous group. Thus, for example, a young person could remove a record that he watched "High School Musical" nine times if he later found this embarrassing. Nobody else allows this - giving the citizen some degree of control over his viewing history.

We also believe that tracking and targeting is an overrated concern - it makes headlines but the public at large really do not care about the matter very much so long as the organisation that is tracking and targeting them is trusted. For fifteen years Amazon has tracked whatever pages the user visits as well as the purchases, all to enable it to target content the user might be interested in. Because Amazon is considered to be a trusted organisation this targeting has not been objected to. IncenTV aims to be in a similar position with respect to television and video viewing records.

Mobile devices

virgin.incen.TV would be where Virgin Media tv viewers would be seeing the incenTV service. iphone.incen.TV would be where iphone users get to use the incenTV service.

incentTV would be where normal internet users get to use the incentTV service. etc

Mailing lists & Newsletters

The people that advertise on incentTV have bothered to make a 30 second video advertisement so they probably are quite grown up in other areas of their marketing. They will probably produce an electronically published newsletter from time to time (ie they send emails out to stoke the fire). Speaking of local businesses, most of those emails get lost, binned, ignored and most senders are probably marked as spam.

incentTV has viewers, we'll have email addresses too and we're trusted. Why not offer local businesses the opportunity to create newsletters on our system? The local paintball venue (Paintmania) could advertise to 16-30 year old males with their 30 second advert and anyone that responds could be added to Paintmania's mailinglist. What that means is that each month Paintmania will produce a newsletter and when it is published on incentTV's website, incentTV will flag it up to all respondees of Paintmania's advert very cleanly; we simply add the title of the newsletter to a list of newsletters that sit in the incentTV viewer's newsletter intray.

Personal Ads and Recruitment

Every incentTV viewer can become an advertiser, so why not allow them to advertise things other than businesses? Viewers could be encouraged to advertise *themselves* both romantically and from an employment perspective. They would choose their demographic to other viewers using the same 30 second ad slots. This would not be a default option, but it could certainly be an option for those that wanted it.

Celebrity Playlists

Wouldn't it be nice to be able to sit down and watch Quentin Tarantino's suggested movies? Perhaps you'd like to watch his 'Action Movie Recommendations' or his 'B Movie Favourites' or even his 'Stuff to watch TV Dinners by' ? As the TV experiences edges closer towards VoD people will realise that - sometimes - they like being told what to watch, they just don't like being told to watch rubbish. Imagine if Obama's camp were to produce an Obama playlist (ie "Movies to be inspired by"?). It won't cost the viewer anything more to watch a playlist, indeed they can create their own if they like. The owner of the Playlist however does take a cut of the ad revenue. Perhaps:

- 4p for the box
- 4p for incentTV
- 9p to the content owner <---normal cut of the 30 second [20p] advert is 9p
- 2p to the viewer
- 1p to the playlist/channel owner

It seems only fair that the content owner pay the playlist/channel owner because it can be argued that without the playlist/channel owner's suggestion to watch the content, the viewer would not have watched it in the first place.

Example: Stephen Fry could produce a playlist called 'Fry's Television to Lighten the Soul'. Imagine that the playlist contained 10 hours of content. Let's guesstimate that 140 ads are watched in 10 hours. Fry therefore makes £1.40 from each viewer. If just 10% of his 1,000,000 Twitter Followers watched the 10 hour playlist then Fry would make £140,000.

Stop talking in terms of playlists now and speak in terms of the traditional 'channel' and incenTV makes VoD Channels financially viable. All a 'channel' must do is suggest good television, incenTV handles the adverts and the distribution.

Phase 2 : *incenTV Live*

Once the model has been shown to work for VoD it is only natural for existing live channels to welcome incenTV advertising into their live streams. As soon as incenTV is seen to be a success we should push this live service onto channels who will recognise that without incenTV advertising they are dead in the water.

incenTV Live will only be available to viewers who view live TV through set top boxes that are connected to the Internet. This is when we make our own box or buy a business such as FetchTV. That said, FetchTV think too much of their 'website in a box' and will therefore ask for a ludicrous sum, so I'd prefer to find a better deal from another dying set top box manufacturer; one that is more willing to accept that they're dying.

Ideally, adverts relevant to the user will be downloaded to the system overnight and watched - as they are inserted into content by the box - throughout the coming days.

Any channel using **incenTV Live** will charge 20 pence per 30 second ad slot and that 20 pence will be cut up exactly the same.

So if UK Living has 50,000 people watching Ghost Hunter they will have 50,000 people watching each advert; bringing in £4,500 from each 30 second ad slot.

Further Reading

What advertisers are prepared to pay:

<http://www.emarketer.com/Article.aspx?R=1007255>

TV Advertising is dying:

<http://www.ft.com/cms/s/0/92d4daf4-933c-11de-b146-00144feabdc0.html>

The sector is facing huge cyclical and structural upheavals. According to a forecast by GroupM, part of the WPP group that buys media space for clients, global advertising expenditure will fall 5.5 per cent to \$417bn this year

TV broadcasters know they're doomed:

<http://www.ft.com/cms/s/0/d9286d90-9643-11de-84d1-00144feabdc0.html>

*In broadcasting, "we have an ad-supported business model that does not work," Chase Carey, chief operating officer of **News Corp**, said last month. "In the future, advertising will not pay all the bills," Gerhard Zeiler, **RTL**'s chief executive, added last week.*

Hardware capable of carrying incenTV

<http://www.boxee.tv/homepage/>

<http://www.telegraph.co.uk/technology/6100029/Test-signals-only-for-video-on-demand-as-broadcasters-snub-the-aggregators.html>

How much TV a US viewer watches

http://www.nationmaster.com/graph/med_tel_vie-media-television-viewing
<http://ask.yahoo.com/20061211.html>