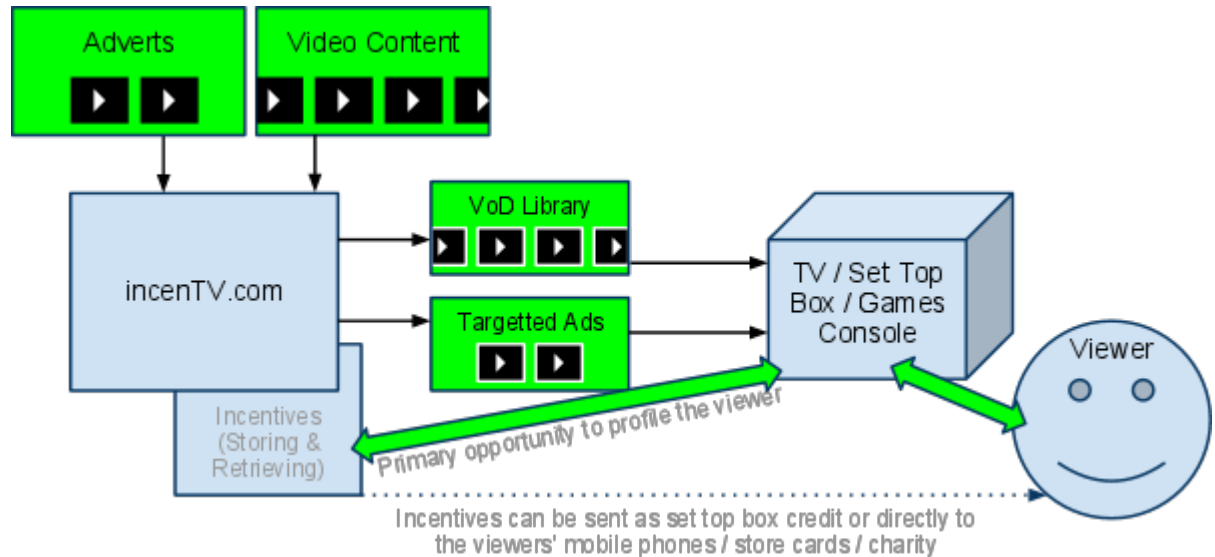


ALL ABOUT INCENTV (2014):-

Or how content distributors can avoid being FF-ed; and viewers enjoy pay-tv - with a subtle difference: IncentTV pays them to watch!



SETTING THE SCENE...

All commercial media only exists to join eager seller with potential customer.

Advertising has shifted inexorably ever further from art to science, with a 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.

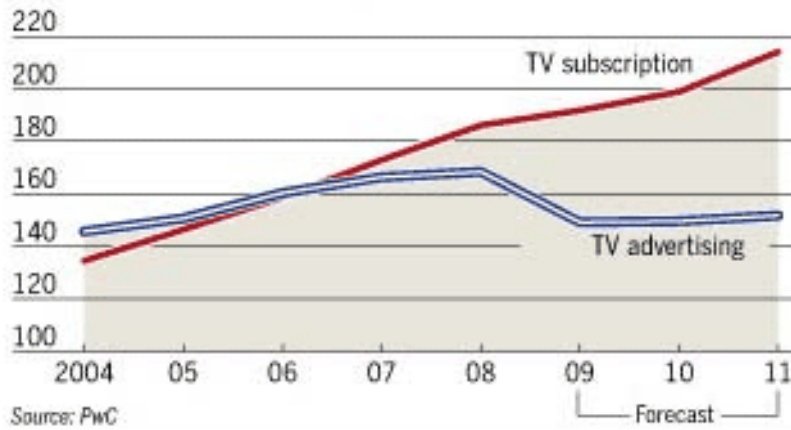
Then, in 2000 the people at Tivo and Sky noticed that hard drives had become cheap and that 3rd party 'personal video recorders' (PVRs) with time-shifting abilities were popular with early adopters. It wasn't long before the likes of Tivo and Sky+ were enabling viewers who value their leisure time more highly than broadcasters, to skip through the adverts contained within the programmes they'd recorded.

While such manufacturers became carried away by the momentum of the marketplace, advertising revenues diluted because over 90% of adverts played through a PVR are skipped. Charging uses £30-£80 a month, Sky's reliance on advertising revenue was and is rather less than FTA commercial broadcasters (ITV, C4, C5) near total dependence. Their only other revenue seems to be the precarious and specious use of 09X phone services.

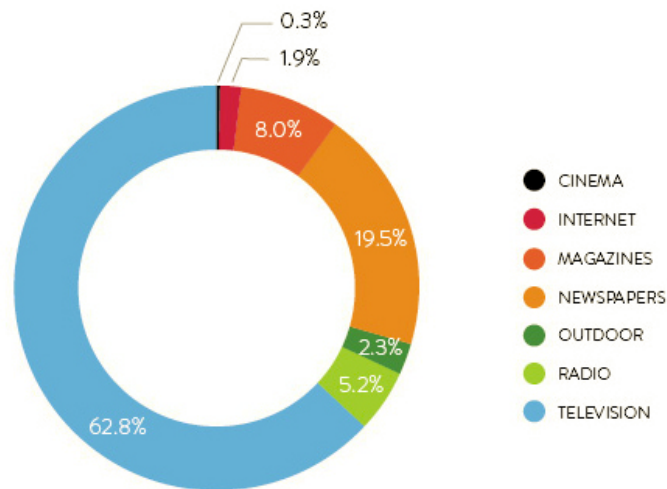
Tivo was likewise not dependent on ad revenues, and indeed was going to benefit by destroying the traditional broadcast "ad break" - if it could replace it with something proprietary and under its own control. Subscription revenues overtook advertising revenues in 2006.

TV business becoming less ad dependent . . .

Global TV subscription and ad spend (\$bn)

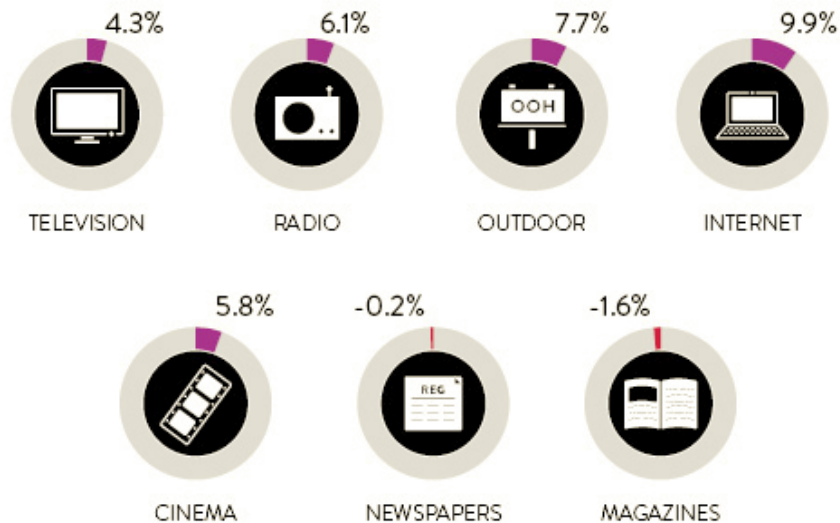


PERCENT SHARE OF GLOBAL AD SPEND BY MEDIA TYPE JANUARY TO DECEMBER 2012



nielsen AN UNCOMMON SENSE OF THE CONSUMER™

**PERCENT CHANGE BY MEDIA TYPE
JANUARY TO DECEMBER 2012 VS. SAME PERIOD 2011**



Today, some 9 million Sky+ boxes see 92% of their ads watched or rather 'ignored' at x30 speed. Viewers specifically elect to record and watch shows later to enable ad-skip.

With the 'Freeview+' PVR market (inc YouView) growing by 76% year-on-year, pretty soon the entire UK viewing public may be ignoring over 90% of the ads. TV may no longer be a viable - let alone attractive - advertising platform, if it has to rely on the inertia of viewers not to bother with time shifting. There are only handful of programme genres that do not carry a "live" viewing imperative.

BROADCAST COMMERCIAL TV IS BEING FORCED TO EVOLVE

The chief operating officer of News Corp said in 2010 *"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"*.

But just as the music industry was forced to evolve to embrace technology, TV will also learn and progress.

It seems inevitable that video-on-demand - with a spicing of must-view "water cooler" live TV such as the X Factor and Sport - is the future. However, people used to putting their hand down the side of the sofa for the remote will not take kindly to also reaching for the credit card every time they want to watch.

None the less, with Freeview+ and YouView boxes flying off shelves, that would appear to be the future that viewers are fast forwarding into.

So what do these viewers want? Free TV, preferably on-demand –and on any device that suits them. Tablets and smart phones are a recent phenomenon, but only really noticed as a serious factor by the TV industry since 2010.

Always remembering the issues around the UK's 3rd world broadband and cellular networks remain seriously limiting factors. Whisper is quietly, but the chances are that if more than 3-5% of viewers watched TV online at the same time, the chances are the whole network would still collapse. But we will get there eventually... (2020?)

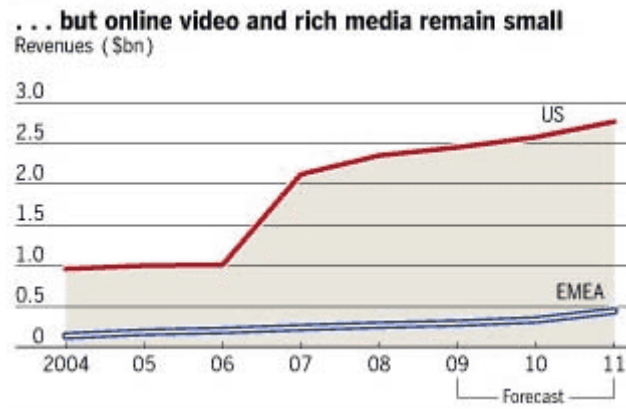
And what facilitates 'free TV'? Advertisers and sponsors.

And what do Advertisers want? Audiences that pay attention **and interact** with commercials!

And where are agencies slowly finding those audiences...? Albeit for notably less profit?

On the Web. Which is where “lean forward” audiences pay attention, and their [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 a user 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 TV fragments into more channel with smaller audiences, adverts are getting cheaper by the minute so more must be crammed into more frequent breaks.



So, if broadcast TV is endangered and if paying £60 a month for Sky+ is getting too pricey, is optionally paid-for VoD the answer?

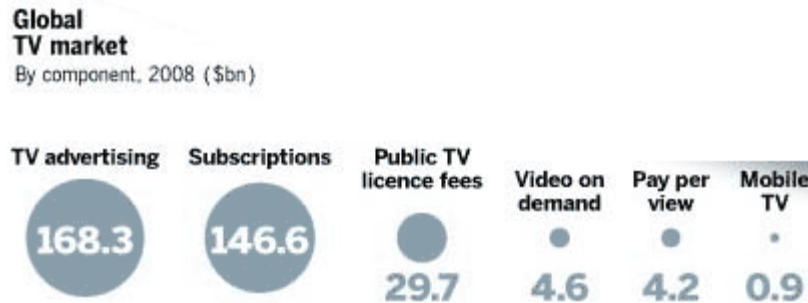
Thanks to 'Digital Britain' the entire country is being driven towards connected TV sets and STBs that also support internet-delivered content and services.

Subscription-free services may be precariously reliant on optimistic forecasts of premium content sales, just at a time when the public are being squeezed as never before. Makers of the now defunct FetchTV SmartBox for £220 were counting on viewers purchasing over £10.00 worth of VoD every two months. So for each of these manufacturers to just survive, viewers would have to rent 2 movies every month.

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

The UK is very different to many world markets, largely thanks to the BBC (to the chagrin of Murdoch *et al*), there is more than enough good **free** stuff that can be recorded on Sky+/Freesat and Freeview.

The Freeview market believes what it says on the tin, and is not keen to pay a penny beyond the license fee for TV. To illustrate the unwillingness of the unwilling, take **BT Vision** who have tried - with all of BT's resources, and it's readiness to bend the bundling and QOS rules in order to provide its customers with a preferential service, together with a vast marketing budget, and were delivering to around 700k users after 5 years. So they gave in and paid through the nose for sports programming to try and take Sky on at its own sports game with an enhanced (free) YouView package. And it seems to be working. So now Sky is giving away ever more of BT's core proposition, in a race to the bottom.



Most content providers imagine that unskippable ad breaks can be used to subsidise the cost, before and after the "show", much like cinemas take advantage of their somewhat more captive audiences. Most also seem to expect that they can impose multiple ad breaks within the content.

It's not a serious proposition! We all know most PVR viewers don't watch the titles, let alone any ads played during or after them. The ad break at the start would end up containing the same annoying and irrelevant ads concerning debt consolidation and ringtones that caused ad skipping to become second nature in the first place. Also, to balance the books, that initial break would be an ad marathon. Many users will go and find a recorded show that they can FF if they want. Or pay £6 a month to Netflix.

Neither broadcasters nor on-demand industries have found a proven workable model yet that can thrive in the UK market where so much really good content can still be recorded for free on the home's main TV system.

But a different situation maybe exists for portable devices that are tied into services like Netflix and iPlayer.

IncentTV provides a basis for a sustainable and viable broadcast and video-on-demand model that suits everyone:

- advertisers,
- tv channels,
- manufacturers

AND

- viewers.

It was conceived, incidentally 10 years ago and backed with a promise of £30 million by Commerzbank.

We first pitched and showed the idea in '98 / '99, including features like a forwards/reverse EPG, by demonstrating the system using PC delivery rather than STB, and our timing was unfortunate.

We also made absolutely accurate predictions about the timescale for practical IPTV hardware in the home, and publically available broadband - but the event horizon for bankers in 2000 was not 5-7 years !


And when the tech bubble burst in 2000, our institutional investor - Commerzbank backed out, no matter how much we protested that this wasn't just another dotcom idea, but the very future of TV - no one was listening. In fact, the entire Commerzbank team that we ourselves reported to was shut down as the result of troubles elsewhere in Commerzbank.

That said, the 3 core investment team executives (including the department head) still believe in IncentTV and still endorse our strategy, to the extent that each have asked us to involve them once again come the day we manage to get the wheels back on, assuming they are still alive...

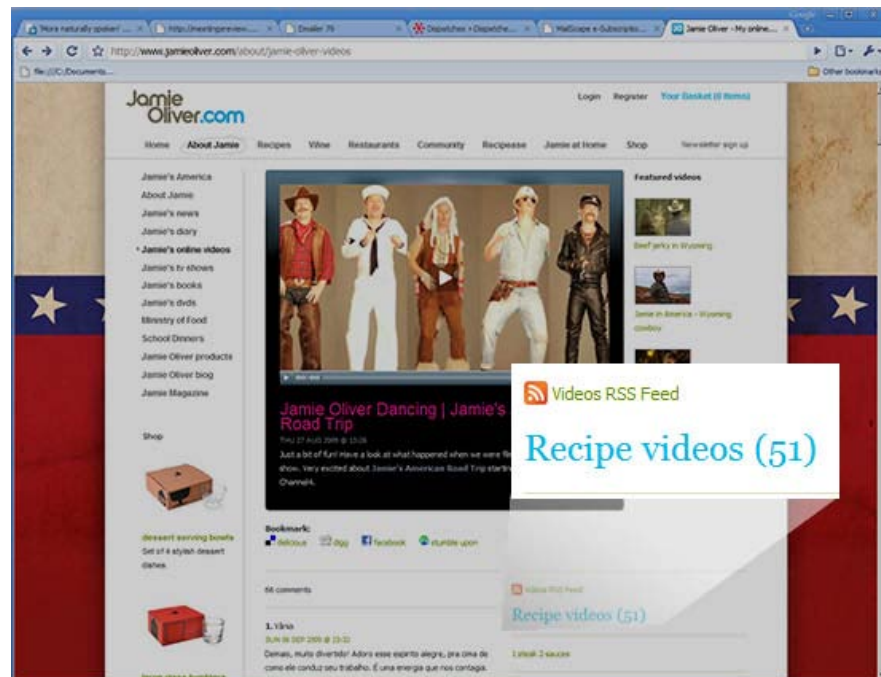


Any set top box (or games console) offering video-on-demand is obviously 'Internet enabled'. So any and all the Freeview+ devices that offer VoD allow could enable viewers to watch video streamed to their boxes from streaming servers all over the Internet, on-demand.

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

IncentTV was initially based on the idea of using 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.

Jamie is on your TV, on demand, for free. Free VoD for everyone, available right now in your living room.

The trouble is, nobody makes money from this; unless he is willing to hand his content to YouTube for monetisation. In 2008, Jamie was paying ~15p every time someone watched one of his 30 minute programmes for the bandwidth and server costs. Not many people watched his videos online, so he swallowed the cost into his 'online marketing' budget.

However, by 2014, the hardware and bandwidth are reducing elements in Jamie's equation. Bandwidth charged by Amazon the EC2 network is around 10c/GByte – which is still not “insignificant” as much as *inevitable*.

The inevitability of connected TV has been accepted, and we can now simply focus on the IncentTV *service*, which manufacturers of all internet enabled devices such as Xbox, the PS3, YV etc. could implement (to a degree) through software updates.



After the update, users of the now 'IncentTV enabled' hardware can search, using their remote control and indeed search the in much the same way you would find 'music' on iTunes or 'websites' on Google. A better way however, is now to embrace an IPTV service that delivers to all portable and fixed devices.... and the leader of that pack is presently ...

PERCEPTION.TV



Tale our word for it, there is no better delivery platform for IPTV and a review of the [Perception.TV](#) website will tell you what you need to know.

However, we do not underestimate the challenges of putting Perception in everyone's palm – and so we will continue this piece using the 2008 theme of RSS, because it can still make sense in the evolving market.

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

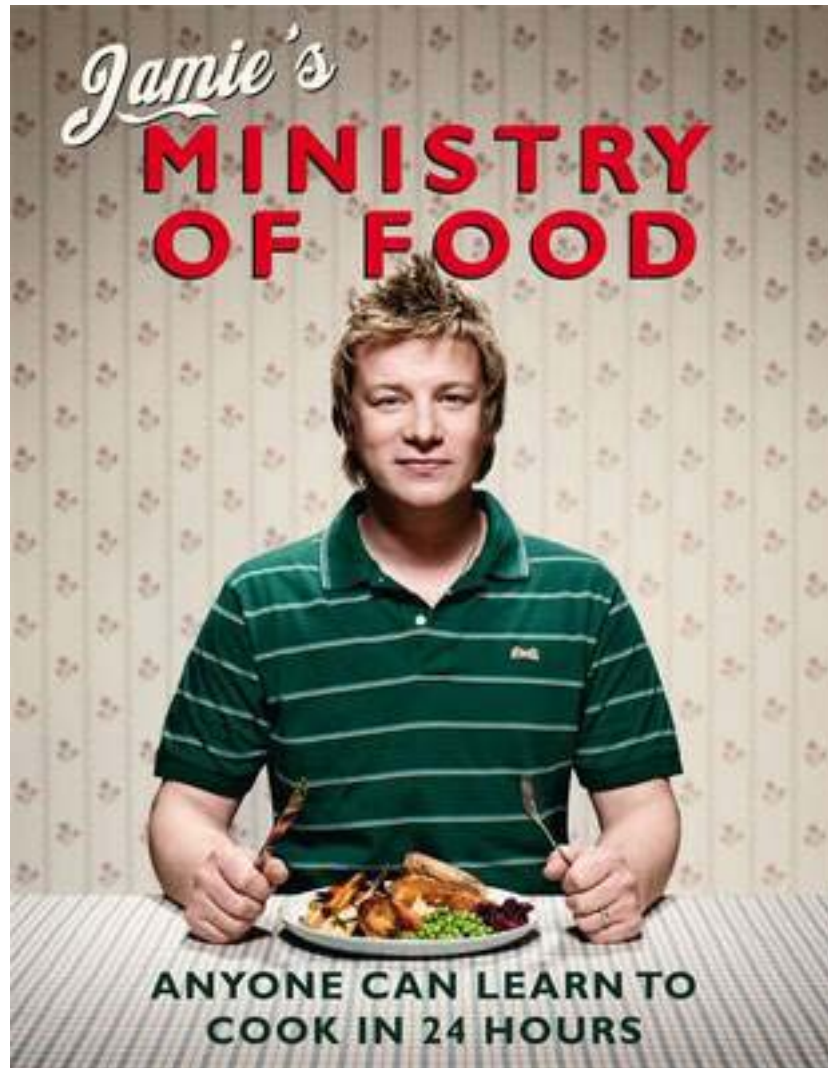
Great, but why would the **manufacturers, content owners** or **TV channels** be interested in IncentTV?

The owners of content already understand the potential - and challenges - of offering their films and programming as VOD to the couch audience. They have been told aware for ten tears

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 can be found. Or they could upload their videos to our site where we'll offer better deals on bandwidth; either way, content owners know that bandwidth they can monetise isn't free, and that it's costing them to host and stream their video.

A JAMIE OLIVER 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 IncentTV though. We would go to advertisers and offer them profiled and qualified 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, it's title, it's 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?

Who doesn't want free content-on-demand? What's the catch?

They have to watch some ads, albeit shorter ad breaks containing shorter ads about things that interest them, because IncentTV value your leisure time as highly as you do.

SHORT AD BREAKS

Being relevant to the viewer, IncentTV breaks are briefer, because advertisers pay more for targeted ads.

Studies show that asking advertisers in specialist markets like finance will pay up to £1 for properly qualified leads. Because they're **relevant** ads, viewers will be less inclined to speed through them.

And they'll be even more inclined if the ads each carry an easily grabbed 'incentv tokens' such as a '10% off your next order' voucher or a free 'extended test drive of the new Discovery'.

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 hardware manufacturer (or subsidy provider - to encourage them to "IncentTV enable" that hardware) and to the viewer, because they're ultimately the boss.

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... (yes, we appreciate potential tax implications).

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 paid to watch TV - or more accurately, the commercials.
4. And all the while, advertisers enjoy improved ROI, and interact with a relevant and therefore 'attentive' audience that is receiving information on products they are interested in.

VIEWERS...

PROFILING THE VIEWER

We know who and where the viewers are because when they first set up their IncentTV account, their device each member of the household is asked to register with IncentTV. 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 IncentTV 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 IncentTV account and they retrieve that by visiting their IncentTV account, and sending the voucher to their phone as a picture or barcode. For online purchases, it's a simple promotional code that participating vendors support.

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 IncentTV) 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 their incentives, we ask them a simple question. So each time a viewer wants to see what he's collected, we'll refine our profile of that viewer.

We are very mindful of privacy concerns, and will be careful to address the issues that unlike Facebook who "steal" data to sell to advertisers, our users stay in full control of their information, that is only made available anonymously where the user also gets rewarded.

We even have an issued patent covering this aspect of the service:
<http://www.highbeam.com/doc/1P3-2025402541.html>

ADVERTISERS

With IncentTV advertisers are addressing opted-in individuals.

ADVERTISING EXAMPLE : RESTAURANT

If you own a restaurant in SW1 and you want to see how effective IncentTV advertising might be, then you can create an IncentTV advert account.

You can upload an advert to your account, shot on your £99 Ricoh camera with 1080 HD and 16 M pixels, and 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** turn up with IncentTV offers on their mobile phones, each offer displaying the IncentTV 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'.

ADVERTS FOR ALL

We are close to the point where 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 IncentTV 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).

EXISTING BROADCASTERS

VoD may be the main aspect of IncentTV but it can also save the likes of Channel 4 and ITV. Channels are simply content owners, with a whole lot of content and vast fixed overheads.

YV provides these content owners with that which none of them can easily facilitate on their own: a revenue stream from their existing back catalogues. Don't confuse this with 'Catch up TV' - Catch up TV is a few days worth of recent content at best, IncentTV monetises their entire back catalogue.

Would you spend real money to watch Fawlty Towers again? Probably not; but the mentality of the viewer changes when it's offered for free, alongside incentivised, adverts about products, services and incentives relevant to the viewer's household

WHAT OF BRITAIN'S GOT TALENT FINALS AND SPORTING EVENTS?

This service can be provided with live TV.

Once advertisers have experienced the benefits of IncentTV, they are likely to ask broadcasters to switch their adverts to use IncentTV ads without any prompting. The broadcasters themselves will do it, because it'll increase their own profit margins, because the percentage of IncentTV *targeted* ad revenue that we would be able to provide to the channel would 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 shorter ad breaks.

MRG's 'Global OTT Report' was published 2011, predicting that 2012 would see upwards of 57 million boxes all able to tap into the IncentTV ad distribution service.

IncentTV is Spotify for video.

ISSUES ..?

If a viewer only watches the first 10 mins of a video...

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

So, we take a deposit from the viewer - viewers will only be able to watch a video so long as they have sufficient credits in their account.

If the viewer stops watching a video after just 20 minutes then we take debit their account. If the viewer watches the content within the allotted timeframe, then the "deposit" is given back.

ADVERTS: HOW THE CASH FLOWS

An average viewer may watch 3-4 hours of TV a day. Of that maybe 2 hours is attentive, and 2 casual (ie making the tea)

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)
- o 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)
- o 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)
- o 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 IncentTV 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 24 hr period (30mins x 2 + 60 mins x 1) (35 ads)
IncentTV (4p) gets	£0.36	£0.68	£0.84	£1.40
STB provider (4p) gets	£0.36	£0.68	£0.84	£1.40
<i>if IncentTV was also the STB it gets (4+4=8p)</i>	<i>£0.72</i>	<i>£1.36</i>	<i>£1.68</i>	<i>£2.80</i>
Content (9p) gets	£0.81	£1.53	£1.89	£3.15
Viewer (2p) gets	£0.18	£0.34	£0.42	£0.70
<i>Contingency fund (1p) gets</i>	<i>£0.09</i>	<i>£0.17</i>	£0.21	<i>£0.35</i>

SECTION TWO: FOR PARTNERS AND INVESTORS

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 IncentTV you watch what you want, when you want. It's paid for the same way TV has always been paid for, by advertisers. The IncentTV 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 IncentTV 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 (unless paid for) given that IncentTV viewers will understand the deal we're offering.

LOYALTY CARDS (EG 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 amounts to an expected minimum of over £3.50.

VIEWERS: THE ADVANTAGES

IncentTV 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 IncentTV 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.

- IncentTV carries 50% less advertising than standard UK TV AND pays you 2 pence for watching each advert. So with IncentTV you can watch two episodes of 24 you'll earn about 70p.
- You could watch a whole series of 24 and IncentTV 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 IncentTV advertisers and partners. So you could swop your £16 worth of points for dinner at your local steakhouse.

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 IncentTV and anyone with an IncentTV 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 IncentTV earnings, obviously.

If a content owner uploads and manages his video(s) at IncentTV.com then we can deduct the cost of bandwidth from his earnings.

We will also have approved ISP partners. So if you're not using IncentTV.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 way.

WHAT VIDEO CONTENT WILL BE OFFERED AT LAUNCH?

YV content partners have plenty in their archives.

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, although mentioned only very quietly.

LIVE TV

If we are to insert targeted IncentTV 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 IncentTV revenue stream.

If IncentTV is playing one of its 30 second ads while the programme comes back on then the PVR box would pause that programme until the IncentTV 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.

IncentTV we can show viewers trailers for programmes relevant to their interests, and prepare the BBC for the inevitable day when their subsidies are cut or removed.

BBC - RADIO

Absolutely.

Radio on YV without using the screen to display opt-in targeted "smart billboard" promotional advertising delivered online, is a terrific waste of resource! (Think emailer!)

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 solves this problem - helping the BBC develop and enolve 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

The issue with RSS feeds is that we can create an RSS feed and specify videos on servers that are not mine within that feed. We can add timestamps into it, to signal IncentTV to insert its 2 minute 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's not happy.

So Jamie tries to contact IncentTV but we don't pick the phone up so he goes to the site and follows the 'add your content wizard' on IncentTV.com (where we do all the complicated RSS feed management behind a simple UI). 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 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 estimated viewing figures. With IncentTV it will be the same as Google ads - 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. IncentTV 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 subsidy provider
- Take the box out of the equation and IncentTV makes 8p
- 4p for IncentTV
- 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 IncentTV - 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 IncentTV. 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 considered having local newspaper advertising departments sell ads on IncentTV.

It's still an interesting partnership option, but this has been shelved 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

IncentTV 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.

REVENUES

If we add 1 minute of adverts before each programme starts the advertorial content must be good in order that it not be 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 IncentTV 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 IncentTV 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.

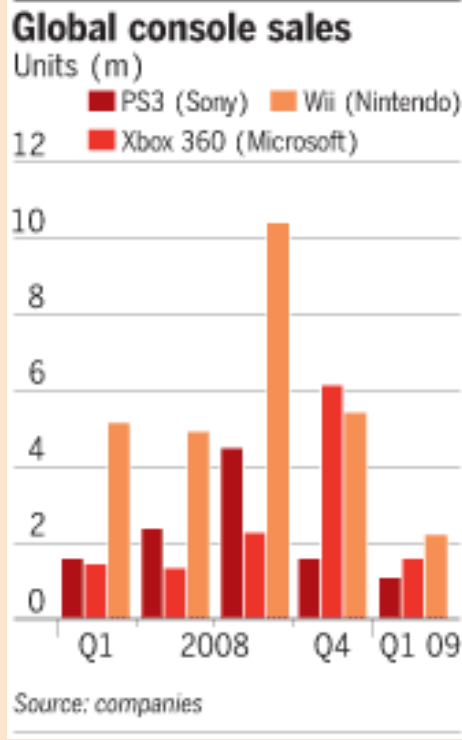
Average Cost per Lead in North America, by Industry, August 2008-July 2009

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

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www.eMarketer.com



BENEFITS FOR ADVERTISERS

IncentTV puts keen sellers and willing buyers together

You make money by selling products and services to consumers.

IncentTV is an ad-funded on-demand content library that is going to be made available on millions of IP enabled set top boxes and video phones.

The library will be watched by self-profiling 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 INCENTV 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 MANUFACTURES: THE BENEFITS

ie YV, Cisco, 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 IncentTV they will have to watch a larger number of adverts.

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

- The content can be paid for using stored IncentTV credit
- Transformers is available to watch with adverts on IncentTV

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 IncentTV, 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 IncentTV credit (earned 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 IncentTV themselves and do away with the middle men (ie BT Vision, Virgin Media, etc).

SET TOP BOX MANUFACTURES: THE PITCH

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

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

IncentTV 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 IncentTV enabled your STB boxes yesterday. Today, your viewer has a choice:

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

Let's pretend that your viewer chooses IncentTV'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)?

IncentTV 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. IncentTV 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, IncentTV 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 IncentTV 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

IncentTV viewers watch premium TV for free = nothing new.

IncentTV viewers are paid to watch TV = something new.

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

THE PRIVACY LOBBY AND HOW TO OVERCOME ITS CONCERNS

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. IncentTV is protecting and emancipating consumers - so that they have greater control over their privacy.

IncentTV brings willing buyers and keen 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 IncentTV is to be a highly trusted organisation - privacy and security is to be built into IncentTV's DNA.



His Fryness Holds Forth - Playback Rewards is another working title of IncentTV

<http://youtu.be/XtUFTgiQs-w>

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.

Although we undertake to preserve the anonymity and privacy of all users, we will enable all IncenTV viewers to remove specific records from 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.

MAILING LISTS & NEWSLETTERS

The people that advertise on IncenTV have bothered to make a 30 second video advertisement so they probably are quite organised in other areas of their marketing.

They will probably produce an electronically published newsletter from time to time and most of those emails will be get ignored as most senders are probably marked as spam.

IncenTV has opted-in 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 IncenTV's website, IncenTV 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 IncenTV viewer's newsletter intray.

PERSONAL ADS AND RECRUITMENT

A subject for further discussion...

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 entire 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 IncentTV makes VoD Channels financially viable. All a 'channel' must do is suggest good television, IncentTV 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 IncentTV advertising into their live streams.

As soon as IncentTV is seen to be a success we should push this live service onto channels who will recognize that without IncentTV advertising, they are likely to be FFed.

IncentTV 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 IncentTV 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 IncentTV

<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>