

iWay Newsletter

Perspectives on Interactive TV



Showtime Networks Prime time for iTV

David Preisman, Vice President of Interactive Television, Showtime Networks

*There's a "perfect storm" brewing that promises big things for interactive television, says **David Preisman**, Vice President of Interactive Television for pay-TV provider Showtime Networks Inc.*

He should know. An iTV veteran who has been developing and overseeing applications for Showtime since 1999, Preisman has lived through the unrequited hype and false starts of the past.

But today, a confluence of new technologies and new consumer expectations has produced a breeding ground for iTV adoption like we've never seen, he says. Here, Preisman shares his views about the iTV market in general, along with compelling examples of how Showtime is leading the wave. .

Inc **Can you offer a snapshot of Showtime's iTV development work?**

We've had a group working on interactive TV since 1999. We have a small team, but we're pretty lean and mean. And we think there's a real opportunity with interactive television technologies to create services and enhancements that are really good for our business.

We're working on about 10 different projects right now. Our approach has always been that we're agnostic with regard to platforms and technologies. There are obviously certain technologies that we think will be good for the industry and good for us, but our

main goal is to reach as many viewers as possible. If we're creating really good content, we want people to be able to see it.

In terms of examples, we have a new project called the Showtime Marketing Application. We have about five versions of that right now for different platforms, including an EBIF version developed with itaas that we unveiled at the Cable Show .

What does the Showtime marketing application accomplish?

So if you think about the way it works right now, actually selling and purchasing Showtime or any premium channel is a bit challenging. Showtime is basically

the wholesale provider. As a consumer, if you buy Showtime, you're buying from Comcast or Time Warner or Dish Network or Verizon; you're not buying it directly from us which presents some challenges. And because a lot of our exposure with consumers is short 30-second spots; we're forced to talk just about a single show. For example, we'll have ads running about "The Tudors" or "Dexter." When the truth is ideally what we'd like is a lot more time with the consumer to say 'When you order Showtime, you actually get 15 channels, and you get three HD services and three on-demand channels, plus movies and sports.' And that's simply impossible to do in 30 seconds. The Showtime marketing application creates a new location where we can market and sell Showtime to the consumer. If they're watching a cross-channel ad, those ads now have an interactive link. The consumer can link through the commercial into the Showtime marketing app, and in the app, there's custom long-form video, and the consumer can click various buttons in the interface. It's very easy to use, and they can look around to see Showtime boxing, movies and our programming. They can even watch recent episodes of our shows. And onscreen there is an order button.

Which is the ultimate idea, right?

Yes. The idea is they get exposed to our programming, they can watch episodes for free, and they can order with the remote control. The application talks to the

operator's back-end billing system so the pricing they see on the screen is the actual price - for example, if you already have a premium channel, the price may be cheaper. The coolest part is the viewer can click and order with the remote. They don't have to call to order. The cable companies love that because those calls are expensive. The whole transaction, depending on the system, takes between five seconds and 45 seconds. And when it's done the viewer has Showtime.



Do you still have to write to multiple platforms for these sorts of applications?

It depends on the project. Our goal is to reach as many people as possible. And if you want to do that today, you need to support different technologies. AT&T has a different technology than Dish Network, which is different than DirecTV, which is different than cable. It's starting to change, with cable and EBIF and tru2way, but we're at the very beginning of that process. And even when the transition on cable is completed, that'll still only address a piece of the entire video audience of the United States.

Where does EBIF fit, specifically?

It solves compatibility with a relatively simple platform, which I think is a good first step. It at least solves compatibility with a substantial footprint, on cable and Verizon.

What about from a creative standpoint?

EBIF was developed for the millions of set-top boxes that are out there right now. That includes the really old generations of set-top boxes, like the DCT 2000 and classic digital boxes. And depending on the user agent, which is the software that resides on the box, the capabilities can vary. At the lowest end, EBIF supports one font: a single size, bitmapped looking font, and only 14 colors. If you think back to when you had a computer in the old days, it had about 16 colors. That's what it's going to look like.

But we've done some really cool things within those limitations. If you design to it and don't try to fight it, you can still create compelling interactive TV applications. They certainly don't look like the graphics on an Xbox or a Playstation 360. I think it's more about the consumer experience. If you're watching "Dancing with the Stars" or "American Idol" or Showtime boxing, for example, and you can actually interact with your remote as opposed to sending a (text message) or having to call an 800-number, that's a good consumer experience. So if the graphics are designed well, and the platform limitations are taken in to account, I think there's still huge value that can be created for the viewer.

Will tru2way overcome some of those limitations?

I gave the example of low-end EBIF. On the high-end spectrum of EBIF you have full 24-bit graphics with support for different levels of transparency. With the high-end EBIF the graphics will look really, really great. But there won't be a lot of animation, the kind of fluid interfaces you might see on Xbox or Blu-ray. That's where tru2way comes in. Tru2way apps will look great and they can be much more sophisticated. There will be a transition period over the next several years as operators roll out more boxes that have tru2way. Those boxes are backwards-compatible, so they also support EBIF applications. EBIF is the near term opportunity for us and tru2way will be coming once there's a critical mass of those boxes in the field.

What's the appeal of these platforms in particular?

The big piece of the puzzle that's been missing until now in cable has been a big footprint with a single standard. There will be an opportunity to reach a mass audience on cable very soon with EBIF, and then over time it will transition to tru2way. At some point it will probably make good business sense to support both, and then eventually we'll get to the point where we phase out EBIF.

Have you written applications for tru2way yet?

We've built applications for tru2way but there's really nowhere to run them. It's been more exploratory work.

How do you decide which platform is right for an application?

I think what we've done is kind of different in that we've come up with six different products that we think are great for Showtime's business. I mentioned the marketing application. There's also an interactive sports application that enhances boxing and mixed martial arts fights that we air on Showtime. So we have six products, and for each product we want to reach as

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many viewers as possible - on multiple platforms, depending on the capabilities. If a project needs really advanced features, it might not work on EBIF. We aren't attacking it from the other way. We're not saying, 'Oh good, there's tru2way, let's figure out what we can do. It's a matter of porting our products to each of the different technologies, and in each case trying to take advantage of the full robustness of the interactive TV technology.

How might competition in the

video space influence the pace of iTV deployment?

I think the competition's great. We have kind of reached the perfect storm with interactive TV. I know when people hear 'interactive TV,' they say, Ooh, that again, I've heard that for about 15 years.' But I think there are about five or six things in the last few years that are game changers. And when you factor them in, it's creating the perfect storm. You've got competition from satellite TV, from AT&T and Verizon. All of them have iTV product groups working on lot's of things. You've got the CE competition where all these new TV sets and Blu-ray players will soon have internet connections and contain interactive technologies like the Yahoo! TV widget platform. You've got Canoe Ventures happening with interactive advertising that is helping to drive the rollout of EBIF technology, which is necessary to build the foundation for what they're planning. You have the industry standards that didn't exist until recently - EBIF and tru2way. And I think the last thing is that the consumer has changed. When we were originally looking at this a long time ago, consumers didn't have VOD and many of them weren't familiar navigating on the TV screen. They didn't have Blu-ray players and iPhones or even cell phones back then. So I think the landscape has changed. Not to mention consumer adoption of video on the web. I think we've reached the point



where if TV doesn't evolve, it's going to be in real trouble from competing technologies that offer additional functionality. When you factor all of that in, I'm confident that TV will change and evolve quickly to have a number of interactive capabilities. And in terms of what applications and services make sense on the television on 10-foot experience using the remote control, that's needs to be determined. There are a lot of great ideas out there but I bet the killer apps haven't even been conceived of yet.

What does your internal organization for authoring or developing apps look like? Will EBIF create new jobs in the video industry, in your view?

We do a lot in house, but we also outsource when it makes sense. We've worked with most of the leading companies in the industry. In the same way that most media companies have created groups to support the internet and mobile, I think you'll see the same attention placed on interactive TV over the next few years. The thing that's different for television networks is Interactive TV is about our core product. It's about enhancing our actual product, not creating opportunities on new platforms. So yes, I think there already are folks at the major networks who are at least thinking about this if not experimenting with it. I think interactive TV is going to hit really quickly in the U.S. and just take off. Look what has happened with the iPhone apps - that's an incredible success story. I'm not suggesting cable should or shouldn't open up the platform completely. That was

the approach that worked for Apple, sort of a hybrid walled garden where it's open to everyone assuming it passed certain criteria. But they made it accessible to developers. They certainly lowered the bar. There has to be an easier way to get these services launched, deployed, tested and validated. When we get to the point where every network wants to do a whole series of applications for individual shows, and that software needs to go through testing through every single operator, testing on all the variants of the cable plant and set-top boxes, it's just never going to scale. So that's a big challenge. It's like the early days of the Internet, where you really had to test carefully for all the different browsers, and there was different code you had to put in to make sure it would function properly, and over time those sorts of kinks just worked their way out. But I think there's a lower threshold for those kinds of things over TV. These things apps need to work and we can't afford for them to fail or create confusion for the viewers. The industry needs to get it worked out where we can certify once and deploy it everywhere. If this all plays out the way I think it will, there will be a lot of new jobs throughout the entire ecosystem.

Finally, what other applications are you pursuing that you can tell us about?

We have a portal product where you enter a Showtime portal and you enter the Showtime brand. The goal is to bring a lot of things together in a single destination. If you think about a cable system right now you've got HD channels in one place, linear services in another

place, you've got on demand in a third place. And then you've got all this rich content on our website adding value with behind the scenes pieces, broadband video and rich data. The idea of the Showtime portal is it brings this all together into one interface, branded Showtime. The viewer can enter and they can find out what's on, they can watch video, and they can directly access the programming that's airing, so it has links to linear, on demand, you can schedule DVR recordings and things like that. We have an early version the Showtime portal live on Dish Network in around 13 million households, and that has been live since 2003. We're working hard on updating the Showtime portal and bringing it to additional platforms.

The only other project I can mention is our Showtime TV widget, which will be launching in a few weeks. It's all about bringing rich content to viewers who just purchased a new HD TV. They can watch free sample episodes from Showtime and access video extras and interactive content.



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