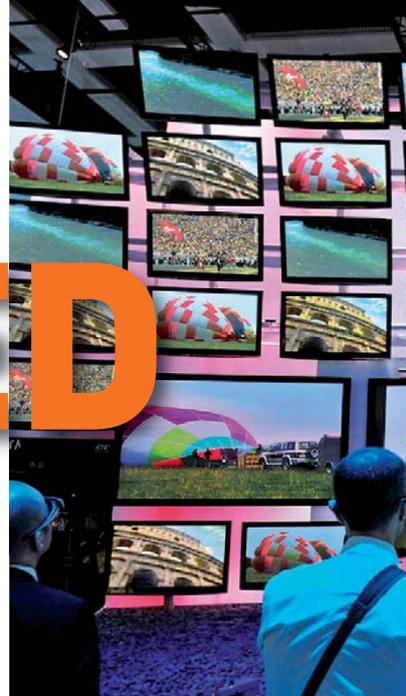


# CONNECTED COMEBACK



You just plug your TV directly into the internet or your router and hey presto, you've got Connected TV. With Panasonic's VIErACAST platform, all you need is your remote control to access quality news content, buy and watch videos or grab videos stored on networked devices in the house and stream them onto the big screen. And there's more to come. **Fabien Roth**, General Manager Consumer TV at **Panasonic Europe** predicts that within a year 75-80% of the market will be connected TVs. So what's the unique selling point?

It's all about making it seamless for the end user. We are bringing online – but not only online – services to the TV and are making it affordable and user-friendly for the consumer just as if he was manipulating a normal TV.

#### Euronews recently signed up as a partner – how does it work for them?

Like many content providers they are looking to find new ways to expand their distribution, and they realize they also have to be present on the connected TV.

For a news provider who probably owns most of the rights for their content, Connected TV is really interesting because it is not only giving access to this information in a different way, but it is also expanding the coverage. With Connected TV we can bring euronews to the entire world as long of course as we sell TVs in all countries – which is the case.

#### Do you focus on news?

I think there are four pillars in terms of content acquisition. One is porting the traditional broadcasters on the TV - they don't want to do exactly the same as in their normal

output but they want to be there. We work with Eurosport, Bloomberg, Nova in the Czech Republic, ARD Tagesschau, ZDF and many others and there are currently a number of NDAs in place until the applications are released.

The second chunk of content comes from providers like YouTube or Dailymotion that come from the internet and want to enter the TV window.

The third big pillar is the video on demand companies. We have Acetrax and some other brands, you can buy your movie and watch it at home directly on your TV.

The fourth area is probably gaming or gambling, like playing poker on your TV and so on.

#### What's the procedure if a broadcaster wants to join VIErACAST?

Depending on how complex you want the final application to be, it can take between 6 weeks and 4 months to develop. At the moment we don't charge companies for access to the portal, we are in the phase where we are growing and gaining experience.

We usually have a set of contracts with our partners, there is also a revenue sharing model, and usually it's a renewable agreement.

#### Which revenues do you share?

If we sell VOD, then there'll be revenue sharing on the fee that you pay to see the movie. If you talk about web/online content providers, there will be some revenue sharing as soon as the advertising model has reached its critical size to be profitable. It's not a target for manufacturers like us to build up revenues on that, the priority is to sell TVs.

#### What other ways are there to monetise VIErACAST?

We could also sell products, if there is a store that wants to join VIErACAST and sell products then we become a distribution channel.

You can also have registration or subscription, or video conferencing and phone calls. I think it is really open.

#### Your new platform only works on Panasonic models?

Our point was we did not want to reproduce the PC experience. We developed our proprietary standard based on JavaScript which is much quicker and does not stall. Of course that does not mean that for the future we are not interested in having a common standard. HbbTV is not detailed and strong

“ We think the end user will probably use three or four applications per day but no more ”



enough yet to switch to it. But let's say it is showing positive signs. All the members of the HbbTV group are talking to each other and the broadcasters to shape this new standard.

#### How does it function for the user?

Users simply have to plug the Ethernet cable into the back of the TV and it's done. We also have wireless now. It is very easy to change this plug and then the TV will get an IP address and you can push on your remote control the VIERACAST button and you access your portal.

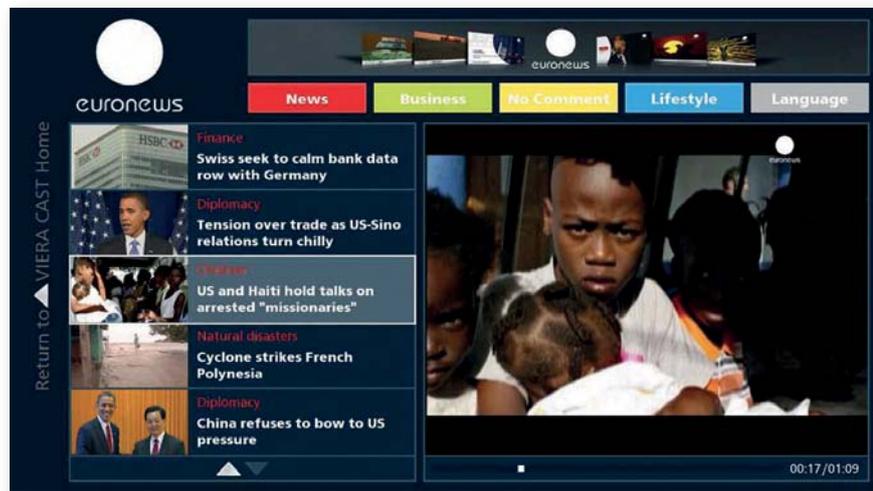
Our strategy at Panasonic is to focus on quality content and not on quantity. Some people went down the road saying 'Well, let's offer 300 applications and let's try to order your pizza on your TV' but we think the end user will probably use three of four applications per day but nothing more. What we need to make sure is that we got those applications.

#### Mr. Average bought a large flat screen TV, then switched to HD, then thought about moving to 3D, and now VIERACAST comes along. Will sufficient people make the switch?

The market is about 50m sets. What we see is that the turnaround rate is shrinking and now people are replacing their TV every five years, it used to be 8 or 9. The second thing is the flat TV has allowed new applications like in the kitchen or bedroom. We see a big growth market there. And if you are not

Flat TVs allow new applications in the kitchen or bedroom – that's a big growth market

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ready to upgrade your TV, you can connect to VIERACAST via a Panasonic Blu-ray DVD player or Home Theatre system. In that case the TV is just a monitor.

#### Many people watch TV while interacting with a web-connected device. Your platform merges this into one – is this what people want?

I think the mainstream TV viewers just want to watch TV. Last June we launched Skype. Now you can watch your favourite TV programme and you can have somebody calling you on Skype - a small icon comes up at the bottom of the screen. You could I guess in the future also chat, whether it's on Facebook or other sites. We are in the process of combining both.

#### How do you make sure web content looks good on a big screen?

We are usually involved in the encoding process – very often we have to re-encode the whole library and redefine the parameters so that it looks good on the TV. It's a business model issue basically because as soon as you say 'I want to stream high quality' – fine, we can do it but then you have to pay for the bandwidth.

On the other hand it is also a good differentiating factor for most content providers. If you launch a VOD service and are doing it in HD that gives you a plus as well.

#### TV sets with VIERACAST can also grab and stream videos stored on networked devices in the house.

#### What has the feedback been?

It's not the majority of users doing that, it's more like 10-15%. It's something you have to offer because many people are downloading videos now on computers and want to watch the videos on their TV.

#### How will you develop VIERACAST?

As far as we are concerned in Europe it is to extend local content on top of the European one. You need to have a strong local offer, this is one of the key drivers. The user interface becomes quicker, better looking. The direction is to include more and more video codecs, more and more DRM. In terms of pure video capability of the TV we are there already - also, technically VIERACAST already supports 3D but we are not offering it because we don't have the 3D content.

#### What does the home of the future look like?

I see seamless connectivity between devices – between your mobile phone, your TV, your tablet PC. The convergence will allow you for instance on your TV to control the opening of your door or to have some security camera that you can see on your TV. I see the TV not only in use for watching TV, being on for longer periods during the day because you are also doing other things with it, such as video and video communication.

Fabien Roth, thank you.