

Now You See It...Now You Don't

A Whitepaper from Digital Element:

Using IP Intelligence to Manage Digital Rights for Online Video



Introduction

Online video viewing has become commonplace for most Internet users — often a daily addiction for some. And, according to a June 2007 Online Publishers Association (OPA) study, 44 percent of Internet users are watching online video on a weekly basis. This latest Internet craze has caught fire due in large part to the technical advances in streaming bandwidth and intelligent mobile devices as well as the growing number of online social, entertainment and news sites that share video content. As companies catch and ride the online video wave, they face the challenges of trying to secure online content distribution and comply with licensing and copyright agreements as well as to obey customs and cultural boundaries.

This white paper will look at the evolving delivery of online video and examine how companies can safely and lawfully deliver digital content for today's geographically dispersed audiences.

Evolving Online Video Landscape

Internet users are watching online videos more than ever. According to OPA, the frequency with which consumers are watching online videos has made huge gains in the last several years alone. In a March 2006 study, five percent of online video viewers watched once a day and 24 percent watched at least once a month.¹ A similar study in June 2007 showed that weekly viewership had jumped more than 80 percent — with 44 percent watching weekly while those watching daily climbed to 8 percent.²

Similarly, ComScore released a report in July 2007 that showed Americans watched more than 9 billion online videos that month. More surprising: the average amount of time people spent watching online video was three hours during the course of the month. The study also found that the average video length was 2.7 minutes, meaning the average viewer saw 67 videos, or an average of two or more each day.³

Online video usage has been driven by the wild success of YouTube that perfected the delivery of consumer-generated content through more humorous videos such as the exploding Mentos and Diet Coke symphony. However, once considered the realm of teens and Gen Xers in search of jokes and funny clips to share within their social networks, online video viewership has aged and grown more sophisticated. Now, the typical online viewer is more likely to be in his 30s and is more interested in accessing news, current events and the weather. Additionally, other types of popular videos, which represent increasingly growing

segments within this medium, include TV shows, full-length movies and sports highlights.

While the likes of YouTube, Google and Yahoo lead the pack for the largest number of videos being delivered, other news and entertainment sites such as those owned by Fox Interactive Media, Viacom Digital and Disney Online have also been serving up their fair share. And not to be left out, savvy corporate marketers are now catching the wave and turning to online video to launch their products and build brand awareness.

Corporate marketers realize online video offers one of the richest user experiences on the Web. No other online medium delivers content appealing to the visual and auditory senses of the Internet's broad range of consumers — whether it's a company marketing its wares directly to consumers under the guise of entertainment (i.e. BlendTec's www.willitblend.com) or a business-to-business Webcast between a technology vendor and a host of IT professionals interested in learning more about a product.

From Greatest Hits to Growing Pains

Despite finally earning a place among the more mainstream media, online video — due in large part to its ability to quickly engage its audience — is still exhibiting growing pains. Before companies jump into the online video world, they should understand the recent issues and growing concerns in regard to this medium, many of which involve managing digital rights. As with any high-growth medium, the solutions to the existing problems do not

appear that simple. Trying to secure online video content distribution and comply with licensing and copyright agreements can be challenging. Figure in the different cultural boundaries that should be respected, and companies now have a global challenge that far exceeds the pages of any Web site. The solution in its simplest form can be summed up in one word: control. However, that control needs to be risk-free for companies and transparent to end users.

By leveraging IP Intelligence, companies can effectively create the necessary control to manage the distribution of and access to online videos, relying heavily on geographic location to serve as the foundation of a digital rights management (DRM) agenda. IP Intelligence is the anonymous data derived from analyzing an Internet user's IP address and includes geographic location (country, region, state, city and zip code); connection speed; Internet Service Provider (ISP); language; and other information.

In essence, it all begins with accurate, reliable data. Accuracy is the most important feature companies should look for when they start evaluating DRM-enabling technology. This is the area where other similar technologies have previously fallen short in their drive to deliver the desired results and expected protection.

Digital Element, for example, is one company with a DRM-enabling application that strives to continually improve its accuracy levels. Recent third-party tests conducted by Keynote Systems, the global leader in on-demand test and measurement solutions for continuously improving the

online experience, demonstrated a 100-percent accuracy rate for Digital Element's NetAcuity[®] IP Intelligence technology at the country level, as well as an exact match at the state level for those IP addresses located in the United States. Additionally, the Keynote technology assessment graded results down to a city level and Digital Element's NetAcuity delivered 97 percent accuracy.

Managing Digital Rights with NetAcuity's IP Intelligence

By deploying Digital Element's NetAcuity IP Intelligence technology, companies in the streaming media market can accurately and anonymously pinpoint a person's location down to the city-level worldwide without being invasive, allowing them to effectively control and restrict the distribution of video content to a worldwide, online audience. NetAcuity utilizes more than 20 different patent-pending methods that make it the recognized industry-standard in accurate IP Intelligence technology.

The use of NetAcuity's geolocation capabilities allows for legal downloads where licensing and copyright agreements are in place and restricts downloads where it is illegal. It is imperative for companies to use the "best technology available" to obey their contracts rather than relying on the cheapest solution. Low-cost solutions will likely lead to legal liability in the event a company is challenged. In a legal proceeding, a Court may very well ask "Why didn't you use the best technology?" And, unfortunately, cost is a bad excuse. NetAcuity, for example, can automatically

deliver video content to markets (domestically or internationally) where legal agreements already exist, but it also has the ability to prevent video distribution to unauthorized (such as the case with encryption software) or undesirable locations (such as those countries with a high rate of fraud). And, since licensors and Web publishers are constantly refining their rules for content usage, as seen in the recent Screen Actor's Guild negotiations, by having IP Intelligence technology in place, companies can easily and quickly adapt to these ever-changing rules and agreements — and carry on with business as usual.

IP Intelligence can also automatically restrict video content to certain locations based on adherence to local customs and cultural boundaries. For example, in February 2008, when the Pakistani government attempted to block access to YouTube citing concerns over anti-Islamic videos, millions of YouTube fans around the globe lost access because of an inadvertent error caused by a local telecommunications provider. With IP Intelligence in place, videos containing what might be perceived as offensive cultural content could have been restricted on the front end for anyone logging in from Pakistan. However, the water should be treaded ever so lightly as these types of restrictions border into the realm of challenging the Internet's central theme of free access to all. Companies must find the right balance between sensitivity issues and censorship.

One of the newest DRM initiatives involving IP Intelligence is being applied in the broadcast world. While the introduction of

the Internet in the 20th Century brought the first real change to the media landscape in some time, radio and television affiliates mostly relied on this new channel to simply serve as another brand awareness tool. However, the 21st Century now finds broadcasters at another crossroads, one where online and broadcast technologies (desktop audio and video) have converged. The old rules of creating and delivering content have changed, and IP Intelligence now allows broadcasters to create a more relevant, local experience for end users and to offer a more equitable partnership for affiliates. Broadcast networks and their affiliates can now incorporate a new type of DRM-enabling technology to manage affiliate spill-over and permit their Web sites to deliver streaming media and downloads as well as localize content and target advertising.

Digital Element and DRM Success

Case Study A: CinemaNow

Scenario

CinemaNow, an innovator in digital entertainment technology, distributes video content to consumers via its Web site (www.cinemanow.com), which is the leading destination for the authorized distribution of feature films and video on the Internet. The company has also expanded into the business-to-business sector, working with several manufacturers to integrate its technology into consumer-electronic devices where it acts as the de-facto service for video-on-demand stores. In both cases, in order to protect the distribution of the more than 10,000 pieces of content such

as major network television programming, major label music videos and independent content, the company was looking for a way to bring the traditional film studio distribution model to the online world. Under this model, distribution rights are divided, and charges are based upon geographical borders. Furthermore, the company wanted to assure content owners that only those users located in areas with distribution rights would have access to their content, regardless of the medium from which they access the content including the Internet, cell phones, and other portable devices.

Solution

CinemaNow realized the importance of incorporating geographic rights management as part of the company's video-on-demand strategy, so it turned to Digital Element to help protect the digital distribution of the company's growing content library by leveraging the company's IP Intelligence technology. Looking for the most accurate and reliable technology on the market, CinemaNow chose NetAcuity to integrate as part of its PatchBayTM platform to allow for pay-per-view delivery of online content and the management of digital rights, as well as user profiling and report generation.

Without this type of technology, CinemaNow would be severely limited in its ability to distribute content because there would not be a way to ensure access rights. For instance, with certain films, each distributor has to purchase rights to the movie in specific countries, and in turn each distributor passes along a portion of the cost to viewers in that country. As an

example, if a British company paid for the U.K. distribution rights to a specific film, that distributor would want to ensure that Web surfers in the United Kingdom could not access a U.S.-based Web site and download the video. Or, if a customer were accessing content through a cell phone, the technology would allow the device to be mapped to a territory, ensuring that the requested title is available for purchase and downloadable in that location. Without leveraging IP Intelligence, CinemaNow would not have a way to restrict distribution based on geographical parameters. Furthermore, with international fraud on the rise, CinemaNow is able to utilize NetAcuity to provide a front-line barrier, denying access to those geographical areas with the highest rate of this type of criminal activity.

Success

By incorporating NetAcuity into its PatchBayTM platform, CinemaNow ensures its distribution partners that it is using a major-studio approved and reliable solution and that their access rights are protected, which helps the company as it continues to build out its continually expanding licensing portfolio. The company sees Digital Element's technology as an absolute necessity for digital rights management. CinemaNow executives feel that their company cannot be in business without it — it is not a matter of increasing sales; the company can't distribute films without it.

Case Study B: Fox Interactive Media ⁴

Scenario

Having thrived together for nearly 21 years, Fox and its affiliates wanted a cutting-

edge agreement that would make them full partners in providing broadband services and ensure many more years of mutual prosperity. In August 2007, Fox Interactive Media (FIM) and the affiliate board agreed to terms under which the affiliates may use the MyFox platform for their local Web sites, sharing video time and advertising banner space with the network. The new deal expanded an earlier agreement that allowed affiliates to become exclusive local outlets for FIM's Fox on Demand service, which offers ad-supported streams of Fox programming and paid downloads of programs, movies and video games.

Solution

In order to make this business model work, FIM needed the most accurate, reliable geographic rights technology on the market. FIM selected Digital Element's IP Intelligence technology to undergird the Fox on Demand service. The technology automatically determines where a user is and directs them to the local affiliate so that the user sees the local content and advertising. For example, if a user in Springfield, IL., for whatever reason, tries to log on to Fox on Demand through Fox's New York O&O WNYW, he will immediately be redirected back to the services on the site of the local affiliate, Gocom's WRSP. Digital Element's technology works down to the zip code level and offers the highest overall accuracy of any provider. This type of depth and accuracy protects the DMA rights of the affiliates to network programming as it expands on the Web.

Success

Fox now has a platform to create a national broadband footprint with local promotion and advertising in every market. Fifty affiliates have launched the Fox on Demand service, with 39 lined up to adopt the MyFox platform. The MyFox platform will be customized for each affiliate and the affiliate will be encouraged to produce and integrate local content — text and video — on the site. The platform is also built to allow content sharing among the stations so that if “a big story hits somewhere” all the affiliates will be able to roll with it.

An Even Bigger Future for Online Video

Companies with online video initiatives are also taking advantage of the direct marketing opportunities afforded through a DRM solution built on strong geographic data. Companies using NetAcuity in their DRM platforms can also target promotions and online advertising based on location; maximize the effectiveness of geo-targeted video ads; and perform analytics and reporting with information obtained through IP Intelligence.

The online distribution of video content and advertising by all accounts is destined for continued growth. And the delivery and protection of this type of digital content must be able to change with new business models, marketplace fluctuations, and evolving consumer expectations as well as licensing and copyright compliance issues. Any company uploading and using video on the Internet must understand how to

find the balance between marketing savvy, technology innovation, asset protection, and reasonable fair use for its consumers.

About Digital Element

Digital Element delivers the de facto standard in IP Intelligence, providing coverage for 99.9999 percent of the Internet and collecting more than one million points-of-view daily from different online vantage points. Taking advantage of its patented technology and a team of dedicated data analysts, most of the world's largest networks, websites, video portals and social networks, access the most comprehensive set of IP data available to deliver targeting advertising, content localization, geographic rights management, video streaming localization and analytics. Through Digital Element's industry vision and leadership, this non-invasive technology has evolved into much more than geographic information and now includes other intelligence factors such as connection speed, domain name, ISP and language.

For more information on how to uncover new levels of insight about online users, please visit www.digital-element.net.

Digital Element is a business unit of Digital Envoy, part of the Landmark Interactive division of Landmark Communications.

¹ Online Publishers Association, “From Early Adoption to Common Practice: A Primer on Online Video Viewing,” March 2006

² Online Publishers Association, “Frames of Reference,” June 2007

³ ComScore, Video Matrix Report, July 2007

⁴ Jessell, Harry A., TV Newsday, <http://www.tvnewsday.com/articles/2007/08/15/daily.3/>, August 15, 2007