

APEC IPR Workshop



How They Work: New Generation Distribution Technologies

Singapore, December 12-14 2007



Today's Discussion

Mobile is the dominant digital game in town

- Asia-Pacific by the numbers
- Changing media consumption
- The digital content value chain



By the Numbers:
Mobile dominates in Asia



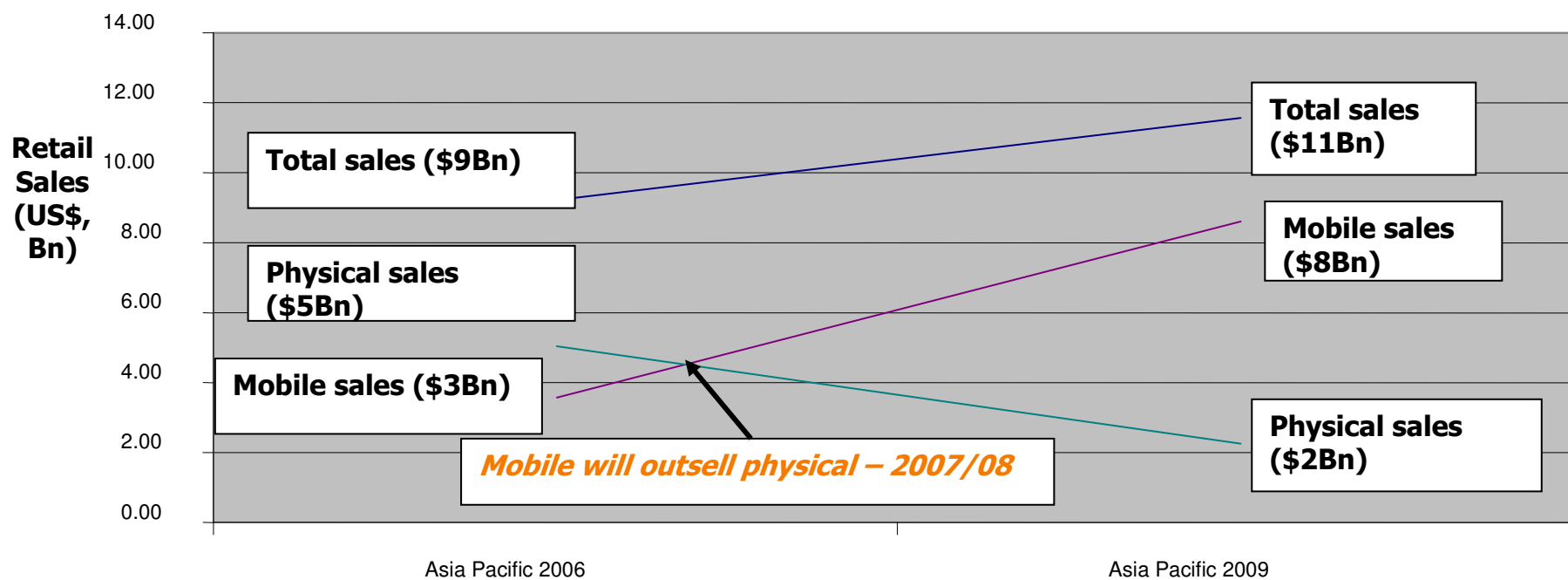
Asia-Pacific by the numbers

- **Digital music (i.e. online and mobile) will outsell physical music in Asia this year – India and South Korea have already crossed over.**
- **Globally, online and mobile music sales will represent more than 60% of all music retail sales by 2009.**
- **Almost 50% of all music purchases in Asia in 2006 were digital, of which 85% were sales of mobile music e.g. OTA tracks, ringtones, ringback tones.**
- **Asian music sales will continue to be dominated by mobile music which will comprise 75% of all music purchased by 2009.**
- **Asia Pacific will generate more than 40% of all mobile music sales globally in 2009.**
- **While mature markets like Australia and the United States will see growing online music revenues at 1:1 online:mobile or greater, emerging markets will be virtually 100% mobile oriented.**



Asia-Pacific sales trends

Asia-Pacific Music Sales - 2006-09





Where Soundbuzz fits

- **Established in 1999, Soundbuzz has pioneered the development of the online and mobile digital music distribution business in Asia.**
- **Soundbuzz is the only pan-Asian digital content aggregator, distributor and service provider.**
- **Enables consumers to legally buy music online and through WAP sites.**
- **Holds licensing agreements with EMI, Warner, Sony BMG, Universal as well as over 60 domestic record labels in markets across the region along with all major and key publishers who hold ringtone rights.**
- **Specialist licensing staff in major markets deal direct with local copyright owners.**
- **Provides services in 13 markets.**
- **Proprietary online and mobile platform that includes a regional digital rights management clearing house and delivery system as well as experience with micro payments.**



Changing media consumption



Media consumption is changing

- The advent of Web 2.0 (and Mobile 2.0) has created a parallel mass media – one generated by consumers themselves – in the form of Blogs, mBlogs, YouTube, MySpace.....

The World is Changing

- This media has high credibility and usage among its creators, contributors, audience – it is media ‘for them, by them’.
- Asian consumers are leading the world in transitioning this behaviour to the mobile world.

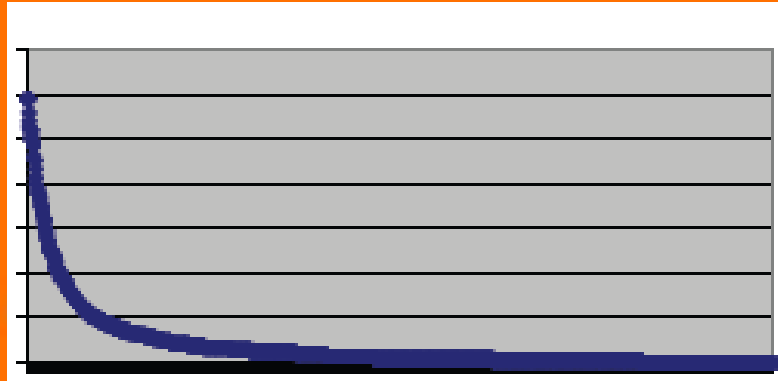


The Long Tail

- **Digital buying behaviour has moved away from the 'hits' towards the 'niches'.**
- **This results in purchases being much 'deeper' in the available catalogue.**
- **The depth is dependent on the strength of recommendation engines and search functionality.**
- **Music becomes ubiquitous no matter the age, demographic or personal tastes.**



Long Tail in Music



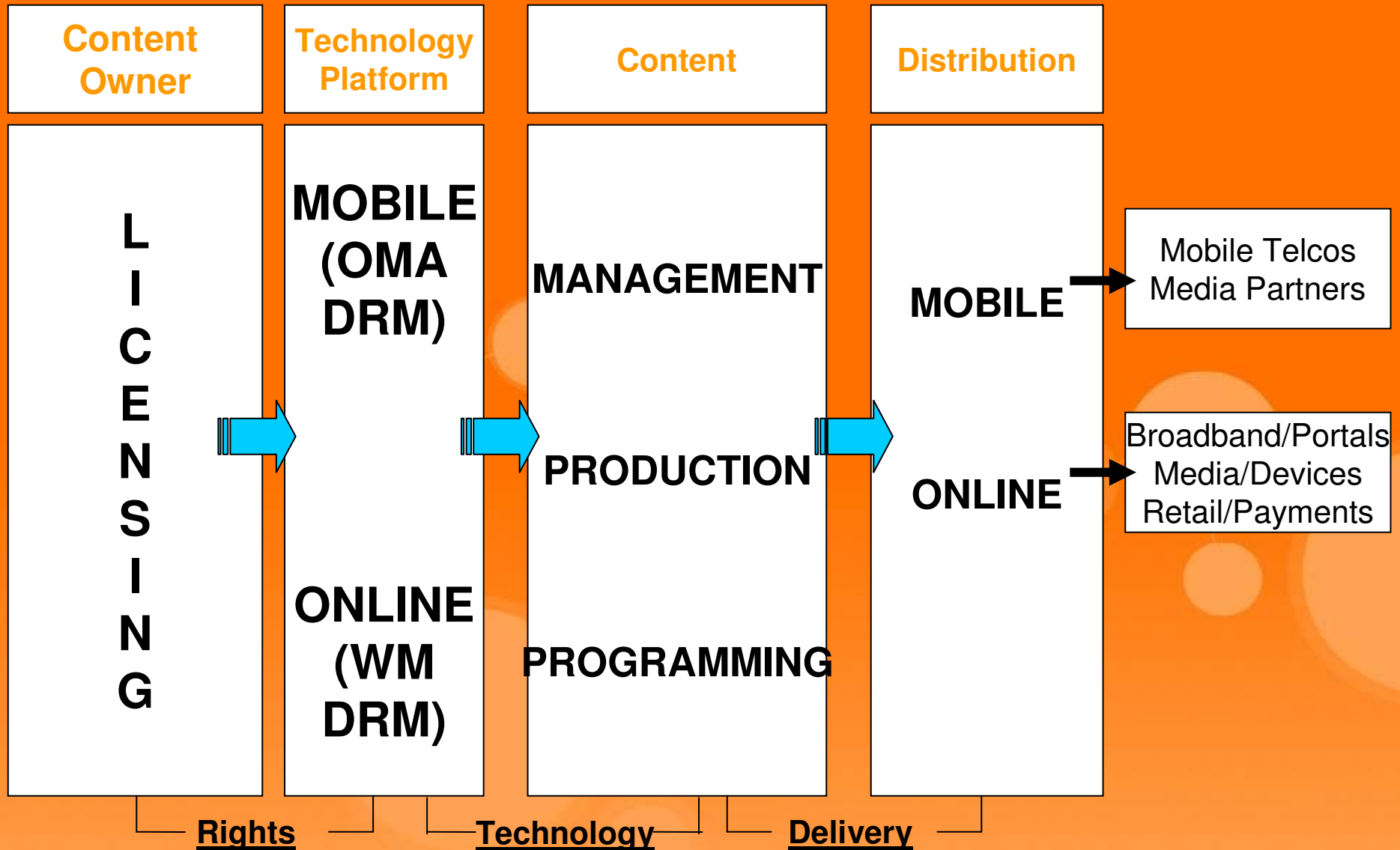
- **More than 85% of Soundbuzz online sales are non-top 40.**
- **About half of all ringtone sales are Long Tail.**



Digital Value Chain

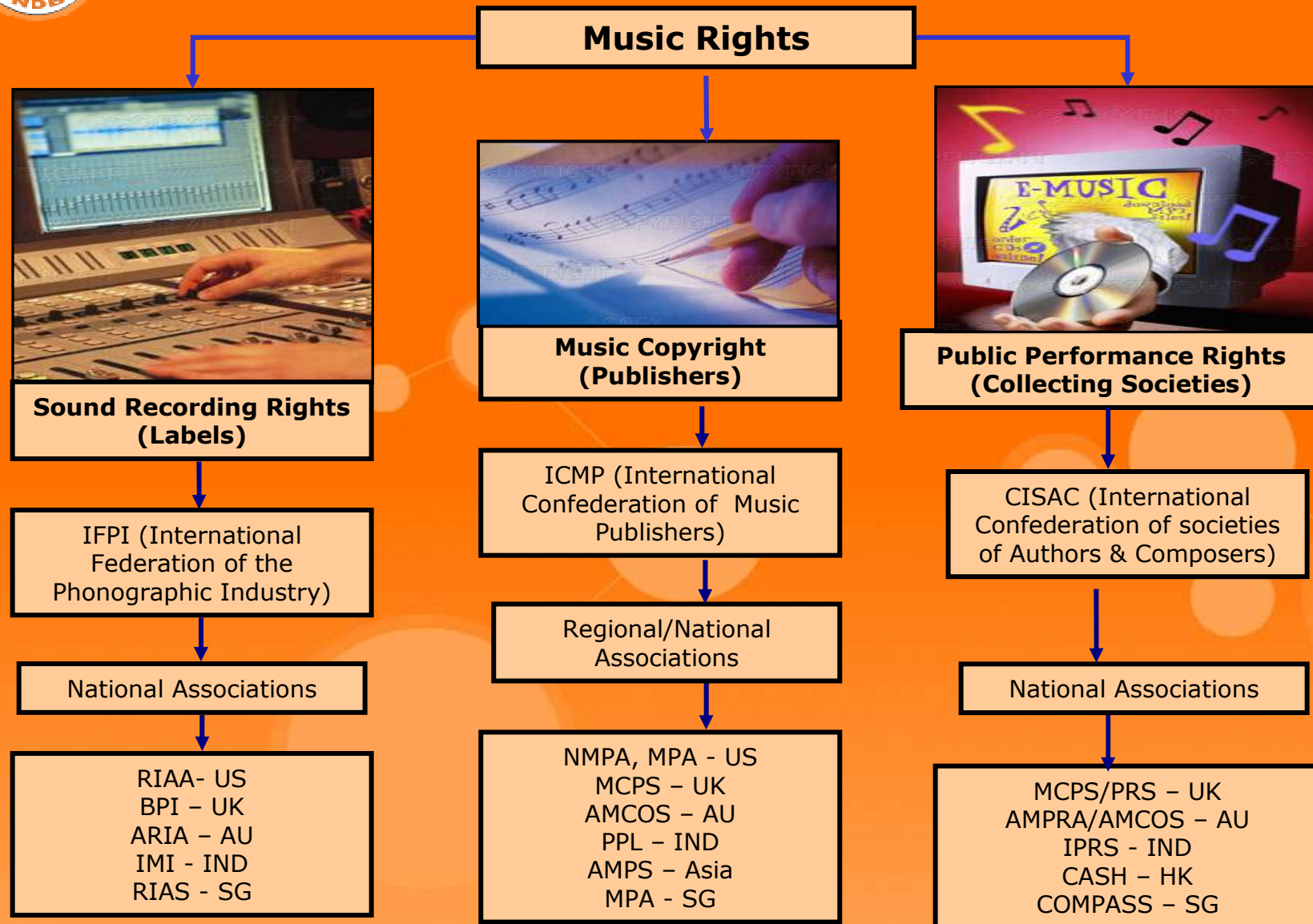


Digital distribution value chain





Music licensing regime





Digital music formats

- **Mobile:**
 - Full track over-the-air (OTA) songs and videos
 - Dual delivered OTA songs (to mobile and PC)
 - Subscription streaming
 - Ringtones:
 - Monophonic (instrumental version of a composition), polyphonic (instrumental version of a song), truetones (edited version of an artist's performance)
 - Ringback tones
- **Online:**
 - Song and video streaming and downloads
 - Prepaid music cards at retail



New Gen Platforms & Products

Platforms:

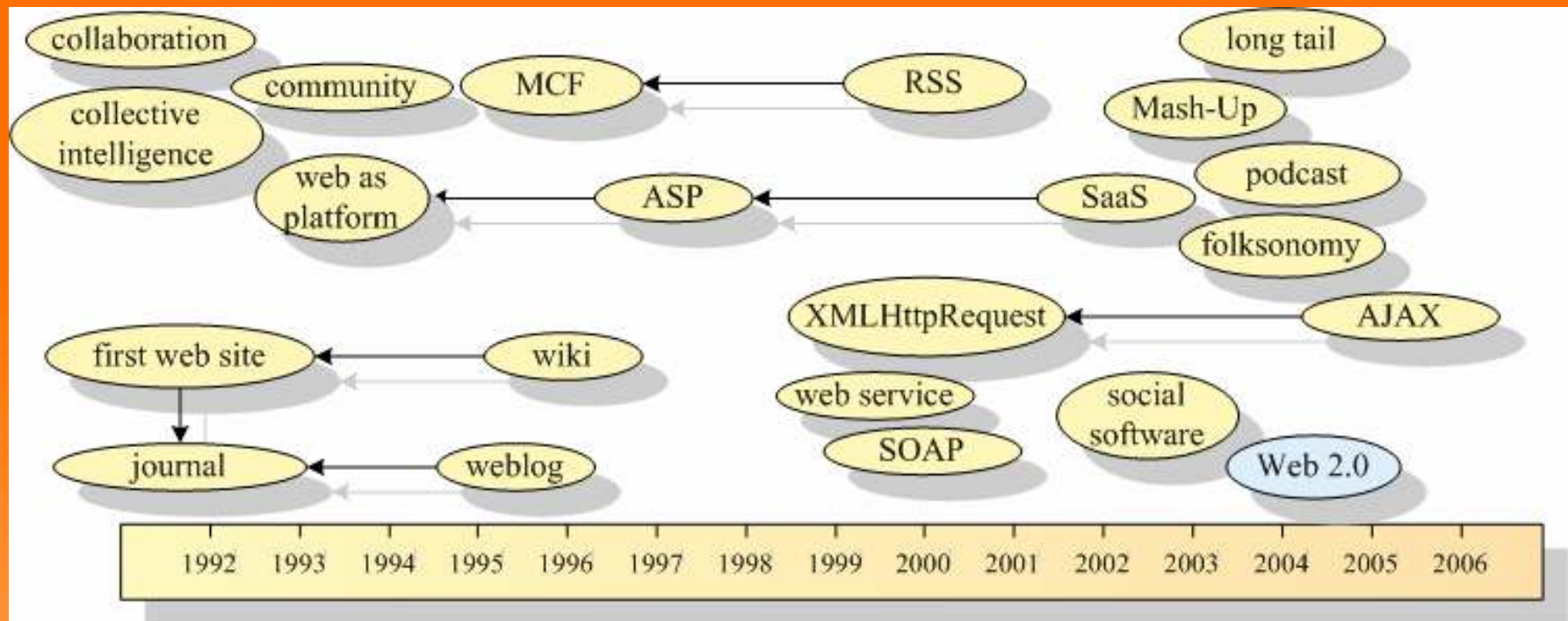
- Web - Wifi, wimax
- WAP – EDGE, mobile broadband (3G), HSDPA (high speed data packet access)

Products:

- User-generated content & interactive recommendation engines
- Mobile streaming and purchase
- Dual delivery songs and videos
- Song recognition engines
- Mobile community
- Playlist creation/sharing/ranking
- Point-of-sale music applications



Content Delivery in a 2.0 World





Digital drivers & challenges

Digital Market Drivers

Content rapidly emerging

- In the music world, content is being rapidly digitised.
- The digital world is bulging with content, particularly user-generated content, which is either monetised or freely available.

Regulatory environment

- Mobile environment to-date has seen excellent growth paralleled by piracy protection. Consumers have been willing so far to pay a premium for mobile content.
- Sideloaded content to handsets v purchasing OTA presents a clear threat in terms of current and future consumer behaviour.

Broadband and mobile growth

- Broadband (online and mobile/3G) is stimulating online and mobile downloading.
- The risk is that telcos will choke the channel via pricing/tariffs and lack of access for 3rd party services on their portals.

Device penetration and evolution

- There are more than 400M mobile subscribers in China, almost 200M in India, and almost 100% penetration in most other markets in Asia.
- The quality of new music-enabled phones eg iPhone present an ominous threat for commercial content in terms of encouraging sideloading versus OTA purchasing.

Changing consumer attitudes

- Entertainment, personalisation and self-expression on-the-go are driving consumption of digital content.
- The consumer is in the driver's seat.



In summary

- **Mobile dominates digital content sales in Asia.**
- **Consumers have discovered the Long Tail in the online world – Asia is leading the way in shifting that behaviour to mobile handsets.**
- **A host of new platforms and products are being developed to capitalise on changing content consumption.**
- **Content owners/telcos/regulators need to be conscious consumers are driving innovation and change – don't hamper or hinder them!**

Thank You

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