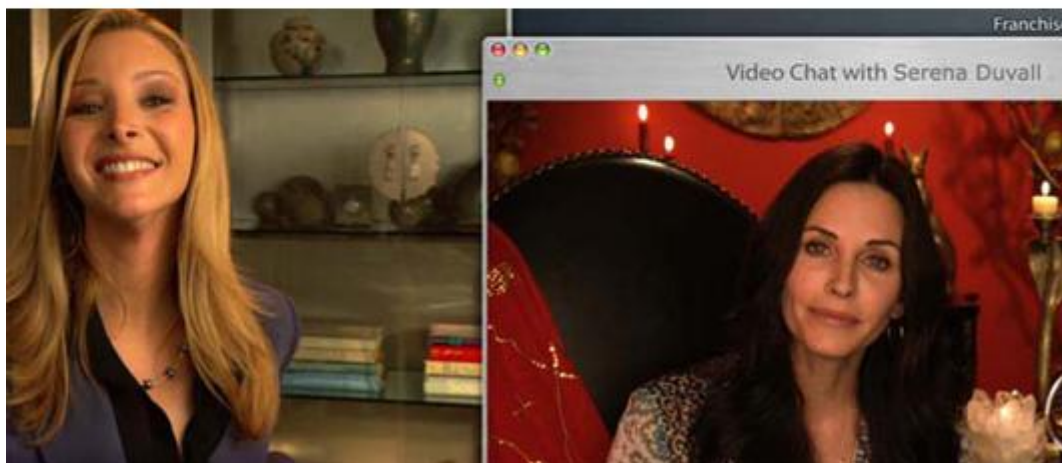


THE BIRTH OF ONLINE TV

Second edition

Creating a new medium



ABOUT THE BIRTH OF ONLINE TV

Creative and commercial strategies for a new entertainment medium

Inform your digital strategy with comprehensive coverage of the fast-growing market for original Web TV and transmedia shows, their funding, production and success.

- Key data and market trends to inform strategic planning, forecasting and business development
- How US Web TV studios are funded
- Detailed analysis of revenue sources for Web shows: advertising, sponsorship, commissioning, download sales and more
- Comparative budgets: per season and per-minute
- Detailed profiles of major Web TV comedy and drama series: rapidly compare formats and commercial models, including branded entertainment
- Comprehensive listing of Hollywood studios' digital divisions and Web TV production companies - and what kinds of shows they make - for competitive analysis
- Listings of major brands that sponsored American and European shows, revealing which advertisers are active in the sector and what genres they sponsor
- Comparative budget data and revenue sources to assist production budgeting

Key questions answered

- How is the boom in Internet video viewing building an audience for original Web TV shows?
- How are Hollywood studios, British broadcasters and production companies in both countries pioneering new online series?
- What are the essential insights from the most significant successes and failures in Web shows?
- What new online formats and forms of interactivity are emerging?
- How do shows find and build an audience?
- What kinds of distribution, marketing and promotion are in use?
- Which famous actors and directors are embracing the creative and commercial opportunities in Web TV?
- What kinds of productions are they making?
- And which brands are backing them?

100 pages / 40,000 words, 15 tables, 14 Web show business profiles.

Second edition, August 2009.

Fast digital delivery as a PDF.

In the report

- Covers original Web TV scripted comedy and drama shows in the USA and UK
- **15 tables:** online video viewing figures, studio funding, production budgets, episode lengths, self-declared Web show viewing figures
- **Listings of key market players:** 58 studio digital units and Web show producers: studio and production company listings for BBC, CBS, Channel 4, Disney, Fox, NBCU, Paramount, Sony, Warner Bros and 49 production companies
- **Advertiser and sponsor listings** for US and European Web series: sole sponsors and multiple product integration
- **Brand sponsors** referenced in the report include Carl's Jr, CIBA Vision, Ford, Red Bull, Sprint, Suave, Tampax, Tide, Toyota and many more
- **14 in-depth Web show business profiles:** full creative and commercial details, each with a colour still from the production, plus 23 further significant US, UK and European shows listed
- **13 major trends** for the future of the Web show market
- **4 industry expert interviews**
- **Itemised analysis of funding** and revenues sources for shows, with examples
- **Live links** to all Web shows and production companies to take you direct to their Web sites
- **Methodology:** the analysis is based on production company information, authoritative industry sources and original research

Who should read this?

- Business development executives, digital executives and commissioners in studios, broadcasters, and Web video and social networking sites
- Branded entertainment specialists in advertising and media buying agencies
- Innovative brand managers seeking new opportunities for their brand portfolio in the online video space
- CEOs, senior executives and producers in television and new media production companies

The Birth Of Online TV enables you and your team to get up to speed with the fast-moving Web TV sector.

Our buyers include global advertising agencies, broadcasters, Hollywood studios and producers: AT&T, BBC Worldwide, Digitas, Disney, Eutelsat, Fox, HBO, ITV, MediaCom, Ogilvy, Publicis, RTE, Warner Bros.

Futurescape's research is regularly quoted in media and marketing publications such as Variety's Video Business, Broadcast, Televisual, TV Week, MediaPost and Campaign.

Full Media Coverage: Second Edition

Quoted in *Variety*, HuffPo and more publications

Click on the red links to see the original articles online.

While the future of television is continually being debated, the news media are starting to analyse the significance of Web shows for the entertainment and advertising industries.

As Futurescape is a key source of independent research on the sector, the second edition of our pioneering report *The Birth Of Online TV* is receiving even wider coverage than before, both trade and consumer.

There's a comprehensive write-up by Jennifer Netherby in [Variety's Video Business](#).



TOP STORIES SEPTEMBER 3, 2009

Web TV shows attract major stars
SEPT. 2 | DIGITAL: Segment shows commercial success, Futurescape report says

Julia Roberts-Clive Owen thriller *Duplicity* tops rentals
SEPT. 2 | PHYSICAL: *Hannah* No. 1 DVD seller, *Fighting* a knock-out in Blu-ray sales

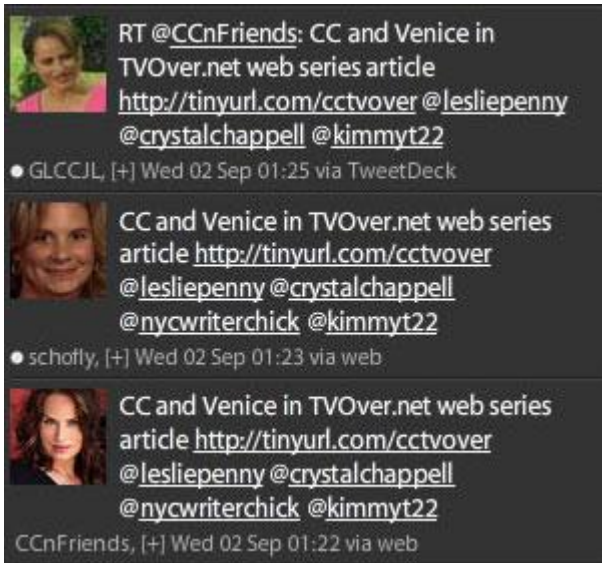
***Wizard of Oz* gets Teleflora Bouquet**

Greg Mitchell, editor of *Editor & Publisher* (the main trade magazine for the US newspaper industry), quotes our findings in his Huffington Post article, [After Emmys: Are Web Series a New Threat to Primetime TV?](#)

Other entertainment industry press includes:

- The Business Week [Internet television blog](#)
- The Informa newsletter *New Media Markets* (subscription only)
- The digital edition of Cynthia Turner's e-mail newsletter [Cynopsis](#)
- Media news specialist [MediaBistro](#)
- IPTV news site [TVover.net](#)

Web shows as branded entertainment, funded by major advertisers, is the focus for [Brand-e.biz](#) and [Product Placement News](#).



In consumer media, Keanu Reeves and other stars appearing in or making Web series is the hook for [Home Media Magazine](#) and the home theatre blog [Wired At Home](#).

The relationship between a Web show and its fans, which we've written about extensively in our WeVision report, is evident in this screenshot from Twitter (left).

American soap star Crystal Chappell retweets the TVover.net article mentioning her forthcoming series Venice - and her fans pass it on.

The original release is here on [PRWeb](#).

Full Media Coverage: First Edition

What do Web shows cost?



Daisy Whitney used the production cost analysis from The Birth of Online TV for a fascinating comparison of current Web shows in her New Media Minute video.

What does it really cost to produce a Web video series? \$200 per minute or \$2000? Or maybe \$20,000? The numbers may surprise you. This week's "New Media Minute" breaks down a range of costs for Web series such as "Dorm Life," "Sanctuary" and "Foreign Body" and compare those price tags to traditional TV.



Click to [see the video](#)

Online TV myths



Gavin O'Malley at MediaPost, essential reading for media planners and buyers, writes:

"Thanks to viral marketing, engaging and well-produced content will distribute itself online, right? Wrong, according to a new report from Futurescape, a London-based digital entertainment R&D firm, which details several myths related to original Web content production in the U.S. and U.K."

He goes on to discuss in detail three of the myths we identified in our report The Birth of Online TV:

- 1) Good content will automatically go viral (it actually requires promotion)
- 2) Internet shows are cheap (in fact, there is a wide range of budgets)
- 3) The industry is still in an experimental phase (complete end-to-end production models are already in place)

[Read the full article here](#)

SAMPLE PAGES FROM THE BIRTH OF ONLINE TV

WEB SERIES BUSINESS PROFILE – In The Motherhood



Synopsis US comedy about three mothers, starring Leah Remini, that invited women to send in their true-life experiences for the script; sponsored by Sprint and Suave.

Production company Conceived by Mindshare Entertainment, video by Science + Fiction, interactivity by FanLib.

Commissioner / sponsor / revenue

- Co-sponsored by Sprint and Unilever's Suave.
- Unilever promoted the Suave range of hair, skin and deodorant products: Suave is "a brand for the average mom who puts her family first."
- Mobile operator Sprint promoted family safety, family calling, entertainment services.

Budget

- Approx \$1m.

Number of episodes and length 5 X 5 mins.

TX dates and schedule

- Show premiered 11 May 2007 (also on The Ellen DeGeneres Show), with subsequent episodes on 22 May, 29 May, 5 June and 12 June.

Key innovative and interactive features

- Show invited target audience of mothers to contribute script ideas from their own real-life experiences, with site users voting which ideas were best.
- Characters had Sprint Digital Lounge music playlists.

Distribution

- Show site www.inthemothhood.com
- Online: MSN | Suave | Sprint site | Sprint TV (mobile) | FanLib for contributions.
- Television: Clips and episodes shown on The Ellen DeGeneres Show.

Promotion / marketing

- The Ellen DeGeneres Show also featured Remini and invited viewers to send in ideas.

Success

- Claims 5.5 m video views in first season and that during the campaign the site was the fifth most popular site for mothers on the Web.
- Second season started in February 2008.
- Developed by ABC for broadcast TV version in 2009.

SAMPLE PAGES FROM THE BIRTH OF ONLINE TV

Online TV funding, revenue sources and sponsorship

Funding for studios

Until early 2008, Web show studios and production companies were launching with ever-increasing funding and support from major investors. Due to the recession, there has been little activity since the second half of 2008.

Significant exceptions are Agility Studios, which launched in November 2008 with "several million" dollars from Mantucket Capital, and DECA, which managed to secure a remarkable \$10m second round in January 2009, from previous investors Mayfield Fund, General Catalyst and Atomico, together with newcomer Rustic Canyon Ventures. Michael Eisner's Vuguru secured a major deal with Rogers Communications in October 2009.

More details are in the studio and production company profiles and summarised below.

Table: Significant studio funding deals (high to low)

Studio / production co	Funding	Investors
Next New Networks	\$23m <ul style="list-style-type: none"> • \$8m – launch Jan 2007 • \$15m – March 2008 	Spark Capital, Goldman Sachs, Velocity Interactive, Saban Media, Bob Pittman
DECA	\$15m <ul style="list-style-type: none"> • \$5m – launch Sept 2007 • \$10m in January 2009 	Mayfield Fund, General Catalyst, Atomico, Rustic Canyon Ventures
Revision3	\$9m <ul style="list-style-type: none"> • \$1m – launch Sept 2006 • \$8m – June 2007 	Greylock, LinkedIn CEO Reid Hoffman, entrepreneur Marc Andreessen
Worldwide Biggies	\$9m – launch Aug 2007	NBCU, Hearst, Greycroft, Platform Equity, Prism VentureWorks
Generate	\$6m – March 2008 (two years after launch) \$2m – July 2009	MK Capital, Velocity Interactive
Eqal	\$5m – launch April 2008	Spark Capital, Marc Andreessen and others
Independent Comedy Netwk	\$5m – launch 2007	Angel investors
60Frames	\$3.5m – launch July 2007	Tudor Investment Corporation, Pilot Group, SpotRunner, UTA
For Your Imagination	\$2.2m <ul style="list-style-type: none"> • \$1.2m – launch Jan '07 • \$1m – March 2008 	ConsensusOne Ventures
Electric Farm Entertainment	Sold 10% stake for \$2m in August 2008	Granada American
Agility Studios	"Several millions" – launch Nov 2008	Mantucket Capital
Vuguru	"Multimillion dollar" – Oct '09 (two years after launch)	Rogers Communications

Source: Futurescape

SAMPLE PAGES FROM THE BIRTH OF ONLINE TV

Production in action

Show and season lengths

Very short forms vs narrative

There is a widespread preconception that online viewers will not watch video for more than a few minutes. Says Mark Karlan, media strategist at Lowe Worldwide, New York: "We know people's attention spans online are short."

But is this true? And why are so many producers shooting episodes at more than five minutes? Geoff Goodwin, head of the multi-platform teen service BBC Switch, sums up the assumption about length: "[People say] 'Oh, they've got 19 things in their room, so we're only going to be able to get them for 3.8 minutes, so we need to do [episodes at] that length.'

"But videogames are as long as they've ever been. Sit down and play Halo and the promise is you're there for weeks. Look at the Harry Potter films and Lord of the Rings, some of the popular media for this generation. It's long and getting longer."

The assumption that episodes have to be one to five minutes long comes at least in part from the content on video sharing sites such as YouTube, which are very often at that length. Yet it is important to bear in mind that YouTube caps video length at 10 minutes. It is not possible to upload a longer clip. And many YouTube contributors are not working in scripted narrative formats, but producing video blog entries that do not require 15-minute running times.

Another consideration is the commercial pressure to keep it short. Kathleen Grace, co-creator of The Burg, sums up the tension between advertiser requirements and narrative. "The ad industry says three to five minutes because you can get more impressions and views with shorter content. But we've had very successful episodes that are longer. Our general barometer for The Burg and The All-For-Nots has been if we got bored while watching it. If it feels tight and moves along then we don't worry about the number of minutes it is. People will watch five minutes, 15 minutes, or even 22 minutes online as long as it's compelling."

This was certainly true of one of the biggest successes so far, Dr Horrible's Sing-Along Blog. The superhero musical is arguably closer to a condensed feature film than a TV-style series, as it runs for 45 mins total, and was released in three, 15 minute episodes. Online viewers were first able to watch it streaming via Hulu.

Balancing the competing demand of advertisers – for more impressions via a larger number of short episodes – with a producer's aim to deliver a strong narrative via longer episodes, is one of the key challenges that must be addressed for online television to progress commercially. It may be that a format will emerge, analogous to the broadcast television sit-com, that manages to resolve the issue. Or there may be several formats that each work with a different commercial model. For instance, a single sponsor may find a longer episode format entirely acceptable if it delivers a good audience and the sponsor's product is featured effectively.

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