

digital mogul

101



the gist of it

- **our aim was true: serving clients since 1998**
- **digital mogul track record: early predictions**
- **digital mogul track record: ahead of the herd**
- **selected clients/readers: who we worked with**
- **yeah, but what did our clients think?**



our aim was true

- **the product-based mass-market media is dying – a process accelerated by emerging technologies and the shifts in consumption they are enabling**
- **our purpose was to help our clients thrive in the rapidly evolving, highly segmented, service-based media world**
- **since 1998, we've counseled our clients on how to create and adapt assets for this world through our industry reports and custom consulting**



track record: selected early predictions

- on the breakdown of product models in music (pre-Napster): “Not only music, but all media will become available on demand... Each time a new technology comes, the music industry reacts with anger and fear... The Internet will route around this censorship.” **November 1998**
- on the decline of the portals and the mass demographic: “Lower network TV ratings have been but a gentle harbinger of the mass demographics’ decline... Even Internet growth, fueled in part by the short-sighted content aggregation and portal marketing, will not be exempt — the success of the current portals are solely dependant on the desires of a novice market.” **September 1998**



selected early predictions continued

- on the demise of DEN: “Will they be successful? **NO** – unless they drop the broadcast model and concentrate on creating programming that is, as they claim, for ‘virtual communities throughout the world, audiences with interests not currently addressed.” **December 1998**
- on the failure of HDTV (pre-TiVo/Replay): “Sooner than the DTV infrastructure is likely to finish rolling out,...local disk storage will grow to the point where it will be feasible for consumers to download their favorite program...to a storage device and play it back.” **June 1998**



track record: ahead of the herd

“Federal authorities arrested and charged two Enron Corp. executives on Wednesday with fraud for allegedly creating \$111 million in bogus earnings from a ballyhooed Internet video-on-demand venture that was a failure from its inception... Enron and Blockbuster signed a 20-year deal in April 2000 to stream video films to customers' homes by December of that year. The deal, coupled with Enron's wild projections about broadband's future profitability, pumped the stock price up sharply. But the catch was that Enron was having a hard time making the reality match the hype.”

– Reuters, March 2003

“...Blockbuster and Enron enamored the media by announcing a twenty year exclusive agreement to deliver movies on-demand via high-speed phone lines to “millions of homes in the U.S. and Europe!” beginning late fourth quarter, 2000. ...The announcement, alas, is mostly pretty press fodder... Good for spiking the stock, but little else.”

– digital mogul, July 2000

“AOL Time Warner plans to drop "AOL" from its name, symbolizing the giant media company's effort to put the failings of the biggest merger in history behind it and begin a new phase of its corporate identity...”

– Washington Post, September 2003

“The AOL Time Warner merger has been called... The Most Significant Deal Ever. It isn't. It's a twitching carcass. A fear-addled carrion. ... a transitional deal, a temporary market blip, created and consummated by two dinosaurs, one long in the tooth and one toothless, in good old-fashioned fear.”

– digital mogul, January 2000



ahead of the herd continued

“Deconstructing Media: In a world of fast-flowing bits and multiple devices, media companies must adopt a modular approach to content creation and dissemination...The Internet ruptures the media value chain”

– Forrester, March 2000

“As industries continue to converge, markets fragment, [and] the consuming audience grows increasingly complex...as the [computing] prices erode, and multiple viewer/PC households move from rarity to commonplace, you have to wonder how and to what device those audio/video bits will be delivered.”

– digital mogul, September 1998

“That dirty word – convergence – has now married the videogame and digital television industries.”

– Inside.com, January 2001

“Convergence is not convergence, it’s the disappearance...of the technology from center stage...to the role of transparent distribution mechanism...unseen by the hands and eyes and ears of the consumers who use it to consume ‘content’, yet another of those dirty words of ambiguous meaning.”

– digital mogul, July 1999



ahead of the herd continued

“Booming demand for faster internet access over Digital Subscriber Lines left millions of prospective customers poking along at modem speed as the year ended... In 2000, [telcos] were nagged by problems ranging from provisioning and regulatory issues, to strikes, to equipment shortages and limitations, all of which conspired to keep them short of satisfying customers anxious to rev their search engines.”

– Interactive Week, January 2001

“High-speed broadband access isn’t coming anytime soon. The telecom and cable companies are completely under-provisioned, and the Internet is not designed to efficiently carry the amount of traffic that it is carrying. The emphasis of these companies on the last mile (where high-speed device meets consumer) is meaningless.”

– digital mogul, July 1999

“Despite the huge volume of traffic portal sites offer commerce players, revenue expectations for portal tenancy deals are often overly ambitious and are destined to be unrealized... By 2002, online commerce driven directly by the primary portals will grow only slightly, from 18% in 1999 to 20% by 2002. Commerce players [must] diversify their marketing strategies as a way to reach the rapidly growing audience of online buyers.”

– Jupiter Communications, April 1999

“The big portals, rather than exploit the unique strengths of the Internet - the ability to micro-cast globally to select users - have cut and pasted the tired old mass market model instead... Companies yearning to develop strategies that result in direct sales of their products need to court the niche sites [because]...the future of advertising is *not* online. It is in *reaching* your customers wherever they roam.”

– digital mogul, March 1999



selected clients/readers

finance/venture

Morgan Stanley Dean Whitter
JP Morgan
Ed Venture Holdings
Ernst & Young
Adams Capital Management
Houlihan Lokey Howard & Zukin
Waller Capital
IDG Ventures
East West Venture Group
Bear Stearns
Draper Fisher Jurvetson
Mohr Davidow Ventures
Accel Partners
Benchmark Capital
Institutional Venture Partners
Kleiner Perkins
US Venture Partners
CS First Boston
Paul Allen Group
Hummer Venture Partners

press

Industry Standard
Red Herring
LA Times
NY Times
Forbes
CNET
Washington Post
USA Today
Wall Street Journal
Newsweek
The Hollywood Reporter
Reuters
CNN
Interactive Week
Associated Press
Bloomberg
Business Week
Variety
Rolling Stone
Wired

entertainment, media & tech

Amazon.com
Sun Microsystems
Microsoft
Real Networks
Yahoo!
AT&T
News Corp.
Disney
Bertelsmann
AOL Time Warner
Viacom
Sony
CAA
Korn/Ferry
KPMG
Napster
RIAA
Leo Burnett
Intel
ILM



yeah, but what did our clients think?

“digital mogul brings a fresh, provocative voice to major media and online issues.”

**–Walt Mossberg,
Personal Technology Guru, The Wall
Street Journal**

“The problem with digital analysis - that is, analysis about things digital - is that it too often states (or restates) the obvious, the expected, the known. digital mogul is a blast of freshness - pointed, critical, always smart. It's not for everyone, which is its strength. The more vertical, the better. And digital mogul is as good as it gets.”

**–Marc Landsberg,
EVP of Corporate Strategy, Leo
Burnett**

“As most venture capitalists do, every year I preview dozens of reports and talk to dozens of analysts, all in hopes of uncovering original and useful thinkers that might give me an edge in a very competitive business. Your stuff focuses on what most others miss, and more importantly, you tell the story thoughtfully, relevantly and irreverently. Most don't make the cut. You do.”

**–William C. Hulley,
General Partner, Adams Capital**

“digital mogul reports and the mogulwars bulletin get beyond the obvious issues...and raise questions about the space that most analysts don't even think to ask. Also, since they seem to know everyone and everything in the digital entertainment space, they are able to add historical and future perspective - why is the deal important, who are the players, what does it mean for the future of entertainment? ... Top this analysis off with plenty of wit and humor and you have the most readable analysis ever.”

**–Chuck Fishman,
Producer, CNET Radio, Wall
Street Journal Radio**

