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E-Commerce in Entertainment Industry

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Entertainment E-Commerce: Powerful Potential/Immediacy of Impact

- Content is their currency -- And it can be delivered directly to consumers over networks
- Music first. Others forms of entertainment content to follow
- Adequate copyright protection a must -- standards
- Technology is largely here today
- "Winning" business models still evolving

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Entertainment E-Commerce: The Business Transformation at Hand

- **New Business Processes**
 - ▶ Post-production
 - ▶ Digitization of Content
 - ▶ Staging for Distribution
 - ▶ Asset Management
 - ▶ Business Tracking Systems

- **New Market Opportunities**
 - ▶ Web as a Marketing Tool
 - ▶ e-commerce for Products
 - ▶ Online Access to Content
 - ▶ Efforts toward Distribution

- **New Culture**

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New E-Commerce Environment in Entertainment

- New Customers
- New Partners, Suppliers, Resellers
- New -- and Reinvigorated -- Channels to Customers
- New Relationships with Customers
 - ▶ Closer and More Responsive
- New Products
- New Competitive Threats
- New Challenges to Established Channels

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Digital Music Marketplace Dynamics

- 500,000 Music Songs and CDs Available on the Net
- Piracy will Give Way to Promotion and then Downloads, according to Forrester Research
- Online Music in Europe to Grow Dramatically, according to Jupiter Communications
 - ▶ \$87.6M 1999
 - ▶ \$174.1M 2000
 - ▶ \$1.12B 2003
- All Players Exploring Multiple Options
- Growing Realization that Companies Must Collaborate to Accelerate New Competitive Marketplace

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IBM Digital Music Distribution Deployment

- Three Years in Development
- Working with 5 Major Record Labels
- Industry-wide Collaboration to Benefit Consumers
- Market Trials Beginning
 - ▶ San Diego, California
 - ▶ Participants: 1,000 Broadband and 1,000 Narrowband
 - ▶ 2,500 CDs and hundreds of commercially available singles
- Working with Other Key Technology Providers

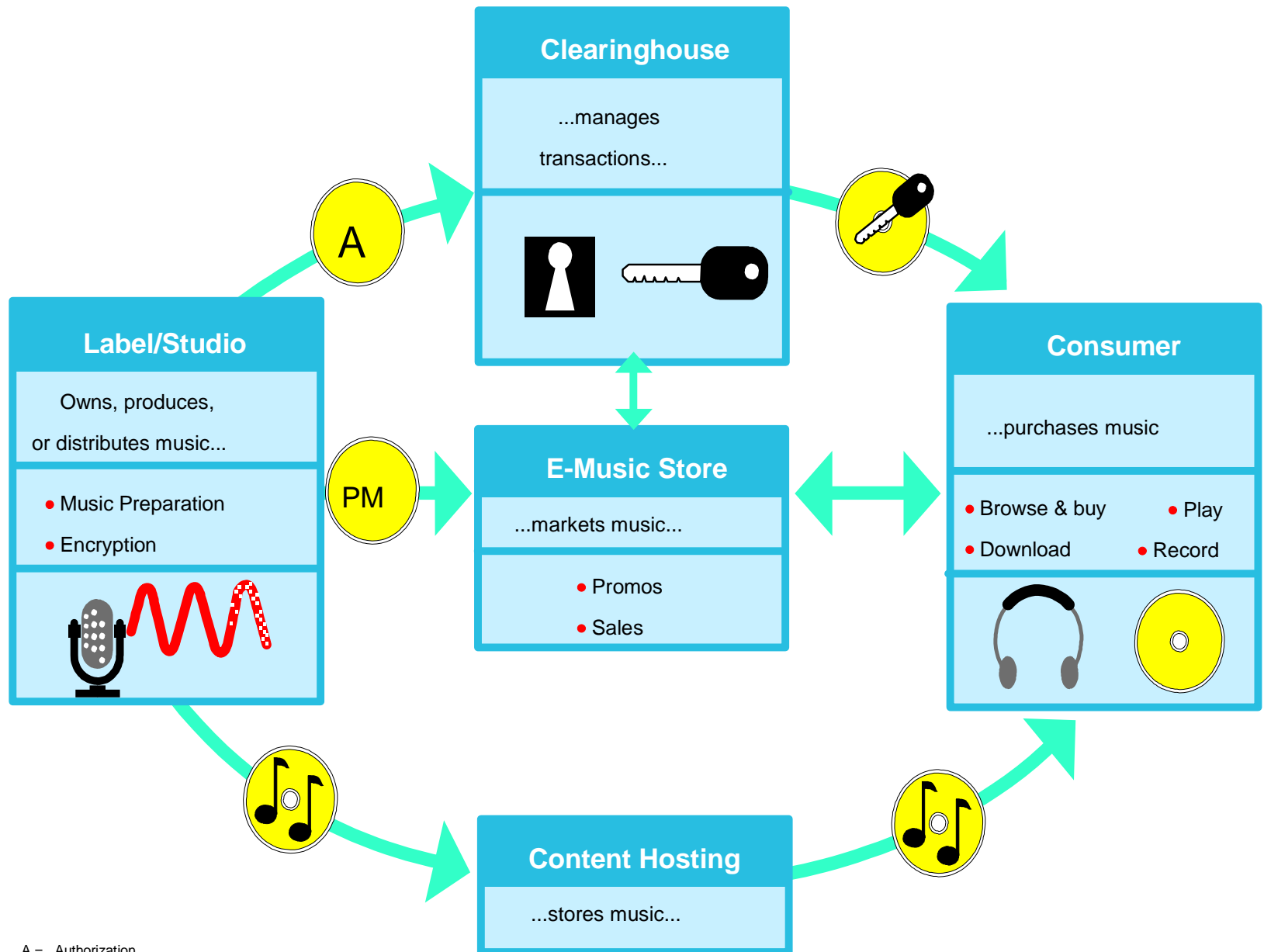
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Electronic Music Management System



A = Authorization

PM = Promotional Materials

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Electronic Music Management System: Benefits to Consumer

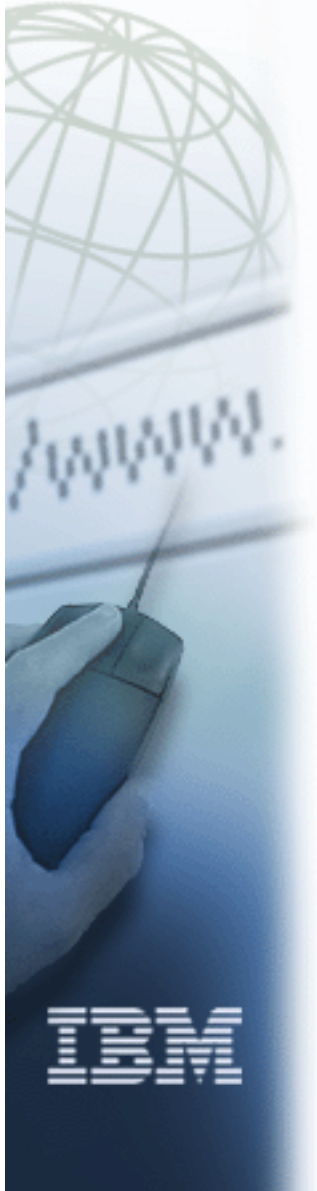
- More Convenience
- More Choice of Product
- More Choice of Shopping Experiences
- New Consumer Relationships with Music Industry
- Reinvigorated Record Store Experience
- New Product Configurations

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EMI Emerging as E-Commerce Leader in Entertainment



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