

## THE WEBCASTING ACTIVITIES OF KBS

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**MUN- KI EUN**

*Korean Broadcasting System*

STANDING COMMITTEE ON COPYRIGHT  
AND RELATED RIGHTS  
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## THE MOST ACTIVE WEBCASTER (1)

\*KBS Budget: : 1 B. USD (in 2002)

**The Largest Broadcaster**  
: Market Share : 45%



2 Over-The-Air TV channels

3 Direct Home Satellites & Cable channels

7 Radio channels

**Webcasting and HD**

Aggressive Diversification of Broadcast S  
ervices for viewers' satisfaction in the dig  
ital environment

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## THE MOST ACTIVE WEBCASTER (2)

KBS Internet



The First Webcaster  
Operated by Broad-  
caster in Korea

### Providing KBS Programs

- 144 television and 114 radio shows
- Soap Opera, Comedy, News, Sports
- 300 Kbps and 56 Kbps streaming
- 8 millions visitors & 1.5 billion hits: (Apr. 2003)
- real time and on demand webcasting

### Overseas Service

- Many oversea Netizens
- Soap opera, music show and information
- Gateway for expatriate Koreans the world over

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## Commercial, Legal and Technological Features of KBS Webcasting (1)

### Commercial Features

#### Biz Model

Diverse commercial models including Internet Ad., E-shopping

#### Commercial Subsidiary

A commercial company separate from KBS, a public broadcaster, with the exception of pay-per-view or subscription VOD.

#### Profitability

Not much profit – because of its strict adherence to free service model.

- Revenues of 6 million USD with net loss of 1.5 million USD in 2002
- Other commercial broadcasters have been making profits through pay-per-view VOD

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## Commercial, Legal and Technological Features of KBS Webcasting (2)

### Legal Features

#### Negotiations of Rights

- **Korea Radio & TV Writers Association**  
(10% net profit share of VOD & AOD business)
- **Korea Music Copyright Association**  
(1% of Internet Ad.)
- **Korea Association of Phonogram Producers**  
(Pursuant to request 50% of revenue as a fee of right)
- **Korea Television Actors' Union**

#### Regulations

- have not been decisively established.
- issue of the legal status has not been extensively researched.

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## Commercial, Legal and Technological Features of KBS Webcasting (3)

### Technological Features

#### A Few Technological Problems

- Simultaneous Access Capacity of KBS servers
  - : 7,000 viewers (= dozens of contents visited by 100,000 to 500,000 viewers)
- The “Winter Sonata (KBS Soap Opera)” Case
  - : hits surpassed 12 M. per day
  - : near shut-down at peak time

#### Solutions

- KBS will have to invest in improving its server capacity.

## Strategic Initiative Integrating Web and Broadband (1)

#### Korea IT Infrastructure

- Broadband Subscribers : 11 M.
- Broadband Penetration % : 70% (US: 27%)

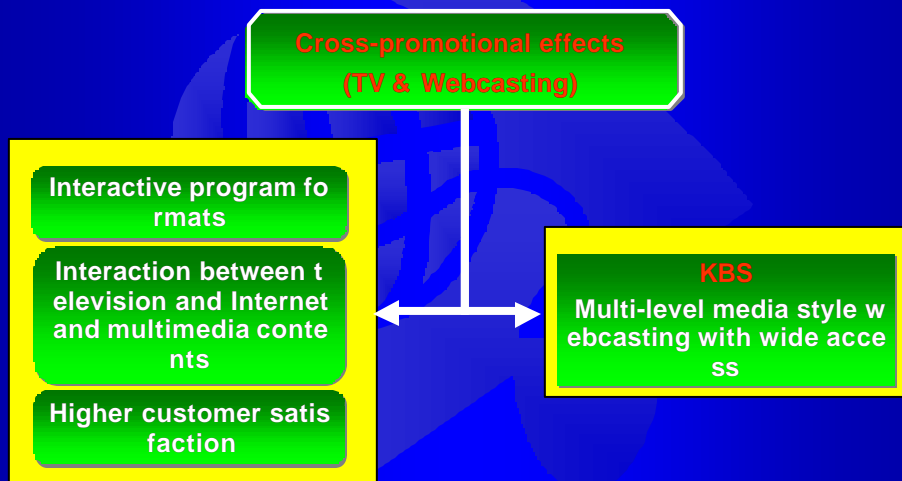
#### Synergy from Advanced IT Environment & TV

- High Speed Streaming from IT
- Abundant Contents from TV

#### Expanding Choice for Audience

- A viewer can choose one's own viewing schedule and contents by webcasting system.

## Strategic Initiative Integrating Web and Broadband (2)



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## Strategic Initiative Integrating Web and Broadband (3)

Promoting the industries

Resulting in increasing broadband proliferation

In turn, support KBS webcasting environment.

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## Strategic Initiative Integrating Web and Broadband (4)

In the long term view, the webcasting business model will produce a new profit source

- **Reducing the risks**

- from vulnerable multi-channel competition in the digital media age.

- **Improving quality of TV programs**

- through the increased investment supported by webcasting profit source.

## Broadcast Vs. Webcasting (1)

### Similarities

#### **Differentiation & Attractiveness of the Contents are...**

- **Keys for Successful Biz**
- **Perceptions tends to be fixed on contents themselves unconsciously.**

In some sense, the similarities between broadcast and webcasting can increase as the technological infrastructures of webcasters and viewers are improved.

## Broadcast Vs. Webcasting (2)

### Differences

	<b>Broadcast</b>	<b>Webcasting</b>
Transmission	Point to Broad	Point to Point
Platform	Television	PC
VOD capability	No	Yes
Network	Wireless	LAN, ADSL, etc.
Video & Audio Quality	Relatively Fixed	Flexible, dependent on Network speed
Communication style	One way	Two way (interactivity)
Choice of viewers	Passive	On demand
Limitation of time	Limited	Not limited
Viewing style	Possibly Grouped	Individual
Geographic Area	Localized	No boundary (world-wide)
Compatibility with other media	Low	High
Purpose of public service	High	Low
Programming life cycle	Strictly scheduled	Relatively flexible
Prime Time	7 to 11 PM	Noon to 3 PM

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## Broadcast Vs. Webcasting (3)

### Differences

	<b>Broadcast</b>	<b>Webcasting</b>
Registration	High	Low
Revenue Sources	Advertisement, license fee, pay-per-view	Advertisement, pay-per-view, e-commerce
Cost of receiving	Low	High
Cost of operating webcasting system	Fixed	Dependent on the number of regularly visiting viewers
Demographics	Relatively even variation of ages	Top demographic: 10-29 years
Advertisement	Avoidable	Sometimes unavoidable in video advertisement in front of VOD
	Uncertain target	Addressable, helped by email
Market situation	Relatively low competition	High competition due to lower entrance barriers

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## Challenges in Webcasting Business (1)

### Piracy in Webcasting

- *captured the contents directly from over-the-air transmission and uploaded them to their sites.*
- **KBS web security team policies piracy of independent webcasters.**
  - Web patrol and taking evidence of piracy
  - Warning to terminate access
  - Most cases, they accept & drop the contents.
  - Then KBS requests a certain amount of compensation.

## Challenges in Webcasting Business (2)

### Cable Networks

- Webcasting by cable networks will increase competency through contents investment
- Eroding the market share

### Overseas Venture

- **Potential Competitors : American or European TV broadcasters**
- **with high-demand attractive content subtitled in Korean language from outside national Korean territory**



## Future of KBS Webcasting

### Web-originated video content

- **Format Differentiation - interactivity & viewing behaviors of VOD**
- **Additional investment and costs.**
- **Enhancing viewer satisfaction**

### Wireless Internet platforms

- **Emerging wireless webcasting market**
- **Allying with wireless telecommunication Companies**
- **Live webcasting through wireless Internet platforms**
- **Create new webcasting markets with convenient mobility (2~3 Yrs.)**



*Thanks very much.*

Document Prepared By MUN- KI EUN

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