

“I ultimately made the decision that it would be more fun to be a disruptor than to defend myself from disruption.”

—PETER CHERNIN

“The world wants us to tell them that the sky is falling.”

IT'S NOT.

— LESLIE MOONVES

“There's only one good way to do it: embrace disruption and

WELCOME

UNCERTAINTY.”

—ISAAC LEE

BEYOND
DISRUPTION

“TECHNOLOGY

is the best ally democracy can have.”

—ADRIANA CISNEROS



A Report on the
INTERNATIONAL
COUNCIL SUMMIT

September 14, 15, 16, 2011
Los Angeles

AND PLEASE JOIN US

for the next International
Council Summit
April 26, 2012
Madrid, Spain

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Christie Hefner, Kay Koplovitz



Joe Calabrese



Stanley S. Shuman, Blair Westlake



Mayor Antonio Villaraigosa

All photos by
Kevin Parry Photography

A STEP BEYOND DISRUPTION

The 2011 gathering of The Paley Center for Media's International Council marked the first time in its sixteen-year history that we convened in Los Angeles, at our beautiful home in Beverly Hills. There, we assembled a group of the most influential thinkers in the global media and entertainment space for a candid give-and-take on the state of the industry.

The summit's theme—Beyond Disruption—came up repeatedly in our conversations, reflecting an understanding that change is not only a crucial driver of the business: it is inevitable. The challenge is to seize and capitalize on the new possibilities driven by technology and innovation.

Given our location, we started off with the view from Hollywood and then we turned our focus to emerging markets, with spotlight sessions on Asia and the Middle East, and a special focus on Latin America and the growing Hispanic media audience. We closed the conference with a decided focus on digital innovation and media entrepreneurship, including a session dubbed the "Next Big Thing," in which we featured presentations from a truly international line-up of media startups. A recurring feature of the IC summits since our 2009 gathering in New York, the *Next Big Thing* has since grown into a regular programming series that brings emerging entrepreneurs together with our select audience of media industry leaders.

Between sessions, our delegates and speakers from around the world were able to continue the conversation at our social events, including a concert on the Paley Center rooftop from three-time Grammy Award-winning ensemble Ozomatli. And for our gala dinner, a bit of Hollywood glamour with an outdoor reception amid the storied sound stages of the 20th Century Fox studio lot.

For the first time, we offered an elegant mobile app complete with agenda and bios, content from our sponsors and partners, our Twitter and

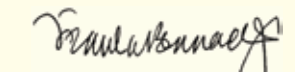
Tumblr feeds, and other helpful info. In addition, we livestreamed the event on our Web site, reaching viewers in over 140 countries.

To view archived streams of the sessions, visit the IC 2011 video gallery on our Web site at <http://www.paleycenter.org/ic-2011-la-livestream>.

We are grateful to all of our speakers (in order of appearance): Disney's Anne Sweeney, Participant Media's Jim Berk, Edelman's Gail Becker, McKinsey & Company's Geoffrey Sands, O'Melveny & Myers's Joe Calabrese, IAC's Barry Diller, CBS's Leslie Moonves, Netflix's Ted Sarandos, Grupo Cisneros's Adriana Cisneros, Grupo PRISA's Juan Luis Cebrián, Univision's Isaac Lee, Nielsen's Susan Whiting, PwC's Marcel Fenez, Youku.com's Victor Koo, The Chernin Group's Peter Chernin, Google's Marissa Mayer, NBCUniversal's Lauren Zalaznick, Bluefin Labs' Deb Roy, and Facebook's Sheryl Sandberg. We were lucky to have a very knowledgeable cast of moderators for these sessions, including News Corp's Jon Miller, Media reDEF's Jason Hirschhorn, UBS's Aryeh Bourkoff, author and journalist Lorea Canales, Simulmedia's Dave Morgan, and UCLA's Judy Olian.

In addition we would like to express our thanks to the principal sponsors of the International Council: Edelman, Gustave M. and Rita E. Hauser, Nielsen, O'Melveny & Myers LLP, PricewaterhouseCoopers LLP, UBS, and to our knowledge partners, McKinsey & Company. We look forward to seeing you again at the next IC summit.

All best wishes,


FRANK A. BENNACK, JR.

Chairman, The Paley Center for Media


PAT MITCHELL

President and CEO, The Paley Center for Media



A FORMULA FOR SUCCESS: EMBRACE DISRUPTION

BY CHARLES FLEMING

T

DISRUPTION IS
AN INESCAPABLE
FACT OF
21ST CENTURY
MEDIA LIFE.

he theme of the power-packed colloquium was “Beyond Disruption.” Eminent figures from the overlapping global media, communications, and technology industries attended The Paley Center for Media’s eighteenth International Council summit in September 2011, held for the first time in Beverly Hills. With old media models breaking down, and the lines between content creation and content delivery blurring—even disappearing—the question preoccupying attendees was: what next?

The meeting of media minds was impressive. From the more traditional end of the business were film and television notables such as Barry Diller, Leslie Moonves, Peter Chernin, and Anne Sweeney. And representing the newer media school of emerging technologies: Netflix’s Ted Sarandos, Face-

book’s Sheryl Sandberg, and Google’s Marissa Mayer. Also in attendance were authoritative international voices from emerging markets: Adriana Cisneros, Juan Luis Cebrián, and Isaac Lee gave their perspective on the world’s Spanish-speaking regions; Tom Freston and



Pat Mitchell, Mayor Antonio Villaraigosa, Frank A. Bennack, Jr.

Saad Mohseni discussed Afghanistan and the expanding Middle East scene; and Youku.com’s Victor Koo illuminated the online video market in China and Asia.

Presided over by the Paley Center’s President and CEO Pat Mitchell and its Chairman Frank A. Bennack, Jr., keynote speakers, panelists, and industry experts exchanged theories, put forward strategies, and outlined analyses with the goal of advancing the new business ecosystem. And, despite their disparate backgrounds, experiences, and expectations, their three-day conversation pro-

duced several points of consensus:

- That disruption is an inescapable fact of 21st century media life.
- That success will depend upon embracing, not resisting, disruption.
- That the current phase of disruption is nearer the start of its cycle than the end.

This view was repeated again and again: “This is just the beginning.” And what is likely to lie beyond disruption? More disruption.

Land of Creativity and Diversity

Held in The Paley Center for Media’s Beverly Hills location (supported by sponsors Edelman, Gustave M. and Rita E. Hauser, Nielsen, O’Melveny & Myers, PricewaterhouseCoopers, and UBS—and streamed via Livestream) the event, as if demonstrating the pertinence of its theme, was punctuated by dramatic news events.

As the conference began, Netflix’s stock took a steep dive in response to its attempt to divide its DVD delivery and Internet streaming businesses. One day before joining Pat Mitchell for a conversation on the future of social media, Facebook’s Sandberg was on *Nightline* announcing her company’s new program for job creation in America. Just as panelists were talking about the possibilities of an inexpensive iPad-style tablet in places like China, Indonesia, and India, the Indian government was preparing to unveil its \$30 iPad-style tablet. And only a few days after

Barry Diller had observed that “net neutrality is on the side of the angels; it has to happen,” it did happen: The FCC finally published its official rules defining and determining what net neutrality would be. (And the anticipated court challenges followed almost immediately).

The setting for the International Council’s first Los Angeles event was one of sheerest California elegance. Guests at the Paley Center’s gleaming Richard Meier-designed building could take a walk through a gallery of Hollywood memorabilia, which included a display of shimmering costume gowns and set props from the private collection of Debbie Reynolds.

Delegates were also treated to a dinner on the Twentieth Century Fox studio lot and a private rooftop concert by Ozomatli, the Grammy Award winning Los Angeles ensemble whose eclectic, Latin-influenced tones reflect both

the cultural heritage and the artistic spirit of their hometown.

But the conference’s message was all business. Los Angeles is the second largest media market in the US, Los Angeles Mayor Antonio Villaraigosa said in remarks opening the conference, and “the creative capital of America,” in some ways representative (in relative miniature) of the new globalized industry. The city is the second-largest population center for thirty-seven different nationalities—the second largest Mexican city, after Mexico City, the second larg-

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—BARRY DILLER, IAC



Razmig Hovaghimian

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HISPANIC
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RELEVANT
PROGRAMMING.

est Korean city, after Seoul, the second largest Thai city after Bangkok, and so on. Diversity, Villaraigosa said, is the engine of its creativity.

As speakers throughout the conference were to remind their listeners, Los Angeles is also the creative center for the world's half-billion Spanish-speaking people. It is home to a minority population of Hispanics—very soon to be the majority. Panels devoted to the “emerging” Latin market were shot through with words like “expanding” and “exploding.” The message from regional authorities like Grupo Cisneros's Adriana Cisneros and Grupo PRISA's Juan Luis Cebrián, as well as analysts like PricewaterhouseCoopers's Marcel Fenez and Nielsen's Susan Whiting, was: The global Hispanic audience is here. It's huge, it's online, and it's hungry for high-grade, culturally-relevant programming.

Know Your Audience

There was ample evidence from the panels that disruptions in the marketplace are demanding a new kind of analysis.

The Help, which had just completed an impressive run as the number one movie in America, had also just become the first book in

history to sell more than one million e-book copies. The movie was produced by Participant Media, a company with a unique mission to influence social change by creating, in the words of CEO Jim Berk, “high-quality films that are socially relevant and commercially viable.” And they are successful because they have learned how to leverage new digital tools and social media to raise awareness of their work and engage audiences. A few months earlier, global sales of mobile phones had exceeded global sales of PCs. And, for the first time, more than fifty percent of all Web traffic is video, not data. Globally, the use of smart phones in Asia was growing geometrically. Incredibly, in some parts of Africa, one panelist observed, more people have access to cell phones than have access to safe drinking water.

Representatives from several audience measurement and analysis companies were on hand to explain the new metrics produced and required. Among other things, they said, the collection of data is becoming enormously more sophisticated. Susan Whiting, of Nielsen, said that Nielsen has gotten better at counting TVs in the home, and who's watching them, as well as PCs in the home, and who's using them. They also have a new system for tracking iPads and tablet usage.



Barry Diller and Jason Hirschhorn

Among the recent findings: More people are time-shifting in the US, and more and more people are talking about what they're watching while they're watching it.

This kind of incredibly granular, minute-by-minute data has enabled intricate and highly detailed forms of analysis. At the leading edge of this is Deb Roy, whose Bluefin Labs has become a specialist in cross-referencing traditional numbers like those provided by Nielsen with data thrown up by social media. If people are watching a television show, and discussing that show, and perhaps making remarks about a product being advertised on that show, Bluefin's technology enables them to make very specific observations about who those people are, what else they watch, what other products they like, and more. By constructing a connective tissue between TV viewers, their habits, and their expression of likes and dislikes about shows and products, Bluefin's Deb Roy said his company is able to present to marketers the clearest picture of their target audience ever in history.

Disruption = Opportunity

The conference's third day saw a lively installment of The Paley Center's now-traditional *Next Big Thing*, a presentation of the very latest media products and ideas from entertainment and information entrepreneurs. This year's se-

lection included a post-Facebook way to build fan Web sites, a video-driven fashion platform to enhance the digital shopping experience, a simplified rubric for building online games that makes them available across all platforms, an international online video service offering subtitled programming from a hundred different companies in a hundred different languages, and an innovative (and fun) platform for interactive video.

Moderator Scott Kurnit, CEO of the company AdKeeper, could hardly contain his excitement. This, he said repeatedly, is what lies beyond disruption; this is the positive result of disruption.

In his opening-day remarks, the Paley Center's Chairman, Frank A. Bennack, Jr., noted, “We are all disruptors.” Throughout the length of the conference, panel members and keynote speakers were identified by their creatively disruptive track records, attitudes, and ambitions. Juan Luis Cebrián, CEO, Grupo PRISA, said, “Disruption is opportunity.” That sentiment was echoed the next day by veteran industry leader Peter Chernin. “I look for disruption opportunities,” he said. “The tale of my career has been new technologies coming in and disrupting the traditional businesses. There's a lot of defense to be played there. I made a decision that it would be more fun to be a disruptor than to try to defend myself against disruption.”

“I MADE A
DECISION THAT
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THAN TO TRY TO
DEFEND MYSELF
AGAINST
DISRUPTION.”
—PETER CHERNIN,
THE CHERNIN GROUP



Stanley S. Shuman, Pat Mitchell, and Joshua Kushner

Cocktail Party on the Paley Center Roof
 1. Adam Bird and Geoffrey Sands
 2. Hajime Hashimoto
 3. Tom Freston, Saad Mohseni, Pat Mitchell, Stanley S. Shuman
 4. Ozomatli
 5. Frank A. Bennack, Jr.



1. Blair Westlake
 2. Neil Benedict and Hajime Hashimoto
 3. Saad Mohseni
 4. Ozomatli
 5. Christie Hefner and Kay Koplovitz



**Dinner at
20th Century Fox**
1. Adriana Cisneros
2. Molly Ringwald
3. Lili Haydn
4. Jon Miller
5. Tomohiro Matano
and Hajime Hashimoto



1. Zachary Quinto
2. Blair Westlake and
Alberto Pecegueiro
3. Frank A. Bennack, Jr.
4. William C. Paley
and Pat Mitchell
5. Juan Luis Cebrián
and Harri-Pekka
Kaukonen



**Breakfast at
The Paley Center LA**

1. Susan Whiting and Lauren Zalaznick
2. Lorea Canales and Juan Luis Cebrián
3. Saad Mohseni and Aryeh Bourkoff
4. Kuben Pillay
5. Joshua Kushner
6. Marcel Fenez and Joe Calabrese



Anne Sweeney

SESSIONS

CREATE WHAT'S NEXT

A Conversation with Anne Sweeney, Cochair, Disney Media Networks, President of Disney-ABC Television Group, The Walt Disney Company
Interviewed by Pat Mitchell, President and CEO, The Paley Center for Media

“WE SHOULD ALWAYS BE FOCUSED ON NOT ONLY WHAT PEOPLE WANT, BUT ON WHAT THEY HAVEN'T THOUGHT OF YET.”

—ANNE SWEENEY, DISNEY MEDIA NETWORKS & DISNEY-ABC TELEVISION GROUP

Directly citing the event's theme, Beyond Disruption, Pat Mitchell introduced the first of IC2011's guests, Anne Sweeney, with the words, “You are a disruptor. You have often been a disruptor.”

Seeming pleased with this description, Sweeney said that her awakening to the new disruption sweeping through the business took place more than five years ago when Apple cofounder Steve Jobs came to Disney to demonstrate the first video iPod. Disney took to the new platform with eagerness, but Jobs kept telephoning to stress to Sweeney that she was misunderstanding the new device and her role in developing programming for it. “You keep calling yourself a media company,” she recalled him saying. “Disney is a media and technology company. You'd better embrace that.”

Sweeney more than got the message. Twelve Disney patents resulted from that first media-

and-technology talk with Jobs. Disney has also enthusiastically embraced the model of that other significant agent of rapid change, Hulu: “We saw this as an opportunity to really expand the audience for our content and ... hopefully to get into others' audiences, and to build an audience for ABC content.”

On how to respond to a present amply supplied with disruption—precipitously expanding markets, the gigantic challenge of Netflix, the lessons and opportunities produced by the “Arab Spring” uprisings—Sweeney said her company's way is clear: “The focus is always on the consumer. If you're in our parks, it's *always* about the guest experience. We should always be focused on not only what people want, but on what they haven't thought of yet. Our unofficial mantra is, “We create what's next.”

LETTING GO

Beyond Disruption: A Conversation with Industry Experts
Joe Calabrese, Partner and Chair, Entertainment, Media, and Sports Practice, O'Melveny & Myers
Gail Becker, Chair, Canada, Latin America and US Western Region, Edelman
Geoffrey Sands, Director and Head of Global Media

TIMELINE

LOOKING BACK ON 15 YEARS OF LOOKING AHEAD

Unique moments in the history of International Council Meetings



ROME, ITALY:

SEPTEMBER 17-19, 1995

A vital, welcome tradition begins as The Museum of Television & Radio (former name of The Paley Center for Media) hosts its first International Council, an unprecedented gathering of the world's media leaders. The Council—composed of chief executives of top media and communications companies—begins tackling billboard global industry issues through a series of discussions with an eye toward the future. This premier gathering of the Council—which had been the brainchild of MT&R Vice Chair Gus Hauser and President Robert Batscha—is unique for two additional reasons.

First, it's the only IC gathering not to be convened by a local media company. Instead, the Italian government itself generously does the honors, and meetings covering media



Geoffrey Sands

and Entertainment Practice, McKinsey & Co. Moderated by Jonathan Miller, Chief Digital Officer, News Corporation

Moderator Jon Miller began the discussion by presenting some evidence of disruption in action: For the first time, last December, sales of smart phones have exceeded sales of PCs worldwide; and, from this point forward, more than fifty percent of consumer Internet traffic is going to be video; but, despite this, traditional TV viewing, in the United States, is up.

“Do we think television is here to stay?” Miller asked.

McKinsey & Co.’s Geoffrey Sands was emphatic: “TV still occupies a very important place for viewers and an extremely important place for advertisers. And whether it’s the cable operators, the satellite companies, or the telcos, competition is going to be a good thing for them.”

Edelman’s Gail Becker was exhilarated and intrigued by the prospect of change, “What’s so interesting in television is less about the content itself and more about how people are consuming it.” Everyone is still watching, but now they’re watching and talking about what they’re watching at the same time.

O’Melveny & Myers’s Joe Calabrese, preferring

the phrase “segregating” to “disrupting,” described a market in which future players must tailor their product to the consumer. New platforms and delivery systems are challenging, but, “there are still people who want a full experience. Not everyone wants to watch a pirated or Internet version of a movie,” or watch a sporting event on a hand-held device.

Disruption disrupts globally, Becker observed: One of the important points about Netflix’s push into Canada and Latin America is the demonstration of an ability to move local programming across international borders. “If I’m a Brazilian business person in Canada, I can watch Bollywood. That is such an interesting notion about globalizing entertainment,” she said.

The new, disrupted paradigm also means letting go of traditional concerns about platforms: “In China, you have 700 million users who are interested in long-form programming,” Calabrese said. “And for them, the idea of using broadband to watch movies is not disruptive.”

Becker and Miller firmly agreed on this final point: Social networking provides content creators with a novel and unique opportunity to talk directly to their consumers in the real world, in real time.

Becker summed up with a

and politics are held at the residences and offices of President Oscar Luigi Scalfaro, and President of the Senate Carlo Scognamiglio. Second, former US Secretary of State—and MT&R Vice Chair—Henry Kissinger serves as moderator for all the discussions. Talks focus on international relations, world trade, global economics, and new ideas. The list of participants includes Viacom’s Frank Biondi, Jr. and Sumner Redstone; Alan Alda; Loreen Arbus; Ratikant Basu of India’s Doordarshan; and ENT’s Enzo Viscusi.



BERLIN/BONN, GERMANY: JULY 7-9, 1996

The IC follows up its successful first meeting by ambitiously stretching the discussions over two cities through the course of three days. The focus of the meeting is geared toward the East: the emerging Eastern European nations and the former Soviet Union. There is arguably no better symbol of the seismic changes in the world, and in media, than Berlin, which hosts sessions concerning this part of the world. Bonn IC discussions center on Germany and Western Europe. Highlights of the conference—generously underwritten by RTL Television and its CEO Dr. Helmut Thoma—include meetings

warning to content creators and distributors: Abandon the old models, or die. “You have to let go,” she said. “Letting go and becoming part of the conversation and engaging your consumers, that’s the only way today to build a relationship with the people you care about most.”

SOCIALLY CONSCIOUS AND COMMERCIALY VIABLE

A Conversation with Jim Berk, CEO, Participant Media Interviewed by Pat Mitchell, President and CEO, The Paley Center for Media



Jim Berk and Pat Mitchell

With its films *The Help* and *Contagion* holding the top two spots at North American box offices that week in September, Participant Media’s eight-year-old plan to make movies that might bring about social change appeared to have found its stride. Participant’s CEO Jim Berk acknowledged that the Paley Center’s Pat Mitchell was among those who helped Participant’s founder, Jeff

Skoll, find his way into the film industry.

At the beginning, Participant’s high ideals seemed out of place in a somewhat less than utopian Hollywood: Mitchell recalled Skoll being informed that the best way to become a millionaire in the movie business is to start with a billion dollars and a bad idea. The expectations were that Participant would likely fail on its idealistic model. “That’s what everyone expected to happen!” Mitchell said.

But in the intervening years, Participant defied these expectations with high-minded documentaries and features, such as *An Inconvenient Truth*, *Waiting For Superman*, *Syriana*, *Good Night, and Good Luck*, *The Cove*, *The Informant!*, *Charlie Wilson’s War*, *The Visitor*, and many others—before conquering the top box office slots with its current successes.

Describing his company’s aim to produce “high quality films that are socially relevant and commercially viable,” Berk—former Hard Rock Café International CEO—said, “The niche of the socially relevant films is a small one—anywhere from four percent to eight percent of theatrically released films. So ... you’re really trying to thread the needle. You’ve got to be prepared for the long run.”

Key to their achievement

with German Chancellor Helmut Kohl and President Roman Herzog. Kissinger again serves as chief moderator of the festivities. Participants include Verizon’s Ivan Seidenberg; Grupo Cisneros’s (Venezuela) Gustavo Cisneros; Quadrangle Group’s Steve Rattner; Abril Group’s (Brazil) Roberto Civita; and Prasar Bharati’s (India) KS Sarma.



MADRID, SPAIN: JUNE 15-16, 1998

After a one-year hiatus, the IC holds its third meeting in Spain, this time graciously hosted by, among others, José Maria Mas of Antena 3 Television and Spain’s King Juan Carlos. Dinners are held at the famed national museums, the Arte Reina Sofia and Thyssen Bornemisza. With the IC continuing its work to advance the exchange of ideas among the world’s leaders in communications, the group zones in on the growth and future of Spanish-language programming worldwide. Participants include Grupo Clarin’s (Argentina) Ernestina Herrera de Noble; Tribune’s John Madigan; and Radio Television España’s Fernando Lopez-Amor.

“IN CHINA... THE IDEA OF USING BROADBAND TO WATCH MOVIES IS NOT DISRUPTIVE.”

—JOE CALABRESE, O’MELVENY & MYERS



Barry Diller

“WE BELIEVE
CHANGING THE
WORLD IS A
TEAM SPORT.”

—JIM BERK,
PARTICIPANT MEDIA

has been building long-term relationships with committed audiences. Participant’s thirty-five films have resulted in partnerships with 350 non-government organizations, which in turn connect Participant to a particular audience of more than 70 million American consumers whose entertainment purchases indicate a strong commitment to socially-conscious box office offerings. This is an audience that actively wants its film-going experience to be consciousness-raising, to have an element of social significance. Participant goes further and practices what it preaches by encouraging direct participation in the issues they bring to notice: Takepart.com, for example, is Participant’s “Social Action Network” that urges moviegoers to become involved in social and political change, whether helping to prevent dolphin slaughter (*The Cove*), or nuclear proliferation (*Countdown to Zero*).

And yet behind Participant’s high-minded output is exactly the same focus on box office success that drives Hollywood’s lowest-common-denominator fare: “We look at things through the discipline of wanting to make money, because that means there’s an audience.”

Without the audience, Berk said, the company’s goals of sustainability and social

change have no hope: “We’re a big believer in partnerships,” he said. “Because we believe changing the world is a team sport.”

KING OF DISRUPTION

A Keynote Conversation with Barry Diller, Chairman and Senior Executive, IAC
Interviewed by Jason Hirschhorn, CEO, The ReDEF Group

Veteran disruptor Barry Diller closed the first day’s afternoon sessions with a wide-ranging keynote talk with former MySpace, MTV Networks, and Sling Media executive Jason Hirschhorn. Wearing a striped suit, a red tie, and an easy smile, the IAC chairman gamely answered whatever Hirschhorn threw at him.

Net neutrality? “We need to do it.”

Why hasn’t Hollywood demanded it? “People are too rich, too busy, too engaged, and they’re all getting paid. This has never been a town that’s thought much about the day after tomorrow.”

On reports that Hulu was for sale? “This is like the person who sets off a rocket and watches it arc up into the sky and then runs to the place where it’s going to hit. I think they’re insane to sell it.”

An eminent figure in the media world, Diller, who ran

PARIS, FRANCE:

OCTOBER 10-12, 1999

The fourth IC meeting focuses on global communications issues as they affect programming, along with the nascent digital revolution and the impact of technology on globalism and media businesses. (One panel discussion is titled, “The Digital Revolution: A New Model for Economic Growth?”) Hosted by Canal+, the meeting also features an address by President Jacques Chirac, and a work session at the Louvre. By now, the Council includes representatives from twenty-four countries. Participants include Canal+’s Pierre Lescure; NBC’s Bob Wright; Yahoo!’s Tim “TK” Koogle; and Vivendi’s Jean-Marie Messier.

LONDON, ENGLAND:

OCTOBER 15-17, 2000



It is fitting that at a Council meeting centering on the continuing evolution of technologies and their global impact on programming, advertising, and society, the IC hosts its largest group of delegates to date. Four panel discussions, again hosted by Henry

1. Yoni Bloch
2. Joshua Kushner
3. Joe Calabrese and Ted Sarandos
4. Adriana Cisneros
5. William C. Paley and Frank A. Bennack, Jr.



“FOR US
THE PICTURE
IS: RUN OUR
BUSINESSES AND
START NEW ONES
AND LOOK FOR
OPPORTUNITIES.”

—BARRY DILLER,
IAC

Paramount Pictures before creating the Fox Broadcasting Company, appeared to enjoy playing the oracle. In his often provocative, but always good-humored, remarks, he took aim at the aging (and, to his mind, overpaid) cable operators, looked ahead confidently to the increasing use and improving quality of mobile and tablet devices, and predicted a universe in which the variety of distributors and distribution platforms might be as rich and diverse as the variety of content creators and providers.

“You could own a whole program and distribute it through Facebook, on iTunes, on Amazon’s upcoming notebook,” Diller observed. “That will then develop into independent methods of distributing directly to the consumer with someone in the middle taking a commission – and *not* thirty percent, because that’s not going to stand. Competition is going to crater that.”

The cable companies, especially those who do not traffic in broadband delivery, Diller predicted, have the most to lose. “The cable disconnect is going to come,” he said. “The cord is going to start to fray. Cable bills are going to continue to rise. If there is an alternative,” consumers will take it.

So, is this the end for those cable companies? Not necessarily, Diller said. “There is not a cable operator who does not say, ‘I will fight until

the last tooth is extracted from my mouth!’ But when it is ... there is this big data stream, and I’m going to deliver it.’ There is nothing that’s going to stop them. They can, on the data side, live forever.”

Having the right stuff today doesn’t mean having it tomorrow. Of his own company, and its multi-channeled reach into online travel, shopping, dating and more, Diller said, “We will be disrupted. We have a *lot* of competition. Everybody has competition.”

But the way to the future for IAC is clear, if risky: “We’ve got very good businesses that are growing and have been growing above twenty percent,” Diller said. “For us the picture is: don’t be dopes, don’t buy anything really stupid, don’t make some big mistake, and run our businesses and start new ones and look for opportunities. And the rest will take care of itself.”

STICK WITH THE FUNDAMENTALS

*A Conversation with
Leslie Moonves,
CEO, CBS Corporation
Interviewed by Aryeh
Bourkoff, Head of Investment
Banking, the Americas, UBS*

TV heavyweight Leslie Moonves made the case for stability and continuity amid all the talk of disruption and change. Gray-suited

Kissinger, explore controlling the flow of information and entertainment to consumers anytime and anyplace, the cost of programming, and maximizing ad spend dollars. Prime Minister Tony Blair hosts the considerable group at 10 Downing Street, including Sony’s Sir Howard Stringer; WPP Group’s Sir Martin Sorrell; the NBA’s David Stern; Elisabeth Murdoch; and Clear Channel’s Lowry Mays.

VIENNA, AUSTRIA:
OCTOBER 28-30, 2001

The International Council sends an important message by going ahead with its meeting only a month after the tragic events of September 11.



Stanley S. Shuman,
Sidney Shuman, and Ynon Kriez

While it is most assuredly a time for reflection, and for understanding priorities, it is also vital to imagine and shape a better future. Taking place in Austria, one of the world’s most competitive television markets, now caught in a swirl of great changes, panels cover the political and economic environment, directions in programming, global expansion, and intellectual property in the digital age. Austrian state broadcaster ORF serves as host and both Chancellor

and gravel-voiced, the programming veteran exhibited old-school pride in old-fashioned values. He took a bachelor’s degree in Spanish, got his MBA “on the street,” and credits his success to simply loving the medium and staying on the job—with the same team in place—longer than anyone else.

“When I took over at CBS we were losing \$500 to \$600 million [a year], and now we are making hundreds of millions of dollars,” said Moonves, repeating what has become a CBS credo. “We’re not sexy; we’re solid. We don’t win many Emmy awards. All we get are viewers.”

Having held the number one position among broadcasters for most of the past decade, and heading a \$17 billion company, Moonves echoed the previous afternoon’s speaker. Like Barry Diller, he feels the downturn in the American economy “isn’t hurting our business. The world wants us to tell them the sky is falling, but it’s not. I know I sound a bit Pollyanna-ish, but our national



Leslie Moonves and Aryeh Bourkoff

“ONE OF THE
REASONS WE’RE
NUMBER ONE
IS BECAUSE WE
PROTECT THE
FAMILY JEWELS.”
—LESLIE MOONVES,
CBS

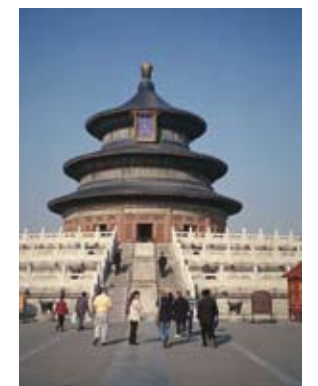
numbers are holding up, and ad revenue is expected to rise in 2012.”

Although Moonves indicated no change in his network’s overall business plan — traditional advertising sales will continue to be the company’s principal source of revenue, with traditional syndication running right behind — CBS has made future-minded distribution deals with Netflix, Amazon and, internationally at least, with Hulu.

And the company is looking abroad for broadcasting partnerships. Possessing “the largest television library in the world,” Moonves said, has allowed his company to forge strong international partnerships in the United Kingdom, India, Australia, and elsewhere, gaining access to channels without investing hard capital. “What we’ve put up is our content. We’ve been able to use our content as currency. We’re exploring other deals like that, some in Latin America.”

Moonves repeatedly stressed the company’s dedication to its core business. “First and foremost, we are a content company. The bulk of our revenue comes from advertising on network television. Number two is syndication, both international and domestic. The other things are just gravy.” In practical illustration, Moonves set out the figures for the network’s

Wolfgang Schlüssel and President Thomas Klestil meet with the group, which also gets to see a performance of Wagner’s classic opera *Die Walküre*. Participants include Austrian host and Director General Gerhard Weis; Mediaset’s (Italy) Fedele Confalonieri; France Television’s Marc Tessier; NTV’s (Russia) Boris Jordan; and Grupo Salinas’s (Mexico) Ricardo Salinas Pliego.



BEIJING, CHINA:
NOVEMBER 5-7, 2002

For the first time, the IC gathering heads to Asia, and the growing media superpower that is China. Eighty media executives from around the world—the biggest gathering yet—meet in Beijing for the conference hosted by Bruno Wu’s Sun Media Group and SINA.com. Choosing China is fitting: The nation has experienced rapid economic growth, with significant strides made in its media industry—vital for a country poised to host the Olympic Games several years down the road. And though interaction with international media has expanded

“THERE’S NO REASON WE COULDN’T BE IN EVERY CABLE HOUSEHOLD, BOTH DOMESTICALLY AND AROUND THE WORLD.”
—TED SARANDOS, NETFLIX

Hawaii Five-0.

“It’s not a grand slam home run,” Moonves said. “It’s a single or a double. Domestic: we sold it for \$2.4 million. International gets north of \$2 million an episode. It’s getting almost \$5 million per episode in syndication revenue. We’re going to have 100 episodes of that. That’s new money. That’s over a billion-dollar property.” Moonves tipped his hat to the additional revenues coming from new deals, and new platforms. But, he said, “They all have to fit into that content food chain. I’m not going to do anything to jeopardize the advertising and syndication. One of the reasons we’re number one is because we protect the family jewels.”



Ted Sarandos and Jon Miller

OUTRUNNING THE PIRATES

A Conversation with Ted Sarandos, Chief Content Officer, Netflix Interviewed by Jon Miller, Chief Digital Officer, News Corporation

Despite news that morning of a 13.7 percent drop in Netflix’s stock price, precipitated by the company’s negative reforecast of subscription growth, Ted Sarandos sat across from News Corp.’s Jon Miller and talked enthusiastically about Netflix’s bright future, both domestically and overseas.

Thanking Miller for his compliment on Netflix’s “phenomenal growth” and subscriber base of 25 million, the boyish Sarandos noted that, with 60 million American households now being served by broadband delivery, a target of 60 million subscribers was not unrealistic. “There’s no reason we couldn’t be in every cable household, both domestically and around the world.”

However, that doesn’t represent a new business plan, Sarandos insisted, recalling that when he first met with Netflix cofounder Reed Hastings in 1999, long before YouTube or Hulu made their inroads into streaming video, Hastings described to Sarandos a company very like the Netflix of 2011.

The wisdom of expanding into streaming, Sarandos said, is already evident in the growth of domestic customers streaming television content. Not more than eighteen percent of Netflix DVD rentals were for TV programming. “With streaming,” Sarandos

by this point, the growing infrastructure still comes as a welcome surprise to a familiar IC figure: Dr. Kissinger, who helped open up the country to foreign relations in 1971. “When I first came here, there were only two TV channels and very few stations,” he said. “Now it has so many of them I have to work hard to get a better understanding of the Chinese media market.” The IC helps everybody do so, with panels covering the radically changing media world, the evolution of state-sponsored television, and advertising in the post-dot-com age. At a state dinner, China President Jiang Zemin also addresses the participants—a list that includes Chinese luminaries Zhao Huayong, President, China Central Television; Tian Congming, President, Xinhua News Agency; and Ma Chaojun, President, Beijing Radio, Film and Television Group. Other execs include CBS’s Leslie Moonves; Viacom’s Mel Karmazin; Star Hong Kong’s James Murdoch; Hubert Burda; BBC’s Greg Dyke; and Haim Saban.

CAPE TOWN, SOUTH AFRICA: OCTOBER 24-26, 2004

It is indeed a highlight of the eighth conference for delegates to visit the cell on infamous Robben Island where Nelson Mandela was held prisoner through much of his 27-year term. Again,



Adriana Cisneros

“PEOPLE ALL OVER THE WORLD LOVE STORYTELLING. THERE’S NOTHING UNIQUELY AMERICAN ABOUT THAT.”
—TED SARANDOS, NETFLIX

said, “it’s 60 percent.” In fact, TV and not film may represent the greatest opportunity for growth internationally too. Sarandos noted that the most popular TV shows in foreign markets are often programs that have never been distributed there, and are available only via illegal downloads or pirated DVDs.

And piracy, Sarandos stressed, represents Netflix’s real competition. “There’s the old joke about the two men being chased by a bear,” he said. “One of them says, ‘How are we going to outrun this bear?’ And the other one says, ‘I don’t have to outrun the bear. I only have to outrun you.’” In Netflix’s case, it wasn’t a question of outrunning Blockbuster, but the pirates. “The consumer behavior of paying for content is there,” Sarandos said. “People are paying the pirates! We knew that we had to create a product that was better than free.”

Questions from moderator Miller and the audience turned the conversation to the international market. Netflix had just the previous week completed a seven-day rollout into forty-three countries in Latin America, South America, and the Caribbean – a rollout spurred by the rate of broadband growth and the rising appetite for on-demand programming. Sarandos predicted that in that region,

as already demonstrated in the United States and Canada, desire for Netflix’s traditional “high engagement content” would be hugely significant.

Sarandos also underscored Netflix’s intention to provide new, original programming in all its markets. “Original programming is just an extension of exclusivity,” he said. “Of having content no one else has.” Sarandos hinted that the programming would likely be the sort of long-form, serialized content already made available by companies like HBO, Showtime, and others, who might not be eager to license their own product to Netflix.

The executive insisted that the company’s game plan did not need to shift to accommodate regional or local tastes. “People all over the world love storytelling,” he said. “There’s nothing uniquely American about that. People all over the world love a bargain. And Netflix is a great bargain.”

THE HISPANIC DECADE

Keynote Conversation: Emerging Market: Latin America Adriana Cisneros, Vice Chairman and Director of Strategy, Grupo Cisneros Interviewed by Pat Mitchell, President and CEO, The Paley Center for Media

Talk of the Netflix push into Latin America set the stage



South African President Thabo Mbeki

the choice of conference site speaks to history, coinciding with the tenth anniversary of democratic government and the end of apartheid. In a meeting cosponsored by South African Broadcasting Corp. and Primedia Ltd., the agenda covers everything from how South Africa fits into the world from a geopolitical perspective, to a study of technology and consumer behavior, to the civic role of media in fostering democracy and public trust. This last panel, appropriately, takes place at The John Craig Hall on Robben Island. At a luncheon, South African President Thabo Mbeki speaks to the participants, including Barbara Walters; Pan-African Advisory Group’s (South Africa) Iraj Abedian; Microsoft’s Craig Mundie; William C. Paley; News Corp.’s Marty Pompadur; SBS Broadcasting’s Markus Tellenbach; and Seven Network’s (Australia) Kerry Stokes.

“HISPANICS ARE NOT ONLY LOOKING FOR CONTENT [ADAPTABLE] TO A VARIETY OF SCREENS, BUT ALSO CONTENT THEY CAN FIND IN THEIR OWN LANGUAGE, AND THAT IS DESIGNED SPECIALLY FOR THEM—FOR ME.”

—ADRIANA CISNEROS, GRUPO CISNEROS

nically for a pair of late morning presentations from that region. The first was an engaging talk given by Hispanic media leader Adriana Cisneros that began with a series of startling facts and figures:

- There are more than 500 million Spanish speakers globally, making Spanish the second-most-common language on the planet and the third-most-used language on the Internet.
- There are over 50.5 million Hispanics in the United States — a forty-three percent increase since 2000—making the US the second-largest Hispanic population center in the world, after Mexico.
- More than sixty-five percent of US Hispanics have Internet access. Nine percent of them are already downloading movies, compared to six percent of non-Hispanic users.
- Mobile device penetration in Latin America is already close to 100 percent. In Mexico, fourteen percent of all mobile phones are smart phones.
- The penetration of Facebook in Latin America is fifty percent greater than in the United States.

The Hispanic market is thus poised for enormous growth in the very near future. But these consumers must be approached with attention to their special needs, especially the bilingual Hispanic market in America. Citing a recent Nielsen study of the bilingual community,

Cisneros said, “They prefer content in their native language, with the subjects that offer an emotional and cultural connection.” The study also underscored the importance of TV advertising explicitly targeting the Hispanic market — not just commercials translated into Spanish, which showed a thirty percent lower return on investment than commercials written specifically for the market.

For second- and third-generation Hispanics living in the United States, Cisneros said, this is particularly important. “Hispanics are not only looking for content [adaptable] to a variety of screens, but also content they can find in their own language, and that is designed specially for them—for me,” she said.

For those who are reluctant to embrace the idea, Cisneros suggested, “small adjustments that will hook on this whole set of people you are ignoring. It should be part of every American network’s mantra.” She urged doubters to look at Spanish actor Antonio Banderas’s contribution to the *Spy Kids* franchise, which is very strong among Hispanics, or the inclusion of Sofia Vergara in the cast of ABC’s *Modern Family*.

For those who don’t know their numbers, Cisneros threw out one final, surprising fact: End-of-week episodes of the Spanish language night time soap *Eva Luna* drew



MONTREAL, CANADA: OCTOBER 23-25, 2005

The ninth conference—and the first one held in North America—is notable for zeroing in on, as one panel title sums up, “Preparing for the ‘Anytime, Anywhere’ Consumer and the Shifting Distribution Landscape.” “Traditional broadcast business models are under stress,” writes conference cohost Leonard Asper of CanWest Global in the days leading up to the event. “The biggest concern for all broadcasters is to remain visible to consumers in an ocean of new competition, and to remain relevant to the advertisers who provide our revenues.” Highlights from the event include Kay Koplovitz moderating “The View from the Financial Markets” panel, other panels on digital piracy and the future of advertising, and an address from Prime Minister Paul Martin. BellGlobemedia/CTV CEO Ivan Fecan; Publicis North America’s Susan Giannino; Advance.net’s Steve Newhouse; SanomaW-SOY’s (Finland) Jaakko Rauramo; and NBC Universal’s Richard Cotton are among the participants.

“MONOPOLIES ARE BAD, UNLESS YOU ARE ONE.”
—ISAAC LEE, UNIVISION



Isaac Lee, Juan Luis Cebrián, and Lorea Canales

larger audiences on Spanish-language channels than all of the English-language networks combined. “There were more people watching TV in Spanish—a soap opera I produced—than were watching TV in English, in the United States. For any company that is not considering being part of the Latin American story for the next ten years—they should look again.”

CONTENT IS KING, BUT DISTRIBUTION IS KING KONG

Keynote Conversation:
Emerging Market: Latin America
Juan Luis Cebrián, CEO, Grupo PRISA
Lorea Canales, author and journalist
Isaac Lee, President, Univision News

The professorial Juan Luis Cebrián, from Grupo PRISA, and the puckish Isaac Lee, from Univision, sat down with journalist Lorea Canales to share their opinions on

everything from programming to politics. *Beyond Disruption*, Cebrián said, is not just danger but opportunity. And the only way to succeed, Lee said, is “to embrace disruption and welcome uncertainty.”

Grupo PRISA is the world’s largest Spanish- and Portuguese-language media company, whose news outlets, entertainment products, and Internet websites reach in excess of 50 million consumers daily. Univision is the leading Hispanic television network in the US, and routinely outdraws at least one of the Big Four English-language networks.

Noting his network’s privileged position among Spanish-speakers in the US (sixty-seven percent of Univision viewers watch no other television network), Lee got the afternoon’s biggest laugh by saying, “My experience is that monopolies are bad, unless you *are* one.” But he acknowledged a future full of challenge. Neither great content nor a direct delivery system will guarantee future success. Indeed, new digital distribution platforms may have an unfair advantage in some markets. Lee used to believe in the mantra, “Content is king,” he said, until a senior colleague explained to him that, while content may be king, “Distribution is King Kong!”

Cebrián noted that while the Web and new digital



Mehmet Ali Yalçındağ and İnan Kıraç

ISTANBUL, TURKEY: SEPTEMBER 14, 2006

The tenth IC event, coinciding with the thirtieth anniversary of the Museum of Television & Radio (former name of The Paley Center for Media), focuses on globalization, a fitting topic given the setting in one of the world’s most majestic, historic locations. The event offers a fine mix of culture and discussion. On the one hand, the whole group lodges at the famed Ciragan Palace, a gala dinner is held at Dolmabahçe Palace, meeting sessions take place at Esma Sultan and optional tours of the Byzantine Cistern & Istanbul Archaeology Museum are offered. On the other hand, discussion topics include how to reach the millennial generation and, most pointedly, “Media as an Agent of (Mis)understanding (Between the Muslim and non-Muslim World).” Among the stellar list of participants: prominent businesswoman Arzuhan Yalçındağ, who established the joint venture CNN Türk with AOL Time Warner; BBC’s Mark Thompson; ITV’s Charles Allen; Atlantic Records’ Ahmet Ertegun; and NBC Universal’s Bob Wright.



Isaac Lee

media platforms have made his businesses more global, his new competitors are not subject to the same protectionist rules that dominate traditional media companies. Freedom of expression limitations have driven Grupo PRISA out of Venezuela and Bolivia, he said, and curtailed their activities in Ecuador and Argentina. There are worrying signs that similar difficulties might lie ahead in Brazil and other markets.

Cebrián closed by underlining the need for new revenue streams and new opportunities to improve the relationships between media and advertisers. Revenues for traditional news organizations in Western Europe are down forty percent annually in some markets. While the Internet is a powerful tool for democratization, he said, news organizations must be “very global, or very big,” to continue gathering and delivering news in the traditional manner.

The Paley Center’s Chairman, Frank A. Bennack, Jr., closing the morning session and inviting attendees to break for lunch, took advantage of the topic to alert attendees that Cebrián had invited the Paley Center to convene a meeting of the International Council in Madrid. The summit is set to take place on April 26th, 2012, and will gather the brightest

minds in journalism from all over the world to discuss new tools and strategies for thriving amid the disruption and ensuring a future for quality, public-interest journalism.

WE ARE (ALMOST) ALL DIGITAL NOW

The New Global Audience: A Conversation with Industry Experts Marcel Fenez, Global Leader, Entertainment and Media Practice, PricewaterhouseCoopers LLP Susan Whiting, Vice Chair, Nielsen

Interviewed by Pat Mitchell, President and CEO, The Paley Center for Media

Welcoming the return appearances of International Council veterans Susan Whiting and Marcel Fenez to a panel on the new global audience, moderator Pat Mitchell asked for an overview of the complex and confusing question of where and how developing technologies will meet and be utilized by emerging markets.

Nielsen’s Whiting said, “We are digital, no matter who we are or where we live, and not only in television but also online and with phones.” In Asia and Africa, she said, markets are poised for the revolution that new technology is guaranteed to bring. But these markets will demand

SILICON VALLEY, UNITED STATES: JUNE 13-15, 2007

It is appropriate that this IC conference carries the theme of “Convergence: What’s Next?” given the myriad changes to the IC event and the organization. Eight days before the conference, the Museum of Television & Radio is renamed The Paley Center for Media, with the IC meetings evolving to a much larger scale, held over a three-day period of panels, discussions, and events. The meeting is held for the first time in the United States, and is hosted by Google, Yahoo!, and Sun Microsystems



Frank A. Bennack, Jr., Pat Mitchell, Arnold Schwarzenegger, Jonathan Schwartz, Terry Semel, and Eric Schmidt

in Silicon Valley. Speaking pointedly to the theme, cohort Eric Schmidt of Google says, “People will say, ‘I want all of my world, all of my media, and I want it now.’” While one panel covers how search is revolutionizing distribution, another takes on the growing topic of how social networking is changing business. Says Dan Scheinman, SVP and GM of Cisco Systems, Inc., “I would tell you at the end of the day, community beats search, and that community is going to be more powerful as a way to find what we care about than search.” Among the IC

a new mind-set among programmers and content providers.

“In Africa, there are more people with cell phones than have access to clean water,” she said. “There will be a whole generation of people who don’t have a landline, don’t have a PC and don’t have a TV (but will have access to all kinds of entertainment and information via a phone.”

Marcel Fenez was equally optimistic, bullish even, on the prospects in these emerging markets. In China, a recent report concluded, advertising spending in the next year may grow by more than fifty percent. Moreover, Fenez’s research has concluded, user appetite overseas is expected to be enthusiastic, regardless of locale. “When someone is connected, they behave remarkably the same, wherever you are in the world,” he said. “Some of the most voracious users have been in some of the developing markets.” In Thailand, for example, the average Facebook user has 800 friends; in the United States,

the comparable number is fifty. “Once connected, if you look at India or Thailand, they are voracious users.”

For Fenez, the big question about how profitable the future will be, and how soon it will arrive, is affordability. For Whiting, it was as much a matter of content provider attention to regional distinctions.

Successful content delivery to developing markets will be dependent upon low-priced smart phones or tablets, Fenez believed, and upon the heavy infrastructure spending that will allow delivery. “Whose responsibility is that?” he asked. Will the spending come from governments or private interests?

In one sector of the emerging global audience, Whiting said, there appears to be unlimited appetite, but this came with a caveat: Around the world, women are hungry for programming, but programming that speaks to their specific needs. Nielsen had just-concluded its “Women of Tomorrow” study, encompassing the consumer habits of women across twenty-one countries and an investigation into trends within a market that, as Mitchell noted, “every media company in the world is chasing.” While there were certain regional differences, the study showed, the unifying theme was that

participants: CBS Interactive’s Quincy Smith; YouTube’s Chad Hurley; Yahoo!’s Jerry Yang; MySpace’s Josh Berman; California Governor Arnold Schwarzenegger; Yahoo!’s Terry Semel; and Sun Microsystems’ Jonathan Schwartz.



Arun Sarin, Pat Mitchell, and Mark Thompson

LONDON, ENGLAND: JUNE 20, 2008

Another first for the International Council: Given the growth in scope for the conferences, it is decided to add a second, smaller event each year. The first of these marks the IC’s return to London eight years after its successful trip. With considerable shifts in the media landscape, the agenda on this full June day includes topics such as regulation, innovation, and the challenges that Muslim and non-Muslim relations pose to the development and growth of media in many companies around the world. Featured speakers include Vodafone’s Arun Sarin; Yang Lan, businesswoman and talk show host often referred to as “the Oprah of China,” WPP’s Sir Martin Sorrell and WPP Chairman, Ambassador Philip Lader; NTV’s (Russia) Sergey Piskarev; Bebo’s Joanna Shields; and the Moby Group’s (Afghanistan) Saad Mohseni.

“IN AFRICA, THERE ARE MORE PEOPLE WITH CELL PHONES THAN HAVE ACCESS TO CLEAN WATER.”

—SUSAN WHITING, NIELSEN

“WHEN SOMEONE IS CONNECTED, THEY BEHAVE REMARKABLY THE SAME, WHEREVER YOU ARE IN THE WORLD.”

—MARCEL FENEZ, PRICEWATERHOUSE-COOPERS



Marcel Fenez, Susan Whiting, and Pat Mitchell

“women around the world are focused on what will make their lives easier no matter where they are,” Whiting said. Women are not frightened or challenged by new technology. “It really *has* made women’s lives easier.”



Tom Freston and Saad Mohseni

AFGHAN STARS: PROGRAMMING CHANGE IN THE MIDDLE EAST

Keynote Conversation: Emerging Market: The Middle East
Tom Freston, Principal, Firefly3
Saad Mohseni, Chairman, Moby Group
Interviewed by Pat Mitchell, President and CEO, The Paley Center for Media

“I LOOK AT ARAB SPRING AS A DIRECT RESULT OF AL JAZEERA, AND OF PEOPLE NO LONGER DEPENDENT ON THEIR GOVERNMENT FOR INFORMATION.”
—TOM FRESTON, FIREFLY3

The Middle East, and Afghanistan in particular, represents a walk back in time for Tom Freston, the 2011 Academy of Television Arts and Sciences Hall of Fame inductee who in his career has been CEO and COO of Viacom Inc. and Chairman and CEO of MTV Networks. Before *all that*, however,

he ran a textile business in Afghanistan and lived for a time in Kabul. Decades later, when he left Viacom and had, he wryly noted, “a great opportunity to travel,” he returned to Afghanistan, and met the remarkable Saad Mohseni, chairman of Moby Group.

At the time of their meeting, Afghanistan had been at war for more than a generation. The media infrastructure of the nation had been almost entirely dismantled or destroyed. There was no radio and no television.

Now, largely thanks to the efforts of Mohseni and his Moby Group, the country now boasts seventy-five TV stations and 175 radio stations. More than fifty percent of Afghan households now contain television sets. A recent study showed that Afghans trust the media more than their own government and Mohseni’s companies control more than fifty percent of that market.

The challenges of operating a media company in a warzone, however, were dramatically illuminated the day before, when a Taliban attack on the American embassy caused collateral damages to one of Moby’s TV stations.

Among Mohseni’s programming successes, panel moderator Pat Mitchell noted,

NEW DELHI AND BANGALORE, INDIA: NOVEMBER 16-19, 2008

The traditional, larger events of the IC are here expanded to four days, allowing the group to meet both in Delhi, India’s political capital, and Bangalore, its technology center. The theme of the meetings—“India: Challenges of the Next Media Frontier”—is covered in a series of talks and panels focusing on the local developments and growth in a burgeoning Indian market that constantly faces new frontiers. As Paley Center President and CEO Pat Mitchell puts it, “The opportunities of the future and the challenges of the past make India an ideal setting to show how media can embolden a people and a planet.” Hosted by Zee Entertainment, NDTV, and Wipro Technologies, and co-organized by the Federation of Indian Cham-



Amit Mitra, Yashodhara Raje Scindia, B.J. Panda, and Deepender Singh Hooda

bers of Commerce and Industry (FICCI), the meeting’s panels boast titles such as “Introduction to the Indian Media Landscape,” “Investing in Indian Media/India Investing Beyond its Borders,” “Reaching the Youth Market,” and the far-thinking topic “How Media is Improving the Quality of Life Worldwide.” Participants and attendees include hosts



Victor Koo

is *Afghan Star*, a local talent competition loosely based on *American Idol*. On top competition nights, Mohseni said, between 10 and 12 million Afghans tune-in (close to fifty percent of the nation’s 30 million population).

“During the Taliban,” Mohseni told a rapt audience, “all music was banned. People were hungry for music. When we started *Afghan Star*, people just lined up [to audition]. We had thousands of kids, literally thousands of kids, lining up.”

It’s not just the entertainment programming. The availability of radio and TV sets and a free media broadcast has been responsible, Freston said, for the vaunted “Arab Spring” (not Facebook, not Twitter, but free information freely broadcast).

“I look at Arab Spring as a direct result of Al Jazeera, and of people no longer dependent upon their government for information,” Freston said. The Qatar-based TV news and entertainment company, broadcast over networks like Moby Group’s, may well have provided the seeds of revolt to the region.

By contrast, Mohseni said, consider the US government’s \$70-80 million campaign to win the hearts and minds of the Afghan citizenry by funding TV broadcasts. “They have something like two percent of the market,” Mohseni said. “It’s a total waste of money.”

“THE AVERAGE USER SPENDS AN HOUR A DAY WATCHING YOUKU.COM, MAKING IT THE LEADING INTERNET TELEVISION COMPANY IN CHINA.”
—VICTOR KOO, YOUKU.COM

CHINA’S DIGITAL REVOLUTION

Keynote Conversation: Emerging Market: China
Victor Koo, CEO, Youku.com
Interviewed by Dave Morgan, CEO, Simulmedia

IC delegates had the opportunity on Day Two of the conference to hear about the exponentially expanding Chinese market from an entrepreneur who has played a leading part in the construction of this exciting new part of the world’s media.

There are 485 million Internet users in China, explained moderator Dave Morgan. More than 300 million of these visit the video streaming Web site Youku.com every day. The average user spends an hour a day watching Youku.com, making it the leading Internet television company in China.

Streaming filmed content from all over the globe, Victor Koo’s five-year-old brainchild has capitalized on a growing appetite for programming, especially non-Chinese programming, and the narrow window for viewing it. The importation of foreign films to Chinese movie theaters is strictly limited, with a cap on twenty Hollywood movies per year. First-run movies, even of American blockbusters like last year’s *Avatar*, are allowed no more than three weeks on

NDTV’s Dr. Prannoy Roy; Zee Entertainment’s Subhash Chandra; and Wipro’s Azim Premji; plus former UN Under-Secretary Shashi Tharoor, Henry Kissinger, Australian Broadcasting Corporation’s Mark Scott; Google India’s Shailesh Rao; and UTV’s Ronnie Screwvala.



Gregor Vogelsang, Alexander P. Straknov, Zoltan Rudi, and Marcel Fenez

BERLIN, GERMANY: JUNE 7-8, 2009

For 2009, the Paley Center extends the mid-year conference to two days, and goes back to offering the flagship three-day event in the fall. For the spring, the IC focuses on Europe and the sometimes-conflicting relationship between public and privately held companies. Key speakers include News Corp’s (Europe and Asia) James Murdoch; RTL Group’s Gerhard Zeiler; and Bloomberg’s Andy Lack. Panel discussions cover the borderless programming of formats, with two sessions on Central Europe concentrating on the state of the region’s media landscape and the “delicate dance between politics and media.”

NEW YORK CITY, UNITED STATES: NOVEMBER 18-20, 2009

For the first time, the IC meets at the Paley Center’s New York headquarters, and is convened

Chinese screens. Movies are typically not available online until several months after their theatrical run. And the Chinese CCTV broadcast channels are government controlled.

The fast-talking, witty Koo, a University of California,



Victor Koo and Dave Morgan

“SOME COMPANIES SEE CHINA AS A GREAT MARKET, BUT FROM A DISTRIBUTION STANDPOINT, IT’S STILL A VERY DIFFICULT MARKET.”

—VICTOR KOO, YOUKU.COM

Berkeley and Stanford graduate, painted a rosy picture of opportunity in China and of his own company’s bright future. The consumer base is growing at extraordinary rates as Chinese middle and lower-middle classes begin to emerge. The TV advertising base is already \$10 billion to \$15 billion, Koo said, and growing at fifteen percent annually.

Without traditional media competitors to fight for market share (as Koo said, in China there is no HBO, no CNN, no DVR, no TiVo), Youku has been able to grab much of the available audience and hold it. During his interview the following morning, Peter Chernin, whose CA Media is investing heavily in China and other Asian countries, called Youku, “arguably the single

largest television distribution platform on Earth.” Having captured the top Internet position (at twice the size of its nearest competitor) and having achieved domination of the streaming video business, Youku.com is looking toward convergence technology that will allow China’s burgeoning population of smart phone users access to the site.

There are limitations, however. The hand of the Chinese government weighs heavily on all Chinese media. Koo said his company, which started with offerings of user-generated programming and only later went into producing its own high-quality content, must always omit any discussion of what he called “the black areas, or the three Ts: Tibet, Taiwan, and Tiananmen Square.” A slight paradox: Though the Chinese government prefers to control programming, it has encouraged companies like Youku.com because, unlike street vendors of pirated foreign film fare, or fly-by-night Web sites offering illegal downloads, big companies like Youku.com can be easily monitored.

As with other markets, Koo said, ease and speed of delivery are key to success in China. His company developed its own technology to create speedier streaming. (They also, anticipating growth in the TV sector, developed a



Ivan Seidenberg, Kay Koplovitz, Mayor Mike Bloomberg, Julie Chen, and Leslie Moonves

by the heads of the major US media companies: Frank A. Bennack, Jr., CEO of Hearst and chairman of the Paley Center; Time Warner’s Jeff Bewkes; Viacom’s Philippe Dauman; CBS’s Leslie Moonves; Verizon Communications’ Ivan Seidenberg; Disney Media Networks’ Anne Sweeney; and NBC Universal’s Jeff Zucker. Over 150 executives attend. Keynote speakers include Henry Kissinger; Ted Turner; AOL’s Tim Armstrong; FCC Chairman Julius Genachowski; and Dick Parsons, chairman of Citigroup and former chairman and CEO of Time Warner. The meeting also features the debut of the ThinkSocial Awards, an initiative to recognize social media companies promoting positive change around the globe.



Kay Koplovitz, Stanley S. Shuman, Prince Albert II of Monaco, and Pat Mitchell

MONTE CARLO, MONACO: JUNE 9, 2010

Coinciding with the 50th anniversary of the Monte Carlo Television Festival, the IC’s mid-year meeting focuses on the viewing experience of the

“EVERY TIME I COME BACK [FROM ASIA] I COME BACK WITH TWO THINGS: MUCH MORE COMPLICATED AND BIGGER OPPORTUNITIES THAN I THOUGHT.”

—PETER CHERNIN, THE CHERNIN GROUP

mobile phone that doubles as a TV remote). Koo’s serial dramas, backed by American advertising partners like Proctor & Gamble and General Motors, have been gaining in popularity. Partnerships with American movie studios have yielded Youku.com hits with Warner Bros.’ *Inception* and DreamWorks’ *Kung Fu Panda*, but on the TV side, American fare makes up under five percent of Youku sales. Although China is the world’s fastest growing market for movies, with more movie theater construction underway than anywhere else on the planet, growth there may be outpaced by online movie viewing. “Some companies see China as a great market,” Koo said. “But from a distribution standpoint, it’s still a very difficult market.”

GLOBAL: THE NEW LOCAL

A Conversation with Peter Chernin, Chairman, The Chernin Group Interviewed by Judy Olian, Dean, Anderson School of Management, UCLA



Judy Olian and Peter Chernin

Veteran industry leader Peter Chernin sat with UCLA’s Judy Olian for a stirring morning session. Currently chairman of The Chernin Group and partnered in CA Media with Paul Aiello (former COO of Star TV, part of the television empire that Chernin oversaw during his tenure as president and COO of News Corporation), Chernin’s current business model is to develop high-end content, make digital investments, and deliver media to the developing markets in China, India, and Indonesia. The secret of his achievement: Humility, curiosity, respect for other cultures, and a willingness to depend on local talent to create local content.

He pointed out that while Westerners can offer specific knowledge of the content business to emerging markets, arrogance can make it impossible to succeed if they are not willing to understand and embrace unique cultural differences. By way of illustration, Chernin pointed to successes he had with soap operas in the Indian marketplace. By partnering with local content producers, they developed several soaps that became very popular because they revolved around the relationship between the arranged-marriage bride and her new mother-in-law (a relationship that would have

future. Convened by Paolo Garimberti of RAI (Italy), Christine Ockrent of Audio-visuel Extérieur de la France, Markus Schächter of ZDF (Germany), and Dick Wolf of Wolf Films, sessions explore new trends in programming and delivery, with input from, among others, producer and director Barry Levinson, Annie Wegelius from Swedish Television, and Ynon Kreiz of Endemol. The day closes with a cocktail reception at Monaco Palace hosted by HSH Prince Albert II.



Sean Parker and David Kirkpatrick

NEW YORK CITY, UNITED STATES: NOVEMBER 17-19, 2010

For its seventeenth meeting, the IC returns to the Paley Center’s New York home for a three-day program conceived around the theme “The Rebirth of Media Worldwide.” Conveners including Ricardo Salinas Pliego of Grupo Salinas, Mehmet Ali Yalçındağ of Dogan Yayin Holding, Nikesh Arora of Google, and Dr. Prannoy and Radhika Roy of NDTV join some 160 attendees from 16 countries for intimate conversations in the Paley Center’s Kissinger Global Conference Room and New York’s famed 21 Club. Featuring panels on advertising,



Marissa Mayer

“CAN WE TAKE A PERSON’S CONTEXT, WHAT THEY’RE DOING, AND SHOW THEM NEW THINGS THAT MIGHT BE RELEVANT TO THEM RIGHT NOW?”
—MARISSA MAYER, GOOGLE

been entirely foreign to most Western content creators.

Success may also depend upon a willingness to abandon old business models despite their working well in other markets, Chernin said, in response to moderator Olian’s questions about opportunities in China and India. In China, for example, there is no credit card-based online payment system of the kind that has fueled a company like Amazon or Netflix. In India, he said, there are 100 million pay TV customers, but they’re paying less than \$5 a month for their TV service. The average revenue per user may look upside-down to traditional business folks. “You’re trading volume,” Chernin said, “for a high return on an individual basis.” China has resisted foreign investment, and forbids Western ownership of local companies; India has welcomed foreign investment, and made happy partners of local companies with American giants like News Corp., Viacom, and Disney. Despite that, he said, “It’s probably easier for the Chinese to understand the West than for the Indians.”

The biggest business notion that will need to be abandoned, Chernin suggested, is the idea that investment in developing markets is a one-way street. Alone among IC2011 speakers, Chernin predicted there will be major Chinese investment in American companies and

eventual Chinese ownership of a signature American media company.

“It’s inevitable,” Chernin said. “I’m sure the media will get all up in arms about what an incredible threat it is. But it’s inevitable that we will see big acquisitions from the Chinese and, half a generation later, from the Indians.”

But for now Chernin sees great opportunity in Asia. “Every time I come back [from Asia] I come back with two things: much more complicated than I thought and bigger opportunities than I thought.”

MOBILIZING DISRUPTION

A Conversation with Marissa Mayer, VP, Google, and Lauren Zalaznick, Chairman, Entertainment and Digital Networks and Integrated Media, NBCUniversal
Interviewed by Pat Mitchell, President and CEO, The Paley Center for Media

Paley Center CEO Pat Mitchell began this late-morning session by announcing IC2011 attendees Lauren Zalaznick, Marissa Mayer, and Sheryl Sandberg would be the first three inductees into The Paley Center for Media’s new pantheon, “She’s Making Media” (a new category to go alongside Paley’s “She Made It,” a seven-year-old initiative to celebrate the business and

programming, and content delivery, and keynote sessions with Hearst’s Frank A. Ben-nack, Jr., NBA’s David Stern, and Napster co-founder Sean Parker, among others. IC2010 also provides occasion to announce the launch in 2011 of the Paley Center’s forward-looking *Next Big Thing* series showcasing digital startups.



Mayor Antonio Villaraigosa

LOS ANGELES, UNITED STATES:

SEPTEMBER 14-16, 2011

For its eighteenth meeting, the IC was held for the first time ever at the Paley Center for Media in Beverly Hills, CA. Industry heavyweights Barry Diller, IAC; Sheryl Sandberg, Facebook; Anne Sweeney, Disney-ABC; Victor Koo, Youku; Leslie Moonves, CBS, and over 100 attendees from 17 countries convened for a three-day summit focusing on *Beyond Disruption*, a dialogue about the shifting media landscape and emerging markets, including China, Latin America and the Middle East. The *Next Big Thing* series returned to IC once again to showcase start ups in online television, gaming, and interactive video. Guests were treated to a cocktail party on the roof of the Paley Center with LA ensemble *Ozomatli* and a dinner at 20th Century Fox.

creative achievements of women in media).

Mitchell had on hand two of the three new honorees, whom she led on a freewheeling discussion about what, exactly, the current disruption is leading the media industry toward.

“We’re still in the middle of it,” Mayer said.

“We’re still in a nascent development stage,” Zalaznick agreed.

Visible signs of disruption, the two women noted, were evident in the switch in Internet usage from laptop to mobile. More than half of all of Google Maps traffic searches emanate from mobile phones, Mayer reported. More

“NO MATTER HOW INTENSE IT FEELS, DAY TO DAY, YEAR TO YEAR, IT’S LESS THAN A HUNDRED YEARS THAT MEDIA HAS BECOME MASS AT ALL.”

—LAUREN ZALAZNICK, NBCUNIVERSAL



Marissa Mayer and Lauren Zalaznick

than nineteen percent of all tickets sold to the July release of “Harry Potter 7” were sold via the Web-based ticketing service Fandango (and more than forty percent of those were sold via mobile phones). “It’s transformational,” said Zalaznick, whose career highlights (VH1 executive, producer of indie films like

Kids and *Girls Town*, and head of TV channels like Bravo and Oxygen, as well as Internet channels like iVillage and Daily Candy) mark her as a career disruptor. “And we’re only at the beginning.”

Mayer, who was Google’s first female engineer and one of the first employees of what Mitchell called a “great disruptive company,” said that disruption currently is more about platform than content. “Disruption is happening in how things are delivered,” she said, but how things are delivered can, conversely, affect the programming itself. The Google-owned YouTube, for example, introduced the idea of “variable length content,” and broke traditional molds established by the ninety-minute movie, the half-hour sitcom, or the three-minute music video. As YouTube is moving forward with plans to create original, long-form programming, the question could take on increased significance.

Echoing Peter Chernin’s concept that traditional media companies spend a lot of energy bulwarking against change, rather than acting as agents of change, Zalaznick said, “We’re on defense all the time. We’re being attacked. Everything is *incoming*.”

Is there an end to this process of destructive change? The two executives seemed

to think not. Mayer observed that she and her colleagues are working hard to maximize what she called “contextual discovery” (to use what is known about a consumer) to introduce something that is not known to the consumer. “Each of our devices knows so much about us,” she said. “Can we take a person’s context, what they’re doing, and show them new things that might be relevant to them right now, or might entertain them right now?”

Zalaznick, taking the longer view, stressed the idea that for all the change and challenges she’s witnessed in her career, the story of how traditional storytelling is affected by technological advances is still in its first chapter.

“No matter how intense it feels, day to day, year to year, it’s less than a hundred years that media has become mass at all,” Zalaznick said.

FOCUS GROUPS IN THE WILD

A Conversation with Deb Roy, CEO, Bluefin Labs
Interviewed by Dave Morgan, CEO, Simulmedia

Moderator Dave Morgan returned to the stage to introduce Deb Roy, founder and CEO of Bluefin Labs, tenured professor at MIT Media Lab and cocreator



Deb Roy

“WE’RE WATCHING MASS MEDIA SLAM INTO THE WORLD OF SOCIAL MEDIA.”

—DEB ROY, BLUEFIN LABS

of what Morgan called “the most extraordinary analytics company in the emerging social media space.”

Those expansive introductory words were followed by big science. “We’re watching mass media slam into the world of social media,” Roy said. His company means to stand at the intersection of that collision and deliver “real-time audience feedback” by analyzing traffic on Facebook, Twitter and other social media sites. Bluefin is tracking 20 million Americans, listening in on the public conversation they are having about what they’re watching on television, for example, and how they feel about it. The result: What Roy called “predictive intelligence” for advertisers and others.

Beginning with a straightforward example, Roy showed visual graphics comparing the 2011 Super Bowl and the 2011 MTV Video Music Awards. More than 100 million people watched the Super Bowl, while about 12 million watched the VMAs. But Roy’s analysts, mining the available social media, found that the Super Bowl generated fewer than 12 million Facebook or Twitter comments, while the VMAs produced more than 100 million. Many more people were watching the Super Bowl, but many more people were talking about the VMAs. For a more complicated

illustration, Roy presented data about the mindset of people watching certain TV shows and making comments (“a window in the audience mindset”) about the show and products associated with it. One set of data, collected and analyzed by Bluefin’s staff of forty data miners, showed a striking overlap of people making comments about Diet Coke and watching the food show *Freaky Eaters*. Calling that “a focus group in the wild,” Roy predicted the analysis would have obvious appeal to both the advertisers and content providers around that product and that show (and any that are similar).

“The basic technology of broadcast is one-way. That’s on the verge of changing,” Roy said, adding that the change might be most visible in the upcoming 2012 political season. “This has huge implications for how you will run a campaign.”

But, echoing his preceding two panelists, Roy concluded by saying, “This is a phenomenon that looks like it’s on the rise. But this is really early days.”

THE NEXT BIG THING

ViKi, Razmig Hovaghimian, *Cofounder and CEO*
The Backplane, Matt Michelson, *CEO*
Gamzee, Howard Marks, *CEO*
Joyus, Sukhinder Singh Cassidy, *Cofounder and CEO*

Interlude, Yoni Bloch, *Cofounder and CEO*
Moderator: Scott Kurnit, *Chairman and CEO*, *AdKeeper*

The *Next Big Thing* is a Paley Center-created program designed to showcase new entrants and disruptors in the media, entertainment, and technology spaces by bringing them together with established leaders and investors in those industries. First created for IC2009 in New York City, the *Next Big Thing* has also become a regular event series in New York for members of the Paley Center’s Media Council and its new Generator membership community, but will remain a part of International Council summits going forward.

First up from the IC2011 class of the *Next Big Thing* entrepreneurs was Razmig Hovaghimian, who turned a class project from his school days at Stanford into ViKi, which he described as “the Hulu for the rest of the world: the best of world TV and movies, in your language, powered by a community of 500,000 fans,” who translate TV shows into dozens of languages. So far, there are 9 million viewers a month, having enjoyed over one billion streams, watching TV in 156 different languages. The



Sukhinder Singh Cassidy

“THIS IS THE FIRST CONVERGENCE OF CONTENT AND COMMERCE. COMMERCE IS ABOUT STORYTELLING. THIS IS BOTH A PLATFORM AND AN EXPERIENCE.”

—SUKHINDER SINGH CASSIDY, JOYUS

content could be a Korean soap opera, subtitled and available in forty-nine languages. The translations are so good that some broadcasters are using them on DVD versions of their original programming. In some markets, ViKi is getting more viewers than the top TV networks.

Next up was Sukhinder Singh Cassidy, an ex-Google, ex-Polyvor executive who arrived to show off her one-month-old Joyus, “the Web’s first video shopping experience.” Using “the power of video to unlock commerce,” Cassidy said, “This is the first convergence of content and commerce. Commerce is about storytelling. This is both a platform *and* an experience.”

E-commerce on the web has historically been comparison shopping, building to premium customer service experiences like Zappos, building to a new commerce experience driven by social media. Think Facebook meets Amazon meets Hulu.

To follow was Matt Michelson and The Backplane, a merger of social networking and fan Web sites that aims to build and increase online communities (and counts pop star Lady Gaga as a board member). Michelson, with a background in finance, retail, and media, explained that one of his goals is to make it possible for a Lady Gaga fan in Beijing, for example, to speak directly, without

language barriers, to a Lady Gaga fan in Beirut.

Game business veteran Howard Marks took the stage to introduce Gamzee, designed to address the current clumsy reality in video gaming: Content creators must build a different model for each platform experience. Research led him to the computer language HTML5. “For the first time in the game industry, you can build something that will work *everywhere*” (laptop, iPhone, TV, social network, or wherever). The new company is set to release its first game in an HTML5 format that will make the game deliverable to any player or platform. To the 400 million gamers worldwide, Marks said, “We are building a whole new form of entertainment.”

Last up was audience favorite Yoni Bloch, an Israeli musician, video maker, and entrepreneur, who demonstrated Interlude, an interactive platform that lets viewers choose the development, characters and story line of an online music video. Click on a character, follow the character; click on a musician, watch the solo; choose “acoustic,” and watch the band put down the electric instruments and go unplugged. Old Navy, Microsoft, Nokia, and others have used the technology, and



Sheryl Sandberg

“THE FUTURE IS ABOUT REALIZING WHAT CAN HAPPEN WHEN PEOPLE SHARE AS THEMSELVES. THIS IS ABOUT ENGAGEMENT, AND GIVING PEOPLE AUTHENTIC VOICE, AND WHAT HAPPENS AS A RESULT.”
—SHERYL SANDBERG, FACEBOOK

Bloch’s group won an MTV video award and has just finished an interactive movie trailer for Universal.

Bloch’s kicker, though, was a “love song” video he created on-the-fly for audience member, and final speaker, Sheryl Sandberg. While attendees watched a singer warbling on screen, Bloch typed Sheryl’s name, hair color and other details into a text field and seamlessly, the singer began to call Sheryl’s name and praise her “beautiful brown hair.” With a Facebook application, Bloch said, viewers could create and post similar love songs to the Sheryls in their lives. The first question from the audience: *How can we invest?*

THE ROAD TO ENGAGEMENT

A Conversation with Sheryl Sandberg, COO, Facebook
Interviewed by Pat Mitchell, President and CEO, The Paley Center for Media

To close the three-day IC2011, the Paley Center’s Pat Mitchell sat down with Facebook’s COO Sheryl Sandberg, who applauded the *Next Big Thing* participants for the personalization of their applications: “We think it’s *all* about personalization.” The Harvard-educated economist and former Clinton administration

Treasury Department official seemed particularly impressed by Howard Marks’s HTML5 presentation, which promised the ability to personalize video games, and Yoni Bloch’s Interlude music video offering. “Why would you watch a music video that *isn’t* personal to you?” she asked.

But personalization, and the “promise of the Internet” to build a two-way street between marketer and user, between content provider and consumer, is the present disruption. What’s beyond it?

More disruption, and perhaps more division between those who resist disruption and those who embrace it.

Echoing Bluefin Labs’ Deb Roy, Sandberg looked to the coming political season. “During the last election, in 2008, every candidate had a Facebook page, and there were 34 to 36 million people on Facebook,” the COO said. “Today there are something like 170 million people on Facebook, just in the United States.”

Further, and concurring with Moby Group’s Saad Mohseni’s statement that Al Jazeera, more than social media, helped inspire the Arab Spring, Sandberg said, “I used to say [about Facebook], ‘This is a revolution.’ I’ve stopped saying that. We don’t want to take too much credit. We did not march in the streets.” Facebook’s part in the political upheaval is not that of a

game-changer but an agent of change, giving individuals their identities, at scale, and the power of voice.”

Given Facebook’s unparalleled growth, increasing worldwide reach, new arrangements for Facebook users to find employment and plug their favorite brands, and no apparent ceiling in sight, Mitchell teased Sandberg, “You’re going to elect our presidents, build our brands, and put us all back to work.”

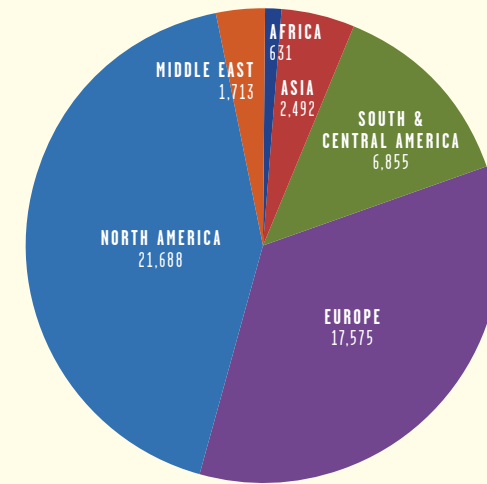
Is there danger ahead for the social media behemoth? “The biggest risk to our business is us,” Sandberg said. “We’ll get it wrong. We’ll grow too fast. We’ll grow too slow. The risk is us.”

As the conference drew to a close, Mitchell asked her guest to sum up. Where are we? Where are we going? What will it be like? What *is* beyond disruption, and how soon will we be there?”

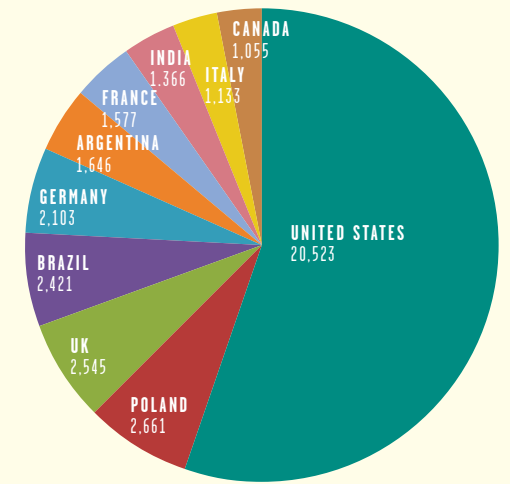
“The last five years have been about proving that social works, and proving that real identity is possible,” Sandberg said, in an answer that resonated with many of IC2011’s future-gazing speakers. “The future is about realizing what can happen when people share as themselves. This is about engagement, and giving people authentic voice, and what happens as a result. On that metric, we think we are at the very beginning.”

IC 2011: AN INTERNATIONAL AUDIENCE

ONLINE VIEWERSHIP BY CONTINENT



TOP TEN VIEWERSHIP BY NATION



Digitally speaking, 2011 was a banner year for International Council. Video of the event, according to analytics by our partners at Livestream, was viewed over 50,000 times in 140 countries. And compared to last year’s IC in New York, we saw a massive increase in viewership.

IC 2011 ATTENDEES



Leslie Moonves

HOSTS:

Frank A. Bennack, Jr.
Hearst Corporation, The Paley Center for Media

Pat Mitchell
The Paley Center for Media

PARTICIPANTS:

Gail Becker
Edelman

Jim Berk
Participant Media

Yoni Bloch
Interlude

Aryeh Bourkoff
UBS

Joseph Calabrese
O’Melveny & Myers

Lorea Canales

Sukhinder Singh Cassidy
Joyus

Juan Luis Cebrián
Grupo PRISA

Peter Chernin
The Chernin Group and Chernin Entertainment

Adriana Cisneros
Grupo Cisneros

Barry Diller
IAC

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Isaac Lee
Univision News

Howard Marks
Gamzee

Marissa Mayer
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Anne Sweeney and Frank A. Bennack, Jr.

Matt Michelson
The Backplane

Jon Miller
News Corporation

Saad Mohseni
Moby Group

Leslie Moonves
CBS Corporation

Dave Morgan
Simulmedia

Judy Olian
UCLA

Deb Roy
Bluefin Labs

Sheryl Sandberg
Facebook

Geoffrey Sands
McKinsey & Company

Ted Sarandos
Netflix

Anne Sweeney
The Walt Disney Co.

Susan Whiting
The Nielsen Company

Lauren Zalaznick
NBCUniversal

ATTENDEES

Berat Albayrak
Calik Group

Serhat Albayrak
Turkuvaz Media Group

Loreen Arbus
Loreen Arbus Productions

Neil Benedict
Ben Production

Adam Bird
McKinsey & Company

Scott Birnbaum
Samsung

Otavio Bocchino
Communication Intelligence

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PricewaterhouseCoopers

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O'Melveny & Myers

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Stephen Gatfield
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Wowow

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Bruce Paisner
International Academy of Arts and Sciences

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Darin Snyder
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The Paley Center for Media

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National Basketball Association

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The Nielsen Company

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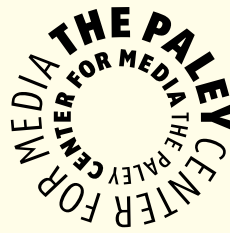
Blair Westlake
Microsoft Corporation

Michael Wolff
AdWeek

Mehmet Ali Yalçındağ
Dogan Media Group

Eric Zabinski
O'Melveny & Myers

Fehmi Zeko
Macquarie Capital



ABOUT THE PALEY CENTER FOR MEDIA

THE PALEY CENTER FOR MEDIA

The Paley Center for Media is a nonprofit devoted to exploring the evolving ways in which we create and connect through media. With locations in New York and Los Angeles, and the foremost public archive of television and radio programming, the Paley Center produces screenings, forums, and educational programs that engage the general public and the professional community in a conversation about the impact of media on our lives. Through its Media Council and International Council, the Paley Center provides an independent setting where media professionals can engage in discussion and debate changes in the media landscape. Previously known as The Museum of Television

& Radio, the Paley Center was founded in 1976 by William S. Paley, a pioneering innovator in the industry. For more information, please visit www.paleycenter.org.

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A dynamic think tank for the digital age, Media Council brings together senior-level industry executives for provocative discussion, enlightening reflection, and no-holds-barred debate about the trends and issues influencing the media. For more information about the Paley Center's Media Council and the upcoming schedule in New York and Los Angeles, please visit www.paleycenter.org/mediacouncil.

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Joel Topcik, Director

Marisa Lauren, Manager

Stephanie Kousoulas, Associate

Amber van Natten, Digital Production Coordinator

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ABOUT THE NEXT BIG THING

The *Next Big Thing* is series of quarterly gatherings designed to showcase new entrants and disruptors in the media, entertainment, and technology spaces by bringing them together with established leaders and investors in those industries. The series was launched with sponsorship from AdKeeper, a venture from entrepreneur and Paley Center trustee Scott Kurnit, and Velociter, a strategic investment arm of Mediabrands. A mix of elevator pitches, open debate, and cocktail conversation, the *Next Big Thing* provides a forum

for rising innovators and entrepreneurs to meet the pioneers and pillars of the media industry. Each gathering will feature short presentations and product demos by new entrepreneurs outlining their business and strategies for success followed by intimate discussion with a select audience drawn from the Paley Center's Media Council, and other leaders and innovators in the new media, technology, and venture capitalist communities. For more information, please visit www.paleycenter.org/nextbigthing.

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OF VOICE IS SO COMPELLING.
THIS IS WHAT HAPPENS WHEN
YOU GIVE PEOPLE

THE POWER
OF THEIR OWN
IDENTITY WITH
TECHNOLOGY
BEHIND IT. — SHERYL
SANDBERG



A Report on the

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