

# Industry Analysis

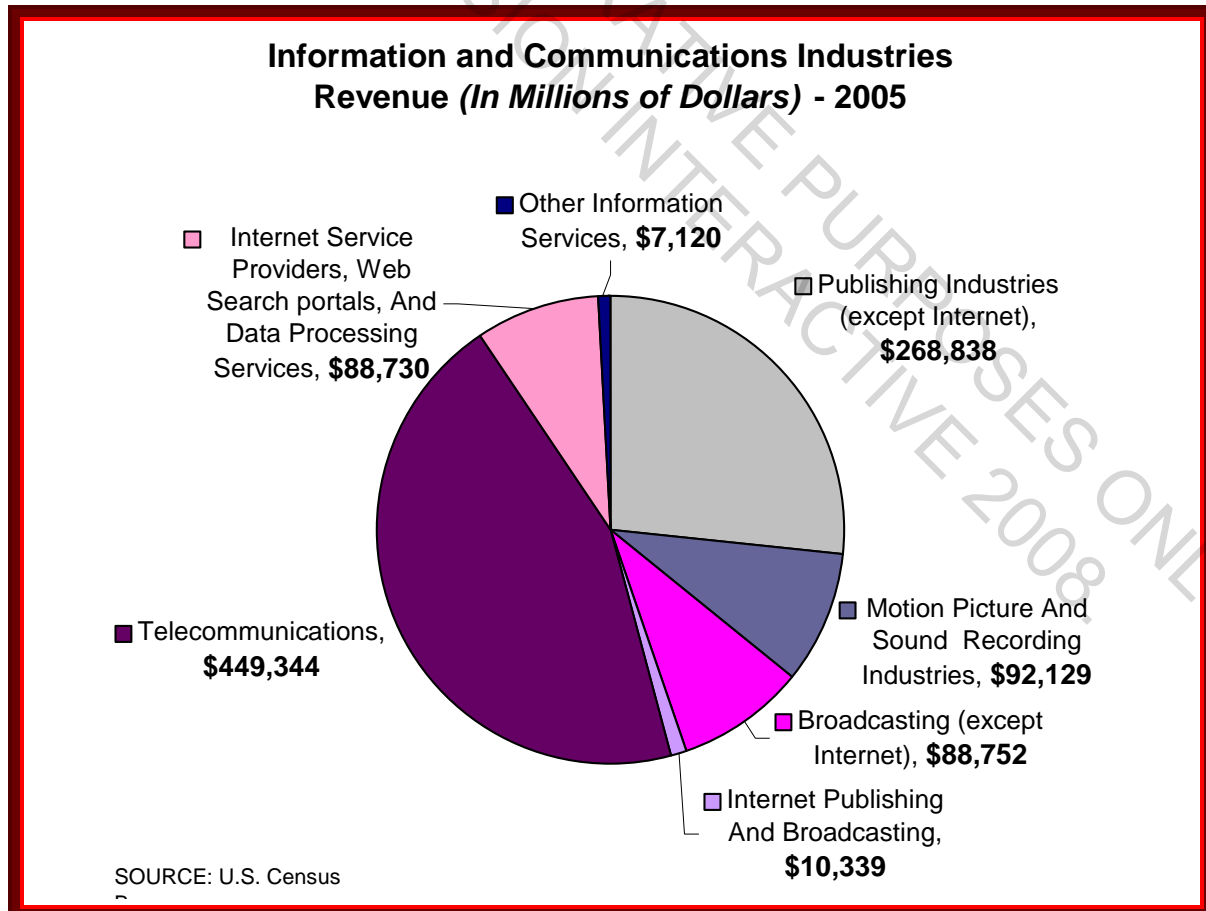
## Media Market Size

The U.S. Census Bureau packages all media under the North American Industry Classification System (NAICS) code 51: Information and Communications.

The Information and Communications sector comprises establishments engaged in the following processes: a) producing and distributing information and cultural products, b) providing the means to transmit or distribute these products as well as data or communications, and c) processing data.

The main components of this sector are the publishing industries, including software publishing, and both traditional publishing and publishing exclusively on the Internet; the motion picture and sound recording industries; the broadcasting industries, including traditional broadcasting and those broadcasting exclusively over the Internet; the telecommunications industries; the industries known as Internet service providers and web search portals, data processing industries, and the information services industries.

In 2005, the Information and Communications industries had combined revenues of over \$1 trillion (**Table 1**).



**Table 1 – Information and Communications Industries Revenue**

# Intension's Market Size

Intension Interactive is interactive media navigation technology and can be classified into three categories: 1) interactive media, 2) content re-release, and 3) software publishing. These categories fall under several U.S. Census Information and Communications industry sectors, and are used to determine Intension's approximate market size.

**Interactive media: *Postproduction services and other motion picture and video industries (US Census NAICS 51219).***

Interactive media allows for active participation by the recipient. Examples of interactive media include internet forums, video games, and interactive television. Major players in this market are: Gemstar-TV Guide, TiVo, Gotuit Media, and OpenTV.

**Content re-release: *Motion picture and video production and distribution (US Census NAICS 5121); Cable and other program distribution (US Census NAICS 5175).***

Taking content from its original distribution format and releasing it in a new format is the concept of content re-release. An example of this is when a feature film goes from the movie screen to the TV screen, to DVD, or the Internet. Content re-release is mostly handled by studios producing content, and DVD authorizing companies such as 1K Studios, and Technicolor.

**Software publishing: *Software publishers (US Census NAICS 5112).***

Software enables users to make better content. Software companies such as Adobe, Microsoft, and Entertainment Partners develop, maintain, and publish software, and provide services such as training, and consultancy.

Intension Interactive Relevant Market Size Intension Interactive Business Plan		
Industry	2002 NAICS Code	Operating Revenue (In millions of dollars) - 2005
<b>Information And Communications Industries</b>	<b>51</b>	<b>\$1,005,252</b>
Publishing Industries (except Internet)	511	\$268,838
<i>Software Publishers</i>	5112	\$119,623
Motion Picture And Sound Recording Industries	512	\$92,129
<i>Motion picture and video production and distribution</i>	5121	\$58,346
<i>Postproduction services and other motion picture and video industries</i>	51219	\$4,234
Telecommunications	517	\$449,344
<i>Cable and other program distribution</i>	5175	\$80,493

SOURCE: U.S. Census Bureau

**Table 2 - Intension's Market Size**

**Table 2** shows the revenue's of industries related to Intension Interactive (highlighted in blue). The relevant market size for Intension Interactive based on these industry sectors is approximately \$263 billion.

## Trends

“Our culture and economy is increasingly shifting away from mainstream products and markets and toward a huge number of niches.”—Chris Anderson, *The Long Tail*<sup>1</sup>

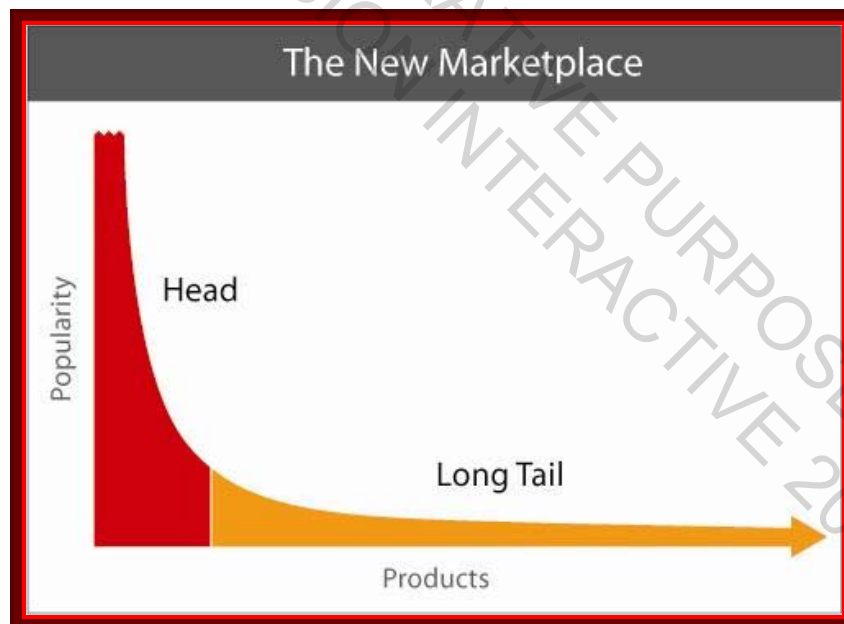
“Technology is Democratizing Content Creation.”—Bear Stearns<sup>2</sup>

“When consumers are offered infinite choice, the true shape of demand is revealed. People gravitate towards niches because they satisfy narrow interests better, and in one aspect of our life or another we all have some narrow interest.”—Chris Anderson, *The Long Tail*

“Three distinct digital network pipelines are solidifying for the delivery of digital pay video content: Digital pay TV (cable/DTH satellite/IPTV); mobile networks; and, broadband Internet.”—Digital Tech Consulting<sup>3</sup>

“U.S. Internet users viewed more than 10 billion online videos during the month [February 2008]...a 66-percent gain versus February 2007”—comScore<sup>4</sup>

“The Long Tail specifically refers to the orange part of the sales chart below (**Figure 1**), which shows a standard demand curve that could apply to any industry. The vertical axis is sales; the horizontal is products. The red part of the curve is the hits, which have dominated our markets and culture for most of the last century. The orange part is the non-hits, or niches, which is where the new growth is coming from now and in the future.”—Chris Anderson, *The Long Tail*



SOURCE: Chris Anderson, *The Long Tail*

**Figure 1 - The New Marketplace**

<sup>1</sup> Anderson, C. *The Long Tail* [Online]. Available: <http://www.longtail.com/about.html>

<sup>2</sup> Bear, Stearns & Co. Inc. (November 2006). *The Long Tail: Aggregation and Context and Not (Necessarily) Content Are King*. (Equity Research Report on the Entertainment Industry).

<sup>3</sup> Digital Tech Consulting, Inc. (2008). *How Do More Video Screens Translate to More Revenue Streams*. (A DTC White Paper).

<sup>4</sup> comScore, Inc. (2008, April 16). More than 10 Billion Videos Viewed Online in the U.S. in February [Online]. Available: <http://www.comscore.com/press/release.asp?press=2190>