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### **Interview with Graham Kill**

#### **Bernard Lo**

What's going on in the media world there? You might have caught the Oprah Winfrey story several days ago. She decided that her bones told her or something like that for 25 years of the Oprah Winfrey Show was enough and she was gonna move out of free to air terrestrial TV and go into the at times murky world of pay-TV. YouTube at the meantime has started broadcast full length documentaries and programmes, not just the two minute, the cheesy do-it-yourself clips that a lot of you threw up there. Pay-TV giants like Murdoch, Newscorp, NBC, Universal multiplying their cable presence in Asia. So what is going on. Trussel, TV's not dead, OK? We're not going like this. No, we're not sitting there watching TV on one-fourth of the screen and working and tweeting and doing Facebook on the other. Not yet, most of us people anyway. But the way TV is changing dramatically and exponentially obviously means a lot of difficulties and challenges for those of us who are providing content and how do you monetize the whole thing. Our guest today is Graham Kill, CEO of Irdeto which provides software to control and monetize access to pay-TV platforms among many, many other initiatives. Welcome to the programme.

#### **Graham Kill**

Thanks, Bernie.

#### **Bernard Lo**

I don't even know where to start with you. There's so much to talk about.

#### **Graham Kill**

Well, maybe we should start with Oprah.

#### **Bernard Lo**

OK.

#### **Graham Kill**

'Cos I think it actually highlights many of the things that's happening in the digital world. It's getting cheaper to distribute content. That really is a major change. So Oprah with a great brand has decided that she wants to take control of how she gets to the consumers. And she's got the opportunity now with digital distribution to do exactly that. So she's taking away the control from the schedulers in CBS and saying I wanna go directly to my consumers, albeit over the cable network, directly to them. And she's got better control of her brand, better control of her message and the ability to go and exchange a lot of other ideas with her consumer base for merchandising and other things.

#### **Bernard Lo**

OK. No point taken there. But but she's also basically, not hijacking, but she's basically doing an about face on what was for a long time the common wisdom or the basic tenet of TV, and there's you've gotta have the eyeballs, right? I'd rather be in front of more eyeballs, even though I don't know if there paying eyeballs, than making sure that every eyeball that's eyeballing me is a paying eyeball. This is TV in it's simplest terms obviously.

#### **Graham Kill**

There's a lot of eyeballs there. No, clearly the thing is now that as we have the ability to go and target people through digital distribution, we can say what does Bernie want to see. And OK, you may or may not be an Oprah fan but she has the ability to go to you directly and have a potential to get a better higher premium advertising rate from you because you have an interest in her channel. And you also may be inclined to buy lots of things related to Oprah products and merchandising, which you wouldn't have an

opportunity to go to, you as Bernie a single consumer, if she's embedded in this larger channel called CBS. Her brand's become larger in some respects than the actual channel in which she was carried.

**Bernard Lo**

But this is not a small pool we're talking about. Every time I go back home to America and my parents, you know, echo star dish home set direct to home satellite, combined with digital subscriber cable, there are 500 channels out there. I happen to be on one of them and they enjoy watching me on Channel 492

**Graham Kill**

Good.

**Bernard Lo**

for instance. But the world has changed dramatically from the days of CBS, NBC and ABC and channel 4, 5, 6 and 7 maybe. But with all those players out there, is taking control end-to-end of your own brand, your own network, is it all that's cracked up to be?

**Graham Kill**

Well, I think it's a matter of the fact of life of the market. It's a little bit like going to the all-you-can-eat Sunday buffet at the hotel. You pay one price, you can eat as much as you like. But you really don't go and eat everything there. You really only really perhaps want the sushi.

**Bernard Lo**

I hate buffets.

**Graham Kill**

And if you really want sushi, you maybe want the rice roll. But you wanna pay a reasonable price for it. It's a little bit like I don't wanna buy a CD, I just wanna buy the three great tracks on the CD. And it's about giving an affordable relationship with people, at a price they wanna buy something for that's really compelling. And the problem is, if you've got this all-you-can-eat buffet it only appeals to a certain number of people. Now a lot of us don't wanna think. We just wanna go to the buffet and just chill out there and eat whatever we want. But other people are much more discerning.

**Bernard Lo**

OK.

**Graham Kill**

And we have the ability now to serve those discerning customers.

**Bernard Lo**

Jing, you've been listening to me and Graham at it for a little bit. Does his argument make sense? This is basically specialisation in a sense, not just throwing everything, the whole kit and caboodle out there.

**Jing Ulrich**

I think specialisation, customisation and monetization from the story I've been hearing so far.

**Bernard Lo**

You sound like you work for Graham.

**Jing Ulrich**

No, this is the first time we met but I think this is an interesting story. In the China market I think it's quite interesting because you've got such a large population, income levels differ so much across the country from the city to the countryside, and largely at this point the TV content is free to many of the households. How are you supposed to monetize in China, especially to the lower income segments of the society, all of whom are TV viewers?

**Bernard Lo**

Good question.

**Graham Kill**

Well I think China is a good example of one of those emerging markets that has a great difference in terms of its distribution parts. You've got those that have and those that have not. And that's both in terms of income levels and in terms of the content and distribution that they get to that content. Those in the urban areas have a plethora of choice. Those in the rural areas increasingly are getting state television given to them, which is great, it gets them into that digital world. But it's really the urban areas where the battle's been fought, because you've got the choice, you've got Broadband, you've got cable, you've got increasingly internet platforms. Now the problem in China is that internet Broadband is not yet prolific at speeds that make business on the internet really successful. You've got some great players, Tensen is a great example of somebody monetizing content through micro-payments, for avatars, for small transactions between people, but really until Broadband becomes prolific at fast speeds, you're not gonna get the distribution of television content to people. But when that happens, it's going to change the market and it's the traditional players that are really gonna have to wake up to that opportunity, and we think that as Irde to we're able to take them into that next world.

**Bernard Lo**

OK, Graham thank you for joining us on the show today. OK. I know it's just the tip of the iceberg and there's a lot to talk about but you're living in Beijing now.

**Graham Kill**

I am.

**Bernard Lo**

And this is where the real buzz is in China.

**Graham Kill**

I moved here

**Bernard Lo**

OK.

**Graham Kill**

for the very reason the market's expanding.

**Bernard Lo**

Very interesting all this digitization's actually going on in what is actually, I mean, by all, you know you do have to confess it is a very controlled media environment at least for now in China, but who knows what the next age of the internet will bring.

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