

Internet Video Opportunities

Pete Dailey

Senior Research Analyst

pdailey@stratecast.com

650-475-4504

Internet Securities Technology Showcase

July 18, 2007

Stratecast

A Division of F R O S T & S U L L I V A N

Who Is Offering Internet Video?



Stratecast

A Division of FROST & SULLIVAN

Making Sense of an Emerging Market

High Production Value



Low Production Value

Stratecast

A Division of FROST & SULLIVAN



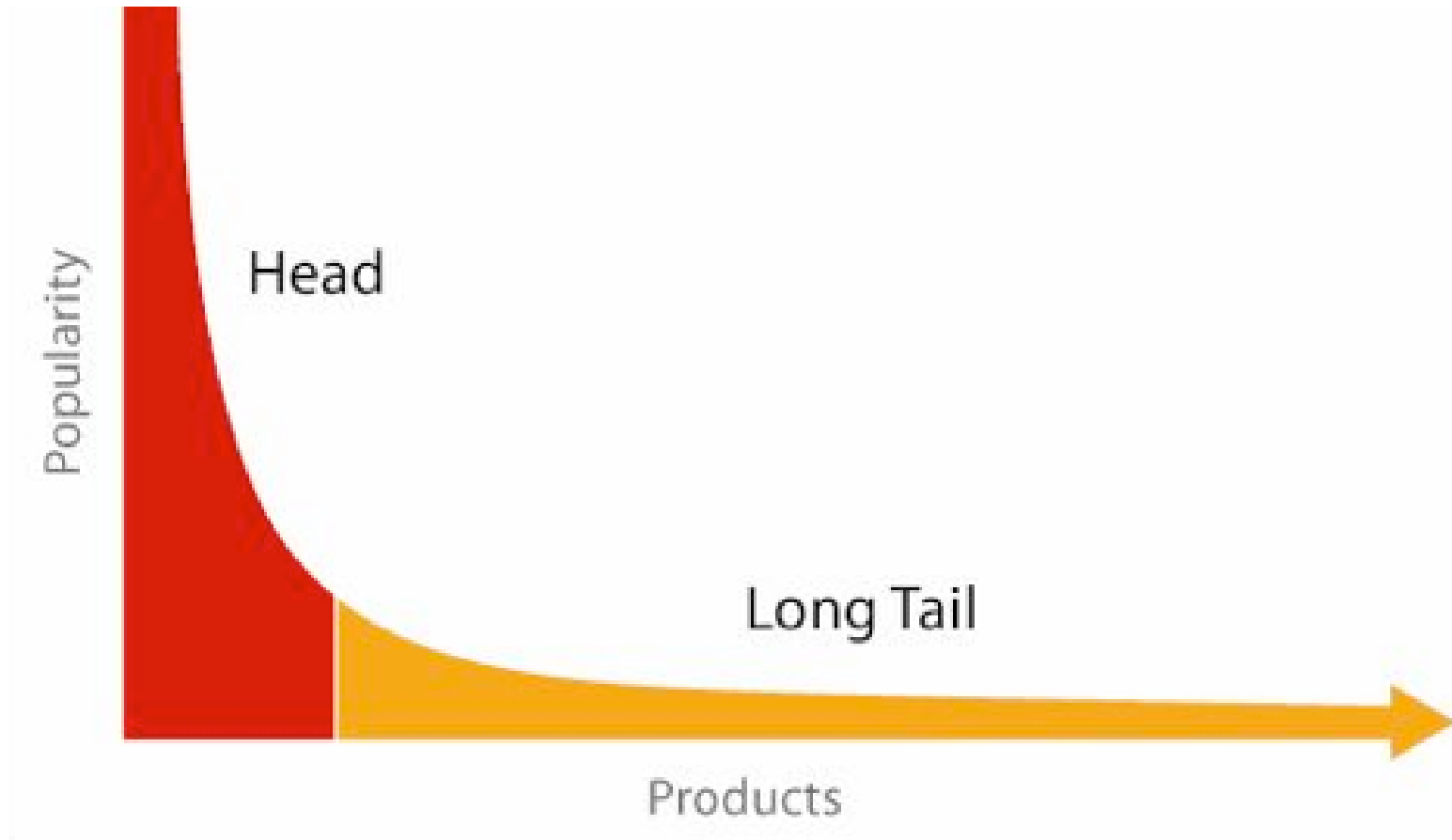
Who Will Profit?



Stratecast

A Division of FROST & SULLIVAN

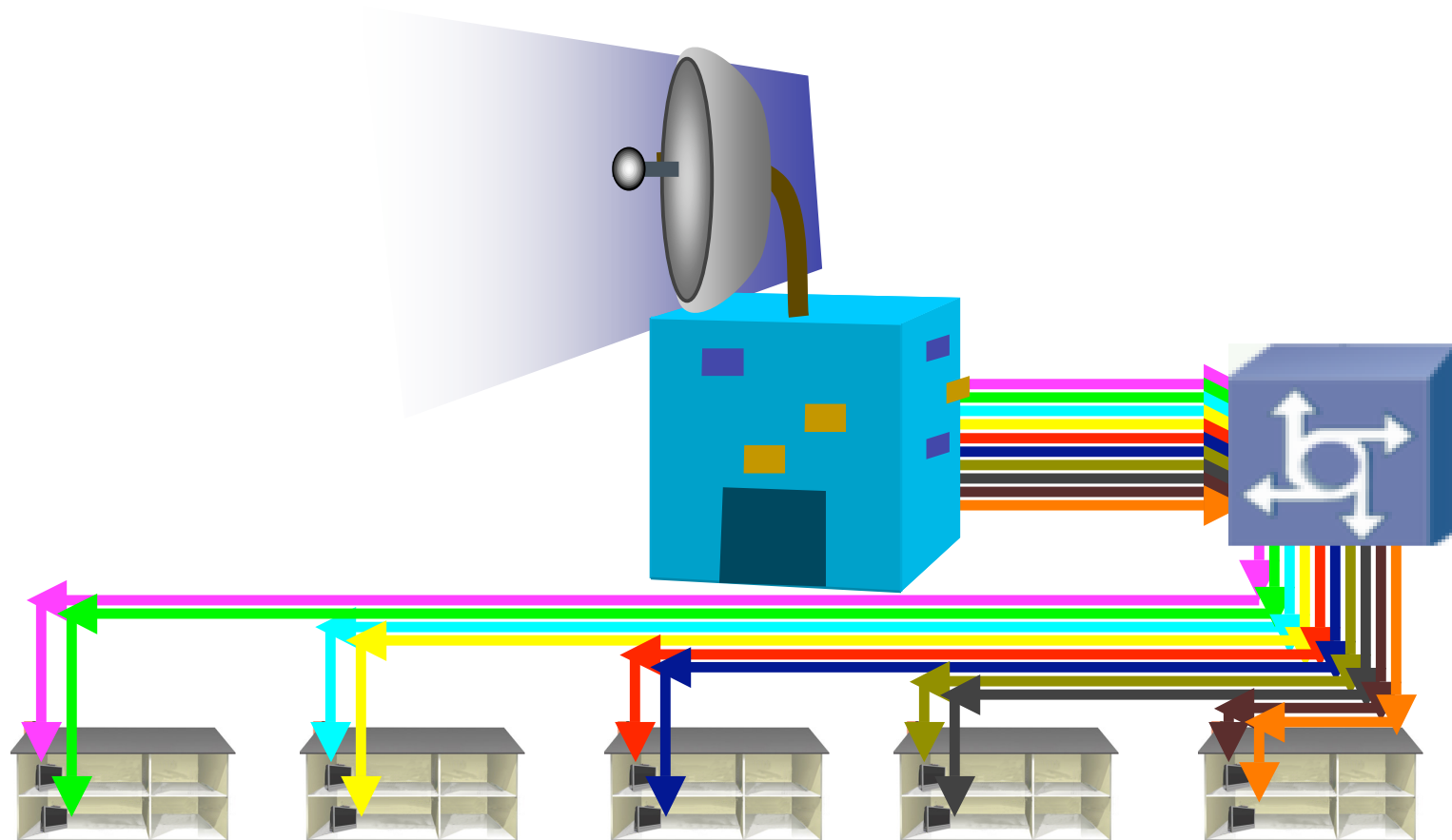
Long Tail for Internet Video?



Stratecast

A Division of FROST & SULLIVAN

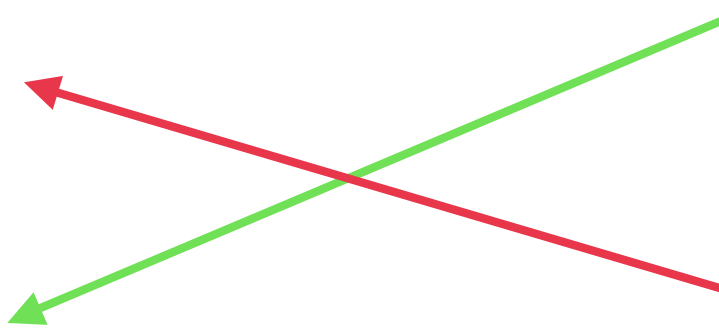
IPTV=Elimination of Opportunity Costs



Stratecast

A Division of FROST & SULLIVAN

Resulting M&A?

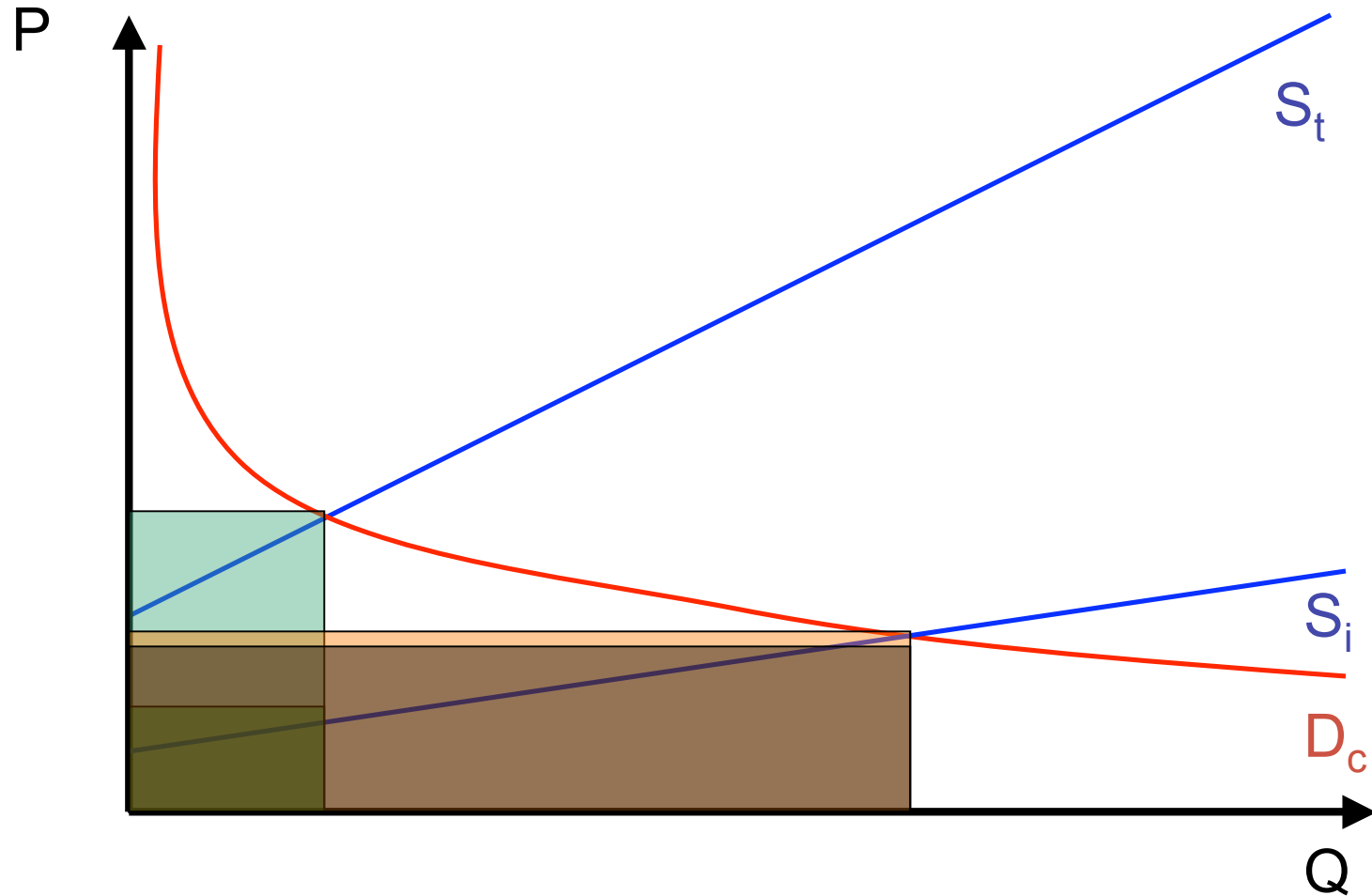


Stratecast

A Division of FROST & SULLIVAN

Changing Economics

For Feature Movie Distribution



Stratecast

A Division of FROST & SULLIVAN

Deliver Scale and Add Value



The image shows a screenshot of the Netflix website interface. At the top, the Netflix logo is on the left, and user account information (brian.lam, Your Account, Buy / Redeem Gift, Help) is on the right. Below the logo is a navigation bar with buttons for Browse, Movies You'll ❤️, Friends, Queue, and DVD Sale \$5.99+. A search bar is on the right. A welcome message "Welcome, brian lam" is displayed. The main banner features the text "Watch Movies Instantly On Your PC" over a background of movie stills. Below this, a laptop is shown with a movie player on its screen. A red callout bubble with the text "Watch Now" points to the laptop screen. To the left of the laptop, there is text explaining the upcoming feature and system requirements.

Watch Movies Instantly On Your PC

By June 2007, Netflix will enable instant movie watching for your account.

When this feature is available you'll see a new "Watch Now" tab on your home page.

We appreciate your interest!

.....

System Requirements:
Windows XP with Service Pack 2
or Windows Vista
Internet Explorer version 6
or higher

Stratecast

A Division of FROST & SULLIVAN

Opportunities to Create Value

Encoding

Transcoding and Transrating

SDP

Ingestion, Insertion, Monitoring, QoS

Personalization

Search and Recommendation

Analytics

Stratecast

A Division of FROST & SULLIVAN