Abstract

The convergence of the Internet with TV and film content is revolutionising the telecommunications, media and entertainment industries. But consumption habits are also in transition. TV viewing is no longer just about a TV-set in a living room, but is shifting to a second-screen or multi-screen, personalised and interactive experience with Internet connected devices sitting between the viewer and the TV. With an increasing number of services allowing viewers to watch either live or on demand TV content over the Internet, video consumption is transitioning to an anytime, anywhere, any device experience. In this context, this study challenges the ‘OTT video’ buzzword by considering a broader definition of video services delivered over the unmanaged Internet.

In this new environment, on the one hand, traditional media players are experimenting with new services and platforms in an attempt to adapt to and follow new players, while reinventing the dominant modes of video supply and protecting their content assets. On the other hand, other stakeholders such as ISPs, Internet players and CE vendors are also on the lookout to monetise their current resources and establish new direct customer relationships and walled gardens through online video services. With the strong dependence on the Internet for video distribution and the traffic demands and constraints video content would pose on network architectures, there is a growing concern about Internet’s limitations among the research community. With this in mind, the Future Media Internet vision aims at realising the next generation of media and personalised content services, catering for efficient handling, delivery, presentation and protection of content. Crucial factors for media content delivery, such as high bandwidth, real-time, low delay transmissions, will demand for an architectural support for specific media content handling, as well as, a robust marketplace for innovation and alliances between media, telecom and Internet stakeholders.

This research is framed within a multidisciplinary approach combining innovation theory, political economy and strategic media management and intends to examine the potential impact of Future Internet technical transformations on the online video business ecosystem by deriving insights about the articulations of power and control in the dynamics behind technological change and market competition. The adopted methodology, informed by document analysis and expert interviews, contributes to characterise the current value network and control points arising between actors. Evidences demonstrate that control points in current online video services gravitate around a few actors, which impose limits on critical resources, create entry barriers for other actors, and hold more power in influencing or limiting other actors’ activities. By focusing on gatekeeping functions, strategies and business dynamics employed by different actors and competitors are analysed and compared in business model configurations. The control points intertwined with triggers rooted in technology, business and regulation, allow for an exploration of several scenarios reflecting uncertainties related with content licencing processes and the customisation of quality of service at network or device level for video content delivery. For each scenario, the future dynamics of control and power positions and changes to the current business model configurations are uncovered.

**Keywords:** online video, online television, VOD, TV Everywhere, Future Internet, business models.