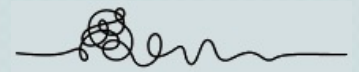**JOSEPH PISTRUI**

Director, The
Nextsensing Project

For the past three years, we have been refining the Nextsensing process to help leaders deal more confidently and effectively with disruptive ambiguity, a decision state in which data points of reference are unsteady or unreliable, putting normal patterns of thinking under assault. In our work with organizations large and small, public and private, we have found that making sense of a changing marketplace is one of the most pressing challenges faced by leadership teams. Disruptive ambiguity requires you to develop a renewed sense of what is happening in the here and now, so that you can foresense new strategic opportunities.

The Nextsensing Project and its worldwide network of thinkers, or NextSensors, were asked to individually use a core tool, the Opportunity Canvas, to develop a foresense about the future of television. They were asked to record their observations about the changing TV-viewing experience, look for patterns in these changes, and then generate their own original ideas about how the TV experience is likely to change. This NextBrief synthesizes and expands upon these collective insights to demonstrate the power of thinking in new ways about one particular sector of the economy that has wide impact on the global marketplace. We believe this approach can be used for any industry and any organization.

Insights taken from the nine NextSensors who participated in this study suggest that the future of television will be based on novel mash-ups of content and devices, requiring new apps that relatively few companies can create. Expect a competitive shake-up as partnerships between content creators and hardware providers evolve and new entrants emerge. This will alter the value proposition and business models for 21C TV, and everyone in the TV arena — content, hardware, software — will be affected by these developments. All stakeholders should care deeply, including anyone who considers TV as a source of entertainment. The TV-viewing experience is set to change in fundamental ways.

NEXTBRIEF

a special briefing on the future of television

What's next?

Future opportunities for TV will be based on novel mash-ups of content and devices, requiring new apps that relatively few companies can create. Expect a competitive shakeup as partnerships between content creators and hardware providers evolve and new entrants emerge. This will alter the value proposition and business models for 21C TV.

Who says?

The Nextsensing Project is a worldwide group of thinkers examining "what´s next" in many fields. Nine NextSensors independently followed a process for thinking in new ways about the future of TV. Their ideas were shaped here by the project´s director, Joseph Pistrui.

Who cares?

Anyone involved in the TV arena – content, hardware, software – will be affected. They should care deeply, but so should everyone who relies on TV as a source of entertainment; The TV viewing experience is set to change in fundamental ways.

Going. Going. Gone.

Television is dead — or, at least, viewing TV on sets that are anchored in rooms at one's home or office. 21C TV will be a "Ubiq-TV," a ubiquitous presence that will be customized for you and by you. It will be accessible on any iDevice available, and the link between what you watch and how you watch it will become so blurred that the ease with which you now send a text message will become the same for sharing TV content with others. All media will merge into an experience designed for your needs and your schedule. But that's only the beginning of what's next for 21C TV.
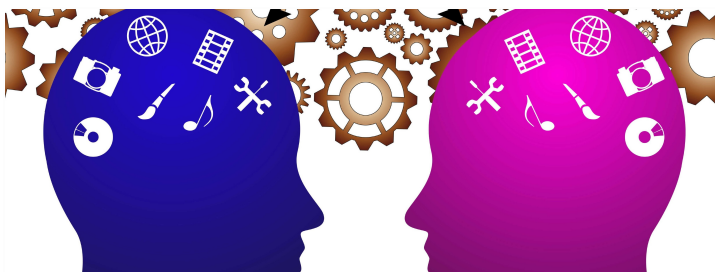
Inspired by the e-book, *TV or Not TV: Apple and the Opportunity Canvas,*[1] nine of our NextSensors followed the included Opportunity Foresensing Canvas to apply the Nextsensing process of "thinking in new ways" to examine the future of television. Based on their individual and independent views and experiences, the NextSensors assessed the current look, feel, shape, size and sound of their own TV-viewing experience today to establish a basis for what's next for TV.

Our NextSensors concluded that the world of TV today is in a state of intense percolation: TV viewing has moved from passive to active, from controlled to self-programmed, from being anchored to a heavy television set to being accessed anywhere, anytime.

Yesterday, controlled TV

In the past, people received information from their televisions at a specific time and place. Program content was generated by studios and by networks, then rated by professional agencies that installed meters in a small number of homes and extrapolated the popularity — which was important as such ratings drove the cost of advertising for that content, the primary source of revenue for those who produced what people watched.

The word "television" was first used by Russian Constantin Perskyi at the 1900 World's Fair in Paris.

Source: Mary Bellis, about.com[2]

Most viewers were thus "recipients" of what those in charge of programming and advertising deemed to be most popular, most cost-effective. Viewers had to make themselves available when a program was broadcast, and they could celebrate when their idea of "good TV" was sustained by the network chiefs and their sponsors.

In a controlled TV world, those who made television sets offered, by and large, the same technological abilities with the major difference between models being screen quality, size, and perhaps the aesthetics of the cabinetry.

Today, a wildly different TV world

In 1999, TiVo opened the world of digital recorders, which allowed viewers to record programming when it was broadcast and then watch that content whenever desired. Yet, this was an option only for programs that networks and sponsors transmitted.

Today, it's a wildly different TV world. People record content, watch it whenever, and freely share it via video clips and/or services such as YouTube (while some programmers prohibit such practice, or try to, this seems the exception, not the rule). As C. Todd Lombardo noted, content is now consumed on a variety of platforms: TV, desktop, tablets and phones — and, of course, via gaming consoles such as Microsoft's Xbox.

One reason for this, as Tatiana Sadala said, is that the television set seems to have become the "big and heavy" option — with limited content and no easy way to interact with others in regard to stimulating content. This explains why many have simply abandoned watching television on a television set.

And while there are professional rating services with advertisers paying to learn what viewers are consuming, social networking sites such as Twitter and Facebook can (and have) been the locale for vast word-of-mouth campaigns for and against content.

Add to all this another modern phenomenon: the limited number of basic channels for content has exploded into myriad options (such as channels just about golf, food, or home repair). Then, too, the growing number of "reality TV" shows (such as police chases using footage recorded by the police themselves) means that the concept of "professional" content is becoming blurred. On YouTube, people can create their own channels to which people can subscribe and create, therefore, direct viewer-to-viewer programming without any help. YouTube says that it has a million creators of content based in 30 countries, with "thousands of channels making six figures a year."[3]

People are much less tolerant, said Nora Anderson, of watching advertisements since they don't have to watch them when viewing shows on the Internet. To which it could be added that people are less tolerant, in general, of spending precious personal time on anything that does not seem to them to be worthwhile. Clips of shows are often sufficient to convey total content, and viewers are keen to consume only as much of a program as they want and need.

Who knew?

In 1927, Philo Farnsworth filed a patent for the first complete TV system. He called it an "Image Dissector."

Source: Mary Bellis, about.com[2]

Steven D'Souza, emphasizing today's greater interactivity and connectivity, stressed the importance of viewers who create and share their own playlists, recommendations, and reviews of the content they list. This is no small change. "I have heard that in China, viewers watched 4.1 billion hours of web video in one month alone," D'Souza said. The viewer has now become, at least in part, the programmer. And, as Anton Elizarov noted, viewers want content to be immediately available on any device at hand at the moment. In C. Todd Lombardo's words: "I watch what I want, when I want to."

In sum, the state of television today seems well summarized by these four points:

Life-Synced Viewing Individual viewers now decide how much to watch, where, and when to watch. They also decide whether to watch content on a traditional TV screen or on a mobile device. They also watch TV while doing other things, such as writing and reading e-mails, blogging or while riding in the back seat of an automobile. The scheduling of program viewing is being managed by the masses, not by the media mavens, and all content is now subject to timeshifting in order to meet consumer-driven scheduling.

Democratization of Content While much content still derives from networks and studios, new middlemen (such as Amazon, Netflix, Starz, and other distributors) are also developing exclusive content. Moreover, individuals can now record, produce, and offer content via watch-anytime channels on services such as YouTube. Content no longer has to be "professionally" produced to draw substantial audiences, but the impact of the growing anyone-can-make-TV movement has yet to fully materialize.

Advertisers Beware Advertisers are increasingly aware that spending allocations based on content could be misleading, less effective, and even wasteful. Viewers more than ever are equipped to opt out, jump past, and otherwise ignore advertising; yet, big data has made it easier to target very specific audiences with user-relevant — even pre-authorized messages.

Immediacy The delivery of breaking news is no longer the province of television or radio networks, as other devices and applications (including Twitter and Facebook) empower real time, crowd-sourced information to flow around the globe without third-party editorial influence.

Television to come: TV that moves as fast as you do!

In February, 2014, Reuters reported that Apple was in talks with a major cable operator in the United States and others in order to develop a new device that would somehow make it easier to watch television.[4] The last sentence of the report stated: "Speculation persists that the company is developing some sort of major TV product to disrupt the traditional cable industry, but that has yet to materialize."

While no one can be sure that it will be Apple that will disrupt traditional TV, our NextSensors strongly believe that such a disruption is long overdue. And we believe that the idea of 21C TV will not be in the form of a better box, with plugs and wires. Instead, TV needs to be enhanced in at least these five ways:

In 1940, Peter Goldmark devised a rough version of color television.

Source: Mary Bellis, about.com[2]

"All ways" available We're not talking about "always" here; 24/7 TV is already an established character of the medium. Instead, any new capacity added to the experience of "watching TV" needs to be synchronized so that each and every iDevice can do the same things as all the others. This has happened already, but only in part.

We believe that everything you can do on your desktop computer should be fully available on your television, with that capability extended to phones, tablets — whatever! That's the main reason the concept of TV as a box anchored in one location is dying fast. Coree Schmitz, for one, noted that there is a critical need for universal access and control across devices. The next television should almost sense what you want to watch and do.

Customized Today, everyone can decide what they want to do with their computers and iDevices. If there is no desire to write documents, you do not have to install the capability for word processing. Ever. That's the direction TV is headed. Said Dimo Dimov: "There will soon be program aggregators (instead of networks), based on topics and/or formats. These aggregators will enable people to browse through programs and identify favorites to be watched at later points."

In such a TV world, you could avoid channel surfing past the sports events, if you so choose — or you could *only* have sporting events. Anton Elizarov expressed the view that content will soon be separated: dramatic or comedy series, sports, news — everything we see on TV now will move to separate distribution and access channels. *Do you watch TV?* Elizarov said that, quite soon, that question will not make much sense. You will not have to watch TV as programmed by others; *you only watch what you want to watch.*

On-demand Beyond watching only what you choose to, TV will soon become on-demand-only, said Angela Brennan. This will be more likely to happen as all content moves to a cloud base, allowing users to access their multimedia content on any TV or device. Thus, in the future, TV will be something that you only watch what you want — *when you want it.*

App-casted Several NextSensors noted that, instead of broadcasting, TV will operate via what we will call "app-casting." There are now more than one million apps for Android, iOS and Windows. That appears to be the future for TV. Dimo Dimov suggested that TV will have a new form of distribution. New content will emerge via program selection apps, based on user demographics and continuously updated preferences. For example, if you are one who is enthralled with the likes of *Downton Abbey,* there could be an app targeting — or, better phrased, *accessing* — just that kind of programming. Steven D'Souza added that 21C TV will also have apps that go far beyond news, sports and entertainment. "Look for apps that allow television to control with ease home security and appliances — as well as entertainment."

Fully socialized At present, one can watch a show on television and then quickly jump to a smartphone to post a personal recommendation or rejection on a social network, such as Facebook. Tatiana Sadala argued that TV needs to become one with the evolving world of social media. This is an approach in which people would be able to open their lives for friends to watch in 3D, Sadala said, adding that, perhaps in time, being able to share physical experiences (smells and other sensations) would be welcomed. Nearer to the present, Petros Kirakosyan said that the future TV will become more like a mesh between Twitter and TV. "Basically what I am suggesting is that profiles similar to today's Twitter streams could be created and integrated into the TV-sphere. Then, every member of your family or other friends could easily check what you're consuming and decide whether to adapt your choices into their TV world." He added that gaming would be so integrated that

Who knew? Telstar became first satellite to allow for international TV broadcasts — in 1962.

Source: Mary Bellis, about.com[2]

linking up with others via 21C TV would be even easier than it is now on an iDevice or via a product such as Microsoft's Xbox or Sony's Playstation.

Ubiq-TV will require a new business model with new players.

While it's clear that the future of television will be far beyond a more sophisticated piece of hardware that sits in your living room, it's also clear that the massive changes noted above — and others that could be added — will mean that today's business model of advertisers and cable subscriptions underwriting the TV industry will have to change. Yet, the changes we foresee will also mean that the centralized world of the TV industry — studios, networks, advertising agencies and the like — is destined to be hit by new competitors.

Via the thinking process that is fundamental to the Opportunity Canvas, our NextSensors realized that today's financial status quo for the television industry could spell danger for those unwilling to change but opportunity for those with a foresense for the future.

After reviewing the canvassed notes of our NextSensors, we conclude that there are three broad categories of opportunities that are introduced by the concept of a 21C TV world. First, it appears certain that **the ways content is managed, shaped, and engaged will change.** Just as newspapers and magazines have (painfully) migrated to the online world, their advertising base (and, thus, their cash and profit flows) decreased. They are struggling to find new ways to monetize their work, such as by charging readers to access their content via paywalls. Meanwhile, the content that they do generate is often mashed by their readers with other content from other sources and then retransmitted to the reader's private or public audience.

Modern TV was shaped in the 1980s: HDTV, Dolby sound, stereo broadcasts, closed captioning.

Source: Mary Bellis, about.com[2]

Thus, finding a business model that allows a wider array of content generators to make money is going to become a higher priority for existing players. It's also very likely that others outside the current realm of the TV industry will soon enter. Keep in mind that Netflix did not exist 20 years ago. Today, it not only distributes content made by others (movies and TV), it also produces content. Take the "House of Cards" series produced by Netflix. One report indicated that, of the 44+ million subscribers around the world, at least 16 percent tuned in for the beginning of the just-launched second season.[5]

We believe that there are "unheard of" players today destined to become new competitors to the established television content production industry in the future.

Second, ***the ways hardware is designed and managed will change; future devices will have to be reconfigured from today's designs and will have to be 100% interdependent.*** As noted earlier, we do not believe 21C TV will be based on a dazzling new *thing.* But, for the moment, let's assume that a TV set remains central to one's home, if only because its screen size makes it more amenable to enjoying movies and live sporting events. In the future, such a set would have to allow — if our view of the future of TV holds — multiple screens within the larger screen, keyboard access and control, easy integration with variants of Twitter and Facebook, all the abilities of Xbox, Playstation and more, and an operating system that easily and quickly scans, downloads and enables perhaps millions of TV apps. And TVs will need to interact freely with other TVs, worldwide.

No "television set" does that now. The chances for a rebirth of TV engineering and manufacturing are far from remote.

Third, ***how new content and new devices will be disseminated will most likely devolve from broad-based models to new segmentation frameworks.*** It's been many years since all programming came from Hollywood. What's to prevent the next hot program (especially one consumed via an app, not a network) from being produced in San Sebastian, Spain; Bukhara, Uzbekistan; or Gaborone, Botswana? In other words, where apps are made and where content is produced becomes a far different question if the devices on which they are displayed are standardized and internationalized.

Here, too, it will be interesting to see if the number of manufacturers of the 21C TV remains the current, tight domain of major players such as Samsung and Vizio. If you check the list of television manufacturers on Wikipedia, you will see that (past and present), there are more than 100. Ubiq-TV could easily encourage such an explosion of manufacturers again. The point to keep in mind is, just as no one had to move to Silicon Valley to create a computer app, so, too, we believe that the world of TV will become more decentralized as it becomes more segmented.

What all of this portends is the need for a new business model. And what that model might look like can best be explored as we revisit the question of the elusive "Apple TV" that has, for years, been the talisman for many as they dreamed of a completely different television experience.

The time has come to ask a critical question.

Is Apple TV the answer? The *only* answer?

"Apple TV" — not the box now sold as an accessory to (more or less) interconnect your computer and your TV — has been talked about, for years, by too many people to count. We suspect that the term is now used for a television that approaches some of the abilities we see in Ubiq-TV.

Adrian Kingsley-Hughes, writing for *Forbes* in 2012,[6] provided his own summary. "If I were to summarize the dream Apple TV that most pundits seem to be dreaming about, it's basically a flat-panel device that, into which, Apple has thrown every bit of cool technology that it has come up with over the past few years. Stuff like high pixel density LCD screens, apps, iCloud, FaceTime, cameras, voice control and so on." He immediately adds, "Put another way, what most pundits are predicting is that an Apple TV will be a scaled-up version of the iPhone or iPad."

Kingsley-Hughes, just as others have, discounts whether such a television will happen, or, if it does, whether it will be affordable and, thus, competitive. Our view is that Apple is one of a handful of companies that could introduce the concept of 21C TV. Yet, Apple would not be the first company caught off guard by an upstart willing to change all the rules. The company that will champion the cause of Ubiq-TV will have to answer four questions in a way that redefines the television industry.

Can the company mesh content and a wide array of devices in entirely new ways?

It might be futile for any company to try to offer content that can be accessible on *every* available device. Nonetheless, the company that can link the most content with the most devices will have a huge advantage. Coree Schmitz noted that all devices will ultimately have to talk with all others (at least the ones that a person owns and operates) — because only then will a company have a tech presence is every space: phone, computer, tablet, TV. Angela Brennan emphasized the importance of companies in the future offering a "seamless experience" that includes social networks as an integral part of 21C TV.

To us, what this means is that the company that can create a "universal" technological platform (much as Microsoft did in the early days of computer operating systems) might take the lead in the battle for the next TV. Such a company might very well be at a disadvantage if it is somehow biased toward its own line of hardware (which may be why, at least in part, Apple made it possible to operate its operating system and iTunes on Windows-based computers). Again, the essence of Ubiq-TV seems to us to be software-centered. It is not a new box.

A Google search for "Apple TV" in February, 2014, yielded 1,170,000,000 results.

Can the company center the TV experience on applications?

The requirement for application-centered television is second only to inter-device communications, in our view. Apps are essential for customization, which will be the one thing that makes 21C TV different from what exists now. (Recall: In the future, TV will be something that you only watch what you want — when you want it.) Then, too, apps will allow smaller competitors to take on the bigger players, and it is this level playing field that could most allow the consumer of television to drive the industry by determining what content is desired.

Imagine a TV world with over a million apps to choose from, as the iDevice world now enjoys. Such a world would surely limit any company that employs anyone with a title close to "program director." At present, the ratio of the number of people who decide what's on TV is minuscule compared to the number of people who watch television. The TV experience will only change by increasing radically the number of people who influence its content. App-casting will be the surest way to achieve this.

Can the company create new partnerships that crack the current advertiser–cable operator system?

As content control expands to a wider arc of people, advertisers will have to find new ways to convey the allure of their products. This could be done by affiliation with app-makers, who might be amenable to creating versions of apps that are free of ads to paid subscribers while the basic app supports ads, just as it is now in the iDevice world.

The critical point to keep in mind is that the shift of advertising dollars away from those who convey television to the masses (cable operators) will have the same effect as what we see now in journalism. According to one report, "Print advertising revenue is now [May 2013] just 45% of what it was in 2006."[7] The dominance of printed newspapers seems to have ended. Switching to TV, the idea that one network is the king of news seems to be jaded. Switching to on-screen entertainment, the belief that only the major movie studios can produce hits seems to be contrary to the soaring popularity of independent filmmakers. You can now search, and easily find, a list of the best independent films as well as the best mainstream films.

What this augurs is that, for the television industry, an unending revenue flow from advertisers and (to some extent) cable operators is by no means certain. There are now a growing array of options.

Should the prospect of an "all-device" operating system escalate, one that is expressly non-proprietary (a la the Linux operating system?) and that is capable of linking a majority of TV "sets" and devices, the stranglehold of the current advertiser-cable operator system would be impossible to sustain.

Can the company change the way people pay to experience Ubiq-TV?

Is the television industry profitable? On the hardware side, one can learn much by reading Steve Withers' excellent October, 2013,[8] post on "Can 4K Ultra HD and OLED save the TV manufacturers? — How long can TV divisions continue to lose money before the boards pull the plug?" Withers reports that, as making television sets at a profit has become more elusive for more companies, the trend has been toward ever-more sophisticated sets. How long before the jokes start about the best way to create a million-dollar television manufacturing company is to start with a billion-dollar television manufacturing company? (In 2011, Sony reported a $2.2 billion loss in its TV set business after many other years of losses.[9])

Yet, the story is not that much better on the content provider side. Steve Ladurantaye, in *The Globe and Mail*, reported that advertisers were becoming concerned about the health of the traditional TV industry, at least in Canada: "Canada's conventional television industry saw profits drop 85 per cent last year, as advertisers found other ways to spend their money and programming costs increased sharply amid competition with online services for rights to popular programming."[10] Relatedly, Laura Stampler in a 2013 *Business Insider* post, wrote "There's A Major Shift From TV To Digital Video Ad Spending."[11] It's hard for us not to see this trend expanding in the near future — but, should Ubiq-TV firmly take hold, we see the trend accelerating very rapidly. Not possible? If you believe that, we would ask you to recall the days when people used coin-operated pay phones.

To reframe the key question: Is Apple TV the *only* company that can create a new television experience for the 21st century?

After our nine NextSensors completed their work on the Opportunity Canvas, we polled our entire NextSensor team on the current companies most likely to unlock the future of TV. Of those who responded, Apple, Amazon, Google and Netflix were named the companies most likely to move TV in a whole new direction. No hardware manufacturers were named.

The Nextsensing Project is not about predicting, so we are hesitant to urge anyone to bet on any giant company as *the* one to popularize Ubiq-TV. Yet, our best thinking on the subject should offer substantial discomfort to those who now dominate the industry; we also believe there is every reason to hope for a different, and quite likely, better TV experience in the future.

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THIS

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