Eric B. Kim; Sr. VP, Digital Home

Male Voice: Ladies and gentlemen, please welcome Eric Kim. [Applause]

Eric Kim: Don't have a cow, man. Who shot JR? Beam me up, Scotty. I need it right now. You're fired. Good night and good luck. You know these lines better than I do. I don't have to name the show or the stars. Why? Because we all want and love TV. Good morning. I'm Eric Kim, and I love television.

I love the Super Bowl, the election nights, and every two years, Olympics. Tonight from Beijing, we get sailing, taekwondo, and track. The whole world will be watching. I'm going to find a nice couch, big screen TV, and I will be watching, as well. The world loves television. Beyond hardware, beyond technology, TV is a shared experience. In every household on Earth, television is the ubiquitous electronic hearth.

This morning, I want to explore what today's TV audiences want. Audience is changed by the usage of computers and Internet, but still in love with television and watching more of it, not less, as time goes on. I want to share our vision of what the television experience will be as Internet comes to life on television, an experience that runs on a new Intel system and chip silicon. Lastly, I want to explore the effects of all these changes on the entire television ecosystem.

We recognize that there have been many attempts to bring Internet to television before, with limited success. Remember the Web TV? So, what's different now? For the first time, we're bringing the full

richness of Internet, optimizing television while respecting the television's unique attributes. They're attributes of simplicity, ease-of-use, social and entertainment values that people love so much about TV.

As a young man, I had a job that might make me a reality TV star today. I was working as a king crab crew in Korea, Ireland, and Alaska. And in between runs, we used to watch the Hollywood Squares reruns to pass the time. I learned something from those Hollywood Squares reruns. I learned what every TV producer knows, which is, in order to be successful you have to deliver what the audience wants.

On that note, let's see how much we know about what the TV audiences want. We can't evolve and enhance television unless we know what the audiences really want. Another thing I learned from my days is that I always wanted to be a game show host. So, [unintelligible] we'll have a little fun in making some key points.

Don: Welcome to "The Viewer is Right," the game where smart contestants from our world, hardware developers, software developers, analysts and press can win a prize when they know what the television audience wants. Please welcome your host, Eric Kim!

Eric Kim: Thank you, thank you. [Applause] Before the show, we selected these great contestants outside the ranks of Intel employees. Let's give them a great hand. [Applause]

Now, here's how we play "The Viewer is Right." I'll read a question with three answers: Answer A, Answer B, and Answer C. Lock in your response by showing us your card. And for the correct answer, I'll refer to our senior researcher and world-renowned anthropologist, Dr. Genevieve Bell. For each correct answer you'll get one point, and top score after three questions will win a prize. Because we're going to be talking about some real issues, there will be a real prize here. Don, tell us what the prize is.

Don: Eric! It's a Samsung 40-inch high-definition LCD television. The LN-40A750 comes with the Infolink RSS feature for access to customized news, and Automotion Plus for an amazingly clear picture. Instant elegance Innovative technology from Samsung. Back to you, Eric.

Eric B. Kim: Thank you, Don Pardo, or whoever you are. Okay, here we go. Question number one. According to CEA Sports and Video Group, what percentage of 2008 Super Bowl jurors actually used notebook or cell phones to access the Internet while they were watching the game? Remember, this was a pretty exciting game. Answer A, 25 percent; B, 43 percent; C, 52 percent. Please lock in you answers.

Okay, A is B, B is B -- they're all going B. Okay. Genevieve, answer please.

Genevieve Bell: Eric, the correct answer is B. It's 43 percent and that's really interesting because here's what it tells me. People already are trying to blend Internet and broadcast streams even though today's televisions don't let

them do that in any way that's easy or simple. They're looking for a richer experience and they'll do anything to get there.

Eric B. Kim: Okay. This is going to be a tight contest, I can see that already. I may have to give out three TVs here.

[Laughter]

Male Voice: No problem.

Eric B. Kim: Okay. Bottom line -- audiences want a richer TV experience. Okay, question number two. How many viewers cast votes in this year's American Idol final? A, 63.2 million; B, 80.4 million; C, 97.5 million. Please lock in your answers.

[Laughter]

Eric B. Kim: 97.5 million, okay. I think you guys have seen the questions before. Genevieve, answer please.

Genevieve Bell: Eric, the correct answer is C, 97.5 million people, and that's a lot of people wanting to participate even though it costs them real money to do so. What's striking about these numbers is they point to just how much we all want to participate in television and shape the experience of it. It's clear to me that TV really is social and personal.

Eric B. Kim: Yes, it's a very, very social and personal experience. You know, you guys are going to break my budget. Okay, last question. Hopefully this

will make a difference here. How many buttons were on the first wireless remote control 1956 Zenith Space Commander? A, two buttons; B, three buttons; C, four buttons. Answers please!

Eric B. Kim: [Laughs] B, okay. Back to Genevieve.

Genevieve Bell: Eric, the correct answer is A, two buttons, and it's a really lovely example of simplicity. Even though each button had multiple functions it was focused on doing a few important things simply. Even when you think about today's remote controls, we don't want much more than that. Early remote control technology was truly cutting edge but what consumers got was straightforward and intuitive, and that's what works in the television space. It has to be simple and reliable.

Eric B. Kim: Yes, simple is fundamental to television. Well, since you guys got all the same scores I guess I have to give prizes to all of you.

[Applause]

Male Voice: No argument here.

Eric B. Kim: Yes, since we have to know who you are, please tell us your name, your company, and where you're from.

John Wadlow: My name is John Wadlow. I'm with Sabre Holdings, the power behind Travelocity, by the way, and Dallas/ Ft. Worth, Texas.

Eric B. Kim: Great.

Danielle Lavidas: Danielle Lavidas. I'm with ADC and live in San Francisco.

Eric B. Kim: Great.

Chi Lin: I'm with Rambus. My name is Chi Lin. Rambus is your license to speed and we're in Los Altos, California.

Eric B. Kim: Wonderful, so I have to quickly go buy two more TVs. Thank you very much! Let's give a hand to our contestants.

[Applause]

[Video Plays]

Eric B. Kim: The fact that I have to give more prizes makes me a lousy game host. I think I have to go back to a job at Intel here.

Okay, we've studied TVs for years through the trained eyes of researchers like Genevieve Bell, and we learned some very, very simple and important lessons.

First lesson, TV users always want a richer experience. Color pictures, remote controls, cable, satellite, TVR, DVR, all these capabilities gave users greater choices in content and greater controls in what they get. TV viewers have always been responsive to greater interactive upgrades and their enthusiasm continues today.

Second lesson, TV is a social experience. They don't want the focused, demanding, many times solitary experience of PC. To bring the Internet life to TV we much separate Internet's strong, positive attributes like socialization and personalization from its computer-oriented, demanding complexities.

Third, and the most important, it's got to be simple. TV is easy. It entertains, it informs, while asking very little from the user. Television hardware services and contents have delivered high-level quality, robustness, and reliability.

I believe that what we're about to show you is the next major upgrade to television. Up to now, there has been no consistent architecture to do this, no de facto platform standard, no stable foundation to fuse Internet with television -- until now.

Today we're announcing two platforms for the TV ecosystem. First is a silicon that is needed to bring this kind of rich and friendly experience into the TV-related CE products. We're announcing the world's first CE optimized [changed to system on] chip (SoC) with a full Intel Architecture Core. We're also announcing with our key partner, Yahoo, and open [] [framework][] for TV application development optimized for this SoC.

We call this open framework Widget Channel. These, at first, will take the growth of the broad ecosystem of the CE products -- services, content, applications -- and bring them to the television environment. In a few minutes I'll show you the silicon, but first let's talk about

software. So please join me in welcoming Vice President of Connected TV at Yahoo, Mr. Patrick Barry.

[Applause]

Patrick Barry: Thanks.

Eric B. Kim: Welcome, Patrick.

Patrick Barry: Thanks a lot. Hey, nice looking jacket.

Eric B. Kim: You know, I'm kind of getting used to this red color, you know? Maybe I should wear this every day. Okay, I have a nice living room set up so we can sit down here and relax.

Patrick Barry: Thanks.

Eric B. Kim: Now, I know that Yahoo has been the leading starting point for millions of users around the world to access Internet while using PC or handheld devices. What is Yahoo's view [in regards to] television?

Patrick Barry: Well, you know, Yahoo got to be the leading starting point for millions of consumers by creating a really vibrant ecosystem that serves the needs of users, publishers, and advertisers, and people really love it. But as we look at television and especially the emerging world of connected televisions, we're really excited by the possibilities. Because we see, as you said earlier, that users really always want to improve

the richness of the television experience and are always looking for new ways to upgrade.

After the flat panel revolution and the explosion of HD, we really see the next wave as being bringing Internet to the television and we're really excited to be part of that. But enough talking. I think it's time to show people what we've been working on for the last year or so.

Eric B. Kim: Great; let's see it.

Patrick Barry: So, as you said and as Dr. Bell said, users really want a simple experience and so we've really tried to bring that to them. We wanted to work within the confines of the very familiar remote control in order to enable this experience.

So, what I'm doing is watching a beautiful high-definition movie here, but I'd like to quickly access the Internet so I simply press one button on the remote and I pull up something that we call the TV Widget Dock. This is a very simple way to access all the Internet services that I know and love very quickly with just a couple of quick clicks of the remote control.

Eric B. Kim: You know, all the previous attempts to bring the Internet to TV have been either put some kind of browser on the TV very much like a PC or take the user completely out of the TV viewing experience and usually some kind of a text-based interface. This seems very different. This seems like a very seamless integration of TV that people love with access to Internet with a specific application.

Patrick Barry: Yeah, our goal is really to leave the user within the environment that they're comfortable with, which is watching TV. We're all sitting here watching TV. We didn't want to take that away from people and throw up a Web page on the screen, so we came up with this approach, this TV Widget Dock, which really gives people the ability to stay within that TV watching experience but stay connected as well.

So, as you can see, I've got highlighted in the lower left-hand screen here a very simple interactive element that we call a Snippet. And this is a Snippet that shows me the weather, but because I've linked it to my Yahoo ID and I've customized it previously I can get access to weather around the world. Here I've set the settings to reflect the weather in Beijing and I can see that the folks watching the Olympics are having some pretty nice weather right now which is really great.

You know, the Internet is a lot more than simply flipping through weather cities around the world. There's a lot more that the Internet has to offer and some of my favorite services really have a lot of deep functionality. And so what we've done is extend this user interface to include something that we call the Sidebar which is a way for a user to get access to a deep, rich application-type functionality. This is what the Sidebar looks like.

As you can see, this is full, rich functionality. Flickr is a very popular photo-sharing service from Yahoo and I've got it set here to land on my photos and, Eric, what do you think? Would you like to see a couple of photos from a trip I took to Costa Rica?

Eric B. Kim: Yeah, so this is actually your personal account that you're tapping into.

Patrick Barry: That's right. This is a live feed of my photos streaming from the Web right now, all very high-definition photos and I can quickly access them. I haven't had to leave the TV that I'm watching and you and I can quickly access photos without having to put away that experience. We can sort of accompany the TV watching experience with a real nice photo viewing application.

I could even decide to put the TV away at this point and start a slide show if I want to and then take over the whole TV screen with a beautiful photo in very high resolution, again, all connected and streamed right from the Web.

Eric B. Kim: That's great. Now you know, I always like to do [][productive things] as well and clearly I have to keep track of my stock and usually I have to go to a separate room, turn on a computer. Can I do that while watching TV?

Patrick Barry: Absolutely. Right now I've got another Snippet selected based on the very popular Yahoo Finance application online. And, again, because I've established a portfolio online and connected it up to this experience, I can quickly get a way to scroll through all my stocks and take a look at what's going on out there in the stock market.

Let's just quickly take a look at what that looks like. Again, in the Sidebar space it's possible to get a much fuller view than just having

the Snippet. I can quickly scroll through and get real-time access to the stocks, get their charts, and get all kinds of data. We don't have time to go into this in too much detail but I can give you a quick look there at the way this works within our interface.

Eric B. Kim: All right. I like seeing lots of greens.

Patrick Barry: So do I. So, just a quick thing. I watch a lot of financial news and what I really hate is sometimes when the ticker's obscured because I really like to see the ticker. We want to give the user the power to really control their video stream. So what I'm going to show you is, taking advantage of that Intel silicon, we're really capable of doing a lot with the video view.

Here I've pressed a button on the remote and I've been able to resize that video so that I don't obscure the ticker or anything else. I can look at it in its full glory, but I really like this overlay view, too. It means I don't have to compromise the screen size. I've got a nice big screen TV; I want use the whole thing for video.

Now, it's not just about Yahoo services, of course. By bringing the Internet to the TV what we have to give users is everything they want, and they want so many different things from the Internet. That's one of the reasons why it's such a great place, and so in order to enable that we've got something here that we call the Widget Gallery.

Eric B. Kim: So this is a place where there could be thousands of Widgets out there from many, many third party ecosystems and I, the user, will have access to very rich choices here.

Patrick Barry: Absolutely, and right now with my remote control I'm flipping through some of the Widgets that we've been working on, very simple things that a user would be able to flip through and quickly download it and add it to their dock. In fact, based upon our experience on the desktop and in mobile, we know that developers are going to love developing Widgets and they'll very quickly and very easily be able to reach a large user bases here.

I'm just showing a list of Widgets that we're working on. As you said, we're expecting to see hundreds, if not thousands of these Widgets be deployed in the near future.

Eric B. Kim: You know, now I guess one of the hottest topics in the whole connection of TV to Internet is the video download.

Patrick Barry: Yeah.

Eric B. Kim: Tell us something about that.

Patrick Barry: Well, we stream a lot of video at Yahoo and you can't help but notice that online video is a huge emerging and growing category. It's very exciting and if we're going to bring the Internet to the TV, that's something that we really need to take advantage of.

What I'm going to open up now is a Widget that we've been working on with Blockbuster, which has its own service; It allows you to stream all kinds of video content. And what I'm going to do here is select a trailer from this Blockbuster Widget and play it right now.

This is the type of Widget that we expect to be deployed to allow you to buy or rent movies and to get really great video content right on your big screen in the way that you want it. So I'll stop talking for just a second and let people take a look at this really nice, high-definition trailer.

[Video plays]

Patrick Barry: Eric, if we showed that --

[Crosstalk]

Eric Kim: Yeah, I could spend the whole time watching this right now.

Patrick Barry: Yeah, It's a great movie and no one would listen to us talking.

Eric Kim: I love that movie, but I could see that for some parents with kids in the family they might want to have greater control. How could you do that?

Patrick Barry: Yeah, that's a great point. In our research, we really learned that because TV is a shared experience it's important to give the user the control to control access to the types of content that people in the

family might have. It's also important to be able to set your own profile up so that you can construct the TV Widget dock the way you like it. And then quickly through [a PIN] control, when someone else picks up the remote be able to change the configuration of that.

We've got a lot of detail behind here but not a lot of time so I would encourage folks to go to the booth on the second floor and get a complete demo of this whole system including the settings, show you how that works.

Another thing I wanted to mention was, as you can see there are a lot of great applications we've got in here, really great Snippets. And we're really excited because we have leveraged the Yahoo Widget Engine which is a technology in its fifth generation, and it's well known to developers and very easy to use, to enable companies like these to very quickly develop applications and deploy them with just the tools that they're very familiar with. This is very exciting because we're bringing the PC and the Internet development model to TV really for the first time.

You can see some of the great brands in here that we're working with. These companies have been really excited about what we're doing and are very excited to extend their brand and their content to the big screen in a new way. As you can see, some of these are well-known services, leading services, emblematic of the Internet and really bringing a new dimension. For example, these social networking type services really can bring TV to a new level in terms of socialization and community, so we're very excited about that.

Eric Kim: I see [Macys]. It looks like some kind of advertising. So is this a way to bring the powerful online advertising efficacy that's enjoyed by online ads with the powerful brand-building aspect of television?

Patrick Barry: Yes, absolutely. And this is something that we're particularly excited about, the ability to take the techniques, methods and lessons we've learned online and have really grown online, and extend them to this very rich and very powerful meeting with television where you have all the engagement, all of the richness of the big screen. That's a very exciting prospect for us and for the entire ecosystem, for our users, for our publishers and in particular for our advertisers, and it's going to be a very exciting thing to be working on.

Eric Kim: This is great. I can't wait to have it in my living room. Thank you very much, Patrick.

Patrick Barry: Thanks, Eric.

[Applause]

Eric Kim: Patrick Barry, everyone. You know, Widget Channel is much bigger than just our two companies. I'd like you to hear from one of our developer partners on what they think about this.

[Video plays]

Eric Kim: As you heard from Schematic, we believe that we're at the dawn of a new era, enabling new TV-centric applications that deliver the full

richness of Web 2.0. The result is not just another copy of PC on TV; it is something new. But this new experience would not be possible without a great hardware foundation.

Today I have the honor of announcing the launch of Intel's latest system on chip for CE industry. The Intel® Media Processor, CE 3100, formerly known as Canmore. This is our third-generation CE SoC, and it's the first CE-optimized media processor based on Intel architecture Core. It enables high-end, audio/video capabilities demanded by the CE manufacturers. In fact, the whole demo that you just saw here was running on a CE3100-based system.

I have here our innovation [board] system that has CE3100 as the Core processor from GIGABYTE partner. The CE3100 delivers incredible innovation. It has more than 150 million transistors, 46 different clock domains, more than 15 complex and unique pieces of IP.

When we started this project, some people, including some at Intel, thought this was not possible to do. I'm very proud of our engineering team, working hard, bringing CE3100 into reality. I want you to hear it directly from them.

[Video plays]

Eric Kim: I couldn't agree more. The CE3100 is dedicated hardware of audio/video processing, 3D graphics, and multiplaying displayed processing are truly unique. We call this advanced audio/video

processing Intel Media Play technology. The best way to appreciate the power of all this is with another demonstration.

On the big screen, you see the 1080p output of the CE3100 system. We're showing two separate HD video streams, one based on [MEPG2], the other on [unintelligible][H.264] being decoded at the same time in the CE3100 system. Basically picture-in-picture fairly common in today's CE products. So you say, "What's the big deal here?" Well let me start to show you some of the power of CE3100.

Today, most of the digital CE products, when doing simple things like fast-forward, they drop frames in between in order to go fast resulting in a very jerky movement and very unnatural sound. With the power of CE3100, we process all the frames, resulting in smooth fast-forward and also much more desirable sound effects.

So the practical effect of all this is for all of you, those who are, Type A, you can watch the entire two-hour movie in just one hour. Isn't that great? Great feature in Silicon Valley. I can see it already.

Let's go forward even more. I can deal with these two different HD streams independently. I can pause one, continue the other one and so forth with no impact on the primary video. It's pretty cool, but it's not really a game-changing feature. So let's make it more exciting by introducing hardware 3D graphics and display processing into the mix.

With a sprinkling of some open [GL?] code, we can take these high-definition video streams, route them into a 3D graphics engine, texture

map it into a different plane and end up with a true multi-stream video experience that is really, really compelling.

These kinds of things you can do with the power of CE3100. I know some of you out there already are thinking of some ideas to come up with some killer applications that explore this kind of capability. And we all know that users really respond to great UI and great compelling user experience.

The CE3100 has an IA Core delivering over 3000 DMIPS of performance. And this performance is available mostly for application processing because other demanding work, such as audio/video processing, graphics is all done through dedicated hardware engines.

All this in a single SoC package requiring less than 10-watt average power, enabling CE manufacturers to build products that do not require [a fan]. We have been sampling this CE3100 to our CE customers for over six months now, and we are actually just a few weeks away from delivering high-volume manufactured products.

Now let's hear from one of our CE customers, Samsung Electronics, about what's working with CE3100 as well as Intel.

[Video plays]

Eric Kim: Thank you, Samsung Electronics. With a full IA Core and support from Linux, we can take advantage of the latest and greatest Web 2.0

technology, such as HTML, Web services, Java, Ajax, Adobe Flash, even the latest players such as Move Network.

ISVs like Adobe have been giving us great feedback using our pre-production silicon. On the screen you see what Don Woodward at Adobe has to say. He tell us that in addition to an incredibly easy port, the CE3100 is delivering over twice the performance right off the bat compared to other SoC products, even without any optimization.

The CE3100 literally sets a new bar. It represents the breakthrough technology that the CE industry has been looking for. Backed by technical and cultural expertise, combined with open [middleware] platform like Widget Channel, it delivers a rich, interactive experience to television like never possible before, but it's just the beginning. We have a complete roadmap of SoCs with increasing optimization for specific segments of the CE industry.

We're on track to deliver a product codenamed Sodaville, our next generation of SoC based on Intel's 45-nanometer process and Intel Atom Core in 2009. But in order for this Internet TV to take off, we need more than just great hardware and great software. We need the entire ecosystem of television to embrace this. The ecosystem consists of creative stakeholders, stars, distributors, networks, advertisers, service providers, CE manufacturers, great brands with heritage and value from Disney to Sony. We need an industry-wide approach in order to the new paradigm to be embraced where all the key stakeholders stand to benefit. Let's meet some of the industry players.

[Video plays]

Eric Kim: Joining me today is Albert Chang from Disney ABC, [Kasakusay] from Sony, Tony Warner from Comcast, [Irwin Gotlib], a major global media investment firm, Group M, and rejoining me is Patrick Barry from Yahoo. Please welcome them.

So I'd like us to talk about the implication of cohesive and comprehensive technology framework in bringing interactive TV. What does this mean for you? Tony, from Comcast's perspective, what does this all mean?

Tony Warner: Well, I think a few things. First of all, this is a great setup. And I think it very much aligns with our view, which is that not only will the television remain relevant, but it's likely to be the primary media consumption device in households for a number of years to come, on it. And I think with that said, there's a growing desire by consumers to access data, information, and even content that exists freely on the web on this device, and I think that the Widget channel is a great tool to rapidly develop apps that will get that content in the manner that you showed to the TV.

Patrick Barry: Can I add something to that? Representing to the developer perspective, having a single platform that allows a developer to quickly deploy services across a multitude of devices is really what's been missing. And I think this is the kind of breakthrough with the Intel architecture and then a software platform that's widely

understood and pretty easy, I think that's going to really create a dramatic change in terms of this experience.

Tony Warner: I think you're absolutely right. I mean, today, we develop for The Fan and Fancast. We develop on the Web for the PC primarily. We also develop on the TV. And hopefully very soon, with our investment with you guys in 4G and the Clearwire investment, we'll also have a third platform there. And the ability to write an app once and have it play on all three platforms, I think is incredibly powerful.

Eric Kim: I also know that Comcast has an interactive service already in the market through [true two-way]. How does that relate with this?

Tony Warner: Well, I think we've made a big commitment this year and will make a bigger one next year, both Comcast and the cable industry at large, to what we call true two-way. You know, it'll be the first time that we really have kind of a large common development platform. But true two-way is really an end-to-end ecosystem, so it's got the back-end servers, it does the two-way, it does the others, and it really sets the foundation to do the Widget channel.

And I look at the Widget channel as an environment and a development environment to very quickly develop lightweight apps that may only last two weeks. You know, if it's the Olympics, you may want an app that's spun up, we use it for two weeks, the app goes away, maybe it gets repurposed, maybe it doesn't. But the Widget Channel allows that where if we're writing a very heavyweight app

that goes right into true two-way, I think it's not. So I think the two work very well together, and they're very complimentary.

Eric Kim: So this rapid application seems like a very key need. Albert, from a programmer perspective, how important is this rapid application development?

Albert Chang: Well, it's really important, Eric, because when you look at television programs, they're developed and scheduled very rapidly, so when we start looking at a show and it's progressing and it's becoming very popular, we want to be able to quickly create digital brand extensions to that in applications. And one of the great things here that we have is -- in an open platform approach -- is that we can spin up pretty rich interactive applications very easily.

So take, for example, Dancing with the Stars, which is a very popular program. Today most people when they're voting for their favorite celebrity, they're doing it either through their PC or through their phone, landline or mobile. But now with a Widget, on the Widget Channel, we can essentially ask them to vote straight off their television set, and that's what's so cool about this application.

Eric Kim: So that kind of thing will actually increase even more audiences and more subscribers. Irwin, I know that you think a lot about the whole advertising implications and how to generate more revenue from advertising from these new type of paradigms. What's different about all this?

Irwin Gotlib: Well, the critical thing here is that the Internet is a very effective medium, but it's always been a little bit reach challenged, and frankly, running a video on a small screen just doesn't have the powerful impact that a big screen does in a home.

Today, we still spend five times as much money on television as we do on the Web. Particularly for those categories of products that are low consideration, fast-moving consumer goods, things like that, they're much more effectively sold on TV. The problem with TV fundamentally has always been that everybody sees the same ad, which isn't the best kind of targeting mechanism, and there's been limited interactivity, limited ability to delve further into the content.

What this does for the first time is it introduces addressability, it introduces improved targeting, it changes the whole accountability paradigm. It puts television not on an even footing with Internet-based media, but it could potentially leapfrog it because of the improved impact of the dynamic big-screen, audio experience that you get on a CE product. The only critical component there, of course, is that the consumer is in a lean-back mode as they are consuming the content, and we have to take that into account, and the widget approach clearly does that. You can surf with the remote, not with a keyboard.

Patrick Barry: I just wanted to add that it's absolutely true, you know, we're one of the first to create interactive advertising, and we know that by increasing interactivity with the advertising, we can improve engagement. Recall rates are incredibly high. So something like this would only serve to serve the advertising industry really well.

Irwin Gotlib: Yeah, targeting improves relevance, relevance improves effectiveness. And, you know, to the comment that you guys were on earlier, which is timeliness, the ability to really quickly develop content for this and make changes to it is just as critical on the marketing side as it is on the content side.

Patrick Barry: Yeah, and the key there is having a development environment that's really familiar to people and leverages some of the things we've learned for PC development. And that's one of the really unique developments here that we see and I'm very excited about.

Eric Kim: Right. Right. [Kasakusay-san], so what does all this mean for the CE manufacturers?

Kasakusay: Eric. Internet connectivity in [CE] devices will be a mandatory feature soon. The Internet is associated deeply with people's lives and [relate to their hobby, taste, and communication with others]. I cannot find the reason why we wouldn't adopt Internet in the CE devices. It will improve consumers' experience by combining their needs and preferences with broadcast content and existing media.

Eric Kim: So if the Internet is so great, why hasn't Internet become mainstream on the CE devices yet?

Kasakusay: That's a good question, Eric. The Internet is evolving and changing all the time, okay? This is completely different from the idea of [unintelligible] [CE] devices, okay? To adopt the dynamic nature of

the Internet in CE devices, we need scalable and flexible platform which have the capability to evolve itself over long run. I'm expecting Intel's SoC is a great fit for those requirements. And I believe Intel's long-term experience can be [leveraged] by [CE players] as well.

Eric Kim: Now, I know that major TV players like Comcast and Disney are very sensitive about essentially not fixing something that's not broken. You have any thoughts about that?

Tony Warner: Well, I think Irwin said it very well here, and he's forgotten more about the advertising space than a lot of us will ever know, but I think he summed it up well. I mean, the power of the television is -- it's been a great advertising medium because it can emotionally engage the consumer and, at the same time, it's had scale.

The Internet, on the other side, has had addressability, it's had interactivity, and it's had very good measurement. And I think as you bring the two together and it doesn't mean forcing one on the other either way, I think you start to come up with the most power of any of these. And I think that's really what a lot of this is about.

Albert Chang: Yeah. I mean, for Disney ABC Television Group, I mean, television is our business. And we've seen a long line of consumer electronics products that have tried to figure out how to put the Internet to the television set, but haven't been quite as successful because they tried to fundamentally alter the television experience. And I think what we're really looking at here is not fundamentally altering it, but actually enhancing that TV experience. And I think, to Tony's point, what we're

doing here is we're allowing the consumers to decide how they want to enhance it. It's a very customized way of doing it to the Widget channel, and it's really allowing them the choice to figure out how to create that experience.

And then for the content developer, what's really great is that we have a really broad canvas in this open platform to really think about what things that we can start to innovate. You know, what are the different applications that we can kind of create? I mean, a lot of examples you saw are kind of sort of the obvious low-hanging fruit ones. But what's really interesting is that we haven't really touched -- you know, it's only the tip of the iceberg that we can see what we can do here. And I can only see more creativity and innovation flourish as a result of this open platform.

Irwin Gotlib: Yeah, the critical thing from our standpoint is that up until now, because all of these attempts have been almost experimental and there has been no common platform, there's been no rationale for us to allocate media dollars, either to buying the advertising or to creating the content. There hasn't even been a common platform for creation of the marketing content. And now with a common platform, it becomes much more practical to make the allocations, which creates the business model behind it, creates the content for it, and everything else.

Eric Kim: So it sounds like with a fundamental platform like widget channel and [CE3100], it looks like the industry is ready to embrace and bring true Internet that's optimized for TV to the TV audiences. Thank you very

much for sharing your very critical and important wisdom with us. Thank you. Ladies and gentlemen, our panelists.

[Music.]

Eric Kim: We have arrived at a unique moment. Consumers are ready for more. The broadband infrastructure is falling into place. Diverse content services are gearing up. And we have, as you've seen, the key stakeholders aligned. Now, finally, we have the technology and the strategic insight to guide implementation. To enable new and better television experience. The time is now. But, you know, I'm not the first technology executive to say this. But for the first time, we have all the elements of the TV ecosystem aligned to embrace Internet.

For consumer electronics companies, more opportunities to deliver differentiated products that consumers will love. We know that consumers will buy products that satisfy their needs. And now consumers want Internet on their CE products. Consumers are already doing this despite the barriers.

For the content creators, great opportunity to develop new interactive contents for television, and being able to address the entire three screens in people's lives -- PC screen, handheld screen, and their TV screen.

And for advertisers, as you heard, the ability to combine the power and efficacy of the online advertising with the brand-building impact of

television, resulting in much greater advertising efficiency and revenue.

For broadcast and broadband service providers, [there's, I believe, to combine] these two services into a unified service, giving audiences greater reason to stay and attract more audiences and generate greater affinity.

And let's not leave out the customers. For customers, new choices, richer experiences, and new ways to discover and connect to contents and experiences that they want.

Let me close by quoting Edward R. Murrow, a forefather of all great television journalists. Murrow spoke in 1958, almost exactly 50 years ago. He said, "This instrument can teach, it can illuminate, it can even inspire. But it can only do so to the extent that humans are determined to use it as such. Otherwise, it's nothing more than a box of wires and a light in a box."

Now we're embarking on a new television era he could not have foreseen, but we technologists would do well to keep his words in mind. If you approach this as just another technology project, if you do not sustain the emotional bond that viewers have with television, we'll end up with merely a wires and lights in a box. We know better. As Murrow said, we are out to illuminate, we're out to inspire. Why? Because we love TV. Thank you.

[End of recorded material.]