

MOBUZZ TV

It all began...

MobuzzTV is a privately funded company that was founded by Anil de Mello. It began as a television channel for mobile phones. Anil grew up in the media industry, has been actively involved in the internet and mobile industries for the past 15 years. In 2002, Anil, who had been working as CTO for a mobile game company, was thinking about what would be the next “killer app” for mobile devices. In his view, mobile games were successful due to their “instant gratification” factor: a user, purchases a low priced product, downloads it to his phone and can immediately and very simply gain entertainment value. Anil thought that similarly video for mobile devices would be just as successful as a content product due these similar attributes.

In 2003 mobile operators were just beginning to offer video for mobile phones, however almost all the content was simple and very short video clips of TV shows that had been crudely compressed and offered for download. The way the first video clips were compressed left the video looking like a bunch of animated pixels jumping around the screen, the audio quality was also very poor.

After having seen what was on the market, Anil sensed that there was an opportunity to provide content that was specifically formatted and compressed in a better way for mobile devices. Through a deal with a journalist in Los Angeles, Anil was able to secure the mobile broadcast rights to interviews with the A list of Hollywood celebrities.

The interviews were re-edited to provide a better framing for mobile devices and compressed using in-house technology to provide an optimal mobile viewing experience. MobuzzTV initially began offering these celebrity interviews to mobile operators across Europe, and was able to secure distribution deals with close to fifteen different operators.

However, towards the end of 2004, mobile operators began signing direct agreements with Hollywood studios effectively closing the business opportunity for MobuzzTV. Anil decided that the best avenue for MobuzzTV would be to produce its own content. Having been blogging successfully for a few years, he decided to produce a pilot mobile TV show that would be based on tech and cyber-culture. The show would have to be filmed with a mobile screen in mind and scripted for a user who was on the move. The show was called “The Daily Buzz” and was to be produced daily in Spanish, English and French. The initial business model would be a per download and subscription fee for the end user.

Breaking the rules..

The first challenge was to figure out a way to produce a daily 5 minute show at a fraction of the cost that traditional television while keeping a high production value. Anil had to break every rule in the “How to set up a television” handbook.

The company invested a limited amount of money into creating a set, purchasing high-end prosumer video production equipment.

The MobuzzTV studio was set-up in Anil’s spare room.

The explosion...

Within the first 6 months MobuzzTV signed distribution deals with three major operators in Spain, two in England and one in Switzerland. But the adoption rate for mobile users was low, due to the very high product cost imposed by the mobile operators; however the online audience had grown to 50'000. The company's marketing was purely guerilla: aggressive blogging, use of internet forums and as many conferences where Anil could talk about video for mobile devices. Anil soon realized that within MobuzzTV's distribution channels, the web had largely surpassed the mobile potential.

Soon after, new video enabled devices were being launched, such as Sony's Playstation Portable and Apple's video iPod. MobuzzTV immediately struck distribution deals in Spain with both Sony and Apple due to the fact that the shows were perfectly adapted for those new devices.

MobuzzTV started producing a buzz in the traditional media and online, the audience began to double every month. Google and Yahoo were launching their respective video portals, and both approached MobuzzTV to distribute the Daily shows. The company was uniquely positioned in the online video market as there was very little other content produced in Spanish for online television.

500 shows...

In January 2006, MobuzzTV had produced more than 500 mobisodes (mobile episodes) and had surpassed 1.5 million show-views a month worldwide. However, very little income was being generated through the initial business model.

Anil decided that the audience size was large enough and the product mature enough to begin offering MobuzzTV shows to advertising agencies. The reaction from advertising agencies was phenomenal. They immediately embraced the concept and platform and, within a few weeks, the company had signed media campaigns with four of the largest ad and media agencies world-wide.

As there had been no precedent for online video on demand, Anil had to quickly figure out a pricing model for the advertising. He set up a multi-tiered CPM model based on target audience and the number of days the advertisement would be viewed. Roughly the CPM was set to 25.

At the same time, due to the online buzz, MobuzzTV was approached by many companies who were interested in setting up their own video shows for online distribution. As the company had perfected the back-end technology and daily workflow, this became an interesting model to study.

The next 500 shows...

MobuzzTV has reached break-even this month, has launched the first ever online video ad campaign (Levi Strauss & Co decided to premiere the 2006 worldwide campaign on MobuzzTV) and has been approached by numerous VCs from around the world.

Anil now faces the challenge of taking the company from being a couple of million euros a year company to growing it into a viable 100 million € company.

There are various ways that the company can expand. But competitors are born every day. Now is the time that MobuzzTV to go one step further, not only capitalizing the commercial assets of its products, but re-inventing itself and coming up with new strategies.

Challenges? Angry offline media tycoons, new competitors, vertical markets. ■ ■ ■