Keynote Speaker – Gerhard Zeiler

ROBI STANTON:
Good morning. It gives me great pleasure to be here this morning to introduce you to Gerhard Zeiler, Turner International's President. Gerhard particularly is someone who loves great story telling. And his career has been a great story. Gerhard started off as a journalist. Then he was press secretary for two Austrian Chancellors. He ran the Austrian public broadcaster. And before joining Turner in 2012, Gerhard ran RTL group, which is Europe's largest entertainment network, running 49 channels and 34 radio stations across 10 countries. As well as Fremantle, worldwide.

But the reason I'm excited for you all this morning to be able to meet Gerhard, is because of his passion for our industry. Gerhard has been incredibly successful in business. But Gerhard loves nothing more than watching, creating, acquiring, fantastic programming. Gerhard loves to sit down and have a discussion about formats, characters, story arcs, time slots, schedules. He is passionate about our industry. And I know you will all thoroughly enjoy meeting him this morning.

So ladies and gentlemen, enjoy meeting Gerhard and this is Turner Broadcasting.

(Video plays)

GERHARD ZEILER:
So good morning everyone. It is an honour for me to have been invited to give the keynote speech here at the ASTRA Conference 2014.

I have to admit it is my first time in Sydney. Actually, it is my first time in Australia. Not that there were not lots of opportunities to travel to Australia in the past. My former colleagues at Fremantle invited me several times to the production site of Neighbours or the final of Australian Idol and X Factor and my colleagues in Germany, they really wanted me there when they produce every single January, I'm a Celebrity, Get Me Out of Here, the highest rated non-sports program on German television for many, many years.

But although it is my first time here, as an Austrian citizen, I'm not a stranger when it comes to Australia. You cannot believe how often people mistake Austria with Australia. Especially in the United States. “No, there are no kangaroos in Austria,” is my standard answer.

I’m coming from the country of Niki Lauda, Arnold Schwarzenegger and Hermann Meyer instead, although I would understand if people believe Austrians jump like kangaroos if they see this picture.

Anyway, it is my first time in Australia but it is, for sure, not my last one.

Today, I won't talk a lot about the Australian market, the TV system here, because it would be a waste of your time, as you all know a lot more about it than I do.

So what will I talk about? I will talk about change. For more than 10 years, media conferences all over the world have been dealing with this theme. And I got from the invitation of this conference: the television industry is enjoying a golden age. But change is upon us. The rapid march of technology is transforming the industry, changing the way content is created and scheduled, the platforms are distributed, as well as audience behaviour.

And lately, it says, this is our Game of Change. These few sentences summarise exactly what I want to talk about.

The direction our whole industry is taking. And my personal conviction that the best times are still ahead of us.

It is a funny time we are living in. On the one hand, we can see that television has never been more powerful. Never been more influential than today. But on the other hand, we have never experienced a time when the level of insecurity and uncertainty, even within our own community, has been as strong as it is now.

Why is that so? For me, the answer is quite simple. Everybody who works in our industry experiences the change every single day. And, as always in life, change can have surprising effects on people. Some of us are simply fascinated by it - and don't look out for the challenges - which mostly are accompanying them. Call them the optimists or, if you want, the adventurers.

But there are also people, and quite often not the minority, who are scared and overwhelmed by it.

Our industry is no different. There are these two schools of thought that have emerged and are crossing swords in the debate about our future. The optimists believe that the core values of our industry cannot only be preserved, but improved, in the digital world.

The pessimists, on the other hand, already see additional media as an abyss. They assess the demise of print media, which actually is happening to a certain degree, whether we want it or not, as unstoppable.

While they also announce the approaching death of television, the only difference being a time lack between the two.

Let me out myself from the start. I've never been a cultural pessimist. Not during my time as Director (Inaudible) of the Austrian public broadcaster, not as CEO of RTL Group, not now while I'm responsible for alternate channels outside of North America. No, I strongly agree with the notion that we are currently

experiencing the golden age of television and that all the transformations and changes this digital age will bring to us, can make our industry even stronger than it is today.

Yes, we will have to adapt. We have to change quite a lot but, all in all, I'm 100% convinced that our industry's prospects hold more opportunities than risks.

So, what are the facts, the real facts we are talking about?

Let's start with the most important of our stake holders, the consumer.

First, he is spending more time than ever watching TV. In the US, more than 34 hours a week. The overwhelming majority of it live on linear channels and according to Eurodata TV Worldwide, the average TV daily viewing time globally is three hours and 40 minutes. Not so much different from Australia where it is three hours and six minutes. But much ahead from Asia-Pacific as a whole, where it is only two hours and 41 minutes or, as the optimist in me would say, there is the most room to grow.

Secondly, he has more channels to choose from than ever. In the US, for example, the number of channels an average home is able to watch has increased from 2008 to 2014, from 129 to 189.

Thirdly, he can choose from more content than ever. Take only the one hour drama as an example. Not only in Australia, in almost every single market, you see an explosion. In the United States alone, the number of produced one hour drama series has increased by 73%. From 2005 to 2013. And when you look only at the basic channels in that period, the increases are a whopping 350%.

Fourth, there are more quality productions than ever produced and watched on a global scale. Or do you know any other period in the history of our industry where you could watch Games of Thrones, True Detective, Leftovers, Homeland, Ray Donovan, Extant, Under the Dome, The Last Ship, The Strain, to name only a few within a few months.

And, last but not at least, the viewer has more control, more freedom and therefore more convenience to watch the programs he wants.

The increase in bandwidth is accelerating on a global scale and more and more consumers are able to experience 50 to 100 megabytes per second. This, in combination with the explosion of tablets, they already have a global penetration of 6% at the end of last year, and that of smartphones, which quadrupled their penetration in the last five years.

This, and the launch of on-demand services, whether it is from incumbent MSO's and satellite platforms, as well as the new OTT service, all of that enables a lot of

consumers, much more than five years ago, to watch almost everything what they want. Whenever they want, and on what device they want.

Okay, I get it, you may argue. The new order is great for consumers. What is in it for us, for the platforms, for the distributors who invested billions in order to build the right network for them? Are we not in danger to lose out? I don't think so.

First, you can see more pay TV subscribers than ever. The demand for subscription TV services continues to grow worldwide with the global total increasing in 2013 to almost 800 million. And the PwC forecast shows a number of almost 1 billion at the end of this decade. Naturally, the growth is strongest in emerging markets where penetration so far has been rather low, Brazil, Russia.

But even in the mature markets of Europe and here Australia listens to it. Even the mature markets of Europe where, thanks to the financial crisis, the penetration has flattened in the last five years, this forecast shows an increase in pay TV homes. And what about the US? What about one of the biggest fears of our industry, quote cutting? Just look at the numbers.

In 2013, cable, telcos and satellites lost 167,000 subscribers in the US out of more than 100 million. Not even 0.2%. And in the same time, revenues have grown more than 4% because their output continued to grow. Do consumer revolutions look like that? Not really.

Having said that, yes, we have a problem. There is a phenomenon, what we call called (inaudible) which describes that a significant percentage of millennials, in the US it is almost 20%, has no pay TV subscription and doesn't show any inclination to get one. To get them into the pay TV system will be a challenge, I admit that.

Coming to the next stakeholders, the content creators and producers. I don't think that anyone in this room will deny that if their new world order is advantageous for consumers, it is simply great for content creators and producers.

You can describe that in one sentence. Everybody wants to be on TV. The times when TV was only for these artists who were not discovered yet for future films for those whose feature film careers have already ended, are once and for all over.

You see, big screen legends like Steven Spielberg, Stephen Soderbergh, Robert Redford, you see first class and famous film directors, like Michael Bay and Alfonso Cuaron, directing and/or producing major TV series and a lot of actors and actresses you know from the big screen, Woody Harrelson, Kevin Bacon, Laurence Fishburne, Jon Voight, Halle Berry, to name only a few, are regular

faces on the TV screen. They all see the small screen as a great place to tell big stories.

TV has become the new feature film. Also because of the quality of the scripts and productions have improved so much. And I have to name our brother company, HBO, as one of the few who really has significantly influenced this development.

And, secondly, I don't know any producer or content creator who doesn't have dollar signs in his or her eyes when thinking of the new list of possible OTT clients. And the opportunities coming with a possible rearrangement of windows in the right chains.

All of these facts for me are proof that it is not a fantasy to talk about the golden age of television. But this doesn't mean that the high level of uncertainty, what the future will look like, has disappeared. And it is based on the fact that some essential questions are not answered yet. And I want to name a few.

The first we already addressed. How do we get the millenials into our system? The ones who have grown up in that Internet culture, where everything seems to be free of charge. The ones who navigate themselves through the web faster than anybody else and the demographic group who watch more than any other demographic group on the web.

We have to be honest. As an industry, we haven't even started yet to tackle this challenge in a meaningful way.

Maybe a successful strategy lies in adapting and embracing social media. As a lot of them use their tablets and smart phones to do program related activities when watching their favourite shows.

Maybe it requires entry packages, some of the US players like Dish are evaluating this idea where especially the young ones can subscribe for a smaller package, with less streaming, for a cheaper price. Call it a mini pay TV subscription. I don’t know whether these strategies will work. But the one thing I know, we will have to try things out.

The second unanswered question is will TV advertising continue to grow? Can TV hold up its fabled CPMs to its own line? To be clear, not all signs are encouraging. At this year's Upfront Market in the US, maybe you have read it today, when networks typically sell about two-thirds of their commercial inventory to the big advertisers of the big brands for the coming TV seasons, spending fell 6%.

This is the first annual drop in upfront advertising sales across broadcasting cable networks since 2009. Actually, the first drop in a non-financial crisis year. Is that the first sign that the new digital competitors are starting to steal market

share from TV? An end to the trend of the last 10 years, when TV's market share rather went up than down?

Or is it only a consequence that advertisers in the US, most sell for confident because of macroeconomic tail winds, are ready to spend higher prices in the scattered market in order to have more flexibility? Again, nobody really knows yet.

Third question. Will the majority of viewing continue to be watched linear? Or will on demand become the new standard? So far, all of the measurements show that live linear TV still dominates with, for example, 92% of viewing here in Australia. And therefore online video has a long way to go. You can see similar numbers in the US. And even in Netflix homes, a mere 14% of the viewing time last year was spent actually with Netflix products.

On the other hand, most forecasts estimate the on demand share of viewing time to grow to between 25 and 50%. Whoever has kids at home between 18 and 25, they know that digital TV, digital viewing is really exploding in this demographic group.

And last but not least, for me, one of the biggest open questions - will we ever be able to beat piracy. And let me say a few words about that. We shouldn't make any mistake, piracy is a risk and danger for all of us. It has multiplied in the digital area. And this is actually the scary bit - has become for many people, especially young ones, a normal way of listening to music or watching TV. From my point of view, it cannot be said often enough. Piracy is theft. Theft which cannot be accepted or excused by any argument.

We have to say that over and over again to the politicians in all of the countries. If you continue to accept this theft as a trivial offence for whatever reasons, it will have a negative impact on all of the participants of the media ecosystem in the end. The creative people. The producers. The publishers. The channels. The distributors. And the consumers.

As you can see, yes, there are challenges. There are dangers ahead of us. And yes, we don't know all of the answers. But I am more than convinced that we will find them in due time. And one of the reasons why I believe this is our history. The track records of our industry.

Why look into the past, you may ask, we should look into the future. Principally, you are right. But looking in the past, finding out why TV, as a media, remained as strong as it has gives, in my opinion, guidance how to act in the future.

I see three main reasons for strength in our industry. The first reason is television offers unbelievably favourable value for money.

A US study from 2012 calculated the average price for one hour of watching television, per viewer, at 30 cents. 30 US cents for one hour of the most popular leisure time activity. This is, to put it mildly, an absolutely competitive price.

And even if it is double the amount of money for other markets, it is still very competitive.

The second reason results from the fact that the television industry, particularly the device industry, but also the distribution platforms, were always an active participant in technological innovation. For no other reason than to improve their product.

It started 60 years ago with the remote control. Continued with television in colour. Later, the built in digital video recorder and the HD TV and it is now TV everywhere and on demand. The consumer's comfort always came first.

And last but not least, because the content part of the industry has always wanted to improve the quality of the content. Making it more relatable. More distinct. More authentic. More unforgettable. More unique.

Price, convenience, quality. From my perspective, an unbeatable combination from the consumer's perspective. And that is what we can learn from the past. To say it with a well known campaign slogan – "it is the consumer, stupid."

What do consumers want? First, a fair price. Our consumers, and we can see that in every single market, are willing to pay up to a level which they think is a fair value for money. Not more. And we all better accept that.

Second. Convenience. Although, as an industry, we have made incredible progress in this field, we are still not where we should be. I know that for myself. I live in Salzburg in Austria, work in London during the week, spend a huge time travelling around the world and would love to watch my favourite programs when I have time. And that is mostly during my travel. Not possible.

I still have to wait, sometimes a few weeks, sometimes a few months, until I can watch it in any legal way. I would be ready to pay a lot, and I know many of my colleagues who would be ready to do the same, if I could view the English version on a special channel the moment it is premiered in the US. I can't. At least not yet.

That is only a small personal example and, for sure, not relevant for the majority of our clients. But it is still an example that shows that we have still a way to go to deliver to the consumer everything they want.

Third. Strong brands. Brands who can guide them. Do network brands, do channel brands, still matter in an on demand world, you may ask? Oh yes, they do. Audiences need the filter factor. They want the guidance. And a special study

of our domestic research team together with Time Warner, at the end of last year showed that still about half the weight of the decision choice, what to watch this evening on TV, comes down to the brand. The channel brand.

Fourth. The quality of content. Quality, not the meaning of artistic like ability, but quality in the sense of relevance. And that means simply one thing. We have to spend a huge amount of money. Risk a lot of failures in order to get that right. Reaching the taste or, more importantly, the relevant threshold of this new generation of consumers, a group more empowered and more self-confident than ever, that is expensive. Very expensive and full of risks. But not investing in it, not investing in creativity, not risking and playing it safe is simply suicidal.

And I add a last point. Local content. Even particularly as a representative of one of the biggest media companies in the world, with strong global brands, I am more than aware that television for the main part is local. It is the German content in Germany, the Indian content in India, and the Australian content in Australia which is the most successful. And besides all the great Hollywood movies and global US series, we as pay TV industry have to invest in local content and more than in the past if we want to remain relevant.

Ladies and gentlemen, let me, at the end of my speech, say a few words about this market.

We all know that the Pay TV penetration went sideways for quite a long time. There has been a huge amount of debate about the reasons for it and many, many proposals how to change that.

Not that I want to discourage these proposals but I do want to come from a different angle.

The worst pay TV penetration in a mature market happens to be not in Australia. It happens to be in Germany. A market I know very well. If you had asked me, 10 years ago, whether I see a chance that pay TV can be a success in Germany, and actually I remember James Murdoch asking me exactly that question when he took over the helm at BSkyB, I would have said no chance, don't invest. Germany is a country where Free-To-Air is so strong, especially when it comes to sports rights, that pay TV doesn't have a chance.

I was completely wrong. Germany is the only market in Europe, Western Europe, where subscriber numbers have gone up by double digits for several years now in a row. And I don't see any indication that this trend will stop in the near future.

So what went right? First, it is noticeable that the penetration started to move up wards when a firstclass management at the main platform arrived. Maybe that was coincidental. But if it was, it was a great coincidence.

Secondly, there was a clear focus on innovation. From broadband to triple play, offers to high investment in HD and HD channels.

Thirdly, a new cooperation between the platforms and the content providers to encourage them to invest in higher quality content. For example, our local TNT channel in Germany produced the first local drama series, exclusively for pay TV, when the pay TV penetration was not higher than 10%.

And last but not least, where the platforms operators were willing to risk, in the very early stages, their own fragmentation by embracing as world players.

At least from my point of view, all of these ingredients you also have here in Australia, and that is the reason I am very, very optimistic, with all that the management of Foxtel is planning, will lead to a significant increase in subscribers and if then the government changes at least some of the rules and regulations, which honestly nobody else in Australia understands, the success of Australians pay TV industry will be almost guaranteed.

We at Turner, and I apologise when I use my last sentences for a little bit of self-marketing - we at Turner are more than willing to do our bit to ensure that outcome. We are more than ready to invest, especially in content, and yes, also in Australian content.

And we are, and Richard that message is for you, not only experts in kids and news, we are also experts in entertainment and to show you that we have the ideas and also the creativity to launch a very successful entertainment channel, I will show you at the end a clip which we used for the launch of a TNT channel in Europe. It has been watched 51 million times on YouTube so far and it should give you an appetite for what we want to do additionally in the next years in this market.

I hope you will enjoy and you all will enjoy more successful Turner channels in the years to come.

Thank you again for the invitation and thank you for the attention.

(Video plays)

BROOKE CORTE:
And now joining Gerhard on stage is James Dagger-Nickson from Sky News.

JAMES DAGGER-NICKSON:
Just before we start, as Gerhard mentioned you have to embrace new technologies, social media, we are very much doing that so anybody who has any questions during this Q & A that they want to have answered by Gerhard, you can use social media #ASTRA 2014. Send them through. They will probably be a lot

better than mine. I will be checking through and reading them out. Love the video by the way. You're doing very well. I don't know what time it is in London.

GERHARD ZEILER: It's now I think 3 o'clock in the morning or 2 o'clock in the morning. I'm still alive.

JAMES DAGGER-NICKSON:
Just to start, in terms of the state of the global industry, you made mention the golden age not behind us but there are many out there who suggest it is, if the best days are still ahead, over the 20-odd years that you've been involved, has there been a more challenging time?

GERHARD ZEILER:
I think I remember quite well when 1998, 1999 before the first dotcom bubble arrived, we had a lot of discussion in industry where the new internet guys were coming in and saying "Look, we guys will need you for another five to 10 years, then you will work for us". Two years later they applied for a job in all our companies because they were not there anymore.

Our industry lives from this fear that everything will explode. In my opinion, consumers' behaviour, change is not revolutionary, but step by step. So I think we have the time as an industry who looks out what changes will come to adapt ourselves. At least we are an industry, we are not the car industry where you plan for a new car and three years or four years or five years later you know whether your initial ideas were successful. We are an industry where we know every single day whether the products we will launch are successful or not.

So we have to have our eyes and ears at the consumer every single day otherwise we are not successful. No channel will be successful, no content creator will be successful, no platform will be successful if we neglect the consumer, and therefore I think we have a great chance to make all the changes which are necessary to adapt into this new world order.

JAMES DAGGER-NICKSON:
But it seems that the consumer itself is changing, their appetites are changing along with technology, the way that it can be delivered and so forth. How do you keep up to date and how do you keep on top of, particularly in a fast changing environment, what the consumer is after and how to deliver it to the consumer?

GERHARD ZEILER:
I think, to be honest, it's quite easy to research what the consumer wants: a fair price, simplicity, convenience, which also means that to get everything in a one stop shop, that's, in my opinion, the big opportunity for the platforms to offer everything in a triple play environment where people can watch the new episodes, the library episodes, the episodes of TV shows which, while they are not on there anymore, so platforms have an opportunity if they get the right product out. And then they want the best content, what for them is the best

content, and they want strong plans. They need strong plans. All that together is fine for the consumer.

In my opinion, because I'm always asked about who is the king in our new world, I said there are many kings, brands are kings, content are kings, platforms are kings, but the people who decide which king is more powerful is the consumer. It's not a monarchy, it's a democracy, and that's how I see this new digital age.

JAMES DAGGER-NICKSON:
There's a difficulty though, I suppose, trying to protect, in fact, try and grow margins. If you're looking at lowering price. You made mention of the drop for the first time since, what, 2007 or so in terms of revenue spend in the US. You've got content, as well, which is going to be increasing in expense, in cost, where do you find the revenue?

GERHARD ZEILER:
First of all, I still believe in the power of television advertising and I'm one of the people who say part of the upfront resolve this year in the US is because advertisers are happy to pay more if they have more flexibility in what they are buying. So a more targeted environment because that's also what we see from the big brands and from the advertisers, what they want. They know that TV has too deliver that, not only digital.

And second, the consumer. And third sometimes we have to fragment ourselves before others fragment us. A platform has to look atwhether they offer a smaller entry package in order to get people who maybe can't afford 60 or 80 bucks a month to get into our system. Yes, sometimes we have to make some hard choices but if I look around, if I look at what, in Europe, most of the platforms are doing, or in the US, I think yes, we are all on the right way. What I hope that Richard will announce in a few minutes, I'm pretty much sure it's the right direction.

JAMES DAGGER-NICKSON:
Is the relationship with advertisers, is it having to change particularly as they now have more opportunity, more diversification in terms of their ad spend, because that goes to the heart of why we saw a drop, I would have thought, in the US in terms of advertising spend on Free-to-Air as well as pay TV. They now have many more avenues to spend, a scattergun approach, as you mentioned…

GERHARD ZEILER:
We have not seen a year since 2009 where advertising dropped in the US. What we saw is the upfront market for the first time. Doesn't mean that the whole market this year will go down, the whole season will go down. No, it depends on how the scatter market will do. So we don't have an example where the advertising market in the US is going down.

JAMES DAGGER-NICKSON:

The share that pay television seem to have dropped in ad upfront markets.

GERHARD ZEILER:
By 1%. TV still has an incredibly high market share. When you look at around the world globally, actually the market share of TV has not come down, not in the last five years, not last year and not this year.

JAMES DAGGER-NICKSON:
And you're confident that will continue?

GERHARD ZEILER:
I hope so. And as I said before, I am an optimist, call me adventurer. I hope so and I believe so, yes, because TV is the only mass medium where in my opinion the big plans will continue to need it. Yes, it's fine to have all the target audience on digital, but with that alone you won't get your mass market products out. If you want to create something new, you need TV.

JAMES DAGGER-NICKSON:
Looking at the impact of technology, it took radio 38 years to reach 50 million users. It took TV 13 years. The internet hit 50 million in four years, Facebook added 200 million users in less than one year. How do you approach the evolution, how do you approach the planning for that sort of rapid change and how do you embrace it at Turner?

GERHARD ZEILER:
Look, everything is going faster and faster, which is fine. We just have to adapt to the changes. We just have to look what consumers really want. Do consumers want to watch TV when they are on Facebook? I mean, I know I have a daughter and a stepdaughter who are crazy on Facebook and Twitter. Do they want to watch TV on that? No. They want to watch TV and they also want to watch TV on their own devices but not on Facebook and on Twitter.

So I think we have all the chances to deliver to the consumer what they want. If we do that we will continue to be successful. If we don't do that others will be successful instead of us.

JAMES DAGGER-NICKSON:
I've got a question from Twitter, it ties in little bit, it says, “Gerhard, how will the ad delivery model change for pay television, especially online?”

GERHARD ZEILER:
I think that every sales organisation is now trying to get more targeted data and to sell that. Our sales organisation in the US, Turner, does that. Our competitors are doing that. Whoever sells advertising, tries to not only deliver mass markets but also more targeted audiences and they're more and more data available for that. I am pretty much convinced that in the end TV will be able to do both, to deliver the mass market or but also deliver more targeted audiences. Never as

targeted as certain digital and online assets, but simply targeted, much more targeted than maybe in the last 10 years.

JAMES DAGGER-NICKSON:
You touched on it in your presentation, the challenge if you like, or the entry into the market of the likes of Netflix, Hulu and Amazon, do you see them as a key threat in the near term?

GERHARD ZEILER:
Look, there's a reason why Netflix became big in the US, because contrary to most of Europe, contrary to most of other markets like in Asia-Pacific, actually the platforms in the US never developed a lot of their own channels. Their own linear channels.

Europe is different. Australia's different. Asia-Pacific is different. If you look at, for example, platforms like (Inaudible) and others. So the international markets know exactly what happens if you allow someone to become a monopolist and you ask Netflix in terms of (inaudible) play and OTT play, yes, it's more or less a monopolist. There's Hulu but Hulu is rather small compared to Netflix.

If you look at the international market there are a lot of countries, including the UK who have a huge amount of competition on this OTT place, plus you have platforms who learned maybe from the mistakes or from the slow reply of their cousins in the US, that they can't afford to do that in their own markets. So wherever you go, whether it's Germany or France, where Netflix has announced a launch this year, or other markets, the platforms, the distributors are prepared to put something next to it.

So Netflix will not be the only player in town when it comes to the international markets.

JAMES DAGGER-NICKSON:
So, it's a case of just competing, offering your own service to challenge the likes of these video on demands?

GERHARD ZEILER:
Yes.

JAMES DAGGER-NICKSON:
Is it hard though, these are rapidly growing, particularly the likes of Netflix and the penetration they've had in the US, and a costly exercise.

GERHARD ZEILER:
Is it hard for Netflix? You have to ask me whether it's hard for Netflix?

JAMES DAGGER-NICKSON:
Hard for you?

GERHARD ZEILER:
Actually no. What is one consequence of the whole new environment is that every single channel needs to have more ownership or more influence or more control of the content it uses because the platforms need more lights, if the content creators, if the channels on the one hand, and the platforms on the other hand, work hand in hand in cooperating, it's a powerful tool compared to all new entrants.

JAMES DAGGER-NICKSON:
Getting a lot of questions on one particular topic, you touched on it before, piracy, what in your view has worked globally to help fight piracy?

GERHARD ZEILER:
Actually, only a combination of, first of all, the players in the market, the content players, the platforms to deliver a legal way of watching, of letting people watch what they want as fast as they want, and on the other hand a clear signal from the governments, from the regulators that piracy will be punished. Only both together will help.

It's a combination of regulators, governments, law makers, distributors and channel owners working together to beat piracy. But I think it's worth the fight. Because if we don't fight it, this is really in my opinion the biggest risk that we have as an industry.

JAMES DAGGER-NICKSON:
Just finally, because I can see some flashing lights, I wanted to get your thoughts, in the Taggart memorial lecture, CEO of Channel 4, David Abraham last month warned TV is now a combat vehicle for tech and mobile companies to compete with each other, rather than a sovereign industry in its own right. He went on to suggest the proliferation of consolidation, particularly in the UK market, could see a loss of creativity because of a drive for profit. Do you see that as a longer-term threat, people talk about the likes of Apple, Google and so forth entering the market.

GERHARD ZEILER:
To be honest, no. It's interesting, every single CEO of Channel 4 comes to Government in the UK and wants some public money. They all say we are independent, we are financing ourselves by the advertising industry but every single CEO I know and I know a lot in the past, whoever, however commercial they were before they took the job, in the end they're knocking on the door of the Government, saying, " give me some money off the BBC," and that's what this CEO of Channel 4 did, although last August in Edinburgh.

JAMES DAGGER-NICKSON:
Thanks very much for your time.

GERHARD ZEILER:

Sorry if that is so simple but that's...

(Applause)

BROOKE CORTE:
Thank you Gerhard and James