



# P2P & Music Conference

October, 10th 2008

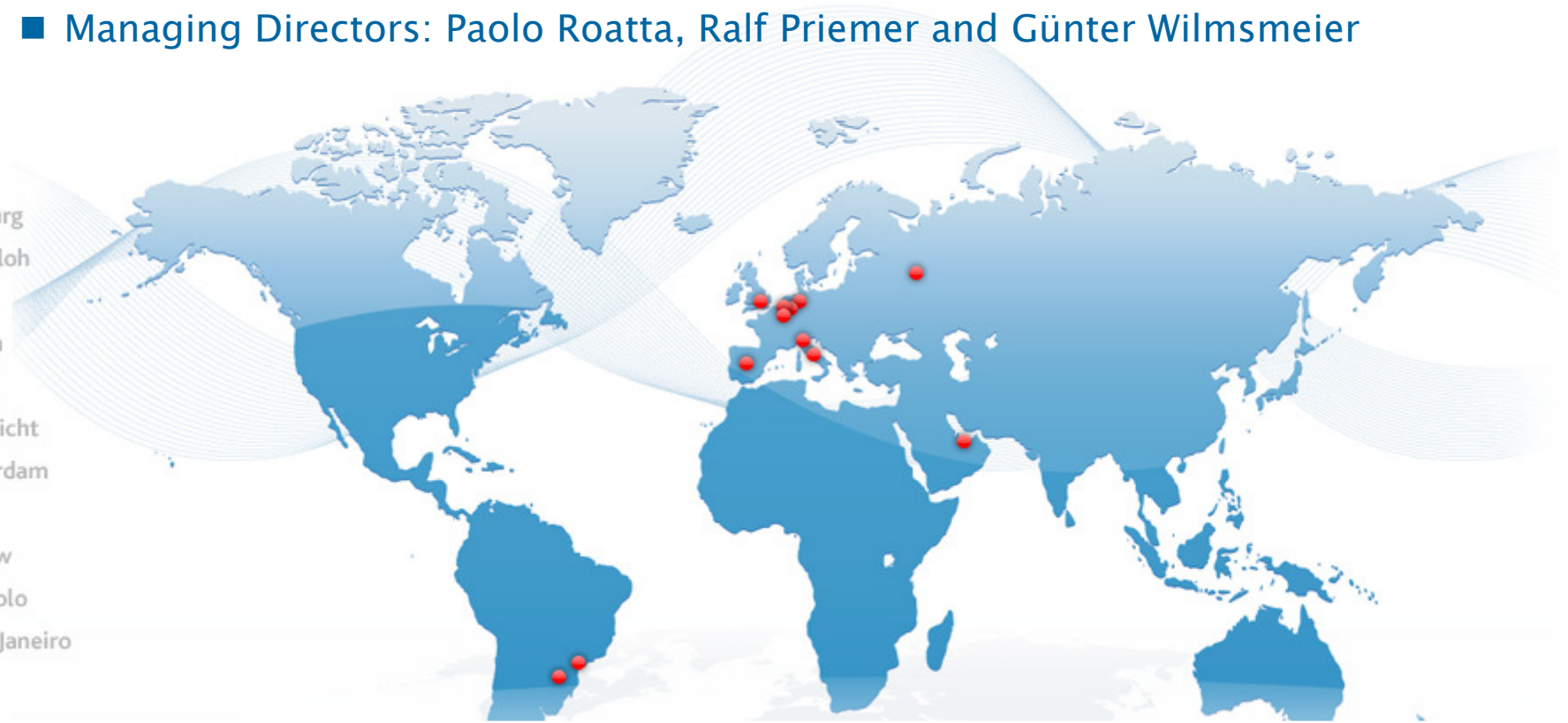
**1. Introduction arvato mobile**

**2. Music and P2P technologies**

**3. Market Development**

- One of the leading providers of digital, interactive entertainment services
- Founded 1999, more than 250 employees in 12 locations
- Services in more than 75 countries live
- Managing Directors: Paolo Roatta, Ralf Priemer and Günter Wilmsmeier

Hamburg  
Gütersloh  
Rome  
London  
Madrid  
Maastricht  
Amsterdam  
Milan  
Moscow  
Sao Paulo  
Rio de Janeiro  
Dubai



**BERTELSMANN**  
media worldwide

Over 100,000 employees  
18.8 billions € \* revenue per year



\*2007 after Corporate/Consolidation →

\*\*2006 after Corporate/Consolidation

**1. Introduction arvato mobile**

**2. Music and P2P technologies**

**3. Market Development**

# Customer Example: Music Flat rate in combination with DSL contract



- Internet Service Provider launched in May 2008 an offer for a music flat rate in combination with a DSL contract
- Customer can download as many songs to the PC as he wants
- Promotion is limited until April 2009
- After promotion has ended, the customers can't download more music and the rights for his music files will expire
- Customer could extend the subscription



# Advantage „all you can eat“ and P2P in combination with a product bundle



## ■ „all you can eat“

- Content as a USP for acquisition of new customers and upgrade to existing customers
- Comparatively lower customer acquisition costs
- Setting up of switching barriers – music library will get lost

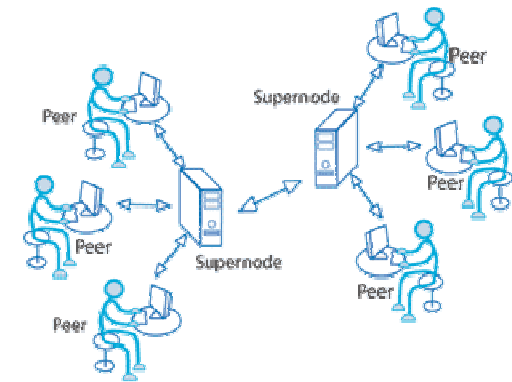
## ■ P2P Solution

- Significantly lower distribution costs compared to non-P2P technologies
- “Shoptraffic” will be minimized through “all you can eat” model
- Highest flexibility and security

- One or more centralized servers in combination with P2P network

- Advantages:

- Efficient search
- Lower distribution costs
- DRM Licenses will be delivered by centralized server
- Highest Flexibility
- Control for B2B customer (various business models possible)
- Security
  
- Very large content portfolio
  - More than 3m Full Tracks, 25,000 Videos, 12,500 Movies
- Full Service Provider
  - Licensing, portfolio management, storefront, Reporting and Royalty Management, Customer Care, etc.





## Example: Distribution costs with and without P2P



### ■ Assumptions:

- 500.000 User thereof 200.000 active user
- Size of music file: 5 MB
- Size of film: 1,7 GB
- Cost per GB: 0,30 €

- Experience data show that end customers download new releases and chart hits very often
- In P2P model, new content will be downloaded first from centralized server (seed peer) and then distributed of the P2P network
- Therefore, the seed peer will handle lower amount of traffic and distribution costs will significantly decrease

# Example: Distribution costs with and without P2P



## ■ Without P2P:

- Downloads per user per month: 5 music files and 0,05 movies
- = 1,000,000 music files = 5,242 GB = 1,572.60 €
- = 10,000 movies = 17,825 GB (=17.825 TB) = 5,347.50 €
- Total costs per month: 6,920.10 €

## ■ With Gnap P2P solution:

- Downloads per user per month: 5 music files and 0,05 movies
- Costs for centralized server traffic
- = 505,000 music files = 2,647 GB = 794.10 €
- = 5,000 movies = 8,912 GB (=8.912 TB) = 2,673.60 €
- Total costs per month : 3,467.70 €

**50% cost reduction on delivery costs**

1. Introduction arvato mobile
2. Music and P2P technologies
3. Market Development

- Download to own
- DRM protected
- ...

## Business model

**New!** flexible business models



## Devices and Usability

**New!** bigger display | more memory |  
| gps | camera | touch screen



## Content

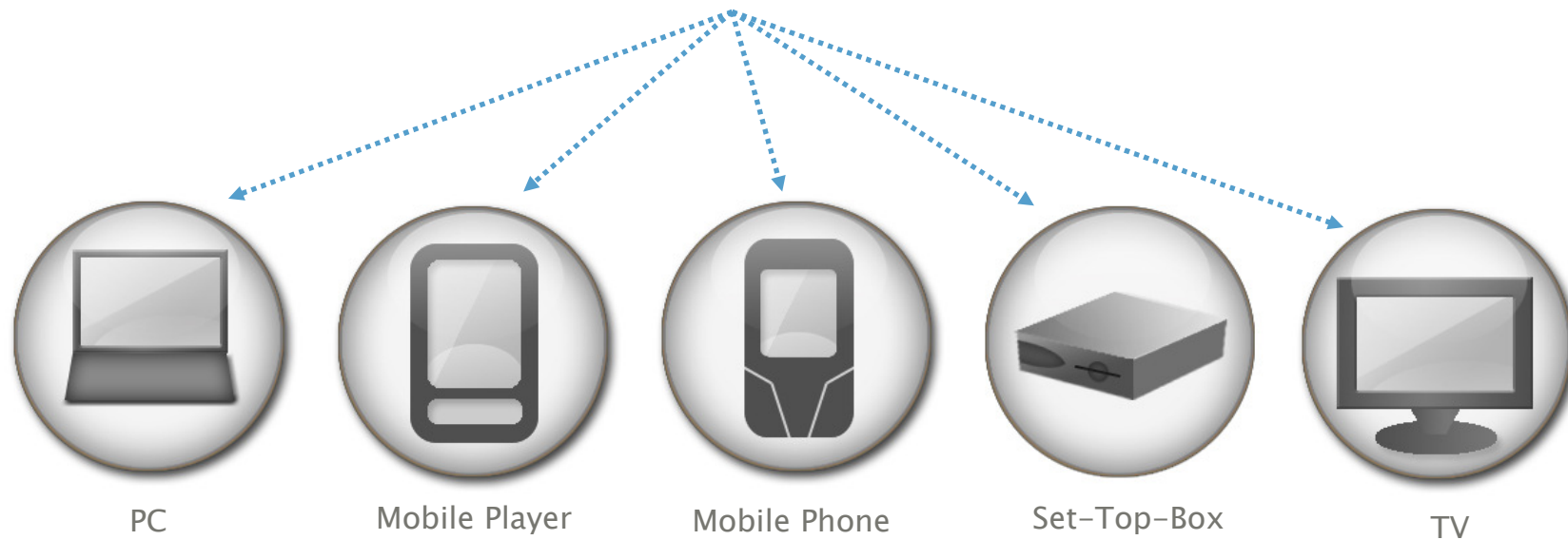
**New!** New kinds of digital content are  
the rising stars of tomorrow



## Player

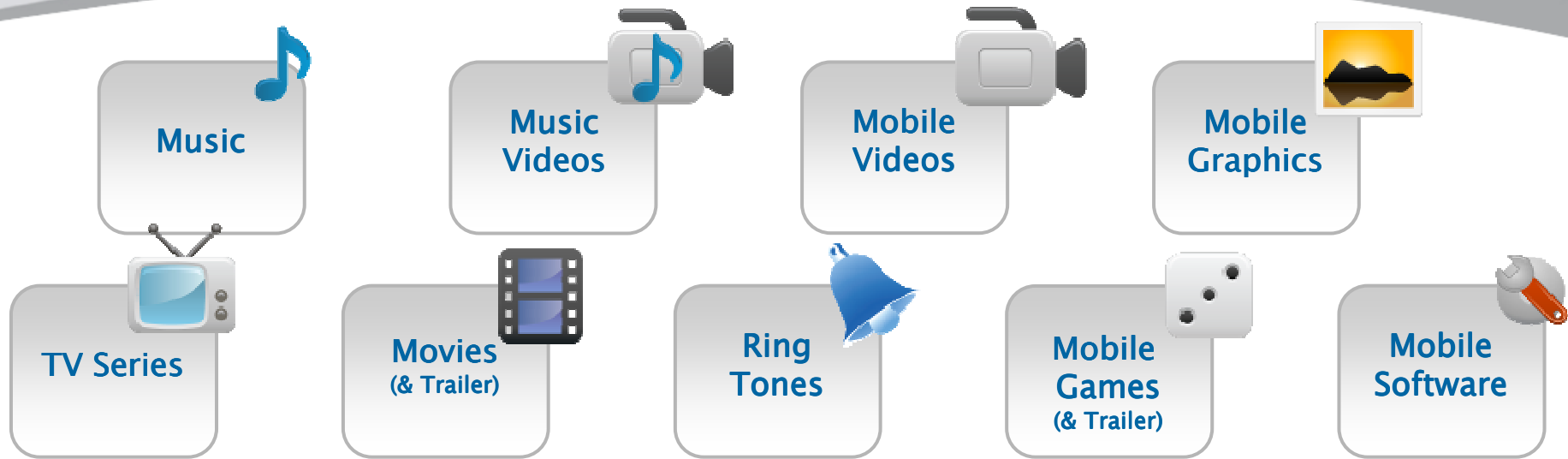
**New!** OEM's, labels and other players enter  
the market of digital content aggressively

## Interactive Applications & digital Content

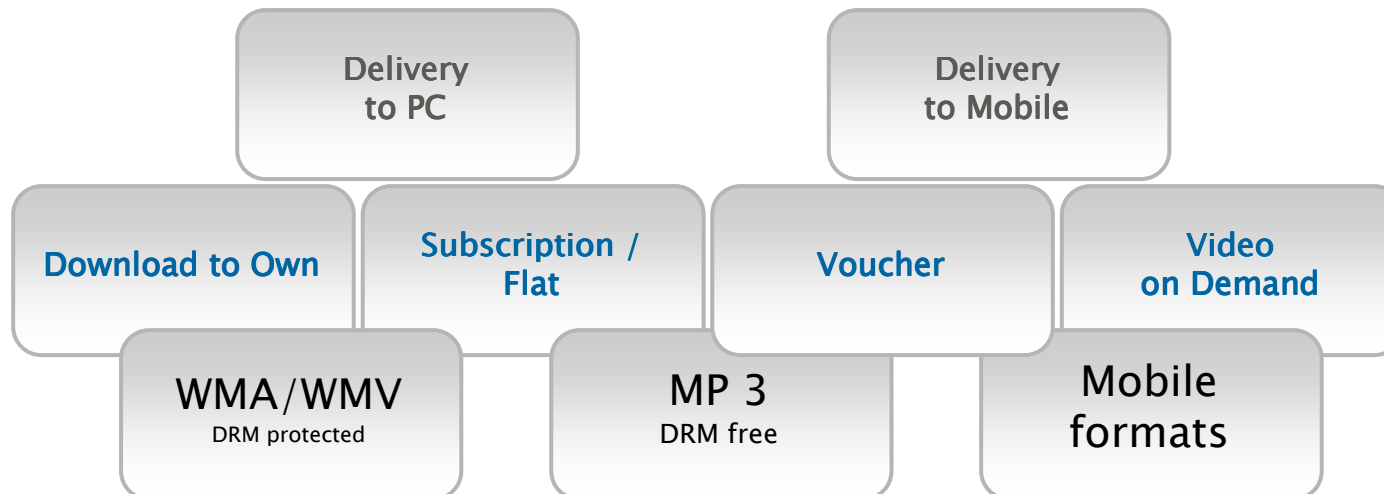


Our products are standardised modular components adjusted accordingly to the individual customer demands and implemented to an entertainment solution. →

# Converged Solution



Various content types for mobile and online.



Flexible business models, file formats, delivery.

# Blue Chip Customer Base



Strong and long lasting relationships to many top brands in Europe:

Network Operator	Internet Service Provider	Hardware Manufacturer	Brands & Retailer	Media	Content Provider License Holder

Thank you very much for your attention!



**Jan Marc Kuelper**  
Director Business Development

arvato mobile GmbH  
Kehrwieder 8  
20457 Hamburg  
Germany

[jan.marc.kuelper@arvato-mobile.com](mailto:jan.marc.kuelper@arvato-mobile.com)  
Phone +49 40 38617 571  
Mobile +49 160 906 18819



The ideas and concepts of this document belong to the arvato mobile GmbH and are liable to the effective copyright laws.

The complete or partial duplication as well as the forwarding to a third party is only permitted with explicit authorization.