



***MEDIA SERVICE PROVIDER***

Reykjavik

17th October 2007

## Media Service Provider

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- MSP is the world's first ISP network provider for licensed music
- Playlouder is MSP's own brand ISP, currently operational in the UK
- Subscribers can download, stream and share unlimited music for a fixed monthly price included with their ISP broadband service
- MSP has broad support from the music industry and has already signed unique rights agreements with most music rights owners
- MSP uses proven technology which is implemented at the ISP Network level
- The MSP service solves the problem of copyright infringement on broadband networks with a unique commercial solution that benefits consumers, ISPs and the music industry

## Independent Market Research

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- In June 2007 an independent survey of nearly 800 UK broadband users was carried out by EMR on behalf of MSP
- The aim was to investigate the appeal and potential take-up of the MSP proposition among the 14 million broadband subscribers in the UK
- And to answer the questions:
  - What do consumers want?
  - What will they pay for it?
  - What does this mean for ISPs and rights owners?

## The Appeal of the MSP concept

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- 75% agreed that the MSP service is “a great idea”
- 61% agreed “it is unique”
- 32% said that they “have been waiting for a service like this”
- There was strong appeal across the board but some segments showed stronger intent
  - Younger females and students
  - Online purchasers
  - Early adopters
  - Regular file-sharers
- Of those who found the service appealing, at least 25% regularly buy CDs, DVDs, gig tickets and music merchandise online

## The Price Point

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- £10 per month (€14.30) was considered to be the most reasonable price (using an unprompted analysis method)
- Even at much higher price points a significant proportion said that they thought the price would be “reasonable”
- 15% said they would definitely or almost certainly sign up at a £10 per month premium to standard broadband cost
- This equates to a current UK customer base of more than 2 million
- This would generate £250 million per year (€360 million) in revenues for just the UK

## The Message to ISPs

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- 70% said they would consider switching to another ISP that was offering the service
- 61% said that if their current ISP offered the service it would definitely/almost certainly keep them loyal
- The service had strong appeal across subscribers of most of the established UK ISPs
- The implication is that an MSP service bundled with broadband would:
  - Reduce ISP customer acquisition costs
  - Reduce ISP churn

## Attitudes of File-sharers

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- 52% of the survey respondents used file-sharing to download music and this group was further surveyed
- 82% agreed that sound quality is more important than getting music for free
- Only 8% strongly agreed that they were too used to downloading music for free to start paying
- However, 63% said that they would continue to download unauthorised music using P2P and most were unconcerned by the risk of being sued or caught
- The implication is that file-sharers want better quality within a licensed framework but that for most file-sharers no such service currently exists

## Conclusions

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- There is a huge unsatisfied demand for a high quality, legal music service delivered through the ISP for a flat rate fee
- Music fans are prepared to pay a significant premium to vanilla broadband for this service
- This would generate massive royalties for music rights holders
- If consumers don't get what they want then they will carry on getting their music for free