

## **Gerd Leonhard on Media 2.0, Advertising 2.0, Content 2.0: Lubricating the Ecosystem**

By Lee S Dryburghon September 30, 2009 9:27 AM

Source of Interview: <http://blog.ecomm.ec/2009/09/gerd-leonhard-on-media-20-adve.html>

Audio file: <http://blog.ecomm.ec/europe/2009/audio/2009-09-14-gerd-leonhard-80-vbr.mp3> (44 mins)

As part of the run up to the [debut European event](#) next month, I'll be conducting a number of pre-conference interviews. The first of these took place on the 14th September 2009 with [Gerd Leonard](#) of [MediaFuturist.com](#)

### **Full transcript:**

**Lee:** Okay, well I'm just back in Ljubljana, once again, enjoying the slow life here, and the fast Internet, fiber into the home that makes life very easy. I enjoy chatting to yourself because you are [the futurist](#).

**Gerd:** [laughs] Well there's more than just one, you know. I have carved out a niche by focusing on media but there are many great futurists around the world where I take input from.

**Lee:** Okay, so we can't call you "The Futurist"?

**Gerd:** No, better not. [laughs]

**Lee:** You're able to tell us from your crystal ball, the future of telecom and media. I'm sure that's a valuable resource that you have, having that unique crystal ball.

**Gerd:** Well, it is not entirely a crystal ball. For me, it's always funny when I talk to clients because for me this is the present. For them it's the future because they have to operate things. From my point of view, I see the future as here already, but you have to have a little bit of imagination to actually project it into your business.

**Lee:** I like that way of putting it. Instead of going through a formal interview, and so forth, let's just cast out topics which have been bouncing around and just see how our chat goes. You must have seen plenty; there is this political push in the U.K. for three strikes, and you're cut off by your ISP or slowed down if you've been caught by your ISP for downloading "illegal" files. Have you got any comments to make there in this sudden ISP liability for content, which seems very crazy?

**Gerd:** I think there are a lot of more or less unfortunate things coming together on this. Basically, the content industry starting with music is rightfully worried about distribution becoming free. This is a global phenomenon. The more broadband we have the better devices, the more the push towards sharing and trading stuff without payment is clearly there. On the other hand, the content industry has, to a very large degree, refused to license the content in so many new ways that are being asked for, starting with imeem and YouTube, and MySpace originally. The refusal to license has essentially created a vacuum to where everyone rightly then also says if we can't actually do it legally, we have two choices which is to quit or to do it without permission. Then you have companies like imeem and MySpace and YouTube initially doing it without permission. That in return has created a need for the content industry to lobby the governments and industry organizations around the world to get the ISP to pick up the responsibility, which of course, is a rather ludicrous thought, given you could easily expand that to PDFs and JPEGs and what have you. That thought of deep package inspection for the sake of shoring up a specific business model is obviously not going to happen in Europe.

**Lee:** You said it's not going to happen.

**Gerd:** No, the discussion has been raging in France for two years, with President Sarkozy pushing it very hard. It was voted down by the French Council of The Court, I think that's what it's called; the Supreme Council. They have said this is basically not legal so the government pushed for it; the Parliament voted for it in France, and then the Supreme Council said you can't actually do this. It violates the constitution. The European Commission has voted on it three times, already, saying there is absolutely no way they're going to support this kind of activity to improve things in the content industries.

**Lee:** Okay, so you don't think this three strikes debate that's been going on in the U.K. will actually lead to anything?

**Gerd:** No, I think that anybody who believes that technology exists, that you can solve this problem, is mistaken on this. It's basically not a technology problem. It's a structural and licensing problem. It's basically a business problem. Whenever you try to solve a business problem with technology, like we have with DVD region coding, and those kinds of things, you end up really going against the consumer and sacrificing things that otherwise the consumer will hate you for.

**Lee:** So you feel that this motion, this three strikes push to have your ISP do policing is actually pulling value out of the system instead of adding value to the system as a whole?

**Gerd:** It's a fig leaf discussion. It's as simple as that. The discussion about solving this problem with technology is nothing but a fig leaf because it will never work. In a democracy, it's not actually technically feasible. If you imagine this, then I get disconnected from the web for downloading and I go to my neighbor and use his Wi-Fi. He also gets disconnected. Where do we go? We go to the Internet café and we'll do the same thing. It goes on from there and sooner or later, somebody will ask for his JPEGs to be prevented, and Murdock is going to ask for people who copy and paste from the Financial Times or The Wall Street Journal to also be disconnected. It's a whole chain reaction of issues. That is just not going to happen in Europe. That could happen in China and it is happening in China, but not in Europe.

**Lee:** So you don't see policing of every file format?

**Gerd:** The key question really is this; does any of this make any money for anyone? Does kicking people off the web because they have downloaded without permission make any money for anyone? The whole idea behind this is to say, "Well, we've got legal offerings that you should be using rather than downloading for free." If the legal offerings are so technology stupid, like using DRM, or they are so far priced out that kids can't afford it, like iTunes, then where are you going to point them to? In other words, if there is no commercial possibility to be legal, why am I being forced into those channels that I don't want to use? That is against every possible logic, if there ever was one.

**Lee:** Okay, I'm glad that you have optimism that it's not likely to go ahead, especially when you see large political backing. Often, these things are pushed through and incur high costs on the industry have very poor results in the end - but they still get pushed through and have high costs and make consumers' lives awkward. I'm glad that you're optimistic.

**Gerd:** Keep in mind that this proposal does not have any substantial political backing. This is all lobbying, mostly the IFPI, the Federation of Phonographic Industries. This is a very unpopular topic for voters. Nobody who is going to push this on the ISP level to get at my Internet connection is going to get any votes from anyone. Think about it this way; the IFPI can spend hundreds of millions of dollars on this lobbying about this, but in the end, will the Parliament and the government proceed in this direction if they ever want to get a vote again? It's not going to happen.

**Lee:** One thing interesting that you mentioned was the DRM. iTunes has most of the market share for music download.

**Gerd:** The problem with iTunes, is that people get punished for interest. The more music I like, the more I want to investigate, the more I'm going to pay. That would be fine if that was within limits, but kids that download a couple of hundred tracks because they've just heard this band or so; that just isn't financially feasible. Therefore, iTunes has sold 7.5 billion songs in four or five years. That sounds great but how much money is that in four years, and is it going to scale to \$100 billion? It's not so basically iTunes is a great model for selling iPods, but not for selling music.

**Lee:** I hate to jump in with such an awkward question. It really is a difficult one but I have to jump in the very deep end and ask what is the model for selling music if you're telling us it's not iTunes?

**Gerd:** I personally am a great fan of all things Apple makes. I buy from iTunes and so on, but in the end, the model of selling music or content in the long run, but music to begin with, is to bundle it into access. Rather than me saying I'm making the effort to click on the track and buy it, I have a subscription or a bundle where I can do any of this. In reality, that bundle is already Internet access. That is already the same, except that it's not legal. The bundle is sold without permission, you could say. What needs to happen is as soon as I go online, whether it's on the mobile, or the DSL or whatever, permission for the use of music is included.

**Lee:** This is what you were [pushing](#) the last conference, the [spring conference in San Francisco last March](#). The [debut European conference](#), which you are kindly [speaking at](#) next month, you're speaking about telemedia futures and you're speaking about the need for telecom companies to move up the food chain into content. Telecom companies have been talking about becoming media companies for the past ten years, and doing some silly deals with sports coverage to get clips to the mobile phone and so on. All have been hugely unsuccessful. Many people say telecom companies should become the dumb pipe. They're transport only. Maybe not be a dumb pipe as such, but a distribution network, a way of moving things A to B with certain parameters and characteristics; the very last thing they ought to do is move up to content. That is not their business. When I look at your talk description for next month, you seem to be pushing the other way. Are you able to expand what you mean by moving up the food chain into content?

**Gerd:** Basically, if you're looking at the overall trend in this turf, it's that data is becoming a service now. In other words, I don't just pay for the 1's and 0's, I pay for the service of how it's handled. I have service offerings on top if it and then the service is now becoming content. Basically, when I want service, it relates right to what I want with content. You can't separate all these things any longer. When I talk about telecoms moving into media or content, I'm not talking about them producing music or becoming record labels, but essentially creating a platform for the use of the data, which is their original business, the voice of course as well; as well as the service, which is all kinds of offerings, and the entertainment and content experience. They have all of the things you would need to do this; they have the billing, the technology, the users, and the scale. They have so far not wanted to do this until maybe a year or two ago because they don't want liability. They don't want to be involved in something that is as hairy as rights issues. What you see now happening, especially in Asia, is that telecoms are saying, "Wait a minute. Our data output, or charges have to get cheaper because of the numbers of users and competition. People are making free phone calls over Skype and whatever other apps, even on the iPhone." They're going to have declining revenues in voice, and declining revenues in data. What is the solution for that? The next thing is to move up the next thing after data, and that's service and content. For that reason alone, they have to get engaged, which means not to pay whatever it takes, as has been done so far with music for example, but to create a new logic. That logic can't be to replicate the idea of a unit sell, a \$1.00 a song or so, from iTunes to the mobile portal. That does not work for 98% of the population. The solution is to bundle the content, the basic access and then up sell. That can only be achieved in the long run, I believe, with a public license for that content. You have numerous efforts around the world of creating what I call a private license, like Virgin Media and Universal, like Orange in France and the record labels, and so on. Most of that doesn't work because it's too expensive and it has technology problems. Therefore, if you think about this, think ultimately; we have roughly two billion users on mobile and regular Internets. All of these users have providers. What if two billion people were able to have legal access to music and pay \$1 a week, and if that payment was bundled, i.e. hidden with advertising, with subsidies like the cell phone hardware and so on; that would be a fantastic solution to everyone. I think telecoms are thinking, "Well, if we can make this happen, we don't just solve a huge problem which is content liability; we also create a next generation platform for the generation of new businesses, including virtual venues, virtual goods, and premium products." It's not really rocket science to think that far; that's why I was alluding earlier to imagination.

**Lee:** So you're seeing - I don't have to call it consolidation between telecom and media companies, there's certainly a clash between the two.

**Gerd:** The only that we can solve the problem of content on the web is by collaboration between the owners, the telecoms, the ISPs, the branding on the agencies and advertising companies, the people who make the equipment, the CE device makers and mobile phone makers. I would say rather than Nokia doing Comes With Music on their handset, they should do Comes With Music on the network.

That would make so much sense because the money that they spend on this, if they shared the efforts to create a uniform standardized experience where Nokia could have a preferred position; that would be much better than doing it on the handset.

**Lee:** Why would Nokia even come into play if it's the network? The network obviously has many handset types. What role would Nokia specifically have as a handset manufacturer?

**Gerd:** Nokia would, in essence, become the preferred platform or preferred subsidy provider that allows them to do all kinds of things. In this system, the user is very unlikely to spend the money themselves. For example, if you look at Spotify, the latest craze in music; who is going to spend £10 a month on subscribing to music flat out? That is a very small number.

**Lee:** You don't think people are willing to pay a subscription fee, a low subscription fee for people to have flat rate music?

**Gerd:** I think some of them would be; by and large, not - especially because the price point has to be \$.10 in India. The issue really is how to bundle the money as well as the service. In other words, going back to what I was saying earlier, \$1 a week or €1 a week, if that can be paid by third parties, including advertisers and companies like Nokia, which essentially would then be a large advertiser or stakeholder, that would make all the sense. It moves the burden of access from the consumer.

**Lee:** Now Nokia pays some subsidy, others - Verizon, whoever pays some subsidy for the \$1 or €1 a week. How do they get their money back? You say advertising. I can't quite imagine this yet.

**Gerd:** If you're looking at what's called the next generation advertising; I'm not talking about CPMs or buttons, or those kinds of primitive things, but branded applications. For example, the application you used to then get the content, like potentially Spotify, it could have Nokia in there in all different places, not just with a logo or something but with actual involvement with the channel, to where you are able to watch even Nokia branded content right next to the other content. Or, where Nokia could be seen as a presenter very much like Acura is presenting tech conferences or was it Lexus. You gain the benefit of essentially, next level of advertising, where your brand is all over the place and nicely integrated, but also completely customized, including location based awareness, which would be coming in on mobile devices. The amount of direct exposure you're getting to clients, there is currently 1.2 billion people using Nokia phones around the world. If they were able to get to all of those people in a targeted way using music, how much money is that going to be worth to them? Imagine that kind of branding that goes on, on mobile applications, like the OVI Store that they've just launched, and Apple iTunes and the Android Store. If they can have a preferred position in the sense that they are present because they're buying a piece of that system and making it work, that's exactly what they're trying to do now but they're doing it on their own handset, which in the long run is not economic.

**Lee:** I really like the description that you gave there. Even though we've only been on this call a short time, you've roughly mapped out the new ecology that you would like to see.

**Gerd:** It's not that hard. Thanks for the compliment, but this is already in place. For example, Google in China has a legal model for free music. If you go to top100.cn which is Google in China, streaming and downloading of all the music is free, and legal.

**Lee:** I wasn't aware of that.

**Gerd:** Yeah, it exists. Google has said, "Okay, we're going to share revenues with the labels. We're going to share revenues with the labels." I don't know what their revenue is, I think it's 70/30; I'm not sure. "We're going to share money. We're going to pay upfront a little bit. We're going to lubricate the ecosystem." It could be the headline for this interview. We have to lubricate this new ecosystem. If there is nobody in there who has any interest in lubricating it, it won't happen. To me, the ISPs and operators are the ones that could easily lubricate, if the content owners gave permission. The money is there. Can you raise a dollar or a euro a week for a wireless or Internet subscriber? You can. There are enough brands and subsidies, and enough ways of making this work for a dollar or a euro a week.

**Lee:** The telco provider could also be a broker between the content and an advertiser in order to brand the experience for one month with some washing up powder or some other service. They could

work as an intermediary to help create stickiness, attraction, and involvement with a brand using the music as the attraction, like Google uses search.

**Gerd:** Totally, I think they become the platform for all of this. Imagine what would happen; this has been called the two sided model in many places, already, the two-sided telecom model. If they don't do this, Google will take over most of the connectivity around the world.

**Lee:** So Google moves down the food chain because they've failed to move up the food chain.

**Gerd:** They're going to do both; there's no doubt about it. They have to. Every single person around the world that gets to go online floats the boat of Google. Google puts satellite into space with a company called O3B, the other three billion. Putting online most of Southeast Asia, Africa, Brazil, India, and China for free, more or less for free as of next year. Google is going to provide connectivity, all of the cool companies that make equipment will have app stores. Which will sit outside of what the operator is doing. What are they going to end up with if they don't do this, if they don't move up into this telemedia system to where they are actually engaged. The total lack of engagement of telcos and ISPs have been really discouraging the whole solution of this.

**Lee:** That was very interesting what you said about Google moving down the food chain and offering free access. In order to jump into the crux of what you do, and I hate being so succinct, if you go and advise a telco on what to do briefly, a few sentences, what is your bullet point to them? What is your bullet point when you're first in the door, giving consultancy to a telecom company?

**Gerd:** Most of my work is think tanks. This is usually done in one afternoon or one day. The first thing is to look at what is happening. How do you make money in the connected world? That's the mind that we're getting vastly connected to very quickly, everywhere in the world. How do we make money there? There are a couple of major trends. One is the interconnecting of people, social media. That is becoming the number one thing on the web. I think Facebook has 5% of the global traffic now. What people are doing is they're connecting to each other. The Internet isn't about commerce. It's not primarily, and it's certainly not about data or information. It's about people, connecting people.

**Lee:** I would view it as being about communications.

**Gerd:** That's really the same word for it, in a way, but it's about people. What do they do? They consume content and they convene around content. They gather around content. Basically, starting with that you could ask what is the next big thing on the web. It's total abundance of a lot of things, abundance of content, 60 million songs, any movie you want - illegally, but it's all there. We have total abundance. Can you make money with abundance? Probably not as easy as with what I call the "new scarcities." The stuff that is really scarce now is curation, filtering, play listing, recommendation, sorting, connecting, and all the stuff that is more human in a way.

**Lee:** It's all things that save time and attention.

**Gerd:** Right, so Chris Anderson gives his book away for free, the free audio download is 8 hours. Guess what he sells? He sells the cut down version that saves people time, for £10, which is cut down to 3 hours. I save 5 hours of time and I pay £10. Isn't that the logic of what we're doing on the web?

**Lee:** You pay money to save time.

**Gerd:** Well, pay money to get a benefit of some sort, but just the music itself isn't going to be enough sellable benefit because it is just distribution. That goes for pretty much all medias sooner or later. What needs to happen is that for telecom to get into this is to first say people are connecting, convening around content; if I inject content in this system, will there be many opportunities for me to add value? The answer is yes. Once content is legal, then I can start sorting it, start making lists, start up selling to all kinds of other things related to the content. I become a very powerful and valuable platform and I don't have to create any of it because that shouldn't be the job of the telecom, to make TV shows or music. That is a very straightforward approach to this issue, when we get engaged we solve this problem for everyone. Our value goes up tremendously.

**Lee:** It will be very interesting what unfolds over the next two to three to five years. In order to move things along a bit, we have been chatting quite a long time; it's very enjoyable though. You seem to have been expressing interest in operating systems. If you're a media futurist, why have you had such an interest in operating systems between "open" and "closed"?

**Gerd:** Basically, I look at it more from a paradigm point of view. The entire "world operating system," we are switching from the old operating system of essentially domination and control, not just politically but also in terms of technology. Telecom walled gardens, copy protection, DVD region coding, intellectual property, WIPO and all that stuff; we're switching from that paradigm of control. We're being forced to switch to an open paradigm, the values are trust, they are merit, they are creativity, they are all those things that are much harder to pinpoint than on the other hand. What is the meaning behind Nokia donating Symbian into open source, into the open source community? What is the meaning behind GlaxoSmithKline and its client publishing a billion hours worth of cancer research to the public? These things are happening around the world and technology is only mirroring this. The more openness you have - Firefox now has 23% market share, 75% of the world's web browsers [servers] run on open source system. You see all these companies moving painfully but surely in the direction of saying, "Well, if we're more open we get more participation. When we get more participation, we can do better in terms of competition, which ultimately means we make more money."

**Lee:** This the whole co-creation of value.

**Gerd:** Yeah, so this is not a small feat. Most people are really worried about open systems because the lack of control means you have to get used to a different operating mode. Most of the time, it also means you're probably a smaller company. You need less structure there.

**Lee:** So, one company we see leading the way when it comes to media is Apple. As you will be well aware, Apple hasn't been merited with huge banners of openness, rather the opposite; they're being called the "new closed" so I'm trying to reconcile them being very successful in the new media space, i.e. iTunes and the App Store, and at the same time we're hearing they're the new closed. Google, we hear noises that they intentionally - I don't know if it's true at all. From what I read I can't be clear on it, but there could be disputes over running Google Voice over Apple devices.

**Gerd:** Of course, first of all there is no recipe. The Guardian or National Public Radio or the BBC being completely open works great for them. Would it work to be completely open for Samsung or HP? I don't know. I think there is no recipe here. I usually go for what I call the "controlled open" approach. Where does it benefit to be open and where does it benefit to exercise some sort of control? That is always a very unique mix. In the case of Apple, this is a one big exception; an extremely successful company and it's completely closed. Steve is the benevolent dictator, or the other guys there as well.

**Lee:** It's just hard to reconcile these new models with Apple's ongoing success.

**Gerd:** Absolutely, however, how many companies are able to do this? If you look at the landscape of companies, how many companies can do what Apple has done? Even if you tried hard, the bottom line is it's probably easier to go the open way unless you have a very unique way of existence. Many people have tried to become like Apple or to be like Apple; it's not working.

**Lee:** Are you able to share your view of what you would call "Content 2.0"? What is Content 2.0 to you?

**Gerd:** I think the Internet is becoming a globally connected society, which basically means when we market or sell content, it cannot be only about the distribution of it. In other words, the monetizing cannot be done just by counting on distribution and on the rights of doing so or not doing so. Content 2.0 is my sort of mime for saying we create content. In the future, how do we sell it, market it, and distribute it, and how does it generate benefits? I'll give you an example from the newspaper industry, which is currently under great pain. A lot of jobs have been lost around the world, people shutting down, and so on. In the newspaper industry, it's sort of an average of between 70-80% of the expenses of a newspaper or print magazine is not in the content. It's in the machine, the ink, the paper, the trucks, and the buildings. If you could say, "What if we stopped printing," and those expenses diminish, if we can shrink the company to a place where we can safely keep the 20% of the budget for the content creation, if we were able to do that and at the same time grow new businesses

around that digital content, to where Kevin Kelly calls the "new generatives," the new ways of creating money - for example, by aggregation, by commentary, by curation, if we can do that and if we can bundle content as software like mobile phone apps, that would show the path to a profitable future. Of course, never mind, there will be newspapers that will forever keep printing because there are other reasons to do so, not just financial. That sort of reflects on the general mission of the content industry, which is to say how do we keep content creation alive and then create new models around the distribution?

**Lee:** Okay, so one thing I have to ask because, again, you mention the future is, the crowd, and the cloud. If you have the crowd do you necessarily need an intermediary like a "newspaper, like a record company? The crowd is better at deciding what is a hit and what is this and what is that. It's this whole curation point; you kind of wonder if curation will become completely decentralized. I guess that's the billion dollar question.

**Gerd:** I don't think so. I think that the curation that the masses are doing, as you can see with Wikipedia or Amazon Reviews, or what have you, there is value to that. It's not the only value that can be obtained. I would much rather listen to Pat Mathini's new jazz guitar playlist than to look on Last.fm for people who like Pat Mathini. Am I going to pay for that? I think I would much rather pay for that than to pay \$1 a song on iTunes. I think the professional part of doing this is equal to the consumer source part, and they'll be completely converging. What The New York Times, for example, is doing, or NPR, National Public Radio in the U.S. is to devise a strategy to converge the two and create very unique value in that process of converging.

**Lee:** I have to agree with you, but we may be leading the curve to some degree in lifestyles. If I look behind me just now, I've got 300 DVDs I've not watched, because I subscribed to Amazon DVDs a long time ago and I've just never had a chance to watch any of them. The DVD player is not connected. I still keep getting DVDs by mail every month. I just am bombarded by content. I've got more music than I could listen to in the next two years. I've got a zillion, it feels like, articles noted that I would like to read.

**Gerd:** Here's the simple logic in this context. People complain about kids downloading music but the fact is; research has shown that people "consume" about 40 new songs a month, if you let them. That's 40.

**Lee:** Run that past me again?

**Gerd:** The average person in music consumes about 40 new songs a month. That's the volume of consumption if you let them, if they have a choice of picking stuff. There, the question isn't so much am I going to get paid for the distribution of those 40 songs, or do they download 40 million and then never listen to it. Who cares? The bottom line is I'm going to get paid for the whole thing around the 40 songs; the buddies that also listen to it, the collection, the curation of the process, and for up selling from those 40 songs to a concert recording or a virtual venue, or what have you. That is where the money is. The money isn't in selling those 40 songs. There is some money in selling the 40 songs, but that's not the end game. If I'm going to say pay me a quid for 40 songs, that's a totally flawed calculation on the Internet.

**Lee:** I hear you and actually, while we're talking, I just went to Google and searched for something that my friend Martin Geddes said back in 2005, which I highly agreed with and you're echoing it. I put some keywords in Google to find it. This is [Martin Geddes speaking about telephony](#), "Here's the deal. In the old world, the economic activity started when the phone call began," i.e. meaning charging for the media, the voice. "In the new world, that's when the economic activity ends. The money is in presence, social networking, filtering, privacy management, and so on. It's a complete inversion of the economics of telephony." In other words, he's saying it's all the signaling around a call which is where the money will be, rather than the media itself. It's nice to see that four years later or almost four years later, we're making the same noise still, but for what I would call the entire industry not just communications, but media also. It's an aggregation. It's in filtering. It's enabling social networking and so forth is where the juice lies to make money.

**Gerd:** Absolutely, if I just summarize two things there that came to me as you were talking. We need two things. At first, we need permission by the rights owners to get involved on a network wide, open platform license. We have to stop that one step calculation of if I want a song I have to talk to 50

people in 50 different places. They had something in open license and it has to be collective, either voluntary or compulsory, starting with music.

**Lee:** I like the notion of compulsory.

**Gerd:** Collective is fine if this was effectively the same as cable TV or radio or the copy machine for that matter. The second thing we need is for the telcos to get out of their data world and say, "We're going to lubricate this because that's how we're going to make a huge difference in our P&L in three or five years. We're going to put the money into creating a system that actually works for all involved parties." That is exactly what Google is doing. Google Books, the satellites, Google China Music, Google is lubricating the content ecosystem because they know that this rising tide will send their boats flying off into the sky.

**Lee:** Great, and I am really happy that we got in contact last year and you've been pushing, not just pushing, but highlighting what is taking place. You did so at the [last conference](#) and you'll be [speaking again next month](#). I think you're doing a [20 minute keynote](#). Do you want to finish this off, since we've been on this call for some time, by giving some idea of how you see the future of advertising? We've covered content, policies, where money is, but do you really think that advertising is going to "pay" for everything? What is the future role of advertising?

**Gerd:** I think Fred Wilson from Union Square Ventures said that the age of one-way communication from an unwanted or uncertified brand is over. That is what advertising used to be. You get one-way stuff dumped on you from somebody where you don't like them or don't know who they are and you don't care. The business of advertising as disruption, interruption, or a nuisance that is unavoidable is over. On the web, we're not going to take anything like this. We're completely going to punish people that do this to us. For example email, any PR company that emails me with their pitch goes into the black list. I dump them. I punish them. Any PR company that follows me on Twitter and gets involved in a conversation and looks at what I read and what I like, and then sends me a meaningful link; they go on the white list.

**Lee:** They're positive in terms of Groundswell.

**Gerd:** They participate. Anything with interruption or disrespect for the user is going to be swept away. That is, right there, most of television advertising. That's just a question of timing. Advertisers are usually two to three years behind that curve. Basically, we're going to absolutely switch that model to where advertising is engagement and interactivity. The trillion dollar budget of advertising and marketing that is pretty much spent per year, I think at least 1/3 of that will move into the landscape of figuring out where are you, what do you like, where have you been, and what do you allow me to show you.

**Lee:** I would love to talk longer because I would love to tie what you have been pushing in that final statement with what [Sense Networks](#) are doing. I have to ask you; did you remember the [talk from Sense Networks](#)?

**Gerd:** A little bit, yes, but I'm familiar with what they do.

**Lee:** They're going to be speaking next month, as well. We're not just going to have [Tony](#), but we'll have [the CEO](#) as well, of [Sense Networks](#) in Amsterdam. When you combine what they're doing and if you remember that all telcos have obviously got signaling networks, then it's an absolutely fantastic combination. I really feel I would love to end there. You're saying that kind of final point you were making and combining it with the likes of what Sense are doing, I think are really paving the way in an extremely exciting direction. Since the last conference, they've received funding, which is a good sign. I think we'll finish off there, and I appreciate the afternoon coffee chat with you. As usual, we spoke for a long time, but I felt as usual that it was uplifting. Thank you very much Gerd and I hope you have a very successful week. I appreciate you sharing your insights.

**Gerd:** Okay, we'll talk soon. Thanks.

**Lee:** Thanks, bye.