

Agilwv

# Why We're Here

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**Define an innovative and scalable IFE experience that extends Good Goes Around, increasing traffic to Delta.com at minimum outlay and operational cost with high value for our core target.**

# IFE Domestic: Current Situation

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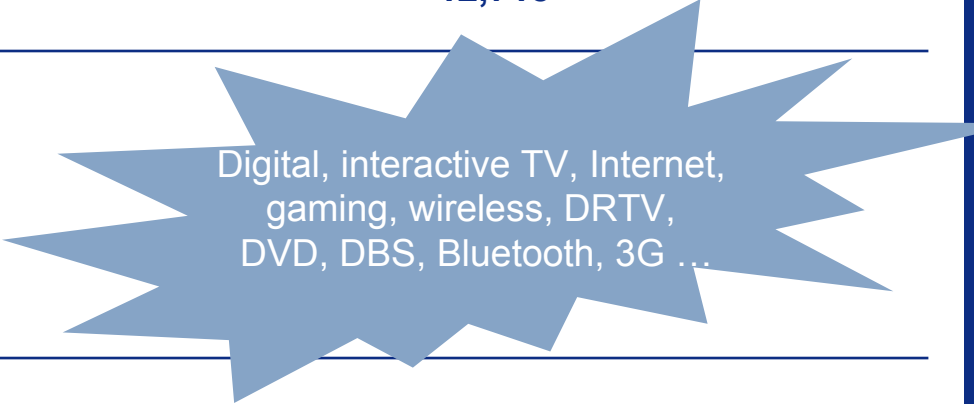
- The **offering varies** from the very limited to seat-back TV programming
- Installation of seat-back offering **comes at a high cost**
  - \$1MM per plane
  - Years to fully implement
- **Catch 22 exists** for latecomers
  - Technology obsolescence
  - Reliant on unproven ad model
- **The media and consumer drivers influencing IFE in flux**
  - Shifting consumer behaviors/attitudes

# Technology & Entertainment: Seismic Shifts Are Occurring ...

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- **Media/Channels**
- **Entertainment/Content**
- **Platforms/Devices**
- **Consumer Behavior/Usage**

# Media / Channels

1985	2005
3 networks	7
7,744 radio stations	12,709
2,722 print vehicles	12,718
 <p>Digital, interactive TV, Internet, gaming, wireless, DRTV, DVD, DBS, Bluetooth, 3G ...</p>	

**Vast & Fragmented**

# Entertainment/Content

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- Halo 2 (the game) grossed \$125,000,000 in first 24 hours vs. *The Incredibles* debut of \$75 million in first 48 hours
- Sirius to provide music to Sprint phones
- Ringtones \$1.99 vs. songs \$.99
- “Consumers want their entertainment, media, and content their way”  
– *Business Week* 6/05

*Def Jam Hears Call For Wireless Content*

## **MTV Goes Into Overdrive**

Creates new broadband-based content service for nonlinear media users

**AOL Building Free Portal  
To Make Its Content Pay**

**Digital & Personal**

# Platforms/Devices

- US broadband penetration 60% by mid '05
- 53% of all PCs sold were notebooks in '04
- 24 million iPods sold represent 20% of market
- 575,000 PSPs sold in first week
- 140 million Americans own at least one mobile phone
- “Wi-Fi scheduled to fly in '07”

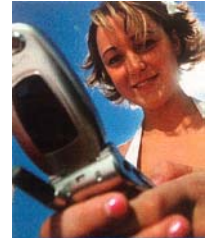
## You Mean You Can Talk on This Thing?

Tens of thousands of unique and weird tidbits are available for the device formerly known as your cell phone.

## More Video To Go

McDonald's Increases Number Of DVD-Rental Kiosks In Its Chain To 1,200-Plus

Coming Soon to a  
**Tiny Screen** Near You



### By the Numbers

**182 million** U.S. wireless subscribers at the end of 2004.

**63%** Penetration rate of cellular subscribers.

**40%** Portion of 12- to 14-year-olds who own cell phones.

**\$4 billion** Spent on data services last year.

**4%** Cellular revenue derived from data services.

**2.5 billion** Text messages sent each month.

**\$200,000** Average cost of developing a mobile game.

Sources: Yankee Group; In-Stat, IDC; ITFacts.biz; MobileYouth.

# Ubiquitous & Mobile

# Consumer Behavior/Usage

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- The claim that “customer is king” has always rung hollow. The digital marketplace has made it a reality.  
– *Economist '05*
- Going Mobile! America hits the digital road.  
– *Harpers '05*
- The difference from 2000 is that consumers are more sophisticated and confident with technology and content.  
– *Fast Company, February '05*

**Zap!**  
In the age of TiVo, television viewers watch even fewer ads

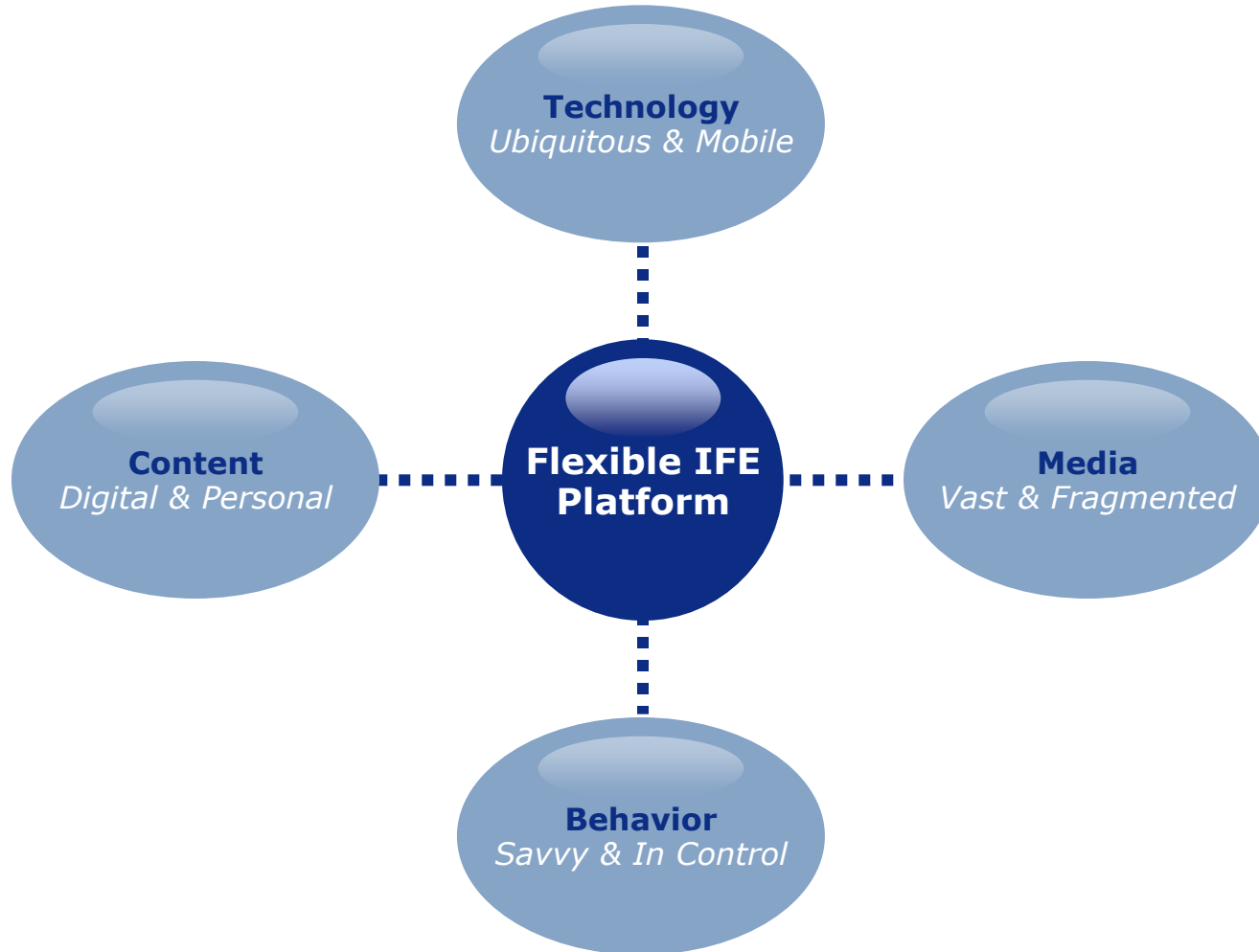
**THE VANISHING  
MASS MARKET**

With Popcorn, DVD's and TiVo, Moviegoers Are Staying Home

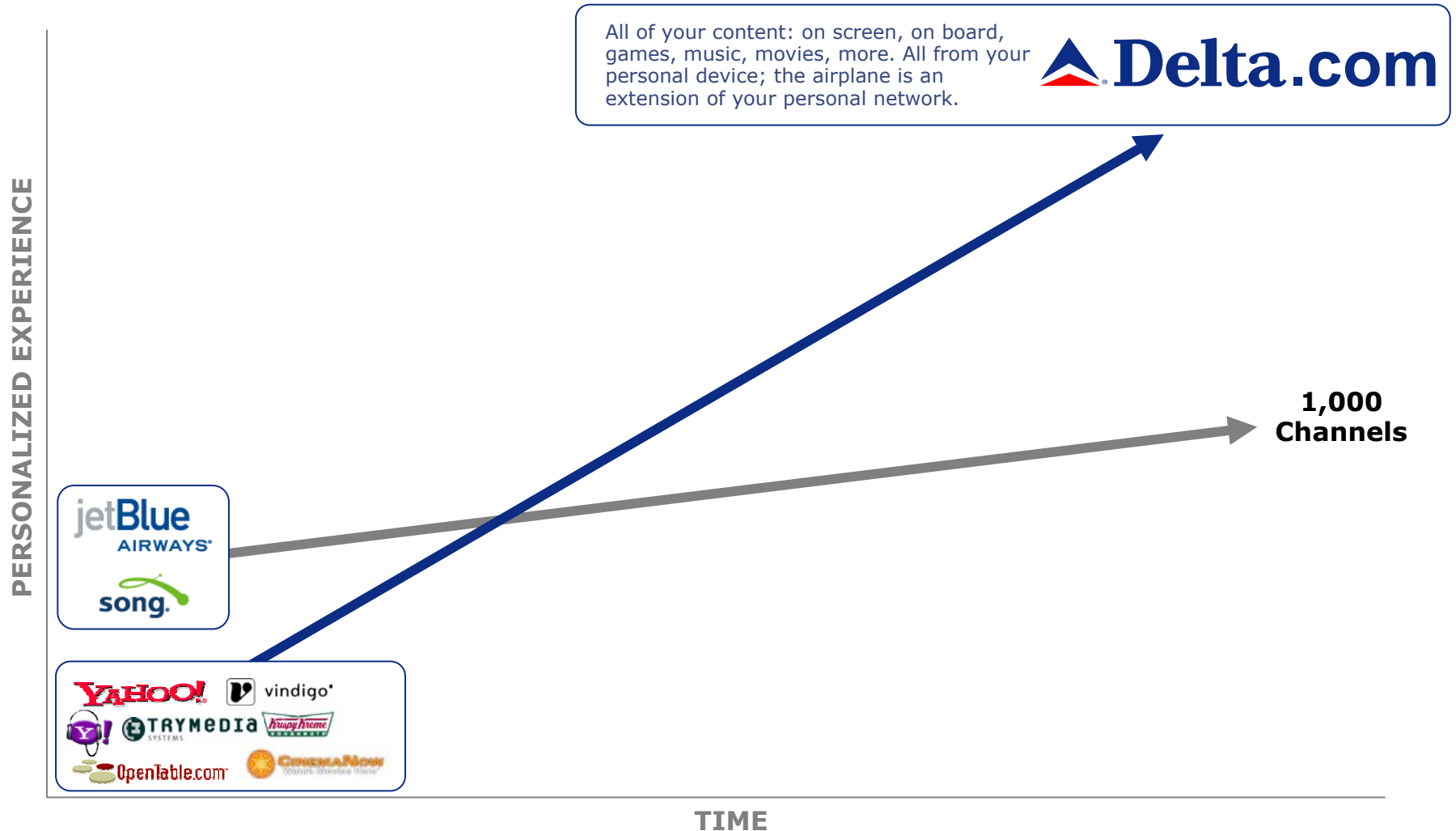
**Savvy & In Control**

# Flexible, Not Fixed

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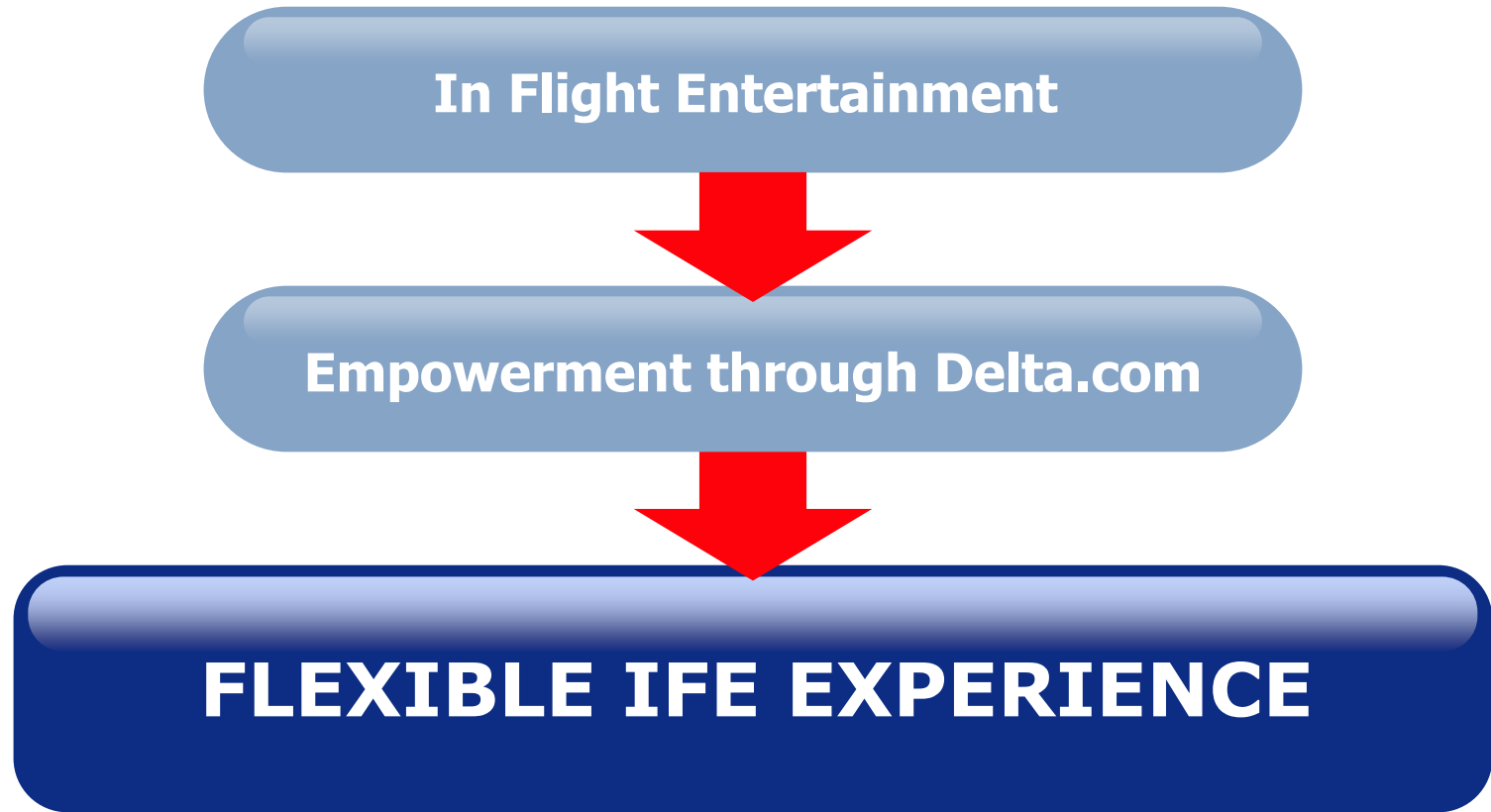


# Future of IFE: Programming vs. Personalized Experience



# Placing Delta.com at the Center of IFE ...

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# Simultaneously Aiding Current Goals for Delta.com ...

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- **Migrate Current Customers to Delta.com**
  - Reduces Operating Costs
- **Attract New Customers to Delta.com**
  - Results in Increased Revenue
- **Retention and Loyalty**

# On Strategy ...

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- Carries through on “sharedness”
- It’s CASSI
- Delivers @ airline experience

**Truly “Good Goes Around”**

**Creative**

# Backbone of Experience


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Games

Movies

Music

# Preferred Partner Recommendation

Category	Key Partner	Option 1	Option 2
Music 			
Movies 			
Games 			
Reservations 			
Mobile Content +Alerts 			
News and Weather 			

# Partner Rationale

Category	Partner	Partner Offering	Qualifications
Music 		iTunes Music is a music download service, delivering songs and audio over the Internet to PCs, Macs and iPod devices	1.5 million tracks from all four major music companies and over 1,000 leading independent labels. Has sold over 430 million songs
Movies 		CinemaNow delivers movies on demand via the Internet for streaming or download	1,500 movies available for download, movie download and streaming partner for MSN. Provides downloads for mobile devices
Games 		Trymedia is one of the largest providers of digital delivery services for video games. Also handles all digital rights management	Serving over 30 million game downloads; over 1,000 titles in library, including 30% hardcore, 70% casual; game download provider for Yahoo!, AOL, MSN. Strong DRM software
Reservations 		OpenTable is an online restaurant reservation service	Over 3,000 restaurants, over 75 cities, and just launched in the UK
Mobile Content +Alerts 		Mobile content aggregators, developing city guides, games, sports, movies, and more  SMS back-end service for delivering alerts	Subscribers, and publishes over 20 multimedia mobile products, including Mobile Mapquest. Every platform, and all Tier 1 US providers. Relationships with global networks. Economies of scale when using other Vindigo services
News and Weather 		Yahoo! Inc. is the No. 1 Internet brand globally and the most trafficked Internet destination worldwide. Yahoo! provides online products and service essential to consumers' lives, and offers a full range of tools and marketing solutions for businesses to connect with Internet users around the world	Yahoo! Inc. is the No. 1 Internet brand globally and the most trafficked Internet destination worldwide. Ogilvy client and partner

# Games



TRYMEDIA  
SYSTEMS

## Program

- Delta and Trymedia “Games to Fly By”
- Access to the entire Trymedia catalogue with over 1,000 titles
- Fully functional with a limited trial period to play
- Would get commission on any sale of games

## Costs

- No cost
- The upfront cobranded site. The only costs would be production for the site
- Costs would be incurred for extra time to play – longer demo time, free full-version games

# Music



## Program

- Delta and MSN Music “Music to Fly By”
- MSN Music will build a custom redemption page and will give the client two options for fulfillment, the process of giving unique codes to individuals
- Delta can give away songs at any point: in-flight, online, etc.

## Costs

- The set-up fee from MSN is \$25,000 and the per-song charge for Delta will be \$.94. The per-song charge is earned against the flat fee, so there aren't any further costs for the first 26,596 songs redeemed

# Movies



## Program

- Delta and Netflix “Movies to Fly By”
- Access to Netflix’s 45,000 movie catalogue
- Customers can receive movies via mail before the flight and then return them after the flight

## Costs

- Ongoing dialogue

# Additional Service Partners



## Program

- Book tickets, hotels, cars, and now restaurant reservations online through Delta.com
- Provide the opportunity for customers to book restaurant reservations in the city of arrival, after they have completed their booking at Delta.com

## Costs

- No partner cost

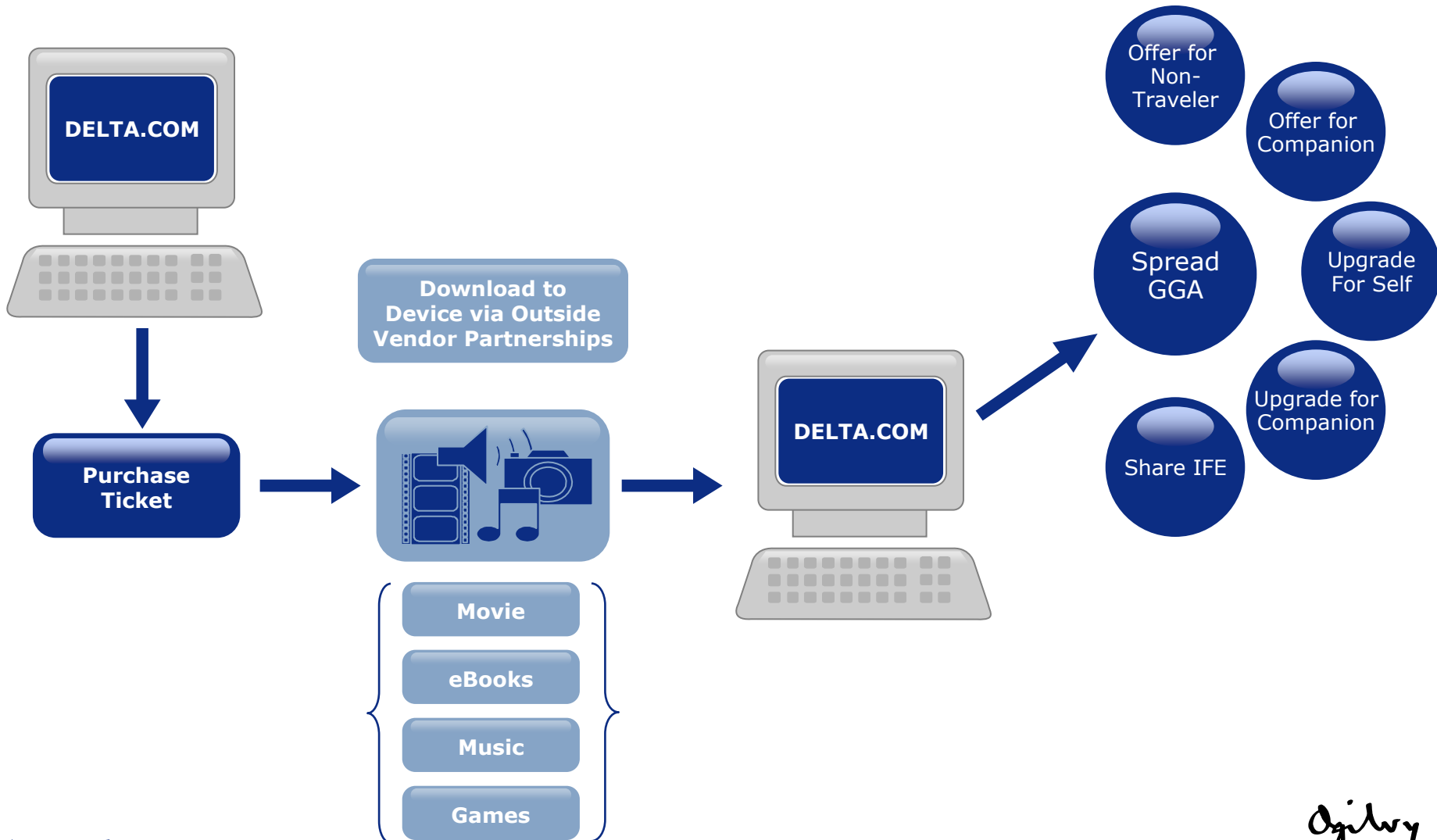
ZAGATSURVEY.



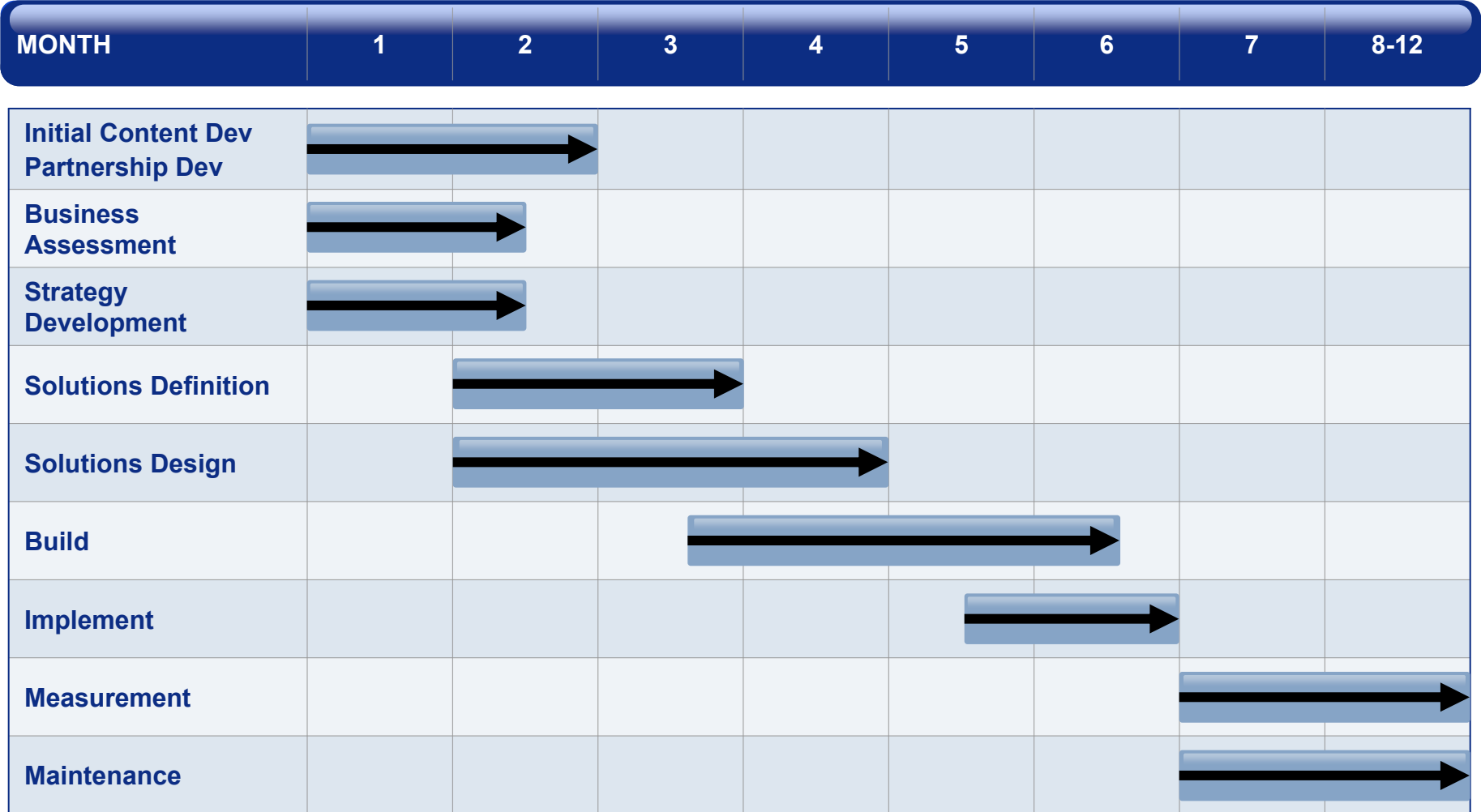
vindigo\*



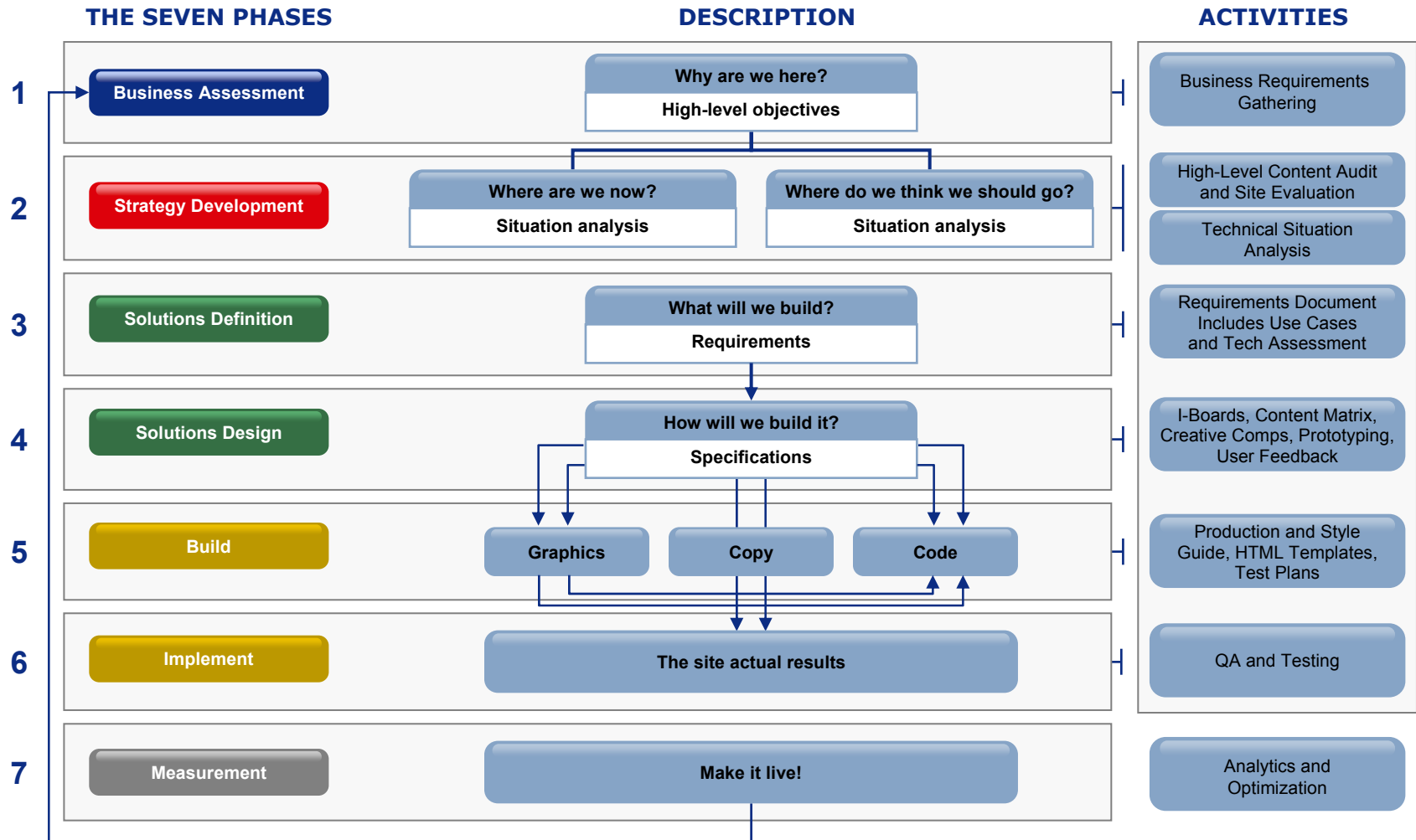
# Deliverables for Rollout



# Rollout Timeline



# Interactive Process



**Here's to the Future!**