Mapping The Power Of HD
Create Content Partnerships That Generate New Revenue

By Paul Brenner

The radio industry is well aware that the future is digital, but how can we make money from HD Radio technology? And how can we use it to ensure our continued relevance in the media landscape? A number of companies are finding that providing data-distribution solutions for outside parties is a way to increase the potential for making money from HD bandwidth.

A group of nine radio companies recently announced the formation of the Broadcaster Traffic Consortium, which will use HD Radio technology to broadcast real-time NAVTEQ traffic and other location-based information to portable navigation devices and in-dash automobile systems.

This kind of datacasting isn't just for large metropolitan areas. Traffic may be in more demand in larger cities, while weather may be most in demand in smaller markets. Applications like music tagging have mass appeal as well.

Establishing BTC's nationwide network of radio companies took two years, but a single-market project could be simpler and quicker to execute. Regardless of the scope of a program, radio companies need to keep four things in mind when working with new-technology firms on datacasting projects:

1. Understand what the outside partner needs. Make sure you know what the non-broadcast partner wants. What are their systems requirements? How much of your spectrum do they need? What changes will you have to make to accommodate their needs?

On the flip side, make sure the other party is fully aware of your capabilities and limitations. These details are essential in defining what you're trying to achieve so you can get everyone on board, including your managers, your engineers, and any other business partners.

It can take time to unfold some of these complex issues. In the case of BTC, the process included a lot of back and forth on the geographic coverage and systems capabilities NAVTEQ wanted versus what the radio partners could provide. Also, BTC had to make sure NAVTEQ understood the FCC regulations on HD Radio broadcasts.

2. Prepare to add equipment and standardize your data. Radio stations are often islands of technology, operating systems, and IT infrastructure disconnected from the outside world. But to work with new-technology firms, broadcasters must have an Internet-integrated facility that is ready to receive data feeds from outside the company. Most datacasting partners aren't interested in a small-footprint broadcast. You must have HD, obviously, and the bigger the coverage, the better.

For HD content, you'll also need an importer, the side-channel piece of HD Radio broadcasts that allows stations to inject secondary channels and data. And, along with the HD components, you may need to standardize on-air system content so it matches the AMG or Mediabase systems. Broadcasters that want to work with Apple to implement iTunes Tagging may have to scrub their music metadata to match the standard.

3. Newer tech firms may have a different business philosophy than radio's. There is a very wide gap between how broadcasters think about business and how new-technology firms operate. To put it diplomatically, radio is managed by a relatively small community of companies that have become rather comfortable with the traditional radio business model. This is changing, but radio companies don't typically think about the same kinds of challenges that, say, a software company does.

A tech firm will come to the table with concerns about confidentiality, intellectual property rights, software development rights, and ISO compliance. You will have to step out of your comfort zone when you negotiate with these guys. To build a datacasting solution, you need to think more like an applications provider as you strive to meet what the datacaster wants.

4. It may take time and patience to get the deal done. Getting consensus among the various stakeholders can be a drawn-out process. At one point, the BTC project plan had 200 legitimate issues to resolve. The players involved will have their own agendas for what they want to do with that digital piece, and they may have other plans in the works at the same time — perhaps some they can't tell you about.

We don't yet know all the possibilities, but if the radio industry develops the necessary infrastructure, new-technology firms will be willing to pay us to distribute their data. Radio companies that are willing to collaborate with others, and willing to make the necessary systems upgrades, will be poised to take advantage of these opportunities.

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