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# Radio Groups Build a Shared Data Channel

*Brenner Sees Radio as a Data Distribution Service to Support User-Specific Applications*

by Paul McLane, 08.01.2008

Paul Brenner likes HD Radio. But not because he thinks it sounds better or sprinkles lots of new multicast stations around the dial. He thinks HD Radio's data distribution capabilities could add millions of dollars to radio's revenue bottom line and he's trying to make that happen.

If Brenner's hopes are realized, content providers looking for a national data distribution platform to reach consumers in their vehicles or on mobile devices will have a new choice soon, one that relies on the HD Radio data delivery capabilities of hundreds of U.S. radio stations.

This year, eight radio ownership groups announced the Broadcaster Traffic Consortium, a joint venture that essentially will sell bandwidth to content providers and divvy up the income, helping the broadcasters pay for, and profit from, their new digital infrastructures.

This also puts the consortium squarely in competition with Clear Channel, which has been building an HD Radio-based data distribution platform of its own.

## 'Audio plus'

The new consortium has just one customer at present, but it's a notable one: Navteq, a provider of digital map information that enjoys a lion's share of that market. If you own a vehicle navigation or location-based system, there's a good chance the digital maps and content come from Navteq. Further, that company is now about to become part of mobile phone giant Nokia, which is in the final stages of purchasing it in an \$8.1 billion deal.

The BTC's immediate goal is to build a nationwide network to distribute Navteq traffic information — such as traffic flow and points of interest — via HD Radio technology. In doing so it hopes not only to make more money but also to accelerate the penetration of HD receivers.

Paul Brenner is the vice president of integrated technologies for Emmis Communications, which administers the consortium, and he was recently named president of the BTC — although this seems like a formality, given that he has been spending a great deal of his time for two and a half years envisioning and then helping birth it.

Radio, Brenner says, needs to position itself as a provider of “audio-plus” applications. He believes the BTC is a big step in that direction, taking advantage of radio's strengths — meaning low-cost distribution, localized content and digital capacity — to re-establish itself as a means of engaging consumers.

Further, for HD Radio to succeed, he said the industry needs to emphasize the same “audio-plus” argument. Digital



*(click thumbnail)*

*Paul V. Brenner*

audio and new channels are not sufficient to make the business model work, he feels. The data capacity is key.

The consortium effort was prompted several years ago by traffic content provider Traffic.com, which later became part of Navteq. Eight broadcasters put up the money for the consortium: Beasley Broadcast Group, Bonneville International Corp., Cox Radio Inc., Emmis, Entercom Communications Corp., Greater Media, NPR and Radio One.

Emmis took the lead in organizing it, and Brenner — a new technology executive with a background in electronic engineering, e-business and information systems, to whom the Emmis engineering staff also reports — has been its chief architect.

Also contributing spectrum as partners are Lincoln Financial Media, Cumulus Media, Hubbard Broadcasting and Cobalt Operating LLC, though these four are not part of the BTC ownership.

The result, Brenner says, is a formidable organization with some 1,300 stations within its umbrella. Thus BTC can be a “one-stop shop” for any content provider that wants national distribution.

“HD Radio has huge amounts of capacity compared to FM. If there are content providers out there looking for a low-cost, high-return way to reach the complete U.S. market, they don’t have to just go to Clear Channel. They can have the same conversation with BTC about distributing data across the United States.”

To participate, a station must have a full-market HD Radio signal, an importer and Internet access. It must meet the BTC’s infrastructure stability guidelines for factors like IT readiness, up time, power redundancy, bandwidth capability, ISP and so forth.

Each of the owners assigns a lead manager responsible for implementing the technology. At Greater Media it’s Milford Smith, at Bonneville Talmage Ball, at Radio One John Mathews, at Entercom Alex Keddie, at Cox Radio Roz Clark, at NPR Mike Starling, at Beasley Mike Cooney and at Cumulus Gary Kline.

The technical process isn’t complicated, though a handful of stations have had to upgrade an STL or obtain an Internet circuit.

Navteq worked with Ibiqity Digital and wrote the software that allows its data to be fed into the importer.

### **The role of RDS**

What about RDS? Couldn’t this new service just as well be provided in the analog FM spectrum today?

“RDS is too slow — low capacity and limited speed,” Brenner said.

“RDS-based traffic services are just now coming in to maturity. They will continue to thrive while HD systems are developed. The amount of content serviceable over HD is so much greater in size and faster in delivery.”

He feels RDS is likely to continue to thrive for some time because it can provide greater coverage — at least until HD power levels increase — and can be implemented by a manufacturer at a lower cost than HD receivers.

“BTC provides the broadcast distribution channel for Navteq. SCA was discussed; however, with great analysis, the decision was to use RDS in the short term and focus application development on HD.”

Brenner noted there are SCA digital technologies such as FMeXtra available. “However we felt that Ibiqity was more advanced on providing the Advanced Application Services interface that Navteq needed.

“An investment in SCA, like MSN Direct SPOT, creates a proprietary solution for broadcaster and receiver and unknown amounts of time and dollars for adding an interface — physical and software — to format, transmit, receive and activate the software content. Digital SCAs are traditionally audio only.”

## Competition

The group of broadcasters has ample competition in this niche.

Last year Microsoft and Clear Channel Radio announced a collaboration to build a data delivery service using HD Radio technology. MSN Direct HD is an extension of Microsoft's MSN Direct service, which transmits traffic, weather, movie times, sports and stocks to Smart Watches, weather stations, GPS nav devices and home appliances. The expansion of that service into HD Radio was part of Microsoft's Smart Personal Objects Technology (SPOT) initiative.

Other competitors to BTC include Sirius and XM. Clear Channel also operates its own Total Traffic Network.

So what's the pitch to attract businesses to the BTC system in particular? Brenner says the group is structured to accommodate the acquisitions and divestitures common to the radio broadcast industry.

"The consortium is founded by operators who understand the framework of the broadcast business and are eager to broadcast Navteq content — meaning, our HD and RDS distribution channel is not reliant on a single organization's business decisions, which is a key point in the current economic climate of commercial broadcasters."

Diverse station ownership provides more site diversity of FM and HD Radio transmitters, he says; and BTC has a competence, breadth and depth of experience that is relevant to the industry.

"The individuals managing this organization come from NPR Labs, NRSC leaders, SBE leaders on the tech side, and senior executives — legal, business, sales — from across the majority of major broadcast groups."

But BTC is not soliciting business beyond Navteq at this point. "We will evaluate the need as it occurs. At this time, our primary purpose is to aggressively build up and meet the needs for Navteq to compete in the current and active market for their market verticals."

I asked Brenner why the consortium members didn't work with Clear Channel.

"Clear Channel signed their own deal with Microsoft. They have their own structure. And I wouldn't say they're viewed as inclusive."

"Most broadcasters probably aren't comfortable donating that kind of infrastructure to Clear Channel's efforts. Most people, as I went around to build this, were interested in having their own alternative to Clear Channel and creating competition."

OK, I pointed out, but the consortium still involves eight competitors who now must work together. He agreed it's an unusual arrangement and noted that negotiations over how to divide the BTC revenue occupied several months (they settled on a formula based on Arbitron population). But, he says, "everyone I deal with, all of them are quite cooperative with one another."

Meanwhile, a CBS or a Citadel also might be a logical candidate to join, "but they don't have the station ownership to provide 100 to 150 markets," Brenner continued. "Navteq dictates what coverage they want; we're in lockstep with their demand. Their road map is to be in market 100 by Q1."

I also wondered if the Navteq service will offer non-traffic info like weather, gas prices and movie times.

"Yes. Navteq works with OEM automaker and personal navigation device makers to provide all the things you listed and more," he said, though he declined to discuss the "more."

## Dashboard utility

Radio has had mixed results in efforts to generate business using its bandwidth for data and specialized services. To Brenner, the difference is the content and the partner.

“Navteq has greater than 90 percent market share in digital mapping; they have relationships with every automaker out there. They have content that makes the dashboard a utility.

“If we’re the partner, it’s the perfect marriage,” because by putting content like traffic and weather on a Navteq map, radio extends its traditional involvement in such information.

“It’s not just ‘traffic on the 10s’ anymore. It’s a logical next evolution of technology serving the next function. (Consumers) want to be able to touch a screen to know where traffic is, not have to wait. It’s a natural fit.”

It’s important to note, though, that this is not an arrangement under which a station brand is visible to the consumer.

“Navteq owns the content. For broadcasters, it’s hard for them to give up that ‘public face’ to the consumer, but they’re not getting a piece of real estate that says ‘WABC.’” Each navigation device will know how to seek the signals out without consumer involvement, so a station’s role is invisible to the user. The benefit to a broadcaster is monetization of digital technology, not telling listeners about it.

Brenner believes the traffic data concept could translate into millions of dollars for broadcasters if HD Radio is successful. Beyond the revenue angle, he is excited to have Navteq promoting HD Radio to its automaker partners. “We’re really dragging the premier content partner for dynamic dashboards into our industry,” he said.

At a recent automaker event in Detroit, he said the “audio-plus” applications concept drew attention. “‘Multicast’ and ‘sounds better’ is not an argument that woos people, especially when (carmakers) are getting subsidies from the satellite guys. In general, I was shocked at the amount of interest the automakers showed (about) applications without audio. They found it very appealing.”

Navteq airs data via RDS in 54 cities now. BTC has six markets online with the new digital data distribution; they are Los Angeles, New York, Chicago, Boston, Tampa and Detroit. Brenner hopes to have 60 cities up by September and 100 by early next year.

Navteq licenses the deals under its moniker of Navteq Connected Services, or NCS. For its plan to work, Navteq must convince application service providers, original equipment manufacturers and automakers to carry its traffic and location content and services, so it is working with various portable navigation companies, hoping to put products on the shelf, and with carmakers, aiming to get its offerings into the dash. The latter can take years.

Meanwhile, Brenner hopes broadcast equipment manufacturers and Ibiqity will invest more time and effort into the data side of HD Radio’s growth.

“As an industry we need to think differently, to be there and support these kinds of application providers. That’s how the money funnels to us for HD. The vendors put a lot more priority on the audio side of HD. I’m not faulting them; but this data capacity is very big.”

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