In this paper we are presenting a business case analysis of a potential IT business strategy in the entertainment and media industry. We will begin with a brief analysis of the current state of the market in order to perform an in-depth examination of potential game changing legislation regarding net neutrality. Following the examination, we will determine the future impact this potential strategy would have on the industry. We believe that these changes in net neutrality legislation would be a large driver for change in the future of the industry causing disruption and affecting both companies and consumers.

The media and entertainment industry captures a wide variety of companies that serve to provide products and services that keep the everyday consumer engaged. The main segments of the media and entertainment industry are traditional print media, television, online content providers, radio broadcasting, film entertainment, social media, video games, advertising and manufacturers of technology. According to the Bureau of Economic Analysis (2014) information, communications & technology producing industries, which consists of computer and electronic product manufacturing (excluding navigational, measuring, electromedical, and control instruments manufacturing), software publishers, broadcasting and telecommunications, data processing, hosting and related services, internet publishing and broadcasting and web search portals, and computer systems design and related services added $960.8 billion dollars to the US economy in 2012. Combine this with an additional $113.2 billion from motion picture and sound recording and $162.5 billion from arts, entertainment and recreation. Together this amounts to $1.3 trillion dollars in 2012 alone, 7.6% of the GDP in 2012.

Experts at Parnandi Tech (2014) say that the most significant technological development for the evolution of the media industry has been the rise of the Internet. They further assert that IT has completely revolutionized how media is consumed and has created entirely new sectors and platforms for mainstream entertainment that are still in the early stages of development. This data is further supported by the fact that 80% of U.S. consumers multitask while watching TV (CFO Journal, 2014). Most of this multitasking involves another device such as a smartphone or tablet. Americans surf the Internet while they are being entertained by another source such as TV, film or the radio; they use two or more segments of the media and entertainment industry concurrently throughout the day both at work and in their homes.

As such it is almost needless to say that the media and entertainment industry is growing. Analysts at Companies and Markets (2014) expect the global E&M market will grow at a CAGR (compound annual growth rate) of 5.6% over the next five years, generating revenues in 2017 of US $2.2 trillion. Globally the fastest growing entertainment and media markets are China, Brazil, India, Russia, Middle East and North Africa, Mexico, Indonesia, and Argentina. These territories will account for 22% of the total global Entertainment and Media revenues in 2017, up from 12% in 2008 (PWC 2014).

With this growth and technological innovation, new challenges are being presented to the industry. One of the main challenges that the industry faces is keeping up to date and staying competitive due to quickly emerging new technologies. Including managing and projecting for the costs of staying on the edge of evolving technology and research. Another issue that is still in debate is data ownership and privacy. People?s personal information and financial data are floating around the Internet and held by large companies. Rules regarding the sharing of personal information and regulations regarding Americans rights to privacy are still in transition and the source of much debate. Americans regard the sharing of their personal information, between large companies and the government, to be an invasion of privacy. Furthermore Cyber Fraud has become increasingly intelligent and alarming. Just last week a study was released stating ?Cyber crime is a growth industry that's stripping the global economy of billions of dollars each year.? The total losses are estimated to cost the ?global economy as much as $575 billion a year? (Korosec 2014). As such, companies need to continue to evolve their security measures or they face huge losses due to threats from hackers and other fraud artists. Another new challenge faces the industry, one that could stand to change how people and companies access their information. Legislation could make the equality of the Internet a more classist arena, where only the elite have complete access with fast speeds. This challenge regards net neutrality legislation.

Net Neutrality is the principle that all Internet usage or traffic (content,

website, platform) is created equal. This means that any content creation or viewing is equal regardless of broadband width usage or speed used for downloading or viewing. Net Neutrality has allowed for an open Internet that evens the playing field between all people, companies, and firms - large and small. Essentially any person can use the internet to promote their company, vision, service or abilities and compete on a wide scale with companies that have long since been established and reputable. With Net Neutrality there is no difference in the quality of service provided. What we have access to and pay for to watch a movie on Netflix is the same as any other person; there is no tier service that gives another person better quality or speed of access over someone else.

Proponents of Net Neutrality fear that if the government passes legislation to end Net Neutrality discrimination will be prevalent and increased costs will immediately hit producers and service providers who will then pass along the increased costs to the consumers. Google has come out as a headlining supporter of Net Neutrality, citing the telephone industry that has no control over who we call or what we are allowed to say. The following is a statement published on the website SaveTheInternet.com, ?the free and open Internet brings with it the revolutionary possibility that any Internet site could have the reach of a TV or radio station. The loss of Net Neutrality would end this unparalleled opportunity for freedom of expression.? Other companies that have come out in favor of Net Neutrality are eBay, Amazon and Microsoft. The message these companies are sending is clear, keep the Internet open and free in the best interest of the people and greater society. Ultimately the belief is that without Net Neutrality, the Internet will begin to look more like cable television.

Opponents of Net Neutrality maintain the position that monitoring usage and bandwidth will not negatively impact the consumer and will lead to greater competition in the Industry. Opponents proclaim that this increase in competition is ultimately good for the consumer. In regards to the E & M Industry, increased competition means the content with the most resources will be more readily available for viewing by the consumer. Opponents include the Ayn Rand Institute, AT&T, and Citizens Against Government Waste.

Net Neutrality has had infinite impact on the E & M Industry. There has been an undeniable shift in the industry where the consumer holds more power than the producer. For the first time, the consumer gets to selectively pick what they want to watch or listen to. Consumers don?t even need to watch commercials anymore, disrupting the advertising industry, which has traditionally worked very well alongside the E & M Industry. Considering when television was first introduced and consumers only had about five channels to choose from (all in black and white) and the Internet had not been conceived yet, we have come along way. Now we can choose from between 1000 to 3000 channels with providers like Comcast or AT&T Uverse, and countless Internet streams of entertaining videos to choose between. From Hulu to Netflix to HBO Go, consumers have power of choice like never before.

Net Neutrality has been a buzzword recently in the media due to legislation and both sides of the issue promoting their viewpoints. The average consumer is learning for the first time what Net Neutrality is by definition and what potential changes may mean. The FCC first tried to introduce the idea of regulation into the Internet in 2005 by issuing the policy ?Broadband Policy Statement? that has four principles to protect consumers? rights: 1) Access the lawful Internet content of their choice, 2) Run applications and use services of their choice, subject to the needs of law enforcement, 3) Connect their choice of legal devices that do not harm the network and 4) Competition among network providers, application and service providers, and content providers. This policy promoted the open Internet from very early on. In 2009, the FCC added to these principles by requiring that Internet Service Providers (ISP) could not discriminate against content or applications and also that ISPs must disclose their policies to customers. In 2010 the FCC banned cable providers and telephone service providers from limiting access to competitors or websites that use higher amounts of broadband (like Netflix).

In a court ruling in January of this year the FCC lost some of its authority. In Verizon Communications, Inc. v. Federal Communications Commission the courts ruled that the FCC has no authority to enforce Net Neutrality because service providers cannot be classified as ?common carriers.? It is believed that since the ruling, providers such as Verizon and AT&T may be slowing broadband access to

websites that stream videos like Netflix or Google. In coordination with the ruling and their new limitations, the FCC is in talks with providers to assist with the creation of fast lanes for varying connection speeds for content creators. Customers of these providers would have preferential access to the Internet. Many senators have come out in disagreement of the FCC?s position. The main opposition is that monitoring and throttling of traffic will lead to distortion in the market. On May 15th of this year, the FCC voted on moving forward with their regulations on Net Neutrality. For the next four months the proposals will be open to public comment (a notice of proposed rule-making) and opinion before enacting the new legislation. The public is being asked to engage in discussion the following three proposed regulations: 1) Transparency rule would require ISPs to publicly share performance evaluators regarding internet speed and congestion, 2) the blocking rule would prohibit ISPs from blocking lawful content for any reason (even that of the competition), and finally 3) banning unfair business practices (based on the level of service provider the consumer has paid for). Ultimately the public has until September 10th to weigh in on the issue. While most of the influence is likely to come from lobbyists on both sides, it is stressed that public opinion does still matter.

Over the past 20 years the Internet has evolved beyond our wildest imagination, shaping a platform for creativity, innovation, and most importantly personal empowerment for millions of online users. This epic transformation not only changed the convenience to access information, it also affected circumstances in which we share, view, store and purchase online content. With this progression the only thing that has remained the same is Net Neutrality, until potentially now.

So what does the future of Net Neutrality look like? It certainly depends from which angle you are looking at it. The new legislation will permit ISP?s to prioritize certain websites, allowing them to make deals with subscribers for faster pathways. Unfortunately, in any situation of change there will always be winners and losers. The parties most threatened by these new rulings consist of low-mid income consumers, innovators (i.e. startups, entrepreneurs), non-profit institutions, and even scientific research. On the contrary, the media & entertainment conglomerates stand to gain an unfair competitive advantage as smaller businesses get priced out of the market via the ?slow lane.?

Net neutrality was originally established as an anti-discrimination policy for the Internet. As a safeguard for the People?s 5th amendments rights, Freedom of Speech is not just the ability to create content, but also the right to receive diversified news, art and commerce, which we are currently on the verge of losing. Ultimately the consumers will incur the greatest impact as they are kept in the dark and given an illusion of variety, while costs increase and access is limited to provider bias. This will result in a situation where the Internet is turned into an enhanced form of cable television, where the prevalent companies own a majority of the networks and will be inclined to air their own content. As companies seek to monopolize and eliminate competition it creates a sense of artificial scarcity where consumers have limited choices. It is our belief that these government-granted monopolies will not operate for the public interest when it conflicts with their financial bottom line and political power.

One way to counteract this problem would be to reclassify the Internet as a public utility, resulting in a heavily regulated system. But is regulation the best way to go? Opponents say this will choke investments and progress for big businesses and argue that they should be able to broadcast/stream any legal content they desire. Despite the claim that regulation will solve the problem, we must consider the drawbacks of regulation and the true intentions of the key players. Regulation does not always ensure fairness, as demonstrated in the case where the ISP, Comcast, intentionally slowed peer-to-peer (P2P) communications. Further proving how the power or money and political alliance can contribute to the deterioration of healthy competition and fair business practices.

Now let?s take a look at how the end of Net Neutrality will impact the E&M ecosystem, consequently leading to distortion of the market. Presently the only real competition the world media faces is the Internet, as this provides them with their most valuable resource, a channel for distribution. With the new regulations set in place, corporate America will capitalize on an unfair competitive advantage approach to create two lanes on the Internet, fast super-highways that big tech companies can afford and adversely less fortunate websites will be forced to use the

residual bandwidth. Decreased competition would result due to the ability of capital heavy companies? to provide more readily available content for viewing for the consumer. This roadblock of the free exchange of information would put the conglomerates in a position to make obscene profits, eliminating smaller companies who provide similar services. This will make it nearly impossible for independent artists or innovators to succeed because they simply can?t afford to compete. Moving forward, innovators will need buy-in from the key players in order to be visible. If this was the case in 2004, Facebook would likely not exist today. The ?startup culture? and entrepreneurial environments are facing a huge setback, as a plethora of potential innovation will vanish. As E&M conglomerates make deals with the ISP?s, this potentially ends an era of democratic access that drives unparalleled innovation.

Furthermore in the current state of our US Broadband, network providers would have no incentive to invest in infrastructure. Monopolistic companies would never be inclined to weaken their profits for the sake of improved services. Expectedly, the US is falling behind on global comparisons of broadband speed. According to FCC data, as of December 2012, nearly 30 percent of US households had only one choice for broadband provider. The irony of the situation is that it results in a counterproductive outcome, forming new opportunities for giant telecoms to gouge their customers for outdates and/or unreliable services.

If there is one positive takeaway that will occur due to this change it would be demanding more transparency of who they are providing services to, how much they are charging and if preferential treatment is being given to their own content. In addition, the regulation will be favorable to the digital education market as they implement new infrastructure to support the evolving industry. A considerable increase will occur in digital advertising, content, consumer spending as it shifts from physical spending. According to the PwC, ?heavy shifts in the market are set to take place in the next 4 years. Internet advertising will be poised to overtake TV as the largest advertising segment. Two-thirds of revenue growth from consumers and advertising will be digital.? The changes seem evident; if the E&M industry wants to remain viable they must jump on board and capture the market share that is shifting towards digital.

If the ruling is passed in September, the future of net neutrality will forever be changed creating feasible concern for anyone that conducts business, educates, distributes and/or consumes resources via the Internet. More importantly, it threatens the preservation of our current freedoms and will forever transform the industry of Media and Entertainment.

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