

BEING THERE IS EVERYTHING

Television has always provided big emotions that touch and inspire millions. In recent months, ProSiebenSat.1 has proved how much potential it has for the future: A hit format like "The Voice of Germany" allows the intelligent online platform **CONNECT** to be more interactive than ever before – and shows how social TV and the **MUSIC BUSINESS** complement each other perfectly. Viewers become contributors!



It may be that the live show does not start until 8:15 pm on Thursday with the fanfare that heralds a new episode of Germany's extraordinary talent show: "This is the Voice – of Ger-Ma-Ny!" But anyone who opens their laptop at 8:02 pm and visits the ProSieben Connect website will notice straight away that **THE VOICE OF GERMANY** has already started!

Far more than 50,000 fans are already "checked in", as they call it here, on the social TV platform, and this number is growing every minute. "Hopefully Eva will sing one of her own songs again," Karen writes about her favorite contestant. Timo answers promptly: "I want to get goooosebuumps again." Backstage videos, background info, ways to vote, competitions: There's a lot going on on the Connect platform, which is a mobile app as well as a website. The central element is a live stream. But most users prefer to watch on a big conventional TV screen while they submit their comments live to the Connect community. Social TV feels like this: "Now you can experience the community feeling of an exciting evening of TV not just with a few friends, but with tens of thousands of like-minded people," says Johannes Bayerl (30), online editor at ProSiebenSat.1 Digital. His colleague Mara Pilz (29) adds: "That is exactly why we developed Connect."

It's the logical continuation of a principle that has guided ProSiebenSat.1 for a long time: Extending successful shows into the digital world in order to offer viewers round-the-clock entertainment. A show like "The Voice of Germany" supplies fans with exciting

content 24 hours a day seven days a week: At www.voice-of-germany.de, on the Facebook and Twitter accounts of the participants and now also on Connect. Johannes Bayerl gives an example: "If viewers' favorite Eva Croissant writes 'bad cold ☹' on her Facebook page, worried fans want to know what is up. So we go to Eva and follow her in rehearsals. We then have the good news, 'Eva will sing', immediately as a video on the web and on Connect." This increases excitement and anticipation for the TV show. "The subject can also be included if we show a clip of the hospital visit or read out the nice messages from well-wishers," explains Mara Pilz. And after the show, Eva goes online to say thank you for the support, which creates new opportunities to connect ...

Greater audience loyalty through participation: That is what ProSiebenSat.1's social TV activities are about. "Strategically, a platform like Connect was the next logical step," says Matthias Heidenfelder, Senior Concept Developer at ProSiebenSat.1 Digital. "Connect offers brand new ways to interact. Particularly live, while the show is on air." Therefore, Heidenfelder is not afraid of the "second screen" trend – on the contrary. The television screen alone is often not enough for younger viewers any more – they use their iPad or smartphone at the same time. "As long as it all has to do with our show, there could be nothing better for us," Heidenfelder is sure. Connect functions as a perfect companion to the show, with a comment function, backstage material, and opportunities to guess, win and vote. "If two contestants on 'The Voice of Germany' go up against each other," says Johannes Bayerl, "Connect users can join in and vote on who impressed them the most. And we show the results live on the TV broadcast!"

By the same token, the program makers also benefit from this direct contact, as Connect allows them to receive feedback from their

THE PULL OF THE SECOND SCREEN

69%

... of parallel users of TV and internet use TV-related content online while watching television.

THE PERFECT CONNECTION

Interaction, Communication and Information: ProSieben Connect for "The Voice of Germany"

Alongside the TV show, fans of "The Voice of Germany" can chat about the show, the contestants and the coaches' decisions, take part in polls and quizzes, give digital applause, and follow the live stream with the social TV application ProSieben Connect for smartphones, tablets, PCs and laptops. Users can log in directly at www.TheVoiceOfGermany.de or download the app of the same name for mobile devices.

Shortly before the big performance at the Olympic Hall in Munich: Katharina Frömsdorf (centre), Managing Director of Starwatch Entertainment, backstage with the artists from "The Voice of Germany".



PROF. DR. BEATE SCHNEIDER (65) TEACHES COMMUNICATION SCIENCE AT THE UNIVERSITY OF MUSIC, DRAMA AND MEDIA HANOVER. SHE RESEARCHES THE FUTURE OF MEDIA USE IN NUMEROUS STUDIES. SHE CALLS "SOCIAL TV" "THE NEW APPETITE FOR TELEVISION!"

What is meant by social TV?

PROF. DR. SCHNEIDER: The connection of the television medium with social networks on the internet – Facebook or Twitter, for example. We narrow down the term and refer only to communication during a TV broadcast rather than before or afterward. This same-time communication is becoming ever more important.

Is "normal television" no longer enough?

PROF. DR. SCHNEIDER: It seems so. A few years ago everybody thought that TV use would decline because the younger generation found not only print media unattractive, but also television. But on the contrary, TV use is going up. Not least because television provides an ideal reason to communicate on social networks. Young people especially have always liked to talk about shared experiences, including television shows that everybody has seen. Social TV now makes it possible to celebrate, to cheer on, to gripe, and to get excited and enthusiastic ... live, during the show. And if you want, you can do it together with a nearly unlimited circle of like-minded people. You could also say that the age of passive absorption in front of the television screen is over.

What formats are particularly popular among online communities?

PROF. DR. SCHNEIDER: Shows that are current and offer a strong emotional appeal, so the community can share the excitement and join in. No wonder that "The Voice of Germany", "Germany's next Topmodel – by Heidi Klum" and "Schlag den Raab" have an awful lot going on in the networks, as we discovered with our studies. The same is true for the "Tatort" crime series, but as a cult show, we can say that is a special case. And ARD barely does anything to reach out to the community purposefully. ProSiebenSat.1 is much farther ahead in this regard.

What would you say to a TV provider that wants to benefit from social TV?

PROF. DR. SCHNEIDER: Take your opportunities! Building up expertise is a must, or you will embarrass yourself in the community. Remember that network communication has to offer an additional experience. Apps like ProSieben Connect can be useful for that. It is all worth it, because social TV is good not only for brand management and audience retention, but also as a fascinating tool for measuring success. Whether praise or criticism, honest feedback comes in straight away. As a broadcaster, you obviously have to trust that.



Ensuring entertainment around the clock: Online editors Maria Pilz and Johannes Bayerl.





Inspiring: That is ProSieben Connect. The social TV platform was developed by Matthias Heidenfelder, Senior Concept Developer at ProSiebenSat.1 Digital, and his team.

audience faster than ever before. What works? What do people not like? The user comments give valuable information no matter what. Being there is everything ...

It all comes together: First online, then at the concert

It seems as if the old Olympic motto is becoming newly relevant for social TV. All the more when you see how the show goes on after the grand final of the second season of "The Voice of Germany". The fan community, which met virtually on Connect or the website, came together a few weeks later in Germany's concert venues. On one January evening, Katharina Frömsdorf (35), who is responsible for ProSiebenSat.1's music and live entertainment commitments as Managing Director of Starwatch Entertainment, is standing in the middle of the Olympic Hall in Munich, between thousands of excited fans in front of a spectacular stage on which the semi-finalists from "The Voice of Germany" are putting on their final show after eight previous performances in all of Germany's major cities. Katharina Frömsdorf is right to

be proud. "It was a risk," she says in the break between two songs. "We couldn't be completely sure if it would really work. No one in the country had tried this in this form before – sending eight newly discovered artists to the biggest venues." At this moment, the live band starts playing – and Brigitte Lorenz (42), Team Nena, who just a few months ago was making the beds in a hospital in the Ruhr, is in front rocking out. A storm of excitement sweeps through the crowd. Frömsdorf laughs, then shouts to be understood: "It's great when an idea works so well!"

But that is not a completely new experience for Katharina Frömsdorf and her team. Starwatch Entertainment has often shown how well TV, music and live show business can be combined. The power of television makes bands, singers and their songs famous – the stars that Starwatch looks after include former "The Voice of Germany" winners Ivy Quainoo and Nick Howard as well as the hip-hop legends "Die Fantastischen Vier", the German pop titan Heino, rock legend Udo Lindenberg and the international rock star Lenny Kravitz. And the power of music touches millions in front of their televisions ... of which "The Voice of Germany" tour with a total attendance of 70,000 is no bad example. "As a subsidiary of ProSiebenSat.1, we have unique opportunities as a label and concert organizer," says Katharina Frömsdorf once the very last encore has faded away.

On the way home through the dark Munich Olympiapark, many "The Voice of Germany" fans are already hunched over the glowing displays of their smartphones to share their special experience with the world. One girl beams at her friend: "I can hardly wait till the third season of 'The Voice of Germany' starts!"

HIT PRODUCERS

60%

... of the top-20 artists of 2012 were marketed directly by Starwatch or in music partnerships.

THEY JUST WANT TO PLAY

Who knows **GRONKH UND SARAZAR**? Among fans of computer games and online videos, they are both megastars: The duo have had their own live TV show on the ProSiebenSat.1 portal **MYVIDEO** since 2012. With millions of viewers! And thanks to TV expertise, new stars are also being born in the booming market of **ONLINE GAMES**: Here, every player can make history.

Friday, 5:55 pm in a studio in Hürth, near Cologne: In the middle of the set is a large desk with two opened laptops – Gronkh and Sarazar don't need a lot more than that when they sit here to host Germany's most successful **WEB GAMES SHOW**. Outside, excitement is mounting in front of PCs, for the studio crew, it's concentration. "Attention, 30 seconds," calls the director, "We're about to go online." Gronkh und Sarazar lounge casually on their computer chairs. 6 pm. The show starts!

"Hello folks – we have prepared a lot ... namely, nothing at all," Gronkh, whose real name is Erik Range, welcomes the audience and laughs disarmingly. Valentin Rahmel, aka Sarazar, has nothing to add. No long jibber-jabber – now it's time to play. After all, fans of the live show Let's Play Together on MyVideo want nothing other than to watch Gronkh and Sarazar try out a game while chatting and messing about. Two buddies, the computer and video games: This concept has taken off.

A few months before, Range (35) and Rahmel (29) sat in a Cologne pizzeria at mid-day to talk to a team from ProSiebenSat.1 Digital about the MyVideo partnership. "We were on an intensive search for talents that were successful online," explains ProSiebenSat.1 Digital boss Markan Karajica. "That included Gronkh and Sarazar." However, there was no extensive discussion at



SUCCESS STORY

It began with a portal that collected users' self-shot videos. ProSiebenSat.1 developed MyVideo into a proper web TV station.

In 2008, ProSiebenSat.1 bought the MyVideo portal – then just loaded with user-generated content, i.e. private film material. Two years later, the first upgrade was complete: In 2010, lots of TV content, such as series and even the first live streams, were available on MyVideo. In 2012, ProSiebenSat.1 launched MyVideo as a web TV station, with exclusive live shows and its own newly opened web studios, whose special production technology enabled interaction with viewers via social media.

MILLION-STRONG AUDIENCES

490_m

... video views were registered by MyVideo in 2012.

this meeting, and even the pizza got cold. Because, suddenly, two excited school classes, who recognized the duo while walking by, stormed the table.

Digitalization is creating new stars, who owe their status to millions of clicks on video platforms, intensified by social networks like Twitter and Facebook. There, Gronkh and Sarazar together have more than 500,000 fans! The other internet stars hunted out by MyVideo – where they all now delight their audiences with their own live shows – can also boast similar numbers of “likes”. Their videos are watched hundreds of thousands of times on MyVideo. “With Gronkh and Sarazar, we had more than a million views in the first month,” says Markan Karajica. “Naturally I was optimistic – but that massively exceeded my expectations.”

He was not alone. “We were completely surprised by our success,” says Valentin Rahmel, still astonished. “When Erik told me about his ‘Let’s Play’ idea, I was skeptical.” But playing as a “performance” has its own

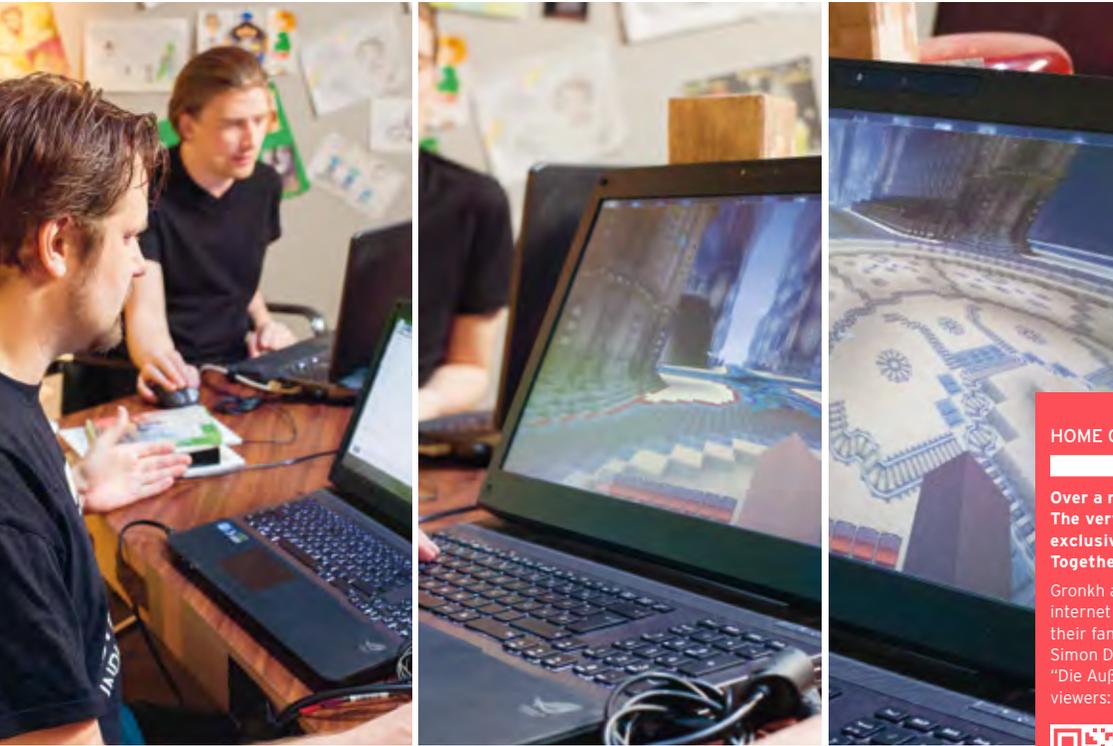
special appeal. “You can imagine it as a bit like a sports show, except that we play along,” explains Valentin Rahmel. After the breakthrough on YouTube, cooperating with MyVideo was the next logical step for him and Range. The video platform from ProSiebenSat.1 is a frontrunner for live streaming in Europe. “It is a pioneering project with a big fun factor,” confirms Rahmel. “Because ‘Let’s Play Together’ does not just call for watching, but also joining in.” The fan community is included via all social media channels. During play, viewers give tips, criticize or tease Gronkh and Sarazar if their virtual character bites the dust.

Losing is a part of playing. With regard to the cooperation between the internet stars and MyVideo, everybody wins. “Professional TV is learning from new, young online formats with a lot of interactivity and a committed fan community. Vice versa, the new internet video heroes benefit from our experience and technical equipment as a entertainment powerhouse,” explains ProSiebenSat.1 Digital Managing Director Markan Karajica. “The MyVideo success story shows how, with consistent brand management, attractive content and the right, namely your own, stars, you can establish a successful online TV station from which the whole ProSiebenSat.1 Group benefits.” US hit series like “Spartacus: Vengeance” and “Unforgettable” are now also premiered on

Exceeded expectations: Markan Karajica, head of ProSiebenSat.1 Digital, is pleased with the success of the MyVideo webstars.

Playtime! Now it’s time to play – in front of an audience of millions: Gronkh, aka Erik Range (left) and Sarazar, aka Valentin Rahmel (right), at the MyVideo studio in Cologne.





Playing along is fun – and brings one friend. No wonder Gronkh (left) and Sarazar have so many fans – the market for online games is booming.

HOME OF THE INTERNET STARS

Over a million clicks in the first month: The very successful launch of the exclusive gaming show "Let's Play Together" from MyVideo.

Gronkh and Sarazar are not the only internet stars on contract and thrilling their fans on MyVideo. New stars like Simon Desue, beatboxer Alberto and "Die Außenseiter" also delight MyVideo viewers:



► www.myvideo.de/webstars

MyVideo. It is seen more and more often: "Online first"! And by the way, this attention boost makes the subsequent broadcast on TV even more successful.

Benefiting from the online games boom

Pioneers like Gronkh and Sarazar recognized the potential of combining video, strong stories and interaction – innovatively designed online games offer nothing else. That is why ProSiebenSat.1's commitment to online games makes so much sense – it is, after all, the world's fastest growing entertainment industry. When thousands of warriors with futuristic weapons fight for supremacy on the planet Auraxis in the year 2845, this is already at the level of a Hollywood blockbuster. Instead of actors, however, war is waged in "PlanetSide 2" by avatars, graphic representatives, controlled by players from all over the world. More than one million European players logged in, and that was just in the first months after release. Another example of a successful game: In "DC Universe Online", a total of 1.5 million gamers take on the roles of super-heroes.

As in the film industry, the capital expenditure is huge. "150 developers worked on 'DC Universe Online' for five and a half years," says Andreas Heyden, COO of ProSiebenSat.1 Games. The budget was EUR 50 million. The investment is paying off: "Within the game, players can buy clothing, weapons and abilities for their avatars," explains Heyden. "With real money." An average user pays around EUR 35 a month for virtual items.

Heyden's team, in which young pros from 16 countries work together, is always looking for new blockbuster brands. ProSiebenSat.1 Games acquires the licenses for the European market and then signs distribution and cooperation contracts, most recently in France and Turkey. "The opportunities for profit for the company are excellent," says Heyden. "The target groups of the online community and TV overlap: 70% of active players in Germany can be reached via ProSiebenSat.1 TV stations." Not for nothing do Andreas Heyden and his people proclaim "We turn viewers into players!" And because more and more online gamers do not just want to play at home, ProSiebenSat.1 is also getting involved in mobile games. The new "ProSieben Games" app is already available for the iPhone and iPad.

Web TV in a new dimension, online games of blockbuster quality and gaming enjoyment for your cell phone. Digital boss Markan Karajica grins: "I think we can rightly speak of a digital entertainment powerhouse!"



Turning TV viewers into online gamers:
Andreas Heyden, COO of ProSiebenSat.1 Games.

THE POWER OF THE BLOCKBUSTER

Since 2012, ProSiebenSat.1 Games has cooperated with Sony Online Entertainment – and is now one of the largest games publishers in Europe.

We have exclusive European licenses for the following online games blockbusters: DC Universe Online; EverQuest I & II (plus franchise sequels); Star Wars: Clone Wars Adventures; Free Realms; Magic: The Gathering – Tactics; Pox Nora; PlanetSide 2; Vanguard Saga of Heroes; Wizardry Online.

THE APPEAL OF JOINING THE GAME

+95 %

... growth rate in registrations for ProSiebenSat.1 online games. The number of new registrations increased to 16 million in 2012.

PARTICIPATION IN LEARNING SUCCESS

The “cry of happiness” of Zalando’s slogan is ringing in all our ears – and the sensational rise of the online retailer is happening before our eyes. This success was made possible by the partnership with ProSiebenSat.1 and the accompanying TV presence. Now the next idea is ready for its breakthrough. At the first **SEVENVENTURES PITCH DAY** in London, with which our Venture arm presented itself to the international start-up scene, the online language school BUSUU won first prize: Advertising time worth EUR 4 million!

Do you speak **BUSUU**? Hardly likely, because Busuu has almost died out. In Cameroon, only eight people still speak Busuu. In future, perhaps the number will rise: “Of course we also offer a course in Busuu,” explains Bernhard Niesner (34) in beautiful Viennese German. “We love all languages – but Busuu is particularly close to our hearts.” This is now also true for the team from **SEVENVENTURES**, the Venture arm of ProSiebenSat.1. There are apparently employees who can order in Busuu – although that was not the main purpose of the first SevenVentures Pitch Day in London in October 2012. “It made us known on the international start-up scene at one stroke,” says Dr. Hari Sven Krishnan, Managing Director of SevenVentures. “We think beyond the borders of Germany.”

REWARDING INVESTMENTS

The success continues. ProSiebenSat.1’s ventures business made the greatest contribution to the growth of the Digital & Adjacent segment in 2012.

The principle: Selected start-ups receive advertising time on our TV stations. In return, SevenVentures, the Venture arm of ProSiebenSat.1, takes a share in revenues and/or the company. In a nutshell, SevenVentures bundles companies that have reached a certain market maturity and fit strategically into the portfolio of the TV Group. Inhouse specialists in campaign development for the No. 1 medium of TV are available in the SugarRay creative agency and the Booming digital agency.

STRONG PORTFOLIO

51

... **partnerships** and strategic participations were held by SevenVentures in companies from various sectors in 2012.

Winner of the first SevenVentures Pitch Day: Bernhard Niesner (right) and his language-learning community busuu.com; here with employees at the London office.

That is appropriate for the first winner of SevenVentures Pitch Day: busuu.com. The start-up company from Niesner and his Liechtenstein partner Adrian Hilti (38) is now the world's largest social network for online language learning – with currently 28 million members. Every day, another 40,000 on average sign up. "In more and more countries, language skills are a prerequisite for upward mobility. The market for language teaching is becoming ever more important," says Niesner. "But since the introduction of the CD-ROM, there has been barely any innovation." He and Hilti have changed this. Their brilliant idea: Whoever registers at busuu.com is student and teacher at the same time. On one hand, they learn a new language with modern, interactive learning units and mobile apps. On the other hand, busuu.com members are available as tutors for their own native language – as a contact for other members to speak to. "The visit abroad is virtually built-in," Bernhard Niesner explains the busuu.com principle: Whether with video chats or by the correction of each other's exercises. Fun rather than force, and getting closer is allowed: "Sure, friendships have been made this way," reports Niesner.

Because they want the growth to continue consistently, the first SevenVentures Pitch Day came at just the right time for the busuu.com bosses. In total, seven young company founders presented their business ideas to a top-class jury in London – and to the public, who were there in the hall and joining via an internet live stream. In the end, the result was surprisingly conclusive – among the experts as well as the more than 13,000 internet users who voted on Facebook. Busuu.com won the jury and the public award! The language-learning community can now present itself to the viewers of the ProSiebenSat.1 station group with advertising power worth EUR 4 million. This is an enormous strategic advantage, because experience shows that Europe's gates are open to anyone who becomes known in the German-speaking region. Busuu.com also benefits from a consulting package worth EUR 60,000 provided by renowned agencies including the online marketing specialists of the Boomingagency, another ProSiebenSat.1 subsidiary. "Of course we celebrated on Pitch Day," says Bernhard Niesner – and sounds like he is in seventh heaven. "We have now reached a size from which we can grow further with TV advertising – because we can reach brand new target groups."

SevenVentures Managing Director Dr. Hari Sven Krishnan has no doubts about that. "Our motto is: You have ideas – we have the power to implement them. We combine promising business models with the opportunities that only Germany's strongest TV network can provide." The sensational rise of Zalando has demonstrated how well that works. The model: SevenVentures provides advertising presence and in return receives company shares ("Media for Equity") or a share in revenues ("Media for Revenue Share"). "Pitch Day helps us to present ourselves internationally and find new potential partnerships. And on the side, we can learn a new language," says Dr. Krishnan. "Fwə mé ífù", he adds in almost perfect Busuu: "I would like a beer."

New growth ahead:
Bernhard Niesner expects the
TV presence at ProSiebenSat.1
to provide a major boost for
his online language school.



IDENTIFYING AND USING POTENTIAL

The success of linking exciting TV programs and captivating digital services is giving ProSiebenSat.1 a boost in all business areas: We will continue to pursue our GROWTH STRATEGY in a consistent manner.

**BROADCASTING
GERMAN-SPEAKING**

Page 38

**DIGITAL &
ADJACENT**

Page 152

**CONTENT PRODUCTION &
GLOBAL SALES**

Page 258