



Cisco Systems
Podcast Transcript: Consumer Vision and Strategy for Cisco
With Ken Wirt, Vice President, Consumer Marketing
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Peter Shaplen: Welcome to this Podcast series; an ongoing conversation about trends, technology and business. For Cisco I'm Peter Shaplen. And Ken Wirt is Cisco's Vice President of Consumer Marketing. His credits read like a who's who of companies and products that have defined innovation in Silicon Valley. Previously at Palm he helped launch both handhelds and smart phones; at Diamond Multimedia the Rio MP3 player; at Apple the Newton PDA NEC for CD Rom drives and before that at Atari for the launch of the home computer. Ken Wirt, nice to speak with you today.

Ken Wirt: Hi Peter.

Peter Shaplen: Let's begin with a new term for many in the audience; visual networking. I'd like you to explain it for us and also explain how in the heck consumers are going to embrace it and use it.

Ken Wirt: Well Peter visual networking is really a term that describes a category of consumer experience. We spent the last 10 years connecting homes to the internet, first with broadband and then devices within the home connected to each other and the internet. As the use of the internet has evolved, it's evolved from just doing sort of internet which was search and portals and e-commerce to where we are today, which is social networking. And the next phase of the internet is really about video. Social networking is what's used to help you find the video. For example there's 6 million songs roughly you can buy today on iTunes but there's 150 million videos on the internet with 65,000 new videos being added every day to You Tube alone. So how do you find what to watch in that kind of world? So it's the ability to take social networking which are communities of friends and you combine that with video to create visual networking.

Peter Shaplen: If I understand what you're saying it's more than just introducing a new gadget, a new widget, it's the way I use the social network and the way I enhance that visual networking. How is this going to be different from your say, previous experiences which might have been more product oriented now you're hoping to introduce a new way of thought?

Ken Wirt: Well I think the way to think about it is to create a great consumer experience you need a solution. You need to make it easy for the consumer; just having the pieces out there is not enough if they aren't easy to put together.

What Cisco is trying to do is take the pieces that are required to get this great experience with video and social networking, make all those pieces work together seamlessly so it's easy for customers to do. For example to find the video you want to watch out of this 150 million plus videos on the internet ho-, how do you find what you want to watch? You don't search. Searching is what you do when you lose your car keys on the couch. The way people find video to watch is friends tell them what to watch. They say check out this 5 second video called Dramatic Chipmunk on You Tube. Friends tell you, you read about what other people have said on your Myspace, your Facebook, your other kind of social networking page. People send you a link in an email, the way you find the video is through communities of friends. And then once you start watching video a lot of times you find it through a community of interest; so people that like Dramatic Chipmunk like these other 4 videos. So it's done very much in a community sense which is why social networking plays such a big role to create those communities to help you discover. So the way you find video, it's not searching it's discovery in a world of visual networking.

Peter Shaplen: I think it's uh it's perhaps a bit of a marketing cliché but I've heard it before where it's just as great a sin to be too early to market as it is to be too late to market. And I'm wondering as I'm listening to you if visual networking is, is it ripe? Is it too early? Is it something that the service providers are able to deliver or that consumers are clambering for? To really just right; where are we?

Ken Wirt: Well we're starting to see the seeds germinate that show that this is really going in the right direction the forecast is that between 2007 and 2011 the number of devices that could show video that connect to the network will grow by a factor of 17X in a 4 year period. So very rapid growth out there. Another example would be that in July 2007, 9 billion video streams were viewed over the internet by 133 million unique users in the US, so you can really see it's starting to happen. To get a great video experience you have to be able to take that video program from its source and go over the service provider network, whether it's a cable company or telephone company. Onto the home network and through to the device without dropping anything cause people are very sensitive to uh visual stimuli. Vision is the most well developed human sense and if the video glitches or stutters or you have drop out people see that right away and they don't like that.

Peter Shaplen: It's a bad experience.

Ken Wirt: They want the high quality.

Peter Shaplen: What are the service providers in all this at the moment? Are they in the planning mode, the building mode, the providing mode, the dreaming or selling mode? Where are they?

Ken Wirt: Many of the providers are in the sort of uh final stages of the building mode. And during 2008 you will see a number of services rolled out. I'll just give you an example of the simple one everyone knows now that is available in a lot of homes which is Video on Demand. And in fact uh Cisco is winning an award at the Emmy's in early 2008 for the development of Video on Demand. And that's something this content delivery system makes possible. When you ask for a video, it's the one that takes that video and puts it on the network so it can come over the network and into your TV set.

Peter Shaplen: Right that's something that's been around and people will be familiar with. Tease me; what am I going to be able to get in visual networking?

Ken Wirt: Well you'll be able to look at video on 3 screens. So you can have the same TV show and you could see it on the TV that, that part seems easy. On the PC, that seems a little harder and then on the phone for example. And then you could in fact s-, pause one of them and pick up where you were on another one; that seems much harder. So capabilities like that, you will see rolling out in 2008.

Peter Shaplen: So it can shift from device to device because it's all part of the network delivery.

Ken Wirt: That's right.

Peter Shaplen: And it's seamless.

Ken Wirt: That's correct. You don't have to know anything as the consumer or except say I'm switching from this one to that one and it'll switch for you.

Peter Shaplen: A lot of folk do have say a plasma TV. Uh and that must bring all kinds of nightmares to service providers in terms of bandwidth. How does the network have to be built in order to handle that?

Ken Wirt: Well HDTV operates uh with a lot more information on the screen than a regular TV which is why it looks so much better. And people really appreciate the higher quality picture. And as an example of that appreciation in the last quarter of all the digital video recorders that Cisco shipped 91% of those were HD video recorders. So there's a dramatic shift in that direction and as you accurately pointed out it requires a lot more data so service providers are building up their networks. And in the course of 2008 you will see them announce more and more capability for um bigger number of HD channels because people want to be able to view more HDTV because it looks better.

Peter Shaplen: CES 2007 there was a certain amount of tah-dah! The idea of visual networking was, was introduced using other terms. Now 2008's come along, how have you been what you've been doing the last year and how have you been refining the vision to roll it out now?

Ken Wirt: Well what's happened in the course of last year are developments on a number of different fronts. On the home networking front for example we have increased the capability of those devices so we have a dual band wireless router. What that means in layman terms is...it's a kind of Wi-fi so it's wireless and it's got enough bandwidth so that you can move a high definition TV signal around the home you could send it from your PC for example to another TV without using any wires. Other examples would be making it easy for the consumer to install and configure and maintain their home network. It's with software that's from our uh Linksys product family called Linksys Easy Link Advisor and this is software that helps you install new products like this in your house. And it knows what products you've got, it can install them, it can automatically update the software that's in them and it can detect problems before they occur. So let's say you have a game system and you want to be able to play games on the internet. Well to do that you have to open a certain port in the router; so regular people don't know how to do that. This software knows how to do that and it could prevent a problem from happening before it happens.

But as that happens and those devices can talk to each other and talk to the network in the home that intelligence that's in the network lets you subscribe to a premium channel on your cable system and you don't have to enter a password every time you want to watch something on that channel. The network knows that you subscribed to the channel and you paid for it and when you click on it, it just plays because it knows that you're a subscriber. So there's nothing standing between you and watching what you want to watch. Those capabilities need to become basically invisible to the consumer, something you don't have to think about. All you got to think about is what do I want to see?

Peter Shaplen: Is this all going to be developed by a single provider or will it be an open standard kind of evolutionary process?

Ken Wirt: Well Cisco is very much a strong believer in open standards and we follow open standards whenever we can. Now that being said of course we like to compete with other folks and we think on a level playing field that we would win most of the time. But we believe in it being open because that's what promotes innovation.

Ken Wirt: What it's going to look like is to really paint this picture of a visual networking world, where video is applied to almost everything. And video becomes a major part of what we do the way we used to only see text on the internet and then we saw text and pictures and now it's very common to see text and pictures and sound. And the next step will be video in pretty much everywhere; on people's blogs and homepages and, and emails. And then we'll see whole new forms of video as well. I firmly believe that we'll see news-oriented websites that are comprised entirely of videos taken on people's cell phones. Where it'll be you are there from you know anyone on the street could be a newsman and capture the news when it happens.

Peter Shaplen: Just a continued embellishment of civic journalism. That whole aspect of anyone can be a reporter or is a witness to an event.

Ken Wirt: So this is an example of how video will permeate all the different things we do.

Peter Shaplen: What's going to lead to Cisco's success in this whole field of visual networking? You've coined the phrase; you own the phrase.

Ken Wirt: We did coin it but it's an industry term for a, for a whole category of consumer experience. The thing that we think makes us uniquely situated to provide a great visual networking experience to consumers is the integration of the two different networks. At the service provider network, with the home network and our ability to partner at both ends of that. So we can partner with content companies to make sure that their content can flow easily over the network, and at the other end with device companies. Because we don't think when you talk about devices like TV sets or cell phones or portable media players, there's no one company that can make all the devices. And it's kind of two strategies; one's to go proprietary and do everything yourself, but then you can't make all the features and all the price points. And all the styles that people want in devices and it's hard then to do the networking as well and partner with the content companies. So we really feel like Cisco's strength's on the network side, we're network-centric, which is a big part of visual networking because you have to deliver it over the network. And we're good at partnerships which will help us work with the content companies and the device companies and all those pieces working together to deliver a great consumer experience. Normally, when you say CE you think consumer electronics but we think CE really means consumer experience. So in that case Cisco is really a prototypical CE company, consumer experience company.

Peter Shaplen: Ken Wirt, Cisco's Vice President of Consumer Marketing. Thanks for speaking with us today.

Ken Wirt: You're welcome Peter.

Peter Shaplen: And thank you for listening. You'll find more on this topic and a listing of all Podcasts online at newsroom.cisco.com. I'm Peter Shapeln for Cisco.