

Management

The Interactive Media Group within the FOX organization has great freedom to innovate. Application and product innovation are demonstrated through the quality on-line games that are the best of anyone's today. This innovation is a direct result of the spontaneity that partners bring with each project.

For FOX Sports Interactive, innovative business models are an outgrowth of partnerships. Management is cautious about spending on unproven business models. Simply put, the proposals that gain the attention of management are generally those that include revenue-sharing and minimum revenue guarantees. This has worked well in the past, and continues to be the mode of operation going forward.

Sustainable profitability is rooted in FOX' broadcasting agreements and editorial coverage of strong professional sports brands. FOX Sports flagship broadcast television properties include National Football League (NFL), Major League Baseball (MLB), and National Association of Stock Car Auto Racing (NASCAR). These brands position FOX in a unique relationship with the consumer. Management will continue to position these brands, in a variety of distribution channels, so that the consumer finds value.

The Interactive Media division revenue rolls up into FSN (formerly, FOX Sports Net), the cable television arm FOX Sports that televises thousands of MLB, NBA and NHL games on a regional basis year round.

Technology

On-line game developers typically use Flash technology for FOX offerings. Mobile games are built on the platforms of J2ME, or Qualcomm's BREW. There is no internal dedicated development team to evaluate technology, though the FOXSports.com production team is capable of making initial assessments. The company usually chooses to partner with outside companies to integrate emerging technology into each product.

Looking at the technology landscape, the emerging services associated with WiFi and WiMax may impact mobile content revenues that are primarily pay-per-view or subscription-based services. If these emerging technologies succeed in extending robust online content to mobile devices, the mobile business model may shift from a subscription model to an advertising supported model.

Collaboration & Strategic Alliances

In light of the unproven nature of many emerging technologies, FOX has opted to out-source the majority of its production. The company has minimum internal overhead. The premier partner for FOX Interactive, with regard to mobile entertainment development, has been San Francisco-based Sorrent, Inc. This type of outsourcing will continue for the foreseeable future.