

Creating Content

An Interview with Philippe Dauman,
President and Chief Executive Officer, Viacom Inc.

EDITORS' NOTE Before joining Viacom, Philippe Dauman was Co-Chairman and Chief Executive Officer of DND Capital Partners, L.L.C. from May 2000 until September 2006. Prior to co-founding DND Capital Partners, Dauman served in several positions at Viacom, including as a Deputy Chairman and Executive Vice President of Viacom Inc. He is a director of National Amusements, Inc.; Lafarge S.A.; and the KIPP Foundation, as well as a member of the Academy



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of Motion Picture Arts and Sciences and the Business Roundtable. He serves on the Executive Committee of the NCTA, the Board of Trustees for The Paley Center for Media, the Board of Trustees of the North Shore-Long Island Jewish Health System, the Executive Committee of the Lenox Hill Hospital, and the Board of Trustees and Dean's Council of Columbia University Law School.

COMPANY BRIEF Viacom (www.viacom.com) is a leading global entertainment company delivering content to its audiences via television, motion pictures, and a wide range of digital media. With nearly 170 media networks, Viacom's brands include MTV, VH1, CMT, Logo, BET, Centric, Nickelodeon, Nick Jr., TeenNick, Nick at Nite, Comedy Central, TV Land, Spike TV, and Tr3s. Paramount Pictures, America's oldest film studio, continues today as a global producer and distributor of filmed entertainment.

Your business is based on creativity and innovation. Is it challenging to maintain an innovative culture?

We have great creative people at Viacom. We don't have disparate businesses in our company: 100 percent of what we do is to create entertainment content through media networks like MTV and Nickelodeon or through Paramount Pictures. Compelling, popular content is where it begins and ends for us.

Our company is organized to support the people who create shows, digital experiences, and motion pictures for our audiences. We are focused on how to enable that process and how to monetize the result, which includes extending it to new technologies and expanding into new geographies.

We continually infuse new thinking, fresh ideas and different approaches to take our brands to the next level.

Are you finding ways to monetize in the online and mobile sectors?

Yes, we have already completed several digital distribution deals, including with Netflix and Hulu, and there are more on the horizon. We have vast libraries of content that isn't on television or in theaters and these distributors give us new digital avenues through which to monetize those assets.

New forms of distribution are great opportunities because our business is premised on windows. For example, a movie starts out in theaters, then moves

to the DVD/home entertainment window, followed by pay-per-view, and so forth, until you reach the broadcast television window. The new digital platforms are creating additional windows for us.

Our joint venture EPIX carved out a new segment of the pay TV window through an innovative deal with Netflix. That particular arrangement helped EPIX achieve profitability within a year of launch – a first for a cable network.

How critical is community engagement to the culture of Viacom?

As a media company, I believe Viacom has a special duty that goes beyond traditional corporate responsibility. Our media networks reach a lot of young people and we want to use our platforms to not just entertain, but also to inform and to empower audiences.

We have been a global leader in raising HIV/AIDS awareness. We also respond quickly every time there is a natural disaster. And each year, we host ViaCommunity Day, when our employees around the globe spend the day volunteering with local community organizations, including many in New York City.

Viacom also has a company-wide education initiative called Get Schooled, which leverages all of our brands to raise awareness about the crisis in public education. Among other things, we weave educational themes into our programming, air public service announcements, and run a mentoring program.

The younger generation today wants to work for companies that do good in the community, that look beyond financial priorities – so our efforts are good for business and for society.

It has been suggested that young people today do not have a sufficient work ethic. Do you see that?

Actually, there are people in their 20s creating great companies.

Unfortunately, there are a lot of young people who lack the skill sets to do that and some who don't fully realize that success requires hard work. We work with our talent and celebrities to communicate the importance of finishing school and that success is borne from hard work – it's all part of our Get Schooled effort.

Our public school system is not serving us well and the U.S. needs to dramatically improve it. Advances in education are happening in other parts of the world. If we were to lose the education edge in this country, innovation and prosperity will come from somewhere else. One of the reasons our country has been so innovative is the freedom we have to create companies based on new ideas and products. Education is a critical leg of the stool that supports this process.

Why haven't we had an impact on K-12 education?

We have made some progress. The charter school movement has helped. When you create schools that not only work well but are also more efficient, it serves as a good example and a benchmark for the schools that aren't performing well. As a media company, we're going to help bring that to light.

There is movement afoot, but it takes time to change an entire system.

Are you satisfied with how close the working relationship is among business leaders in New York and what is it about the city that brings those leaders together?

New York City is a magnet for talented people and it is home to many diverse businesses. People want to work here and business leaders want to preserve what makes New York special. We need to continue to make New York a place that is friendly to business, which is a challenge because it's an expensive and highly taxed city.

Companies like ours, which employ many young, talented people, want our employees to be able to afford to live here.

Has a private sector Mayor like Michael Bloomberg been important in terms of developing a strong public/private relationship?

Absolutely. This is a complicated city to run and there will always be a lot of fiscal and other challenges.

Being the Mayor of New York is much like being a Chief Executive – you must be an effective manager with a deft political touch. ●