



Managing
The Business
Of Content™

Look beyond Over The Top (OTT)



Non-linear programming has witnessed a tremendous rise in the past couple of years. It is not too long in the future when we will witness its convergence with linear. Users, eager for relevant content with the flexibility of viewing it as per their convenience on their preferred device, are gradually pushing away the current trend of passive viewership.

Online plays a critical role in helping viewers discover new shows - 58% of viewers said online ads are particularly helpful in introducing them to shows coming out on networks they do not regularly watch. Since viewers hear about shows early on, curating a new show's online presence with information and videos can help move viewers from merely curious to confident and excited to watch.



The demand for non-linear programming will soon diminish the broadcaster's power to push the content based on their assumption of what the viewer wants.

The new generation of viewers is increasingly exposed to novel ways of engaging with media, leveraging the ease of accessibility for the same.

This maturity of users is characterized by:

- **Accessibility to media content**, allowing users to view any content, anywhere, at any time on any device
- **Ability to socialize while viewing**, building an identity with the program, engaging, giving opinions and enjoying the potential to even change the course of the narrative

The technology enablers of OTT content are shaping future viewers and service providers; however, the pace of change for the latter is growing at a relatively slower rate.

While OTT will soon become a critical part of the distribution strategy, simply pushing the content to the YouTubes and Netfixes of the world is not the end in itself. As an inflexion point between linear and non-linear play outs, expanding user base at an increasing rate through active engagement, while addressing individuals' needs, OTT has the potential to become a significant part of the content monetization strategy.

With evolving consumer and consumption patterns, the need of the hour for service providers is to prepare for the fast-approaching changes. If they can catch up and work proactively to provide consumers what they want, OTT has the ability to offer immense opportunities.

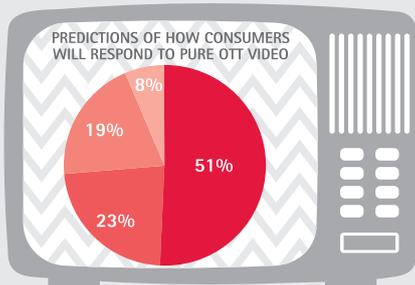
The present day content owner should not stop at OTT, rather they should:

- Be prepared for a switch-over in the mindset of their audience
- Take deliberate efforts to plan and implement enterprise digitization
- Lay the foundations for change

While the future of OTT is still uncertain, we can reflect upon its implications on the following aspects:

OTT VIDEO IS GROWING FAST

The number of companies involved in OTT delivery will grow and the proportion of businesses substantially invested in OTT technologies will more than double over the next 3 to 5 years.



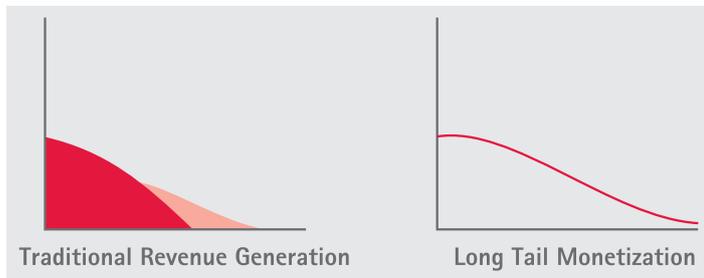
But this doesn't mean that traditional TV will be gone. Most media industry executives predict their clients will supplement OTT video to their traditional TV subscriptions - not use OTT as a replacement.

- Cutting back on channel packages with pay-TV subscriptions/supplementing with OTT
- Canceling traditional pay-TV subscription in favor of pure OTT
- Maintaining full traditional pay-TV subscription and supplementing with OTT
- Don't know/Unsure/other

Long Tail Monetization

What is long tail monetization? To understand, we need to evaluate monetization in the traditional framework.

Out of the dozens of platforms available to the content owner, if one has to release the content through the traditional course (television, theatre, etc.) the revenue cycle will continue for anywhere between half hour to two weeks. Post DVD release, the cost of distribution is incremental, eventually dying out within a few years. However, if the content owner decides to publish online, the incremental cost is nil, the delivery cost is minimal and the revenue potential does not die.



Technology has enabled the feasibility of keeping the asset for the long term, reaching out to customers all over the world, minimizing the incremental cost of delivery while providing ease of search.

The content enterprise has to simply ensure that when the user searches for their content, it is available in the list of results. The combined revenue of the asset, irrespective of its age, has the potential to pass the incremental costs, over the volume of the asset.

Give late-comers a chance to catch up. Forty-five percent of viewers who missed the premiere look for it on-demand, or on a video website. 32% watch the premiere in a repeat scheduled time. Only 18% would skip it, or get an update from others or online.



Extreme Contextualization

'Extreme' contextualization because it can be:

- **Passive-content side:** One can provide context of the content through deep cataloguing
- **Active-consumer side:** One can provide context to the user
- **Correlation of both**

There is another form of contextualization where the **context to the user is their profile built over time**, based on their behavioral pattern.

Online contextual ads based on the user's profile are quite mature in the case of static ads of text and graphics. Advances in technology, device usage, rise in social networking, etc., have made contextual ads present at the right time, something that was not possible a few years ago. However, in the present times, text can be searched, not media. For video content, the missing piece is the 'in-content' context of the media and a suitable platform that correlates the ads with consumers.

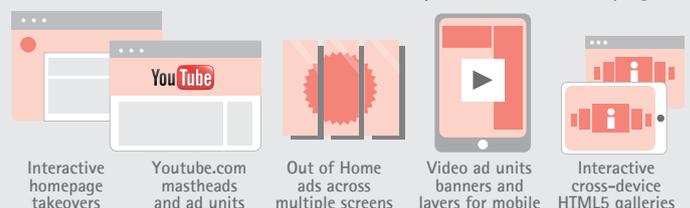
Offline contextual ads, like TV ads, are one-step away from precise contextualization, i.e., the ability to profile consumer behavior through talkback mechanism from CAS devices.

However, contextualization in OTT has the ability to profile consumer behavior in detail. It is only a matter of time when **EVERY viewer, across geographies can be logged in, at ALL times, just like a regular extensive web server log of a high-volume social networking site.** And it will not even be a tenth in scale.

With regional, geographic and demographic contextualization along with the promise of interactivity enabled by it, it will only increase the demand for contextual ads.

The new "integrated" works

Sony Computer Entertainment Europe sells 3.4M copies of "The Last of Us" with a multi-screen, cross-platform launch campaign¹¹



Engagement

Publishing content is not the sole aim of the content enterprise. Once the content is released and the right viewership is built through contextualization, the aim is retention for as long as possible. To provide a clear roadmap, it is imperative to evaluate content consumption and its interaction by the user to:

- Increase user base
- Increase user engagement by spending more time on the asset, interacting and discussing about it

While increasing the user base with a predetermined target profile will help, it is an iterative process. Through profiling and identification of relevant clusters, they can look to fine tune user engagement.

Accelerating user engagement is driven by a few catalysts:

- Consumer's access to technology in terms of device, network and content
- A recent study conducted observed that 80% of the prime time target audience (18-45 age groups) is actually not at home to watch the TV shows, leaving prime time ads for non-earning members of the family. Out of them, 60% are accessing their favorite shows online, a number that can be leveraged by content providers to generate revenue through ads.
- While linear programming demands a substantial potential population for a channel to publish relevant content, non-linear can open doors to serve smaller focus groups.

In terms of user engagement and content monetization, non-linear programming offers various options. Ranging from social media engagement to 2nd screen companion applications that sync with the 1st screen, every option varies in its effectiveness as a potential for commerce and to increase user engagement levels.

As portrayed in the chart, a consumer's engagement level is the highest during social media interaction and while using 2nd screen companion. Both these options employ interaction, active and relevant engagement to its users. However, out of the two, 2nd screen has higher potential for commerce.

Why? Let us suppose the viewer is watching a cookery show, the companion screen has the ability to evaluate the need of the viewer and pop relevant ads that are non-obtrusive. If during the show, say the chef puts an ingredient in the dish, a pop up ad can tell the viewer the closest shop that they can purchase it from, along with the price?

The relevance of ads is based on the behavioral pattern of the viewer established over time. Therefore, while the engagement level is high for both social media and 2nd screen companion, the screen's ability to generate 'intelligent' ads at the right moment based on the exact needs of the user makes it a bigger potential for commerce.

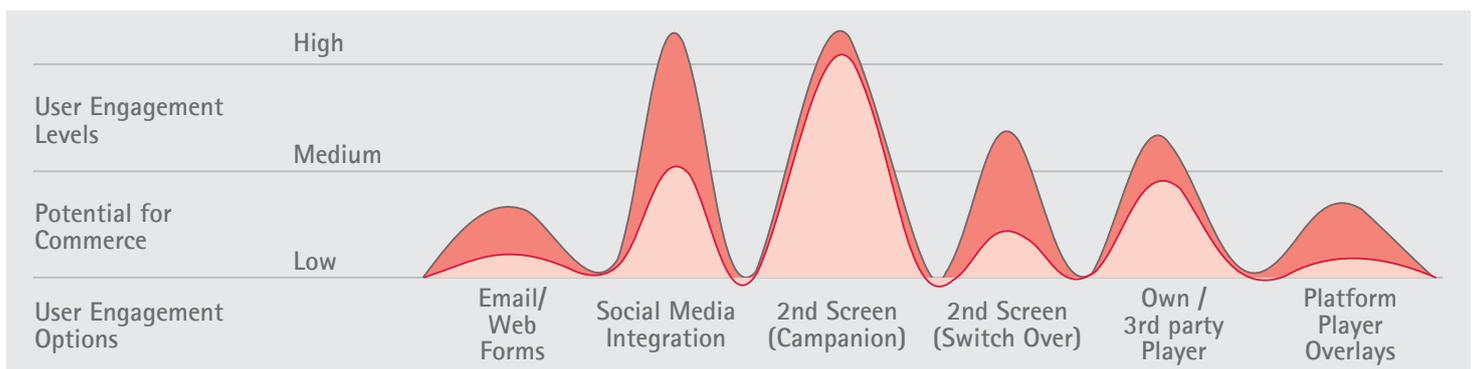
"The world of 7:30 on Tuesday Nights is dead," says David Fincher, director of *The Girl with the Dragon Tattoo* and *The Social Network*, while talking about his debut in television, or at least something like television. His drama series, *House of Cards* is also Netflix's debut as a creator of scripted programming.

With a two-season, 26-episode commitment, Fincher looked to implement a creative process that was liberating for directors.

"This isn't TV, because we don't have the studio, we don't have standards and practices, we don't have people breathing down your neck saying, 'Remember, kids love bright colors!' We don't have people militating against collective disinterest."

Source:

<http://www.dga.org/Craft/DGAQ/All-Articles/1301-Winter-2013/House-of-Cards.aspx>



Analytics

User engagement initiatives at the user and usage level can help create a detailed profile and build a good base for analytics. Analytics captured across both linear and non-linear platforms can help provide total audience measurement and has the potential to drive immense value.

So if a group of consumers is watching the same content on linear and non-linear platform, it can be analyzed holistically and provide better insights to fine-tune ad sales and vendor engagements, thereby enhancing the total asset monetization.

Content monetization can be built on three layers. Content provider can publish on a linear platform and gain short-tail benefit out of it. They can then choose to publish it OTT, and create a long tail cycle using contextual ads.

However, the concept of 'looking beyond OTT' no longer evaluates the asset based on its ability to generate revenue by being sold, but by its ability to become a platform in itself for exchange between consumers and commerce partners.

One has to engage with the audience, understand the commercial opportunities and collaborate with relevant brands to share revenues; giving an opportunity much larger than traditional advertisement revenues, royalties and user subscriptions. In this scenario, each asset has the potential exchange for user engagement commerce.

PFT offers innovative Technology & Services for Digital Businesses that can help create, transform, manage, deliver and exhibit content on proprietary and third party digital platforms along with TV, one that costs less and helps make more money. Our innovative approach to digital helps create memorable content experiences that reach more eyeballs and retains them.

PFT offers a unique mix of creative and technical services that includes:

- Content Creation & Packaging
- Live Production & Streaming
- VoD
- Metadata Services
- SEO and Analytics
- Virals & Social
- Contextual Advertising (CAD)
- Monetization Services including Monitoring
- Content Operations including Preparation & Delivery
- Managed Services for Digital Platforms

The power of the solution is that PFT brings to the table unique media and IT skills, thanks to its lineage. It is the technology arm of Prime Focus, the world leader in media and entertainment industry services. With over 350,000 hours of content, CLEAR, its Hybrid Cloud enabled Media ERP platform, the world's first and most established hybrid cloud platform manages the content, workflows and projects through the entire life cycle of the content.

For instance, CLEAR platform undertakes Syndication & VoD fulfillment of over 10 million files and Youtube fulfillment of 100,000 hours every year. Driven by the TV Everywhere initiatives led by its clients, it delivers to over 100 digital platforms including Netflix, Youtube, Yahoo across mobile, tablet and other devices. PFT also prepares, packages and delivers content files for consumption of Live Sport for iplt20.com, Starsports.com, bcci.tv, Youtube.com and indiatimes.com.

Create, transform, manage, deliver and exhibit content on proprietary and third party digital platforms along with TV



About Prime Focus Technologies

Prime Focus Technologies (PFT) is the creator of Enterprise Resource Planning (ERP) software, CLEAR™ for the Media & Entertainment (M&E) industry. It offers broadcasters, studios, brands and service providers transformational solutions that help them lower their Total Cost of Operations (TCOP) by automating business processes around content and managing their business of content better.

PFT works with major M&E companies like Disney, Turner, PBS, 21st Century Fox-owned Star TV, Hearst, Warner Bros., CBS Television Studios, 20th Century Fox Television Studios, Lionsgate, Starz Media (a Lionsgate company), Showtime, A+E Networks, Complex Networks, HBO, IFC Films, FX Networks, Miramax, CNBC Africa, TERN International, Sony Music, Google, YouTube, Novi Digital – Hotstar, Amazon, HOOQ, Viacom's Voot, Cricket Australia, BCCI, Indian Premier League and The Associated Press.

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