Adapt for Change: Analysis of Media Technology Business Transformation

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Adapt for Change

Some background information

Breakdown of Open-Ended Qualitative Interviews

16 interviews carried out for this report

+ desk-based research and IABM data

More updates to come in 2020


Sources: IABM
Contents

#1 Next-generation content chains:
Progress to BaM Content Chain Maturity™ entails the increased use of data to power operations, reliance on an efficient and agile infrastructure and a clear strategy to manage risk.

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IABM research shows that media technology buyers are shifting their investment towards more flexible technology payment models such as SaaS offerings.

#3 Move to collaborative technology models:
New market dynamics and technologies require different engagement models, prompting buyers to increase collaboration between themselves and with their suppliers.
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Next-Generation Content Chains

Some background information

- Best practice reference for technology buyers
- Technology development reference for suppliers
- Common language and maturity framework

Sources: IABM
Next-Generation Content Chains
Structure of the model

Start from buyers’ main objectives

Go deeper with dimensions of maturity

Test model with users and suppliers
Next-Generation Content Chains
Structure of the model

Buyers’ Objectives
- Intelligence
- Efficiency/Agility
- Reliability

Model’s Layers
- Data
- Infrastructure
- Control

Sources: IABM
Next-Generation Content Chains
Structure of the model

**Gather**
Data on content, rights, operations, audiences

**Analyze**
The data gathered to power decision-making

**Predict**
Unknown variables and events

**Optimize**
Resource utilization and avoid effort duplication

**Automate**
Workflows and liberate resources

**Access**
Content and technology tools

**Govern**
Managing risk, security and contracts

Sources: IABM
Next-Generation Content Chains
Maturity steps & indicators

Sources: IABM
Next-Generation Content Chains
Maturity steps & indicators

**Maturity Indicators**

- **Data-driven optimization and cloud focus**
- **AI/ML automation**
- **Shared content & tech ecosystem**
- **Automated control**

**Dimension**

- **Optimize**
  - Qualitative evaluation of operational optimization and low reliance on cloud-based resources
  - Objective evaluation of operational optimization with moderate reliance on cloud-based resources
  - Data-driven evaluation of operational optimization of operational resources and high reliance on cloud-based resources

- **Automate**
  - Broadcast-level automation of workflows but no reliance on smart automation techniques such as A/I/M.
  - Some reliance on smart automation techniques such as A/I/M but no process in place to measure their effectiveness
  - Moderate to high reliance on smart automation techniques such as A/I/M and process in place to measure their effectiveness

- **Access**
  - Disconnected content chain with limited access to content and technology resources
  - Reasonably connected content chain but some holes in terms of technology integration
  - Well-connected content chain with easy access to content and integrated technology solutions

- **Govern**
  - Qualitative risk assessment and control driven by post-accident evaluation of both security and legal risks
  - Objective risk assessment based on established security policies but low focus on legal risks
  - Data-driven governance based on clear rules and automated control from both a security and legal perspective

Sources: IABM
Next-Generation Content Chains

Maturity factors

- Higher focus on business outcomes
- Higher focus on operational flexibility and consumer-facing systems
- Higher focus on the Data layer
- Higher propensity to BIY and deeper relationships with vendors
- Higher investment in cloud-based operations and as-a-service models
- Higher investment in data-driven workflows

Sources: IABM
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Move to as-as-service models

Demand for flexibility is there, supply is coming

**Buyers' Investment Outlook**

- **Software subscriptions**
  - 0-10%: 30%
  - 10-20%: 35%
  - 20-30%: 35%
  - 30-40%: 10%
  - 40-50%: 10%
  - 50-60%: 5%
  - 60-70%: 5%
  - 70-80%: 10%
  - 80-90%: 10%
  - 90-100%: 5%

- **Software on-demand**
  - 0-10%: 20%
  - 10-20%: 35%
  - 20-30%: 30%
  - 30-40%: 15%
  - 40-50%: 5%
  - 50-60%: 5%
  - 60-70%: 5%
  - 70-80%: 5%
  - 80-90%: 5%
  - 90-100%: 5%

- **Services**
  - 0-10%: 60%
  - 10-20%: 20%
  - 20-30%: 20%

- **Hardware products**
  - 0-10%: 20%
  - 10-20%: 20%
  - 20-30%: 20%
  - 30-40%: 20%

- **Software permanent licences**
  - 0-10%: 30%
  - 10-20%: 10%
  - 20-30%: 5%
  - 30-40%: 5%
  - 40-50%: 5%

**Primary Sources of Revenues, All Suppliers**

- **2016**
  - Hardware revenues: 70%
  - Software/services revenues: 30%

- **2017**
  - Hardware revenues: 60%
  - Software/services revenues: 40%

- **2018**
  - Hardware revenues: 50%
  - Software/services revenues: 50%

Sources: IABM
Move to as-as-service models

Why?

Market is chaotic and increasingly unpredictable

Technology business models need to adapt accordingly

“Challenging times and things move fast. A lot of small-scale buys and a lot of SaaS systems in use. But the times for buying multi-million external systems are over”

European Broadcaster responding to our Buying Trends Survey

Sources: IABM
Move to as-as-service models
Major supply-side implications

**Financial shift**
A radically different financial balance that prioritizes subscriptions and consumption-based models over up-front payments

**Agile technology development**
Technology development becomes more agile, thus more collaborative, dynamic and responsive to customer feedback

**Continuous customer engagement**
As the buying cadence moves to monthly or metered payments, engagement with media technology buyers becomes continuous

*The importance of Data*
Data should drive all of this. A data-driven approach is key in SaaS models

Sources: IABM
Move to as-as-service models

Financial shift

Media Technology Cash Flow over Revenue Index

- Cashflow crunch
- Atomized tech development financing
- Flexible pricing and risk-sharing

Sources: IABM
Move to as-as-service models

Agile technology development

- Atomized SW updates rather than big bang launches
- Flexible statements of work & deployment options
- Constant flow of communication with customers

Sources: IABM
Move to as-as-service models
Continuous Customer Engagement

Digital presence: webinars and virtual support

Customer events and tech deep dives

New customer success figures

Sources: IABM
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Move to collaborative technology models

Why?

Market is chaotic and increasingly unpredictable

Deeper collaboration on tech and business outcomes is needed

“We are not looking for products anymore, we are looking for partnerships where product development is driven by our requirements”

European Broadcaster responding to our Buying Trends Survey

Sources: IABM
Move to collaborative technology models

Build-it-yourself (BIY) trends – Who, Where and Why?

% Investment in BIY - by Size

Large and developed organizations more likely to do it

Investment focusing on Manage and Frontends

Objectives are customization, integration, control and speed

Geography plays a role too...

Sources: IABM
Move to collaborative technology models
Build-it-yourself (BIY) trends – challenges & opportunities

Maintaining an in-house technology solution is very costly

High costs allow suppliers to step in and support

Or provide flexible platforms enabling users’ development

Sources: IABM, Glassdoor
Move to collaborative technology models

The cloud ecosystem

Cloud investment is rising significantly

Co-development projects and partnerships also rising

Partner ecosystems provide opportunities

Sources: IABM
Move to collaborative technology models
Cloud investment is rising

Cloud Adoption Tracker, 2014-2019

Partnerships between media technology suppliers and cloud service providers by BaM Content Chain® Block (2018-2019)

Sources: IABM
Move to collaborative technology models
Cloud service providers’ investment in the media industry

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<tr>
<th>CREATE</th>
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<th>MANAGE</th>
<th>PUBLISH</th>
<th>MONETIZE</th>
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<td>AWS Kinesis Video Streams</td>
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<td>Streaming video from connected devices to AWS for analytics/processing</td>
<td>Ingesting, cloud editing, implementation of popular video features</td>
<td>File-based video transcoding, formatting/compressing of VOD content</td>
<td>Packaging of incoming live/VOD video streams, encoding, DRM, delivery to output devices</td>
<td>Dynamic ad insertion (DAI), targeted ads, viewer behavior analytics (AI/ML)</td>
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<td>Ingesting, cloud editing, automatic clips from live streams, integration with GrassValley/Avic</td>
<td>Live transcoding, archiving in the cloud</td>
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<td>Close captioning, 360 degree video, adaptive bitrate technology for smooth playback, recommendations</td>
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<td>Microsoft Azure Media Services</td>
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<td>Ingesting, cloud editing, implementation of popular video features</td>
<td>Automatic extraction of metadata, close captioning, recommendations, automatic creation of clips, topic inference, acoustic events, speaker statistics, translations</td>
<td>Live encoding/converting digital video/audio files, dynamic packaging</td>
<td>Video recognition, motion/emotion detection, (linear) ad insertion</td>
<td>Video recognition, motion/emotion detection, content moderation, video summarization</td>
<td></td>
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</tbody>
</table>

Sources: IABM
Move to collaborative technology models
Multi-cloud: challenges and opportunities

Preference for multi-cloud is strong to avoid lock-in

BUT

Optimal multi-cloud workflows not achievable for egress charges and lack of interoperability

SO

Most buyers addressing this by using separate cloud providers, side by side, for different sets of workflows

As the cloud market matures, interoperability may become a tool for differentiation

Demand for multi-cloud management solutions, including orchestration and billing, is on the rise

Activity in multi-cloud management market is testimony of this

Sources: IABM
Thank you!

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