Adapt for Change: Analysis of Media Technology Business Transformation

Lorenzo Zanni, Head of Insight & Analysis, IABM
Adapt for Change
Some background information

Breakdown of Open-Ended Qualitative Interviews

- Media technology buyers: 10 interviews
- Media technology suppliers: 6 interviews

16 interviews carried out for this report
+ desk-based research and IABM data

More updates to come in 2020


Sources: IABM
#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

#2 Move to as-as-service models:  
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

Why?

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

Sources: IABM
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

Data
- Gather: Data on content, rights, operations, audiences
- Analyze: The data gathered to power decision-making
- Predict: Unknown variables and events

Infrastructure
- Optimize: Resource utilization and avoid effort duplication
- Automate: Workflows and liberate resources
- Access: Content and technology tools

Control
- Govern: Managing risk, security and contracts

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

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

**Dimension**

**Optimize**
- Qualitative evaluation of operational optimization and low reliance on cloud-based resources (Low Maturity)
- Objective evaluation of operational optimization with moderate reliance on cloud-based resources (Medium Maturity)
- Data-driven optimization of operational resources and high reliance on cloud-based resources (High Maturity)

**Automate**
- Broadcast-level automation of workflows but no reliance on smart automation techniques such as AI/ML (Low Maturity)
- Some reliance on smart automation techniques such as AI/ML but no process in place to measure their effectiveness (Medium Maturity)
- Moderate to high reliance on smart automation techniques such as AI/ML and process in place to measure their effectiveness (High Maturity)

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

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

**Maturity Indicators**

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

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

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Move to as-as-service models
Demand for flexibility is there, supply is coming

Sources: IABM

Buyers' Investment Outlook

- Software subscriptions
- Software on-demand
- Services
- Hardware products
- Software permanent licences

Primary Sources of Revenues, All Suppliers

- Hardware revenues
- Software/services revenues

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

Sources: IABM

Highlights

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

IABM Copyright 2020
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
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?

**Highlights**

- Large and developed organizations more likely to do it
- Investment focusing on Manage and Frontends
- Objectives are customization, integration, control and speed

**% Investment in BIY - by Size**

- Below 500 employees: 30%
- Between 500 and 10,000 employees: 50%
- Over 10,000 employees: 60%

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

Average Base Pay in the US

<table>
<thead>
<tr>
<th>Profession</th>
<th>Average Base Pay (in US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Broadcast Engineer</td>
<td>$60,000</td>
</tr>
<tr>
<td>Software Engineer</td>
<td>$100,000</td>
</tr>
<tr>
<td>Data Scientist</td>
<td>$140,000</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>CREATE</th>
<th>PRODUCE</th>
<th>MANAGE</th>
<th>PUBLISH</th>
<th>MONETIZE</th>
<th>CONSUME</th>
</tr>
</thead>
<tbody>
<tr>
<td>AWS Elemental Media Services</td>
<td>AWS Kinesis Video Streams</td>
<td>AWS MediaLive</td>
<td>AWS MediaConvert</td>
<td>AWS MediaPackage</td>
<td>AWS MediaTailor</td>
</tr>
<tr>
<td>Google Cloud Platform (GCP)</td>
<td>GCP Anvato</td>
<td>GCP Anvato</td>
<td>GCP Anvato Live to VOD Bridge</td>
<td>GCP Anvato Real-Time Analytics</td>
<td>GCP Anvato</td>
</tr>
<tr>
<td>Microsoft Azure Media Services</td>
<td>Azure Live Broadcast / Premium On-Demand</td>
<td>Azure Video Indexer</td>
<td>Azure Media Player</td>
<td>Azure Media Player Analytics</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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