

LESSONS FROM
DIGITAL NATIVE
MEDIA COMPANIES

Digital-Native Media:

The Rapid Ascent



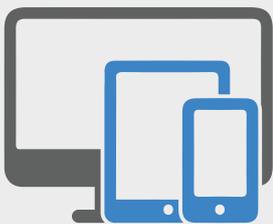
The past decade has seen an influx of digital-native media companies which have thrived completely online. These are companies that have scaled up without the legacy infrastructure that their traditional counterparts have long relied on (and now have to wean themselves off).

The proliferation of digital-native media companies can be largely attributed to shifting demographics and consumption patterns. Today, millennials often dictate the trends and technologies of the time as they form a large part of the consumer base. As a generation, they gravitate towards digital platforms to access information on the go.

This not only enables them to control what they consume but also lets them share their choicest picks with friends. It is little wonder then that millennials end up spending far less time and money on traditional linear and recorded media than online services.

As content consumption patterns skew towards purely digital channels, digital-native media houses seem set to rule the roost. The adaptive capabilities of such enterprises lend them a competitive edge over their legacy counterparts.

So, what should decision-makers at traditional broadcasters take away from their pure-play digital rivals?



Achieving Equilibrium: The Digital Platform Goldrush

New-age media services offer features such as multi-screen access, interactivity, and video-on-demand (VoD). But above all that, they have empowered consumers with something they've always prized: choice.

The bidirectionality of digital platforms has been key to elevating consumer choice.

Through the exchange of data, digital native media companies can draw deeper insights into consumer's choices. While companies can leverage multiple touchpoints to collect data, one of the effective ways to achieve this by getting the users to create an account with them on their platform. Many platforms incentivize the account creation process with free trials or early access to new content in exchange for user information and usage data.

In most cases, the platforms leverage technologies like artificial intelligence (AI) to personalize services through a comprehensive analysis of the viewer's actions and choices within the platform. This informs user-driven content taxonomy and genre definitions, semantic-driven recommendations, and emotional journey predictions, all of which are key to customer retention.

And this is not just about generating custom recommendations. Capturing granular user data enables digital platforms to also upsell services and drive programmatic ad sales.

So, what are traditional broadcasters doing to keep their head above the water? It is neither feasible for them to completely eschew their existing processes and infrastructure, nor is it essential. A hybrid business model that sustains both traditional, as well as digital media, could well be a sustainable option in the long run.

Consider the case of an India-based traditional broadcaster, Zee Entertainment Enterprises. They had made their first attempt at launching an OTT service with Ditto TV way back in 2012. At that point, the average internet speeds were comparatively slower, and the concept proved to be way ahead of its time. They took another stab at it in 2016 with OZEE, an advertisement-based VOD service, but failed to make a mark in a by-then cluttered OTT space. Finally, Zee consolidated both the platforms to offer Zee5 which hosted original content alongside regular linear TV content in 12 languages. This was in tandem with the existing network of 45 linear TV channels offered by Zee.

This may serve as a template for traditional broadcasters where the dichotomy coexists in the form of two completely different entities and management. The existing structures of traditional broadcasters can be remodeled, rather than done away with completely, and a hybrid-model might be the ideal way to get the best of both worlds.

The Era of Consolidation in Digital Media

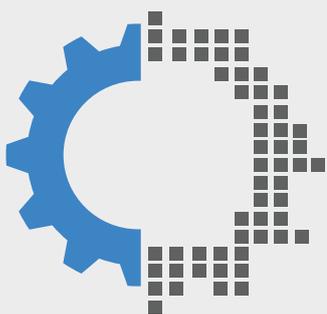
The success of a digital media platform depends on a few key aspects.

Having a repository of quality content as well as production capabilities are the most important considerations for primary production studios and content-right holders. Additionally, having a robust digital distribution infrastructure, wide customer reach and the capability to deliver a seamless user experience like tech giants, ultimately dictates a media platform's profitability and ability to garner user satisfaction. existing network to partner with Warner Media, a production house. Other similar examples exist where a larger content production company has acquired cable networks (Disney's acquisition of Fox-Star studios).

That being said, established organizations across sectors like Media, Telecom and

Technology are increasingly joining forces to form a cohesive unit that is OTT-ready. Take the AT&T-Time Warner merger as an example where a Telco leveraged its existing network to partner with Warner Media, a production house. Other similar examples exist where a larger content production company has acquired cable networks (Disney's acquisition of Fox-Star studios).

Major cloud service providers like Amazon (Prime Video) and Google (YouTube) have already made their marks. It is further reported that Microsoft will leverage its Azure cloud platform to team up with the NBA and create a direct-to-consumer streaming platform with personalized game broadcasts.



Navigating the Dynamics of a Digital Shift

A shift to digital must be smart and strategic to be successful. Given the two distinct forms of Internet networks (IPTV and OTT), there are quite a few things traditional broadcasters should consider while testing the waters of digital media.

Setting Up Infrastructure

This can be achieved through IP-based contribution and distribution models. By converting the feed to IP, the broadcast can be carried over to the production center from any remote location over the internet. With mild compression, it becomes possible to deliver multiple parallel feeds.

This model removes the remote-broadcast constraints of legacy contribution circuits that earlier, were limited to a single circuit of contribution and added a significant cost. Broadcasters also often provide simultaneous feeds to the remote location. This can be achieved with greater ease on networked fiber.

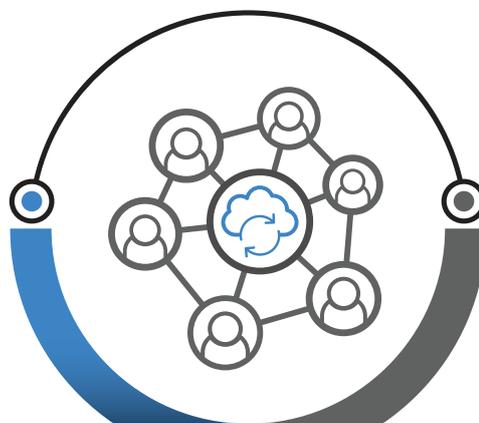
For instance, France Télécom (FT) gained 200,000 IPTV subscribers within three years of launch along with its traditional linear cable channels. Buoyed by the success, they were able to offer more than 200 premium channels along with partnering with other media groups to offer premium content.

However, adding digital offerings means additional pressure on bandwidth. And to address extensive bandwidth requirements, broadcasters must look towards innovative technology.

A 100G media backbone is capable of UHD 4K video transmission in real-time. It also enables broadcasters to streamline the technical aspects of video production. By accommodating multiple cameras, commentary, and real-time editing, a 100G network can change the game with unmatched bandwidth reliability, and performance.

The next step includes looking for a reliable cloud platform. As the bedrock of network-based service distribution, broadcast-cloud technology enables the availability of end-to-end broadcasting solutions. Broadly, there are two prime subsections of a cloud-based broadcast:

The use of web-scale suppliers for hosting the content and the delivery over IP



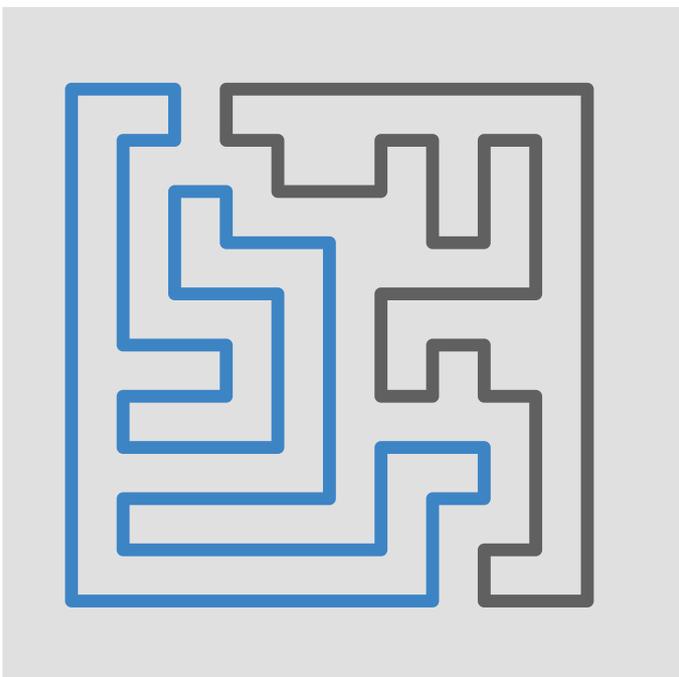
Successfully moving content to the cloud for production and distribution. This takes market dynamics into account with respect to workflow, formatting, and customer demand.

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An ideal cloud platform unlocks multiple benefits: It simplifies the execution of several operations across the media value chain. It allows broadcasters achieve faster turnaround time in editing and distribution of high-quality content directly from a remote location. From adding metadata and transcoding the content file into multiple formats, to finally distributing the content from cloud translates to spending less on equipment and software.

Additionally, cloud services offer a unified platform that provides a holistic view of operations through insightful analytics on consumer behavior and trends. Cloud adoption also entails shifting the primary cost factor from Capex to Opex.



Countering Challenges

Setting up a digital broadcast system comes with its own set of challenges varying in capacity. From infrastructure to security, we shall discuss the challenges that are to be accounted for.



Network Infrastructure

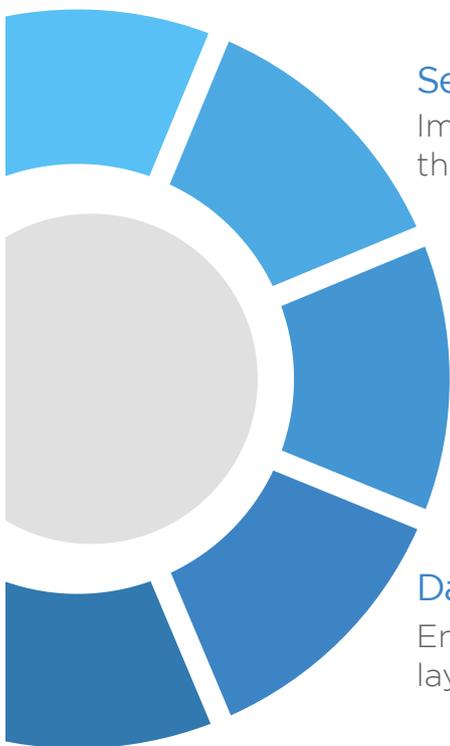
Like with any new technology, it is of paramount importance that the infrastructure components of an IP-based transmission are well understood and carefully selected. Just like SDI, there are two main aspects: routing and transmission, even though IP routing is comparatively less expensive and more flexible. Another consideration is routing through overlay networks that offer the possibility of augmenting IP routing while helping broadcasters maintain Quality of Service (QoS).

Safeguarding Your Organization: Security

The growing breadth and complexity of the consumption path opens several entry points for threats and security attacks. Building up a proper understanding with respect to network security and content will be instrumental in establishing a successful endeavour. Therefore, the scope of security will need to accommodate:

Viewer data troves

Increase the focus on data privacy to stop spillage



Securing content

Implementation of Anti-piracy policies and restricting usage through DRM can help secure valuable content

Infrastructure security

Multiple layers securing the consumption path and preventing Distributed Denial-of-Service (DDoS) attacks.

Data transmission security

Encrypt and authenticate data in transit across multi- network layers.

Cloud Security

Most cloud service providers (CSP) have bifurcated the security structure into two distinct categories-

- The CSPs are directly responsible for the basic security of the platform.
- The enterprise is responsible for data security, encryption, and network configuration.

A key aspect of cloud security is holistic visibility and control over the cloud workload. Decision-makers would have to do well to ensure data security at their end. Poor data security measures can have far-reaching ramifications including operational disruption, reputation damage and compliance breach.

Partnership: The Key to Success

Clearly, grappling with the infrastructure complexities and added security challenges make the transition to digital services, an uphill battle. Incumbents could save themselves a significant amount of effort, resources, stress, and time, by skipping the trial-and-error phase and instead partnering with an expert.

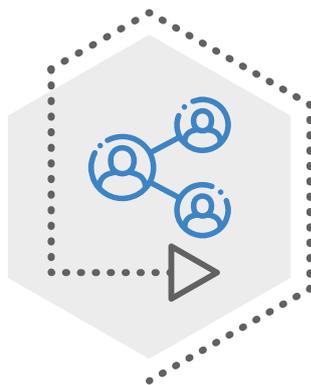


Additionally, infrastructure offerings like IaaS or PaaS can create further selection dilemma. On one hand, choosing an IaaS will provide organizations with high flexibility of platform-based operations while selecting a PaaS will limit flexibility but provide an established ecosystem that will be conducive for rapid application building and deployment.

Traditional media houses need to plan a tactical phased out shift to align parts of their operations with the requirements of OTT media services. Three essential components that define a successful network infrastructure transition are:



Control and visibility over media operations and workflow



Open and fast connectivity across all operational/network endpoints



Secure and unified operational streams

Accounting for the requirements and subsequent challenges for a digital shift can be a daunting proposition for traditional broadcasters. Sharing responsibilities with experienced transition partners like Tata Communications can ease the process.

To Sum Up

In summary, the traditional linear media companies should certainly look to expand into the digital platform as it is more than a short-term trend and is here to stay. They should keep the following in mind:

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1 They need not forego their existing infrastructure and content. They should instead look into a business model that lets them explore the best of both worlds.
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2 Digital services may include setting up IPTV network or venturing into a direct OTT platform. A key element will be reliable cloud services.
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3 Challenges pertaining to the network infrastructure and security must be kept in mind before making any business decision. In fact, the challenges shall decide which direction to take for each traditional content provider.
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4 They may also look into partnering with existing players in the domain. For instance, Telcos partnering with media houses for content and with tech giants for infrastructure. Decisions are going to be key to the ultimate success of any digital venture.



Tata Communications

Our suite of media services can help broadcasters create an end-to-end media ecosystem to support their OTT media services. The cloud-based media ecosystem connects content producers with providers, distributors and consumers and is fully managed with round-the-clock support. With rich and relevant industry expertise and experience, it can help traditional media houses achieve the goal of building next-gen media ecosystems.

About Tata Communications:

Tata Communications is a leading global digital and media infrastructure services provider, and works with some of the largest sporting federations, broadcasters, and content producers in the world. Through their network, cloud, mobility, security and media services, Tata Communications is enabling digital transformation for over 300 of the Fortune 500 companies.

As businesses deal with the Covid-19 crisis, circumstances demand adaptability at tailoring your video and digital infrastructure to enable better collaboration among your employees and sustain your audience's experience. Tata Communications can offer a range of video and digital infrastructure services that can transform your content distribution strategy, orchestrate cloud-based virtualized workflows and enable remote production from home, driving operational efficiencies for your business.