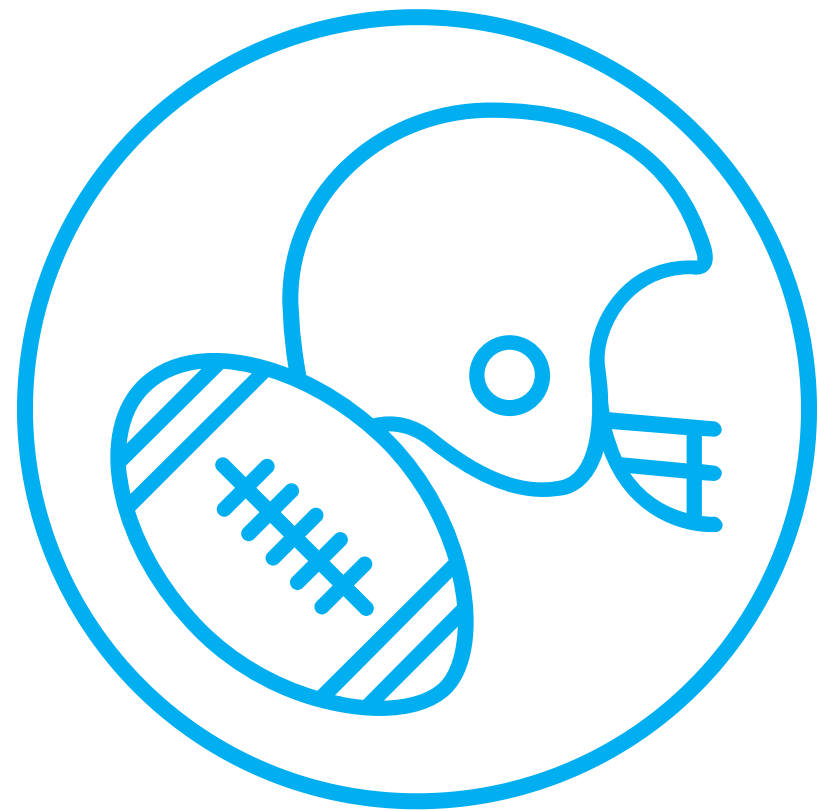


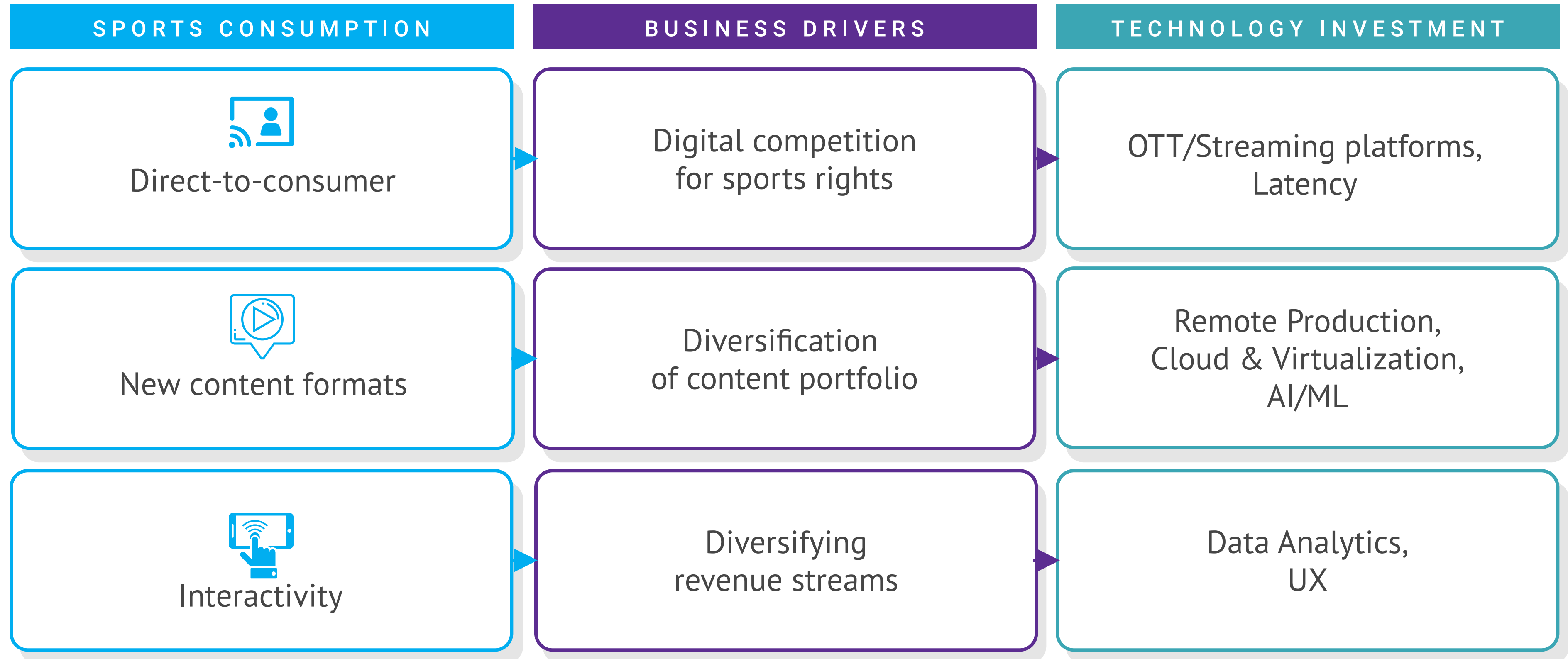
Media Tech Intelligence Briefing

Live Sports April 2022



Sports Trends in M&E Industry

Trends shaping live sports sector



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SPORTS CONSUMPTION

More fans are watching their favorite sports on subscription-based **direct-to-consumer (DTC)** platforms and via connected devices, even though online viewership still lags linear TV overall in most markets.

More fans are **consuming ancillary content such as non-live programming**, including not only social highlights but also short-form content snippets and documentaries.

More fans are demanding **interactive sports experiences** that integrate the broadcast of live events with gaming and betting elements, for example, as well as more immersive features.

BUSINESS DRIVERS

More sports media businesses are focusing on **streaming live sports to viewers through subscription offerings** while minimizing the impact of this move and of digital competition for rights on their economic prospects.

More sports media businesses are **investing in extended sports coverage and ancillary content** to keep viewers more engaged with their offerings and augment their revenue streams.

More sports media businesses are **focusing on interactivity** and offerings adjacent to media such as gaming to further augment their current revenue streams and create new funding sources.

TECHNOLOGY INVESTMENT

More sports media businesses are investing in **OTT-related technologies**, often addressing latency as the main OTT challenge for live sports. Technology investment becomes **more strategic**.

More sports media businesses are streamlining linear operations and **investing in technologies such as remote production, cloud, and AI/ML** to enable more content coverage in an efficient manner.

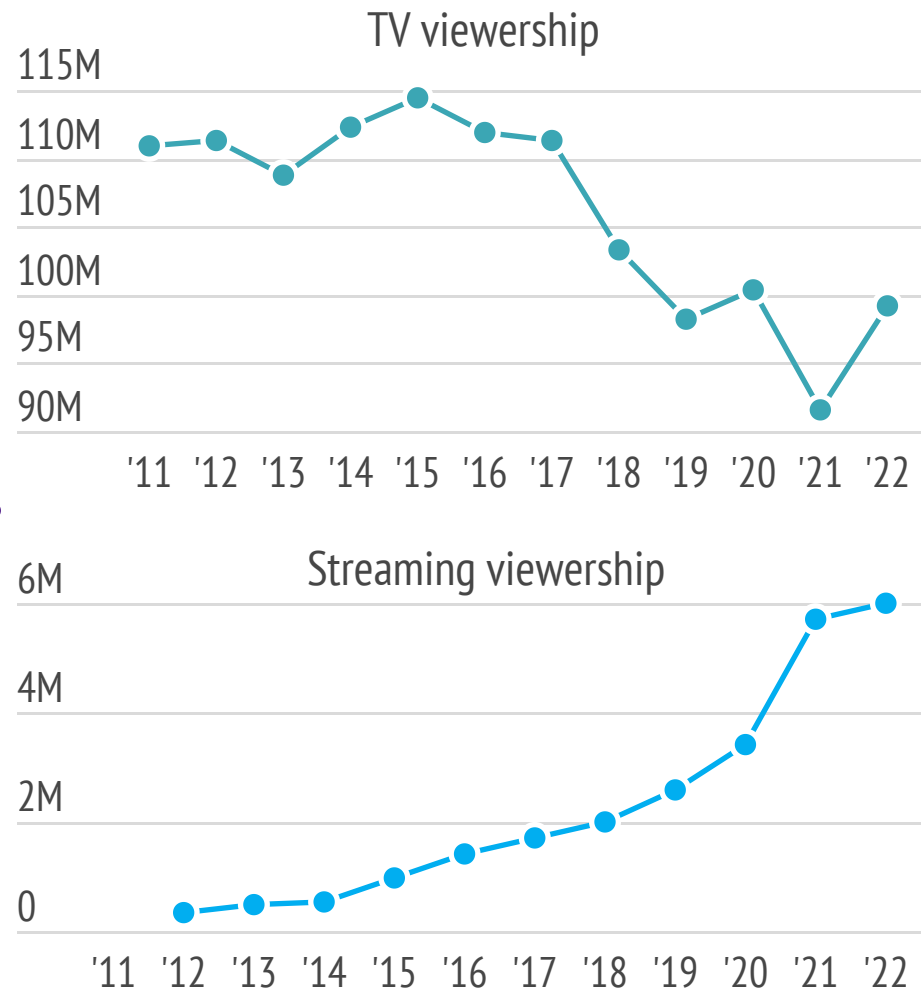
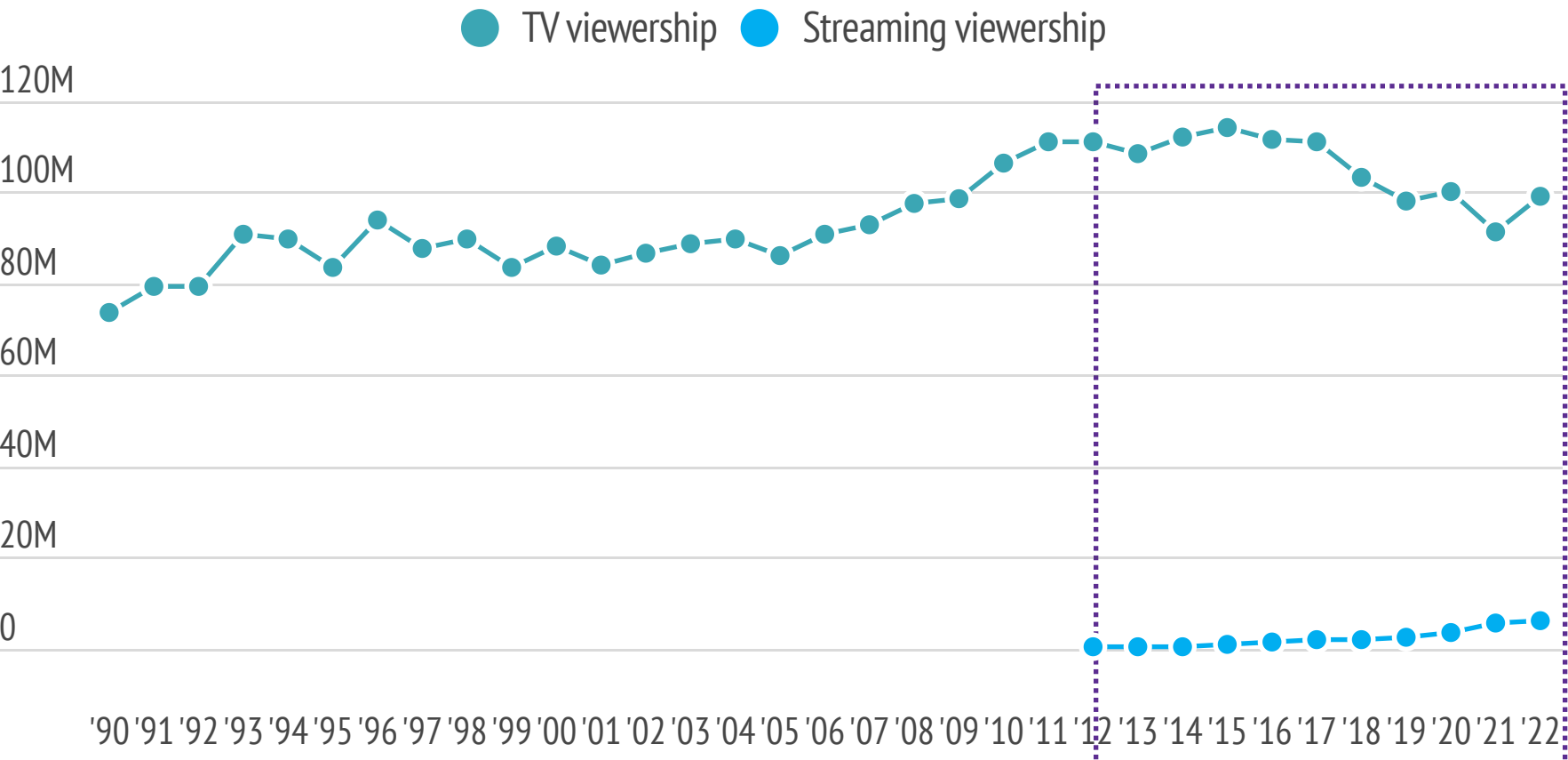
More sports media businesses are **focusing on a blend of data analytics, personalization, and new user experiences** to improve engagement with fans.

Sports Consumption Trends

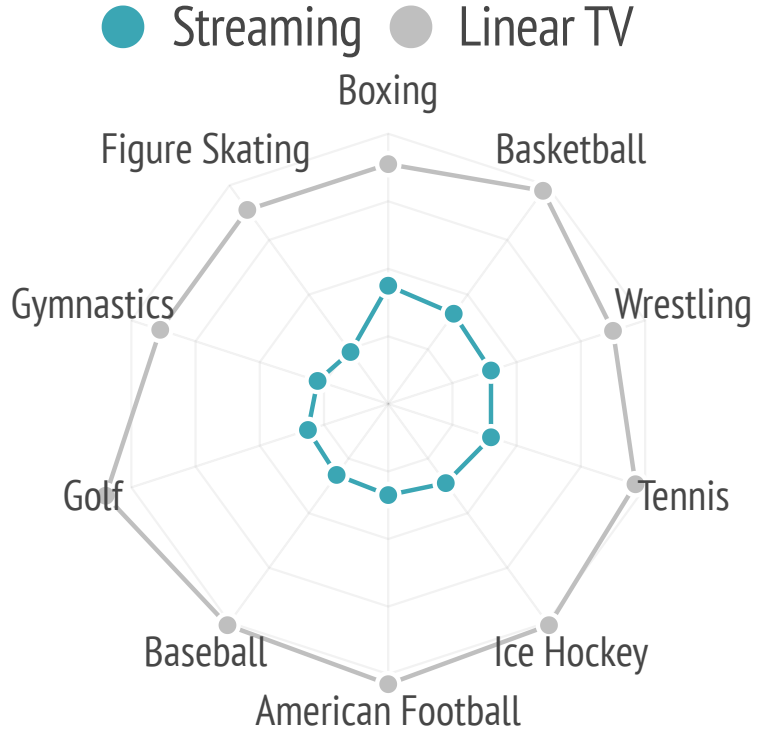
Transition to direct-to-consumer

Although Pay-TV remains the main source for live sports viewing, demand for sports content on streaming platforms grows. This trend is well illustrated by Super Bowl viewership split between linear and direct-to-consumer, with streaming making 6% of the total viewership in 2022, which is a sharp increase from 2% in 2018.

Super Bowl viewership in the US



Preferred platform to watch live sports in the US in 2021

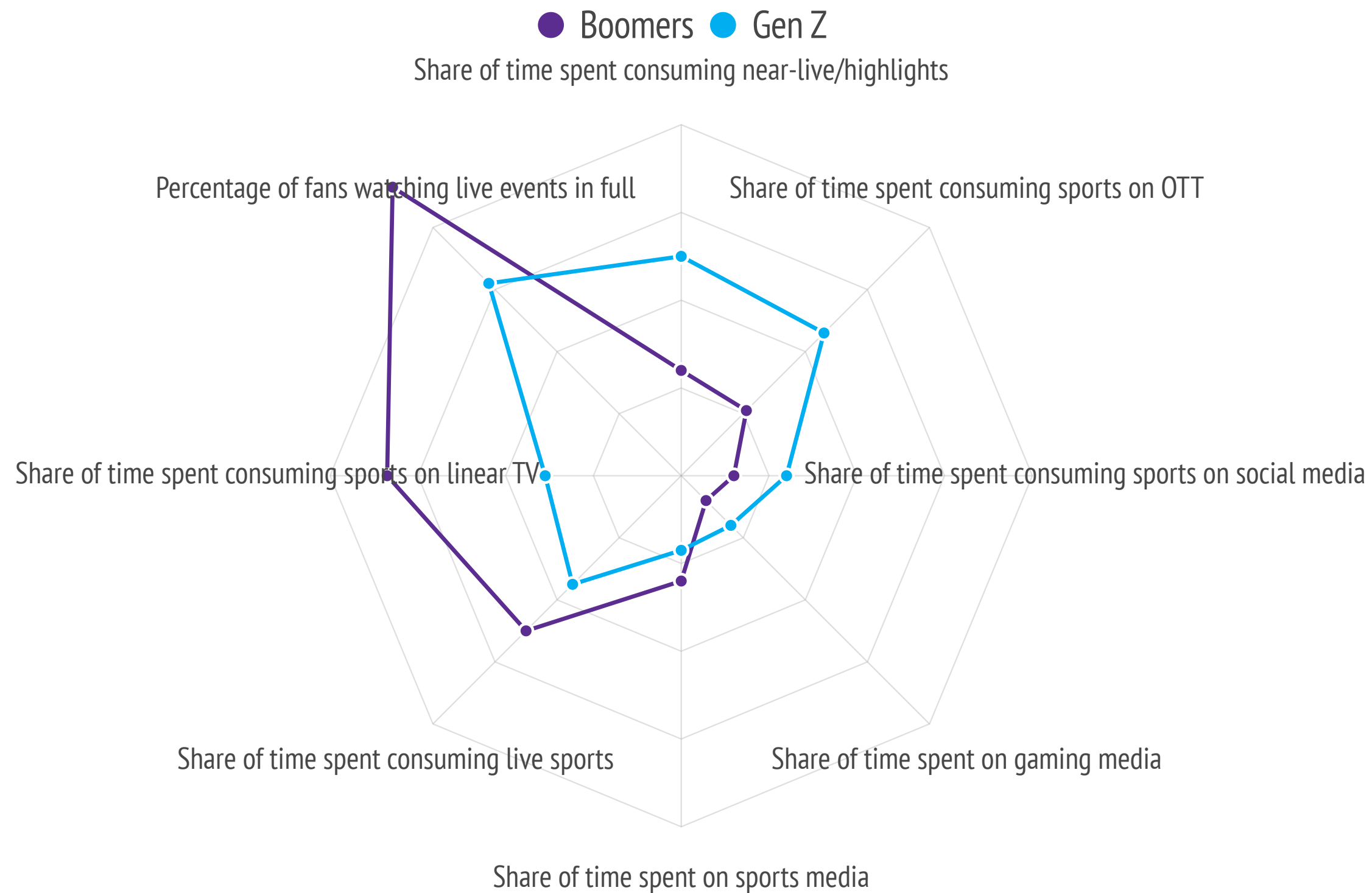


Sources: IABM, Sports Media Watch, YouGov

Sports Consumption Trends

Demand for new content formats

Sports consumption habits in 2021 - comparison between Boomers and Gen Z



Sports consumption habits are changing in favor of streaming platforms and shorter forms of content, mainly due to younger audiences. Gen Z fans tend to consume less live sports as well as spend more time on online, social, and gaming platforms compared to older generations.

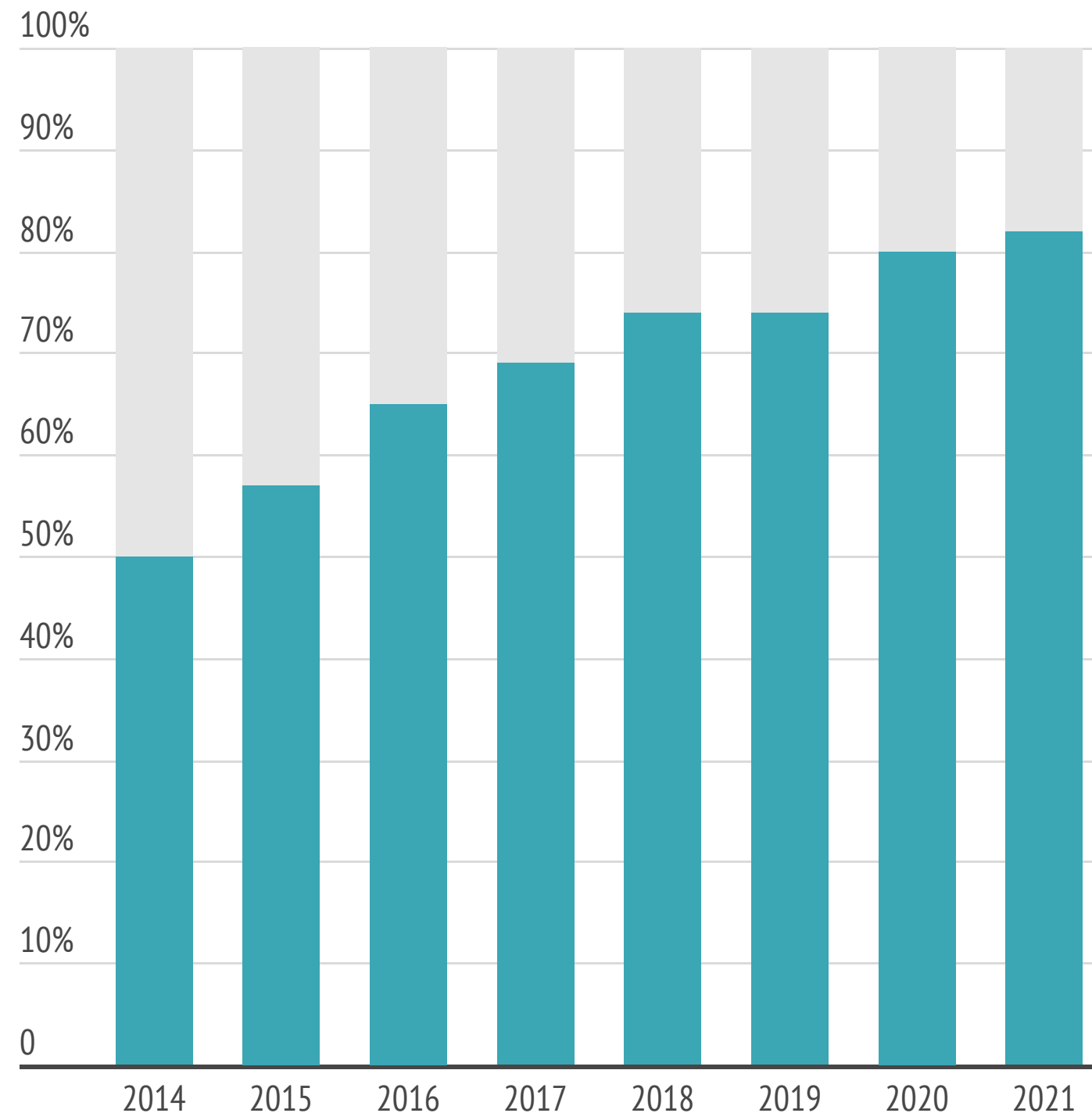
Sources: IABM, PwC Sports Survey

Sports Consumption Trends

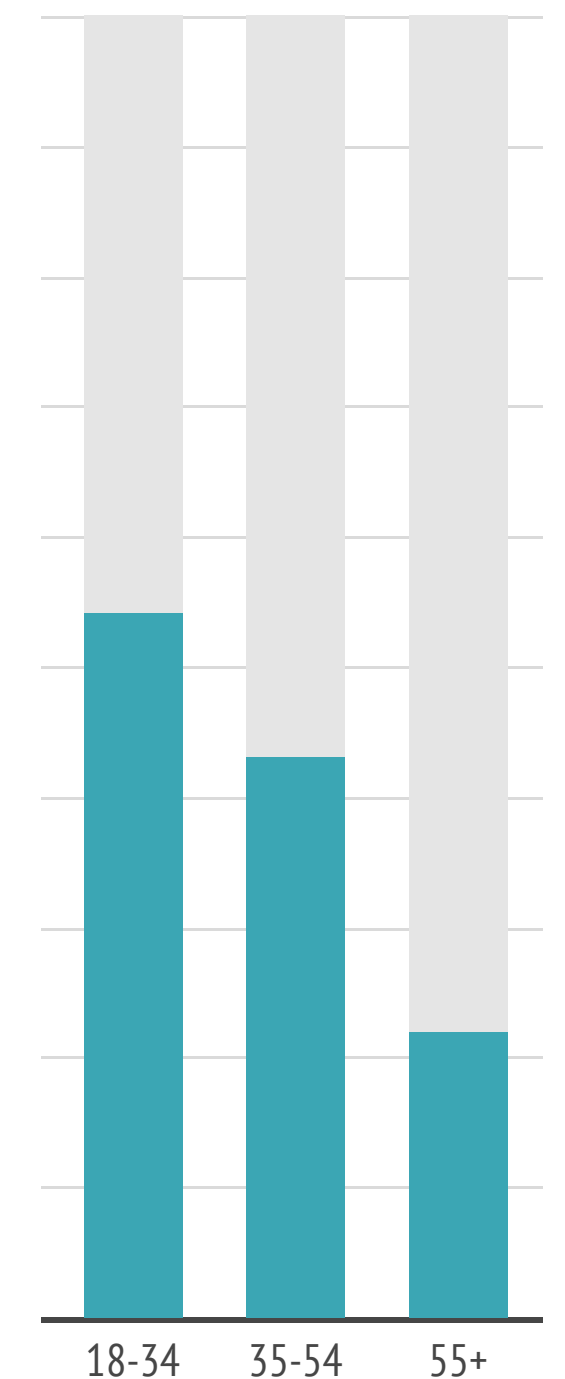
Demand for interactivity

Streaming platforms that prioritize viewers' engagement are gaining popularity among viewers due to their interactive nature. Twitch is a good example of such a platform. Various studies prove that younger audiences have shorter attention spans (12s among Millennials vs. 8s among GenZ). This leads to viewing habits evolving towards interactivity, increasing viewers' engagement, and generating new revenue streams for OTT platforms. Interactive viewing experiences in live sports include gaming and betting elements, AR/VR graphics, as well as shared viewing experiences.

Connected TV (CTV) penetration rate in the US



CTV daily viewership in the US by age group in 2021



Sources: IABM, Leichtman Research Group

Business Drivers

Digital competition for sports rights

The increasing demand for sports content on streaming platforms is forcing streaming services to compete for sports rights with Pay-TV, leading to sports rights market fragmentation. Instead of sublicensing games from Pay-TV operators, which used to be a common practice for OTT players (e.g., fuboTV streaming UEFA games sublicensed from Fox Sports), the industry is now witnessing streaming players entering the competition for exclusive sports rights. The industry saw a number of streaming sports rights deals at the beginning of 2022.

fuboTV acquired three-year exclusive rights to stream the Premier League games in Canada.

The NFL sold a package of games exclusively to a streaming service for the first time. Within this 11-year media rights deal, Amazon will exclusively stream Thursday Night NFL games in the US.

HBO Max joined the competition in 2022 with an eight-year deal with the US Soccer Federation

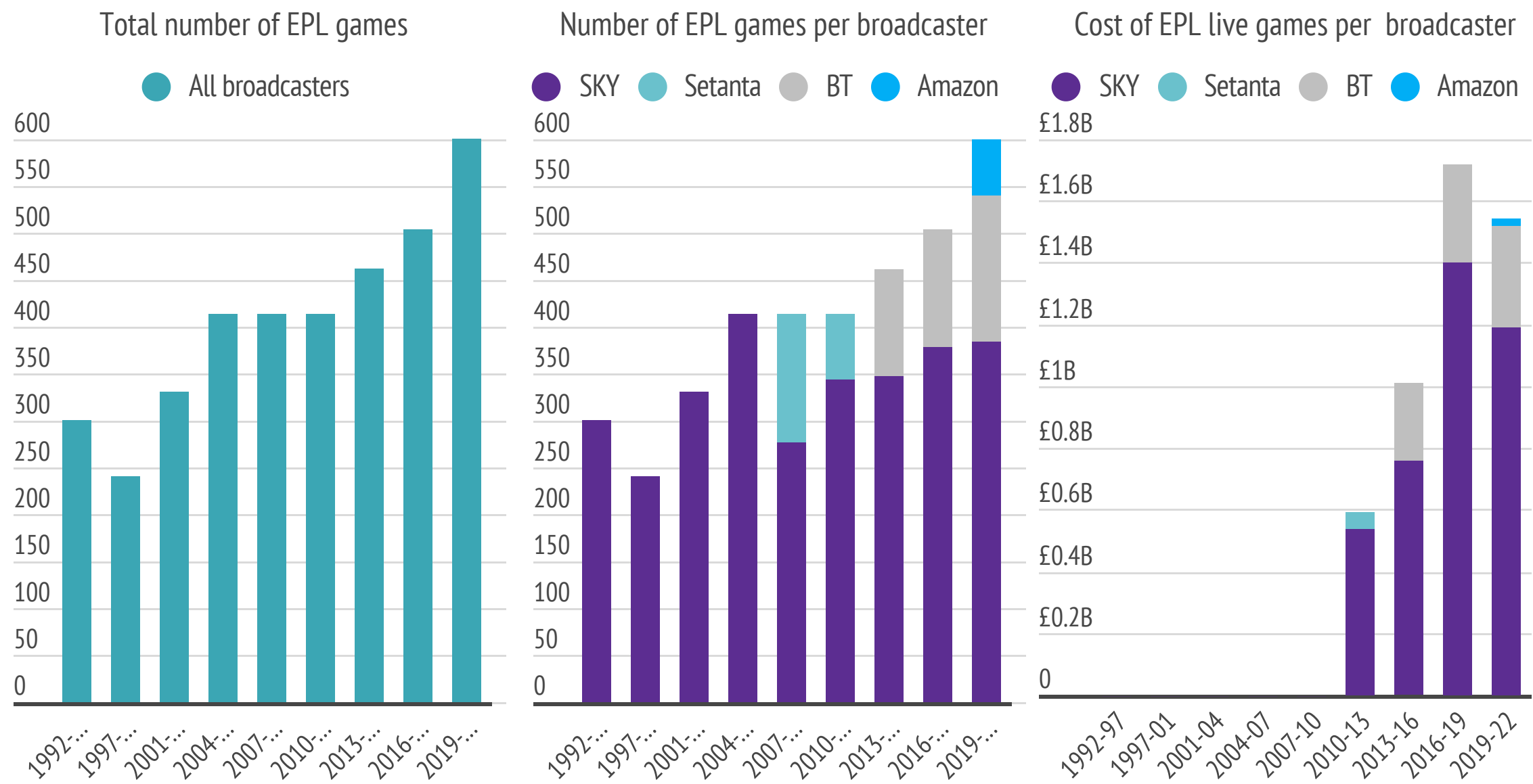
Apple acquired a package of MLB rights in nine territories, including the US and Canada.

Sources: IABM, Nielsen, Sports Business Institute

Business Drivers

Digital competition for sports rights

Although the number of games broadcast every season is growing, the number of games per broadcaster is decreasing due to increased competition as streaming platforms such as Amazon enter the lucrative sports rights field.



English Premier League data demonstrates that Sky was an exclusive broadcaster of all EPL games until 2007. The EPL games had been broadcast exclusively on linear TV until 2019, allowing Pay-TV operators to retain their audiences, particularly older viewers. In terms of both rights value and size of the audience, streaming platforms have only a tiny share of the business, but it is likely to increase in the future. According to the survey Grabyo conducted in July 2021, 79% of global sports fans are ready to go streaming only.



Sources: IABM, Sports Business Institute

Business Drivers

Diversification of content portfolio

More sports media businesses are investing in extended sports coverage and ancillary content to keep viewers more engaged with their offerings and augment their revenue streams.



Streaming aggregators

An example of this is a recent partnership of DAZN with a mobile platform Buzzer in February 2022. Buzzer allows viewers to access short-form videos through micropayments and subscriptions. Addressing viewers' fatigue with the overwhelming choice of streaming platforms, Buzzer claims the goal of the business is to reach more of the young audience, following their evolving viewing habits. In terms of market structure, streaming aggregators for short-term content like Buzzer complement streaming companies by re-distributing their live content to generate alternative revenue streams rather than competing with OTT platforms.



DAZN Studios

DAZN is investing in its global original production strategy, creating a division to produce documentaries, series, and films, and exploring new production opportunities. DAZN Studios aims to work with content creators to develop new formats of sports programming.



DAZN Studios is going to enable us to broaden our original programming offering with productions that not only drive deeper engagement with fans but create opportunities via licensing, distribution, advertising and commissions.

Ed McCarty, COO at DAZN



Amazon Studios

Matt Newman moved across Prime Video's global Sports group to develop sports docuseries, movies, and scripted fare, having previously served as the company's co-head of movies at Amazon Studios. This move will strengthen Amazon's capabilities in creating new formats of sports content to keep viewers engaged with the platform on top of exclusive live games.



With our Amazon sports documentaries, we have created benchmarks in terms of access for sports fans.

Karl-Heinz Rummenigge CEO FC Bayern

Sources: IABM

Business Drivers

Diversifying new revenue streams

Following changing viewing habits, sports media businesses doubled down on interactivity in 2021 - the table on the right shows some of the most interesting initiatives. DAZN and fuboTV acquired technology organizations to develop new interactive functionalities on their platforms - fuboTV launched new gaming and betting offerings, for example. Bally's Corporation acquired Telescope to double down on interactivity while, in the audio sector, Spotify acquired Locker Room to start developing live audio experiences centered on audience engagement. On the technology front, businesses providing interactive solutions such as WIREWAX and HayPak were acquired by Vimeo and Brightcove respectively.

Interactivity initiatives in 2021

	Year	Initiative	Type	Primary Focus	Sports-focused
fuboTV	2021	Acquisition of Vigtory	Acquisition	Betting	✔
fuboTV	2021	Acquisition of Edisn.ai	Acquisition	Data	✔
fuboTV	2021	Launch of FanView Live Stats	UX Development	Data	✔
fuboTV	2021	Launch of Free-to-Play Games	UX Development	Gaming	✔
fuboTV	2021	Launch of Fubo Sportsbook	UX Development	Betting	✔
fuboTV	2021	Launch of E-Commerce Shop	UX Development	Commerce	✔
DAZN	2021	Acquisition of Texel	Acquisition	Interactivity	✔
DAZN	2021	Launch of DAZN X	UX Development	Interactivity	✔
Brightcove	2021	Acquisition of HayPak	Acquisition	Interactive Tech	
Vimeo	2021	Acquisition of WIREWAX	Acquisition	Interactive Tech	
Bally's Corporation	2021	Acquisition of Telescope	Acquisition	Interactivity	✔
Netflix	2021	Launch of Netflix Games	UX Development	Gaming	
Versus Systems	2021	Acquisition of Xcite Interactive	Acquisition	Interactive Tech	
T-Mobile	2021	Acquisition of Octopus Interactive	Acquisition	Interactivity	

Sources: IABM

Business Drivers

Diversifying revenue streams

fuboTV on Vigtory acquisition



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*We believe **online sports wagering is a highly complementary business** to our sports-first live TV streaming platform. We believe a real flywheel **opportunity with streaming video content and interactivity**. We not only expect **sports wagering to become a new line of business and source of revenue**, but we also expect **that it will increase user engagement on fuboTV resulting in higher ad monetization, better subscriber retention, and reduced subscriber acquisition costs.***

David Gandler
Co-founder and CEO
fuboTV
(January 2021)

Sources: IABM, fuboTV

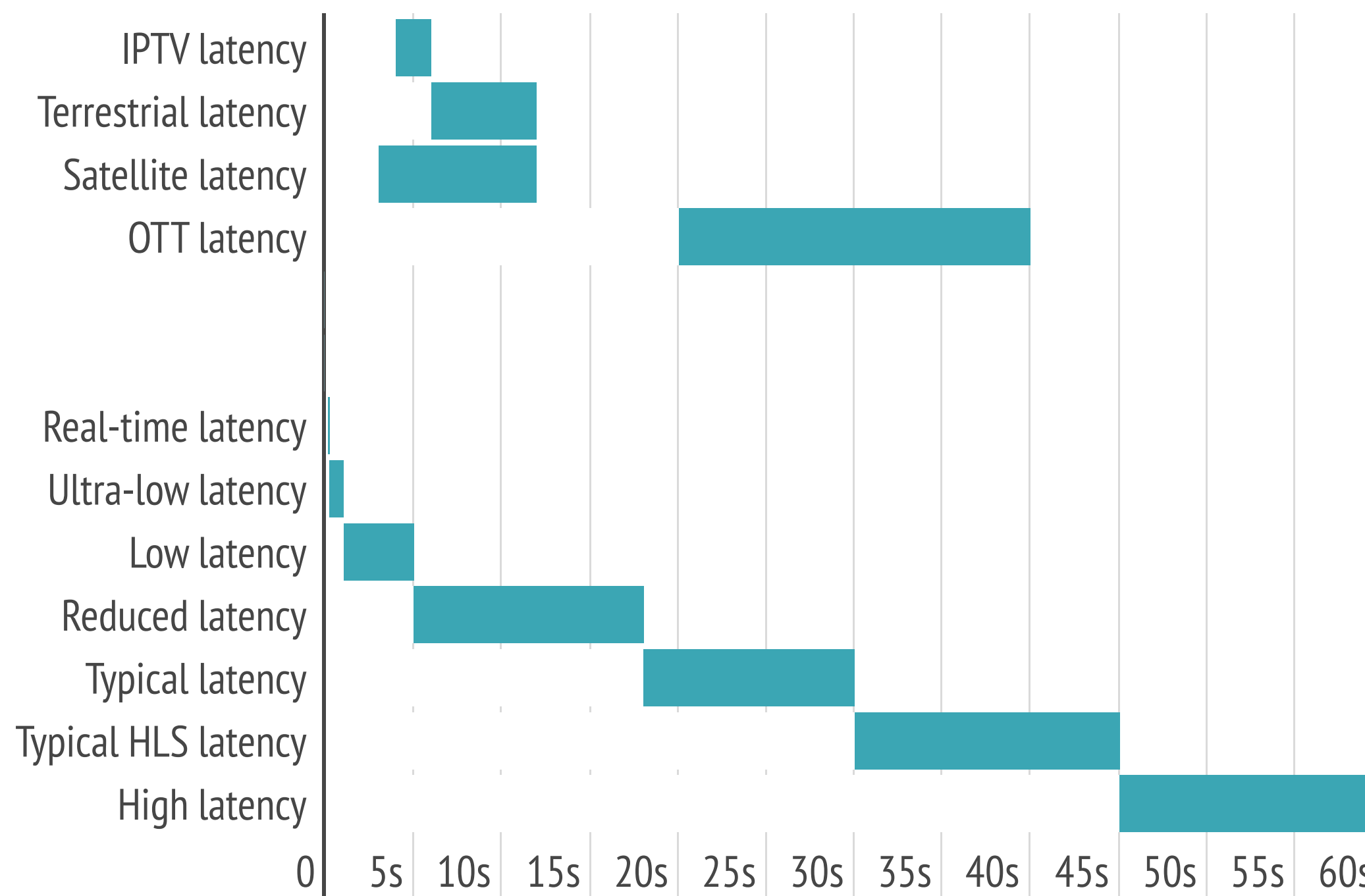
Technology Investment

OTT/Streaming platforms | Latency

The live nature of sports broadcasting requires low latency, which wasn't an issue with the linear delivery. While an average 7-second delay on Pay-TV is acceptable and even invisible to viewers, with large audiences like the Super Bowl has, streaming latency may reach 60 seconds, affecting user experience.

It is arguably the concurrence of viewing experience that mattered rather than latency itself, as spoilers were the main concern for latency. However, with the convergence of M&E industries, low (or even near-live) latency becomes crucial, particularly for betting experience based on real-time data.

Average latency by media



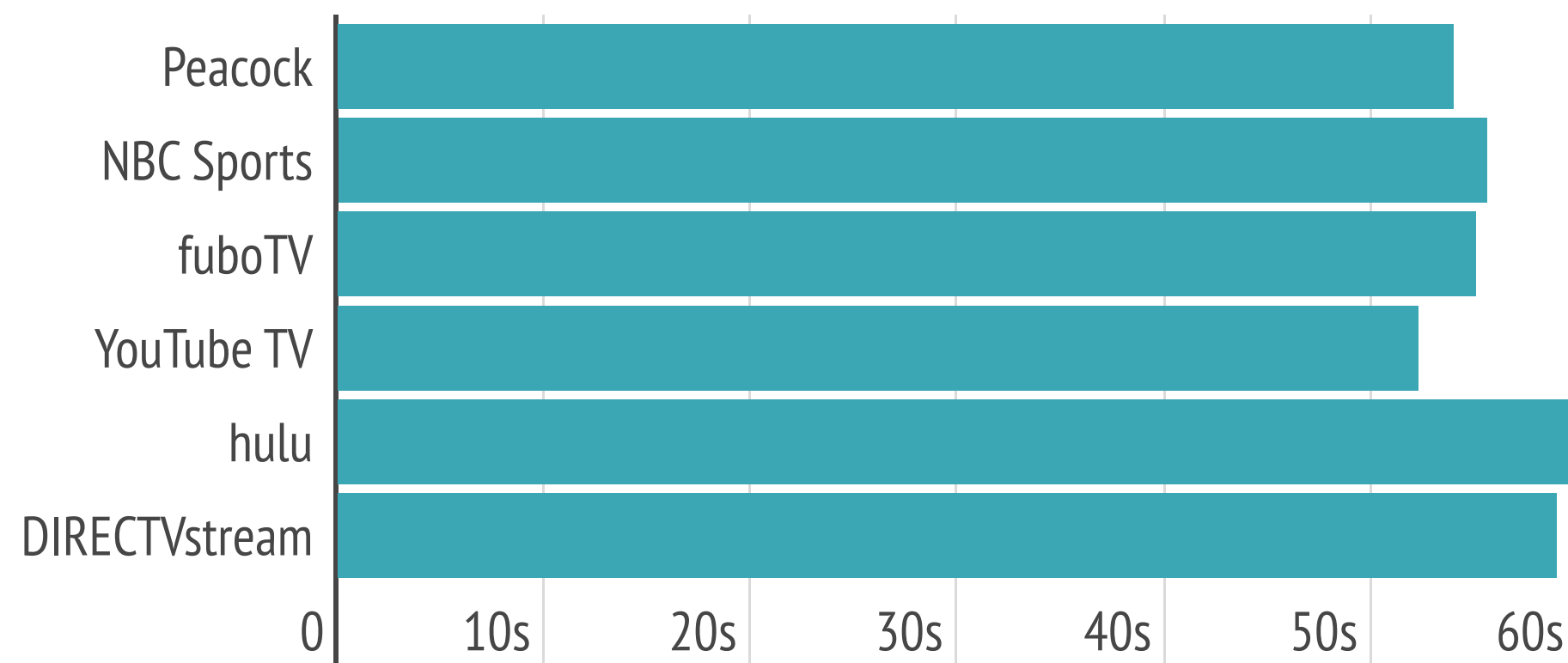
Sources: IABM, Bitmovin Magazine, 4th edition

Technology Investment

OTT/Streaming platforms | Latency

Super Bowl LVI Streaming Averaged 50-60 seconds behind cable - which is slower than normal 20-40 seconds streaming latency - due to the huge audience. The average streaming minute audience was 10.5 million viewers and 15.5 million total viewers. The latency was slower than average with HD delivery. UHD delivery will create even more challenges with latency in the near future.

Latency in seconds at the Super Bowl 2022



The increase in viewing the Super Bowl over the internet has also coincided with the explosion in sports betting, creating issues for up-to-the minute wagering... Considering that the data was slower than normal despite the fact that NBC did not stream the game in 4K this year suggests that streaming the game in UHD will create more challenges in the years ahead

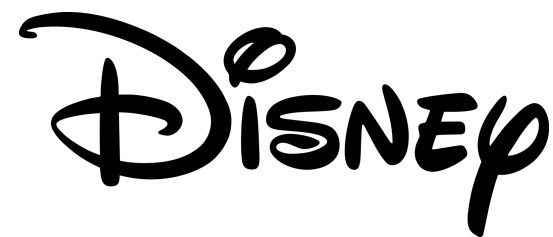
From TVTechnology
Tom Butts
(February 2022)

Sources: IABM, TVTechnology

Technology Investment

OTT/Streaming platforms | Streamlining linear

Recent rationalization initiatives by media businesses



Shut down ESPN Classic, 30 cable channels in 2020, and about 100 in 2021 to focus on streaming.



Shut down NBC Sports Network and moved sports content to Peacock streaming service.



Sold CBS Studio Center for \$1.85bn to “redeploy capital to strategic growth priorities, including streaming.”

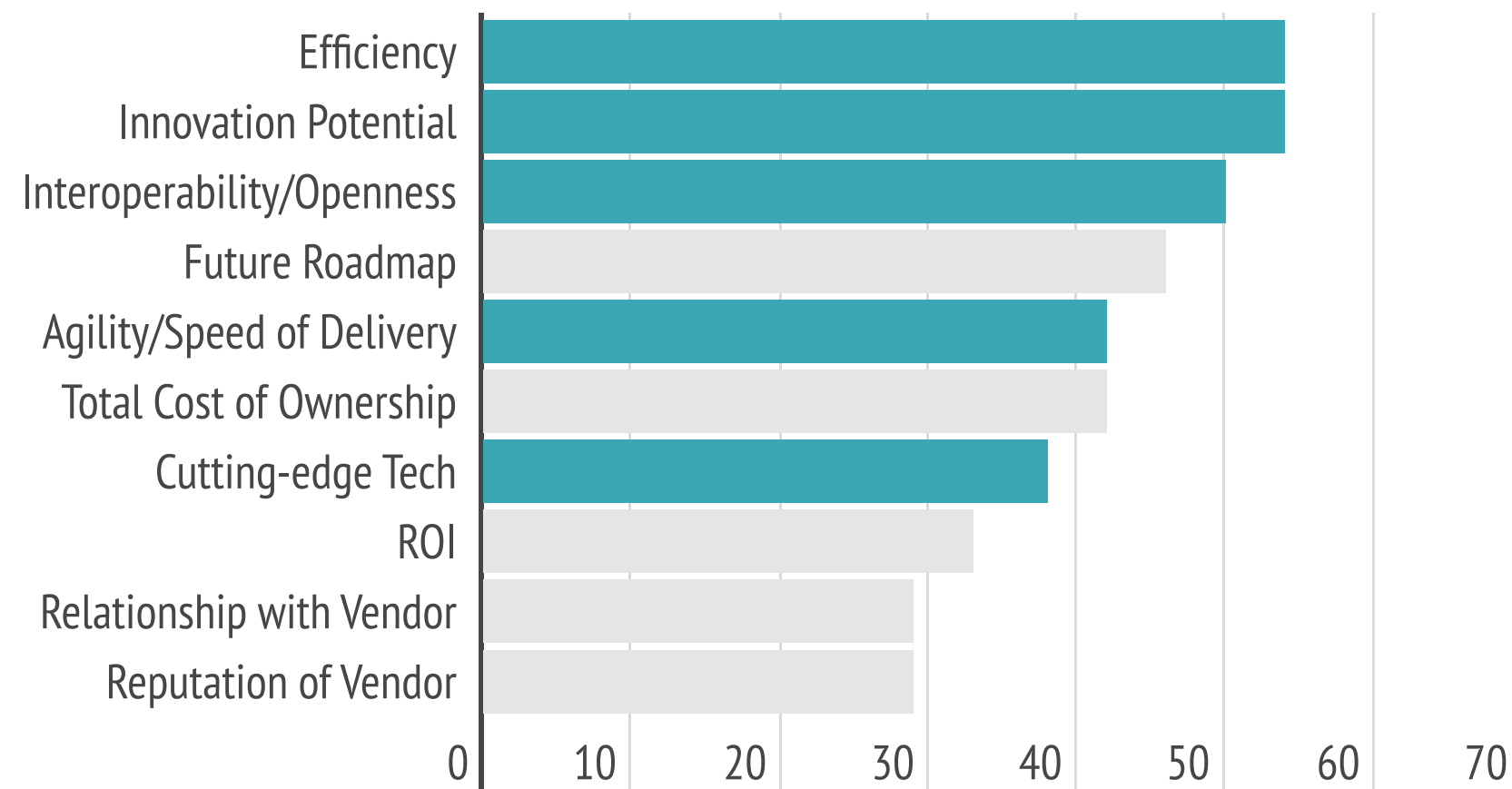
Sources: IABM

Technology Investment

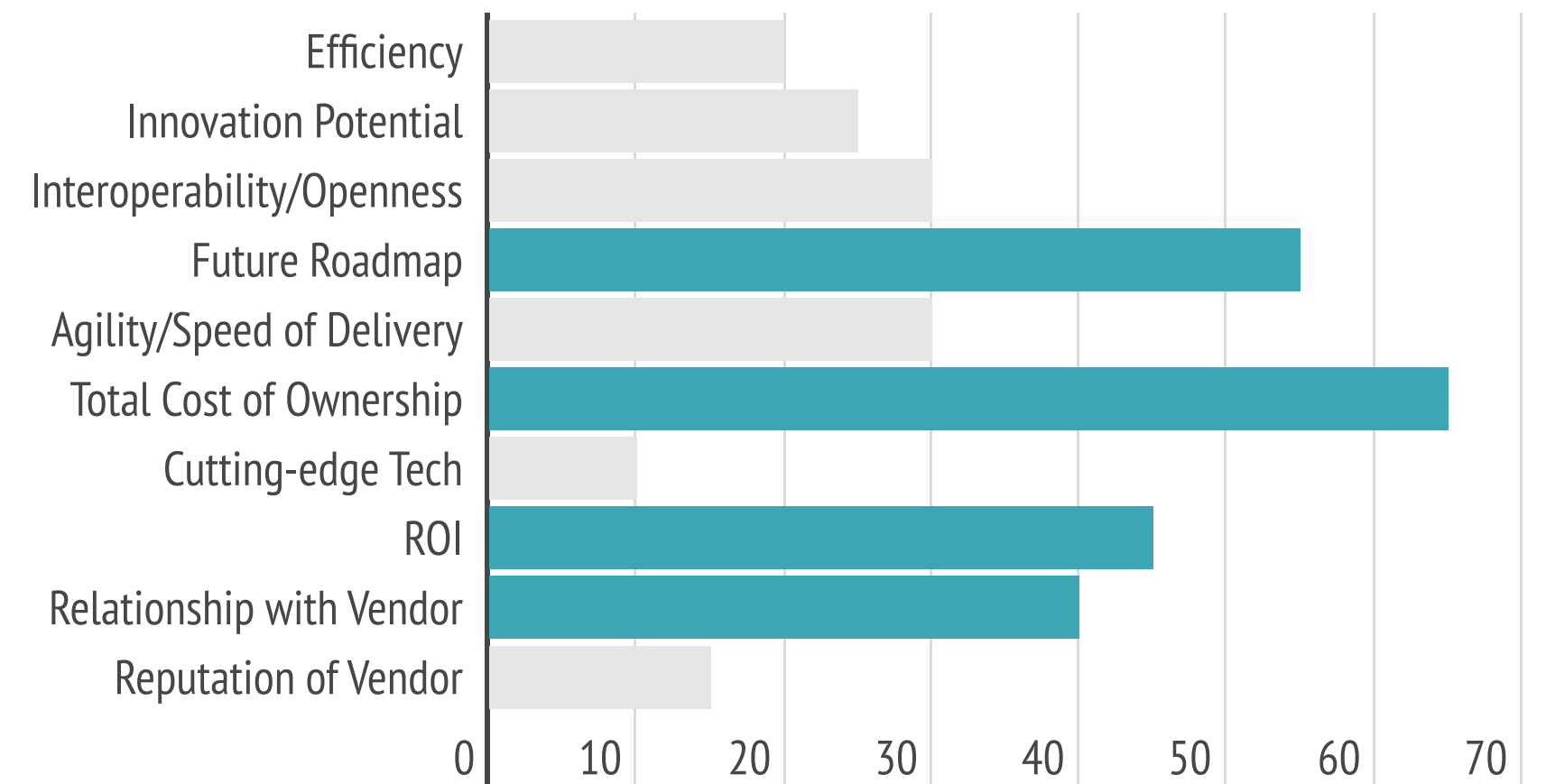
OTT/Streaming platforms | Strategic technology investment

The transition of the M&E industry to DTC is causing sports media businesses to make sports media technology purchase decisions more strategically. While companies that decrease the budget for media technology are driven by pure financial benefits, such as ROI and the total cost of ownership, businesses that plan to increase investment in media technology tend to prioritize efficiency, innovation potential, agility, and interoperability when choosing media technology investment.

🔧 ▲ Media technology budget to increase



🔧 ▼ Media technology budget to decline



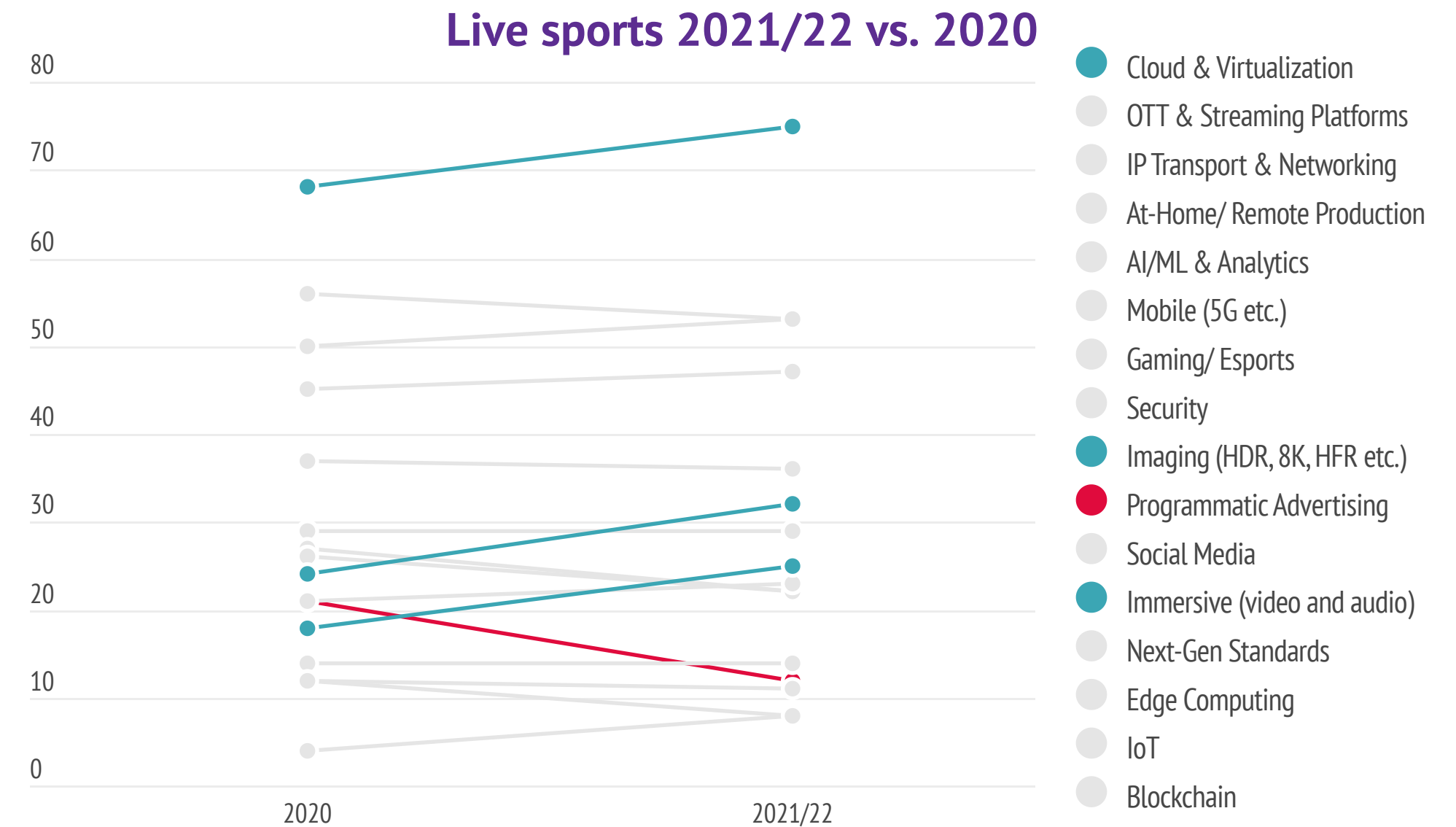
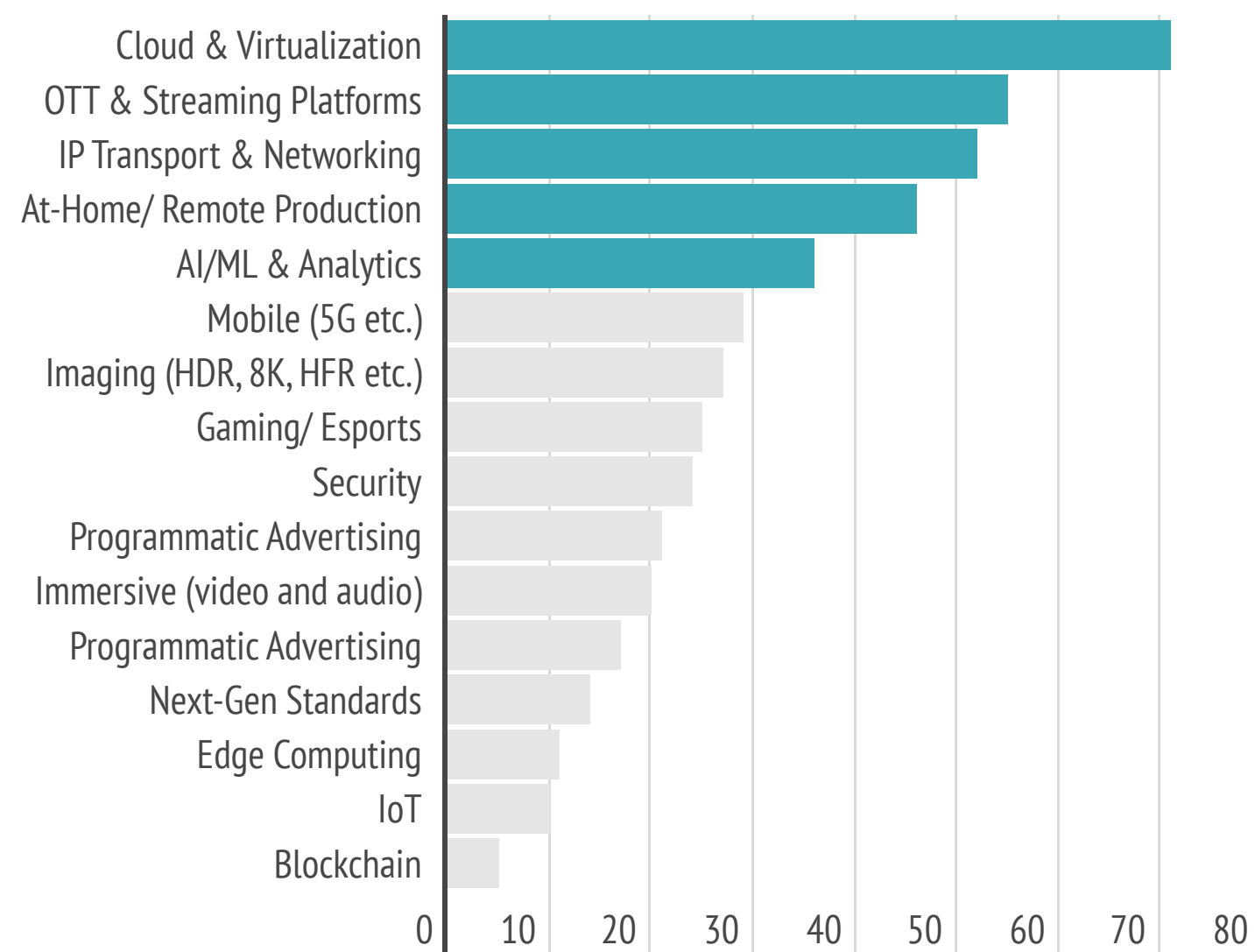
Sources: IABM

Technology Investment

Remote production, Cloud, and AI/ML

More sports media businesses are investing in technologies such as remote production, cloud, and AI/ML to enable more content coverage in an efficient manner. Investment in the cloud, which is a top priority for live sports media companies, grew further in 2021 (along with imaging and immersive).

Live sports companies media technology priorities



Sources: IABM

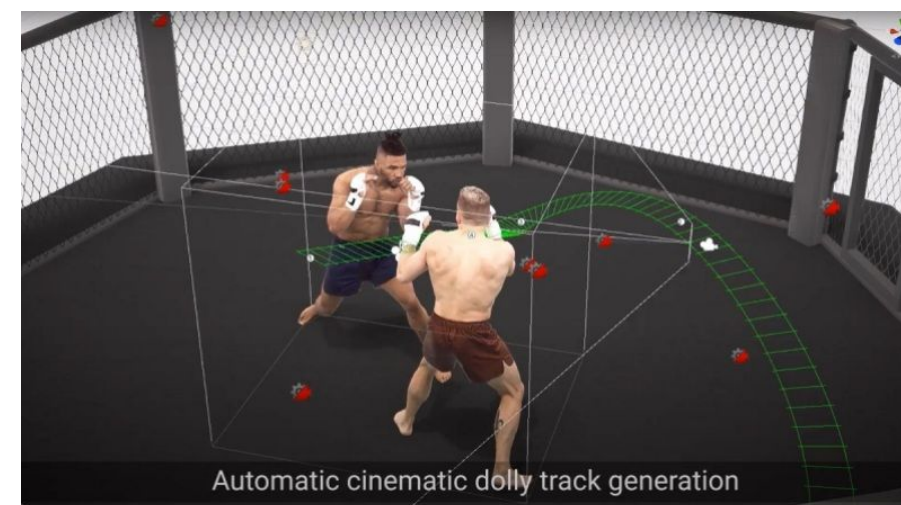
Technology Investment

Data analytics & User experience

In response to changing viewing habits, media companies are increasingly investing in data analytics to improve user experience. One of the recent examples of interactive developments in live sports is live in-event betting, which allows fans to bet on in-game outcomes while the game is being played. Sportsbooks provide real-time statistics and odds using advanced analytics algorithms to enable in-game betting.



Another example of live sports interactivity is when the line between streaming and gaming blurs. Streaming platform Unity uses Metacast volumetric capture technology to create 3D renderings, allowing viewers of live sports events to control multi-angle cameras and includes interactive features.



Sources: IABM

Technology Investment

Data analytics & User experience

fuboTV at Needham & Co. 16th Annual
Virtual Technology & Media Conference



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We are very focused on our ability to manage our data and to analyze and leverage that data in ways that will allow us to find new opportunities... Adding wagering, I'm looking for things we can sell that can add \$10 to \$15 to \$20 of monthly revenue per customer

David Gandler
Co-founder and CEO
fuboTV
(May 2021)

Sources: IABM, fuboTV