Beyond Now

Insight guide: Media & Entertainment

Humans crave media content, for sociability, entertainment, distraction, information and just to be human. That's why some of the biggest corporations on earth are media companies; from TV to movies to advertising to publishing; user-generated content, news and music.

Technology – from the gramophone to streaming services – has built the media industry. Without it we'd all still be sitting around camp-fires telling stories and singing songs, or reliant on local theatres, musicians and news-sheets. And now technology is delivering its biggest challenge.

The internet and mobile devices have transformed media and entertainment by giving consumers the freedom and choice to consume anything, anytime, anywhere. The ubiquity of content has reduced its value, shifting revenue generation opportunities to related products and services. To maintain growth, media companies don't just need to build a new business model, they also need to create an ecosystem of partners connected and managed through digital technology. This will ensure that they maximize opportunities and revenues and offer the best possible service direct to customers.

Further, Faster, Beyond Now

Introduction: Welcome to the Bowie Paradigm

Technology is media, and media is technology. Before Thomas Edison patented the gramophone, there were thousands of performers – from opera singers to travelling bands – who made a living entertaining small audiences. Edison put most of them out of business and created a 'winner-takes-it-all' market where star singers made most of the money and everyone else struggled to get by.

The same forces have been unleashed by digital technologies. In response to the disruption, traditional media companies are developing new business models and revenue streams. In 2002, media icon David Bowie spotted the paradigm shift taking place. He said, "Music itself is going to become like running water or electricity. You'd better be prepared for doing a lot of touring because that's really the only unique situation that's going to be left." He was right. Now, artists don't tour to sell albums, they make albums to sell concert tickets.

It's the Bowie Paradigm: Constant content streamed any way you want it; anywhere you happen to be; with revenue coming from associated products and services based on cross-sell and up-sell options. This requires a platform from which an ecosystem of partners – some obvious, some not so obvious – can focus on the media content and delivery to enable customers to consume media however it pleases them.

The platform economy is changing every aspect of media, especially print journalism and advertising. Facebook has encroached on new reporting (albeit with noted inherent difficulties) and has shifted the way news is consumed as well as paid for. Even venerable news agencies like Reuters and AFP are under pressure to move from fixed contracts to pay-per-story models.

The movie business is now a streaming business with cinema releases seen as a way of advertising the content itself. TV, film and advertising have merged. Advertising is losing its 'interruptive' power and needs new ways to expose brands to the public – often by embedding the ads or indeed products in the content itself.

> "Advertising is losing its 'interruptive' power and needs new ways to expose brands to the public." [1]

But that does not mean that 'traditional' is dead. However, to continue to survive linear TV, print in all its forms (newspapers, magazine, books), and cinema must integrate within a broader ecosystem of technologies and partners; one that encourages co-creation and innovation.

Media is still media. As Bowie foresaw, people want music, and music is still music (it needs musicians and recording specialists), but now it can be consumed in more ways than ever before. So, the trick is to create seamless access to consumers, so they can engage and curate the content, in all its forms and in ways that suits their mood, location, circumstances and available access technologies.

[1] The End of Adverting by Andrew Essex 2017

The global media and content industry

Many commentators will claim that the media industry is being affected the most by digital disruption. In fact, some of the biggest media companies generate no content – their users do: i.e. YouTube and Facebook. That's why the sector faces more peril, but indeed more opportunity than any other. Within this dynamic context the doomsayers aren't being proven correct. It is in fact a sector that generates new business ideas more rapidly than any other.

Take print, for instance. It's been a record-breaking year for book publishers as sales of books passed the £5.7bn mark in 2017, up 5% on the previous year, according to the Publishers Association. Their CEO, Stephen Lotinga stated; "Publishers are catering to modern consumers who are reading books in different formats across different platforms, but still showing a very significant attachment to the printed word."

Furthermore newspaper and magazine subscriptions remain buoyant. A wide range of physical newspapers and magazines still populate the shelves, free newspapers entered the market before the dot-com boom driven by new advertising models, and online access to news and comment is thriving. Some players have created paywalls, others have more fluid subscription models (a mix of voluntary and structured), whilst many publishers are starting to think about a micropayment approach. Readers pay per article, either direct to the publisher of a specific newspaper, or perhaps to a third-party which enables access to a range of publications (mass market and niche) which then distribute a 20c per article read with millions of 20c payments adding up to a substantial income.

Lean back TV, where the audience lets the schedule take them from content to content, is still strong. Although Netflix is huge, as is Amazon Prime, it has not killed traditional TV. 'Second screen' viewing where audiences compliment main screen content with another form (mostly social media) is rising; but it enhances the TV experience rather than replaces it.

The big TV broadcasters endure. They've been quick to make alliances with platforms such as Netflix and acquisitions to strengthen their portfolio. The talent, the producers, writers, technicians, are working across all those platforms to deliver ever more high-quality content which audiences crave.

Consequently, there is more content out there than ever before. And the audience can access it in more ways than ever before. They can 'lean forward', using smartphones, tablets, and streaming to create their own schedules; and they can 'lean back' and just watch and engage. TV professionals will tell you this is nothing new. The rise of cable in the 1980s and the creation of, first, the video recorder, then the TiVo digital recorder, was the real transformation. TV and movie companies tried to ban the VCR for fear the public would make bootleg copies of their expensive content. It didn't happen. They lost their battle. And then saw TV viewership rise, and a brand-new business open up: They could sell VHS copies of their content for a premium price! Then Blockbuster came along to generate a rental income for their archive. Netflix merely takes that forward into the streaming era and monetizes online content instead of physical inventory. Something the managers at Blockbuster didn't think could happen!

And that point is critical: Quality content is vital: If your newspaper is good; if your TV and film content is of a high standard and if your music is engaging – you can sell it. You just need to be able to sell it across multiple technologies. You need to get close to customers – to really get to know them and create a deep, lasting relationship with them. The companies which do that can then dictate what content gets made (Amazon and Netflix are already doing that very successfully). The key is forging the right ecosystem of partners connected through a platform that facilitates co-creation and innovation and can monetize the content by making it available easily and seamlessly to the consumer.

The dominance of digital media, whether subscription TV, online video, mobile advertising, or any one of the many booming areas related to digitally distributed content, has forced traditional media companies to rethink their entire business model. This is particularly pertinent around the areas of data, monetization, distribution and customer retention. For all the nervousness around, there is a real opportunity and that's directly in relation to subscription-based revenues. There is a lot of innovation out there and actually, it is the convergence of the telco and media sector which is enabling it.

2019 will be a critical year for many media and entertainment companies as they develop new revenue streams, get closer to their customers and embrace new technologies such as Artificial Intelligence (AI) and Virtual Reality (VR) to augment their content. Within this dynamic market it goes without saying, there will be many more entrants into the content creation business. As traditional advertising changes and becomes less disruptive – brands will be encouraged to create their own content using a mix of delivery mechanisms, from social media to "Over The Top" TV (OTT) channels which don't require 'expensive infrastructure' including set top boxes and satellite dishes which require the support of a fleet of vans with engineers in them. Instead TV will be streamed via the internet, even live TV. All you need is a smart TV and the right apps (plus subscriptions, though many will be financed through advertising). The media mix is going to get even more mixed. Those media companies that select and manage the right ecosystem of content and technology partners, led by consumer demand, and facilitated by the right digital platform, will lead the way.

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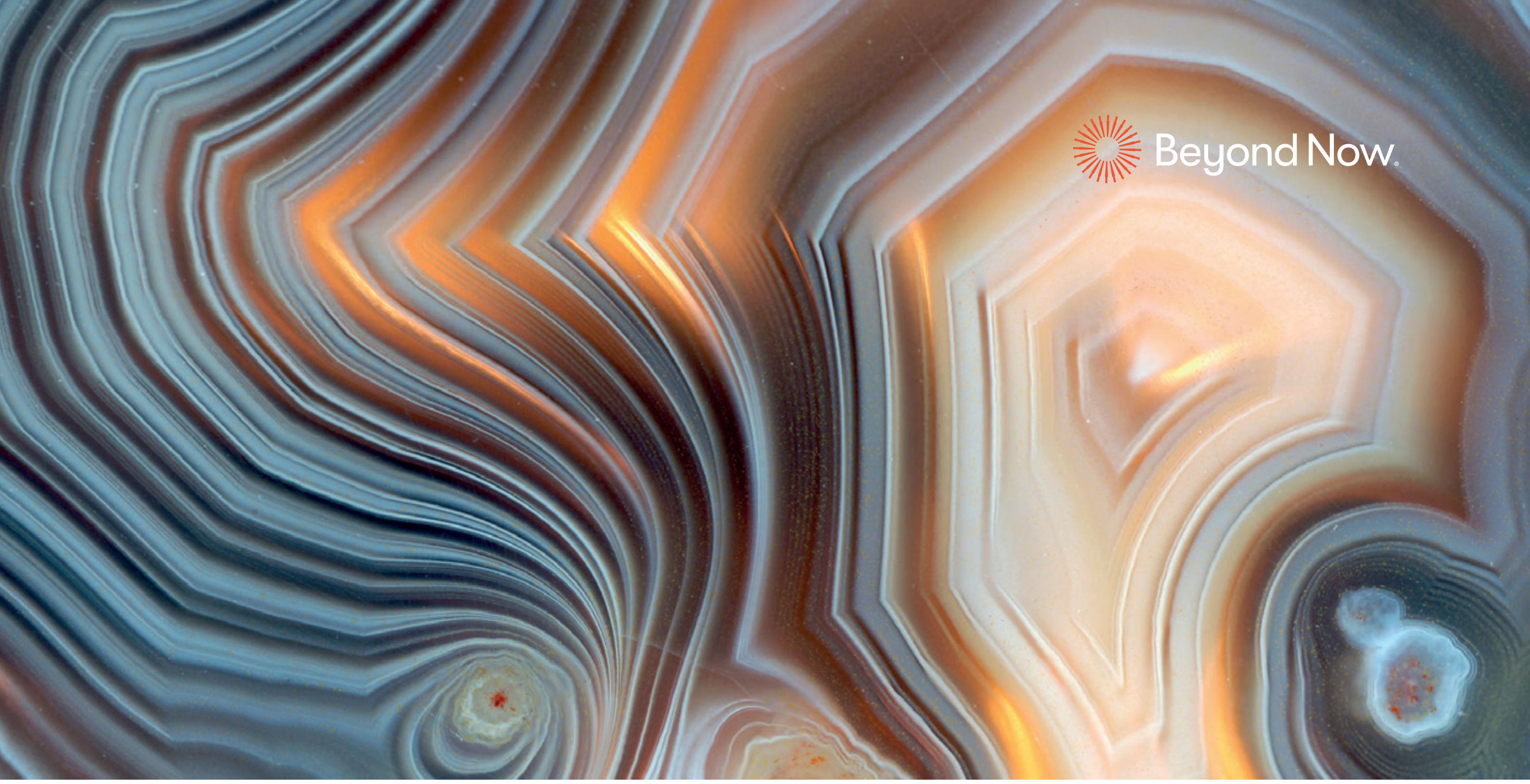

Creating a richer media mix

A decade or so ago the word 'broadcaster' denoted a large entity which was the member of a select club of, often, multinational media companies which benefited from deep investment in infrastructure, technology, talent, and distribution networks. Now, anyone can be a broadcaster, scheduler or content manager. And 'anyone' is trying to be.

Telco's have moved into rights acquisitions – especially for sports – and broadcasters (like Sky) have moved into the telco space by offering broadband and mobile services. That's because 'media' as a concept has changed; it's not just about content, but communication.

The next giant leap for mobile communication is fifth generation, or 5G, which will significantly improve the connectivity of mobile devices. With download speeds of up to 1000 times that of 4G, 5G will allow customers to watch content on their devices with the same ease, whether on the move or at home.
This will widen the opportunities for media companies (of all flavors) to stream their services and create new, innovative applications.

This will be a significant step forward for content, allowing consumers to access anywhere any time on any device. It will boost rich content consumption and grow the market significantly.

The virtualization of broadcast infrastructure will also be very significant. The software defined approach will bring in new ways to automate key tasks and so power the development of new channels, content, and access to new audiences via innovative business models.

Augmented reality (AR) and virtual reality (VR) are already making an impact on many areas of the media industry, with companies using them to promote their journalism and entertainment content.
The Guardian and The New York Times, for example, encouraged their readers to view a VR film that accompanied print and digital content to give a truly immersive journalistic experience. News lends itself to AR as you can have overlays on stories that are digitally consumed, which deepens the experience and adds value.

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AR allows advertising brands to interact with customers, and create adverts with extra online or video content that can be accessed through a smartphone app. This bridges the gap between print and online, providing a smooth transition from the reading and viewing experience to purchase.

Furthermore, one of the rising trends in the US is 'cord-shaving'; cancelling a multichannel subscription in favor of a combination of internet TV, terrestrial TV or free satellite TV. In the third quarter of 2017, over one million US viewers cancelled their subscription TV service[2], instead opting for less expensive bite sized or free content. But, the potentially negative financial implications of this scenario can be offset through linking content offerings to each other in innovative ways. The sports lover can argue a better case for maintaining a subscription that also includes movies or kids TV and so on.

This has presented a clear opportunity for media companies to fill the content gap and go direct to the customer with their own streaming service – and many have set off down this road. This will encourage bundling, so Netflix can work with Telco's or anyone else, and either charge per movie or program; stick to subscriptions, or add other services. And technologies like 5G will make that easier in a changing world where, perhaps, people won't even need a traditional SIM card to enable access.

But with so many options, from content to partnerships to monetization, which way do media companies turn? And how do they differentiate themselves in terms of both content and delivery? The key is to get firmly under the skin of the consumer, and make sure they deliver what they want, how they want it. And then bring all parties and partners together on a platform that drives co-creation and innovation to pre-empt and drive future trends.

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[2] **FierceCable, 2017**

It's never been easier to get into Media

Digital's biggest effect has been to increase ease of access to a world of consumers. In traditional business jargon, the barriers to entry of a pre-digital age have been stripped away – in most cases removed completely. That's why Netflix is now the biggest producer of movies in the USA.
It's also why Amazon is looking at sports rights and is buying up packages of games in the English Premier League.

Many media companies were slow to understand that the sources of competitive advantage they used to rely on have gone and they now need to continuously innovate and get much closer to customers to be able to compete. These are the new rules of engagement.

Online news services have become very powerful (for good and ill) and hold in their thrall significant niches of the population. Traditional newspapers and TV channels have suddenly found themselves working very hard to play catch up with these new sources of news and (unfiltered) opinion. They can sway elections – previously the conserve of the more traditional media outlets – and whose algorithms can drive to the extremes.

Digital media companies, leveraging new business models, mitigate the previous costs and the risks associated with setting up a new media venture. In TV, for instance, the reign of the satellites is under threat. TV channels have to commit to three or five years to ensure a feed from space. The internet enables those same TV channels to create pop-ups to test new markets and find niche audiences to generate advertising revenue or harvest subscriptions. These channels can be broadcast in 4K Ultra HD, or just Standard Definition. They can be adapted to micro-markets. They can be taken down if they don't work, with no overhang of commitments to affiliates or aggregate deals which keep costing money long after the channel's been terminated.

And if the channel is successful, it can scale quickly and broaden its reach into both new territories and genres with great agility and speed and without the need for massive investment. Again, that's the real difference between the digital age and the previous reign of the big broadcasters. Now new niche markets can be unlocked, tested and if proven successful, add significantly to revenue. Most of them have learnt the lessons of the dinosaurs, and they're embracing a mix of satellite, fiber, and internet distribution to get maximum eyeballs for their content.

That flexibility – based on a strong digital platform which can orchestrate and manage the inherently complex interactions between technologies and partners – also means that media businesses can tack with the winds of change from consumers. The subscription models pioneered by players such as Amazon, Netflix, The Times of London, The New York Times and so on, guarantee revenue month-by-month, through their paywalls, but they are fickle. We could be on the verge of 'peak subscription' – people are happy to sign up for Netflix because it's less than the price of a couple of coffees (and muffins) per month, but they still all add up. Tough economic conditions persist for most people – especially the middle classes of most developed countries – and even the hint of economic woes could see many subscriptions being ditched to manage family budgets.

Part of the attraction of the subscription model for consumers was the ability to cancel within a month. That was a clever psychological ploy: pay us $9.99 a month and if you don't like it you can cancel within a month, no questions asked, no financial overhang. But, that plays two ways. If many people cancel, then revenues go down. So, the fact that digital can enable a service to start up quickly without long-term commitments, means that you can track costs to match what's happening across you subscriber base.

In the end, the consumer doesn't care about your technologies or your balance sheets. But, the platform you choose has to be able to give the stakeholders behind a media business (be it a TV channel, a publishing venture, or any other kind of media operation) a way of mitigating risk and achieving agility. That's the security and innovation that Beyond Now provides.

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Data – money from ones and zeroes as well as great content

Content attracts consumers. Consumers generate footprint and data as they consume. Data can then be monetized in all sorts of ways beyond the content itself. It's a win-win for media companies. They can use it to commission new content with greater certainty of a return, and they can sell the data to advertisers as well as a range of different businesses which can, in turn, monetize the insights – and give you a cut!

With the media industry becoming increasingly fractured and with more and more players coming into the market, it's increasingly important for companies to understand their customers and know exactly how to reach them to promote new pieces of content. And that can be based on favorite genres or actors or even writers. Data is the key to that connection. It reveals which content overcomes the lure of going out or spending time doing a jigsaw puzzle!

The question then becomes, who owns the customer? Coopetition will be important. Different media businesses will work together to bundle offerings and then use the data to generate advertising insights or other marketing opportunities. Properly gathered and handled, data can also provide essential information about the habits and behaviors of a company's own customers, increasing opportunities to cross and up-sell content and services, as well as inform future product launches and ventures.

That is particular important in building an environment in which a company is able to deal with its customers' data, but at the same time, know these are really substantial investments. So, the key issue for the media company is to decide what data they can collect (via AI, machine learning and clever algorithms) and provide to the advertising market at what price.

So, it seems that the world of content and media is blessed with a sea of opportunity; it's easier to become a publisher; it's easier to attract audiences; it's easy to create rich media meaning; it's easier to generate and grow revenues. If only life were that simple; within this there are some shark infested waters that require carefully strategies to navigate.

The first challenge is daring to be different, and the race is on. The first lap has seen media companies running to go direct to consumers as quickly as possible, with most neck and neck. The second lap is about rationalizing all the options, and differentiating your content based on a deep understanding of your customers, from their preferences to their habits – and this is where data holds the key.

The second challenge is creating an ecosystem of partners and services to not just meet those needs, but also exceed them by moving with and pre-empting market demand and developments. This requires an agile, responsive digital platform to connect all stakeholders to drive co-invention and innovation across partners, as well as manage monetization and revenue sharing.

The good news is that whether you're a newspaper, telco, content creator or broadcaster, in fact wherever you are in the media mix, Beyond Now works with you to prioritize offerings and to build a platform that allows the quick and easy development and monetization of new partnerships, services and revenue opportunities. So you can create your own niche and respond rapidly to your market.

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Get the platform right, and your content can speak for itself

The old media landscape has gone. We live in a radically new environment. The old models have died. The challenge for all players in Media & Entertainment is to think in new ways and create radically new business models so that they can differentiate their offerings and grow revenue.

That's what Beyond Now is designed to do: To ensure you grow revenue by adopting the right digital business model and associated platform solution. It's key to enabling the reinvention of business models as well as the enhancement of those which are working well but could do even better. And it does it at speed.

The Media & Entertainment business, more than most others, has thrived on dynamic leadership. Opportunities arise quickly, and they need to be exploited and monetized even more quickly. Consumer likes and dislikes ebb and flow, so agility is key for any content producer or provider. That's why Beyond Now enables you to move quickly at low risk and cost to test new markets, find the ones that work, and exploit them to their full potential whilst moving on from those that don't work.

Again, the media business has always been like that. It's long been a 'fail fast' environment. Just ask any writer or actor or director! The digital era just makes it more frantic. Success is based on speed of thought, delivery and exploitation. As legendary Hollywood producer Sam Goldwyn put it, 'The harder I work the luckier I get!'. Media & Entertainment is not a precise business – there's luck involved – but only hard work delivers it. At speed. That's only possible with a sophisticated ecosystem of partners with the capabilities needed to achieve rapid success. And success is customer attention and loyalty.
It's the foundation of growth.

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About Beyond Now

Beyond Now is a fast-growing ecosystem orchestration and digital platform provider, powering our customers to launch new services at speed and grow revenue by utilizing our digital platform, digital marketplace and SaaS BSS.

Our platforms are designed to help you experiment, monetize and orchestrate services while taking advantage of new technologies such as cloud, edge, IoT, AI, 5G and more. We enable you to co-create solutions with a growing network of partners; bringing you closer to your customers, helping you drive higher efficiency and automation, taking you further, faster, Beyond Now.

We serve customers across Asia-Pacific, Europe, Middle East, Africa and the Americas, spanning industries from telecommunications, media and entertainment, to tech and IT, financial, and automotive.

In November 2021, Beyond Now completed a management buyout (from BearingPoint), supported by a small group of professional investors, and now operates as an independent technology company. Beyond Now is the company name replacing Beyond by BearingPoint.

For more information, please visit: www.beyondnow.com

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