# Survive and Thrive:
# The Value of the Connected Supply Chain

**EMILY HOPSON-HILL**

**VP SERVICES**

JULY 24, 2018

# Table of Contents

- Certain Trends to Consider

- What you get with a Connected Supply Chain

- A little about Ooyala

# Certain Trends to Consider

# Growing levels of investment into original content and content licensing

**NETFLIX**
$8b

**amazon**
$4.5b

**hulu**
$2.5b

**facebook**
$1b

🍎
$1b

AT&T + 👁
$85b

**Disney** ✕**FOX**
S T U D I O S
$52b

**Comcast** **sky** **FOX**
$91b

… the average high-end drama is more than $5 million an episode, and HBO is reportedly paying $15 million an episode for the final season of "Game of Thrones."

**S&P Global**

… nearly 500 scripted TV series in production in the U.S. in 2017. This is double the level of just six years ago

**S&P Global**

Netflix, Hulu, and Amazon Prime Video are expected to triple their combined investments in originals by 2022, spending $10 billion annually

**tdg** | the diffusion group

Source: Fierce Cable

# … and this is industry-wide, for content producers of all sizes

Among Ooyala's top customers:

- Long-form content supplies increased 159% in Q4 2017 compared to Q4 2016

- Medium-form content supplies increased 87% during the same period

- Short-form content supplies increased 112% in the quarter compared to a year earlier
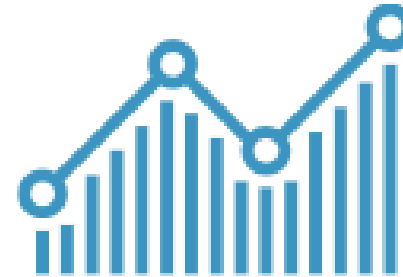
Source: Ooyala's Q4 Video Index

# Ever more properties on which to watch and discover content

"Traditional media companies need to get up to speed. Increased competition for content and eyeballs has prompted them to respond by launching direct-to-consumer services….
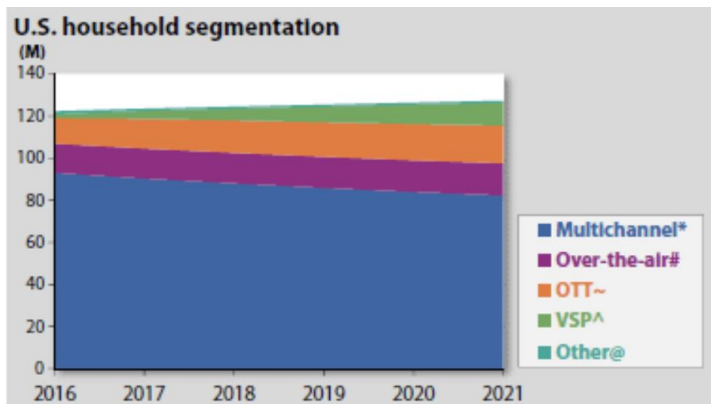
Pay-TV Operators such as Dish Network, Verizon, and AT&T have launched a number of smaller, lower-cost "skinny bundles" of content packages at a lower price than their traditional offerings."
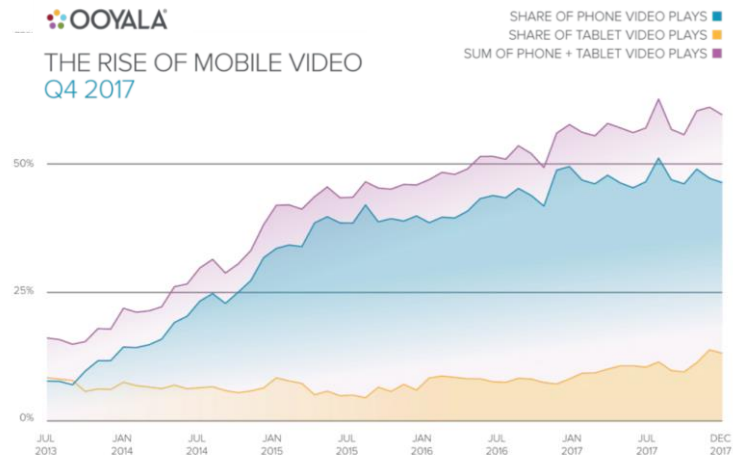
IABM

- More OTT properties
- More VSP offerings
- More geographies
- More languages

# …which means you are seeing audience fragmentation as well

## U.S. household segmentation

**(M)**

Multichannel*
Over-the-air#
OTT~
VSP^
Other@

*2016 2017 2018 2019 2020 2021*

- Total multichannel subscriptions down 11.4 million to 86.6 million
- Residential multichannel households down 10.8 million to 82.3 million
- OTT up 5.8 million to 17.9 million
- VSPs increasing 9.1 million to 10.9 million
- OTA gaining 1.4 million to 15.3 million

## OOYALA

### THE RISE OF MOBILE VIDEO
### Q4 2017

SHARE OF PHONE VIDEO PLAYS
SHARE OF TABLET VIDEO PLAYS
SUM OF PHONE + TABLET VIDEO PLAYS

*JUL 2013 · JAN 2014 · JUL 2014 · JAN 2015 · JUL 2015 · JAN 2016 · JUL 2016 · JAN 2017 · JUL 2017 · DEC 2017*
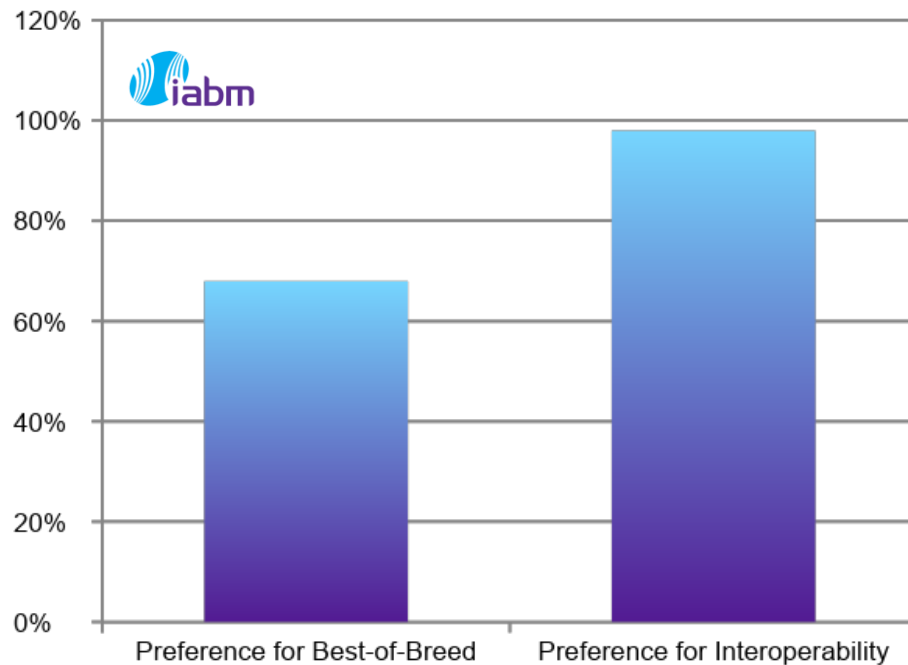
- Across Ooyala's network, mobile plays topped 60% for the first time, garnering a 60.3% share of all video starts
- Smartphone plays were up 1.8% from a year ago to 47.5%

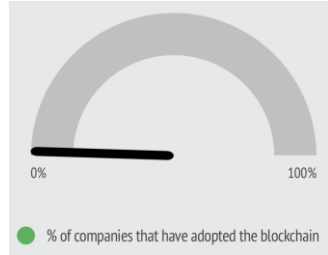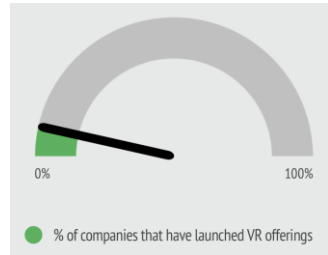Source: S&P Global, Ooyala Video Index

# Media technology customers want Best-of-Breed and Interoperability

IABM data shows that most media technology users still prefer best-of-breed solutions, leaving many doors open for media technology vendors.

However, 98% of technology users demand interoperable solutions, requiring vendors to adopt an open approach to product interoperability. In fact, end-users increasingly frustrated with the lack of technology interoperability, are starting to build products by themselves.



Source: IABM

# Desire to invest in new formats and standards but an inability to do so



Bar chart (values in approximate units):
- Multi-Platform Content Delivery — ~60
- 4K/UHD Production / Delivery — ~49
- Media Asset Management — ~40
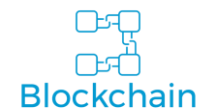- IP infrastructure — ~37
- File-Based Workflows — ~35
- Social Media Broadcasting — ~34
- Cloud-Computing / Cloud-Based Services — ~28
- Cyber Security — ~24
- Big Data Analytics & AI — ~17
- VR Production / Delivery — ~17
- Back Office Systems (scheduling, billing, etc) — ~16
- Upgrading Operations to HDTV — ~15
- News Operations — ~15
- Programmatic Advertising — ~10
- Analog Switch-Off — ~6

Gauges:
- % of companies that have adopted the AI
- % of companies that have launched VR offerings
- % of companies that have adopted the blockchain
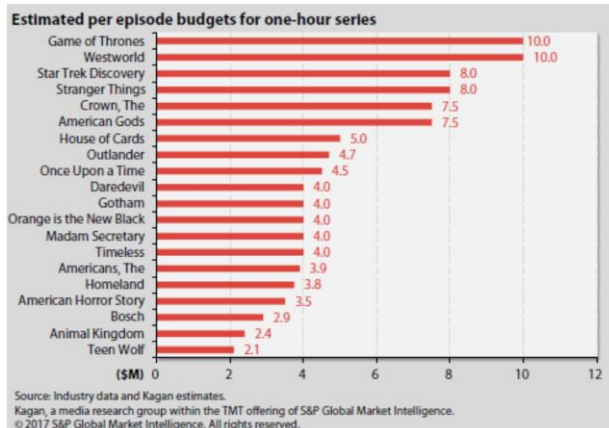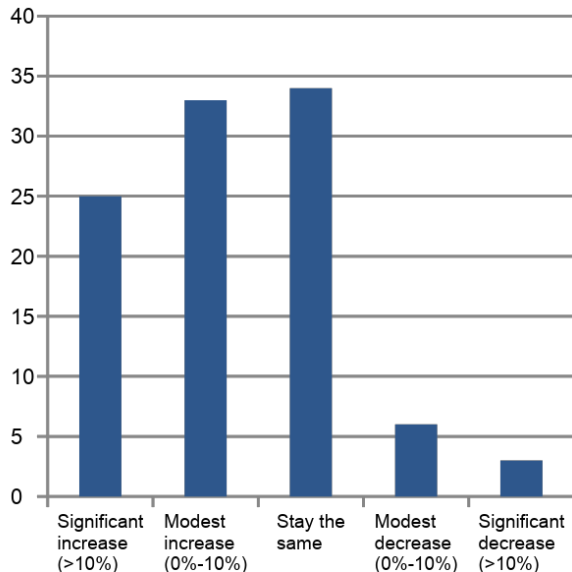
ATSC 3.0   4K   AI   5G   VR AR   Blockchain

Investment priorities are often out of sync with the ability to execute against them.

Source: IABM

# Media and technology budgets are simply not keeping pace

**Media Technology Investment in the next 12 months**



**Estimated per episode budgets for one-hour series**



| Series | ($M) |
| --- | --- |
| Game of Thrones | 10.0 |
| Westworld | 10.0 |
| Star Trek Discovery | 8.0 |
| Stranger Things | 8.0 |
| Crown, The | 7.5 |
| American Gods | 7.5 |
| House of Cards | 5.0 |
| Outlander | 4.7 |
| Once Upon a Time | 4.5 |
| Daredevil | 4.0 |
| Gotham | 4.0 |
| Orange is the New Black | 4.0 |
| Madam Secretary | 4.0 |
| Timeless | 4.0 |
| Americans, The | 3.9 |
| Homeland | 3.8 |
| American Horror Story | 3.5 |
| Bosch | 2.9 |
| Animal Kingdom | 2.4 |
| Teen Wolf | 2.1 |

Source: Industry data and Kagan estimates.
Kagan, a media research group within the TMT offering of S&P Global Market Intelligence.
© 2017 S&P Global Market Intelligence. All rights reserved.

**Broadcast network pilots ordered**



May include select shows that were ordered straight to series.
Source: Estimates based on network, distributor and industry data.
Kagan, a media research group within the TMT offering of S&P Global Market Intelligence.
© 2018 S&P Global Market Intelligence. All rights reserved.

Production costs for pilots have risen dramatically in the past few years, with the majority of pilot budgets ranging from $2 million to $9 million, while some high-end drama pilots have been budgeted up to $30 million.
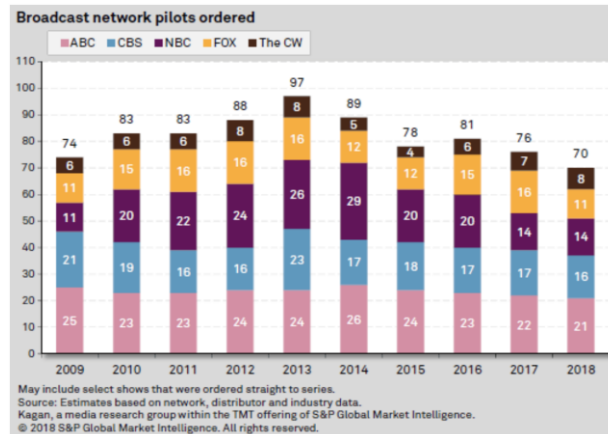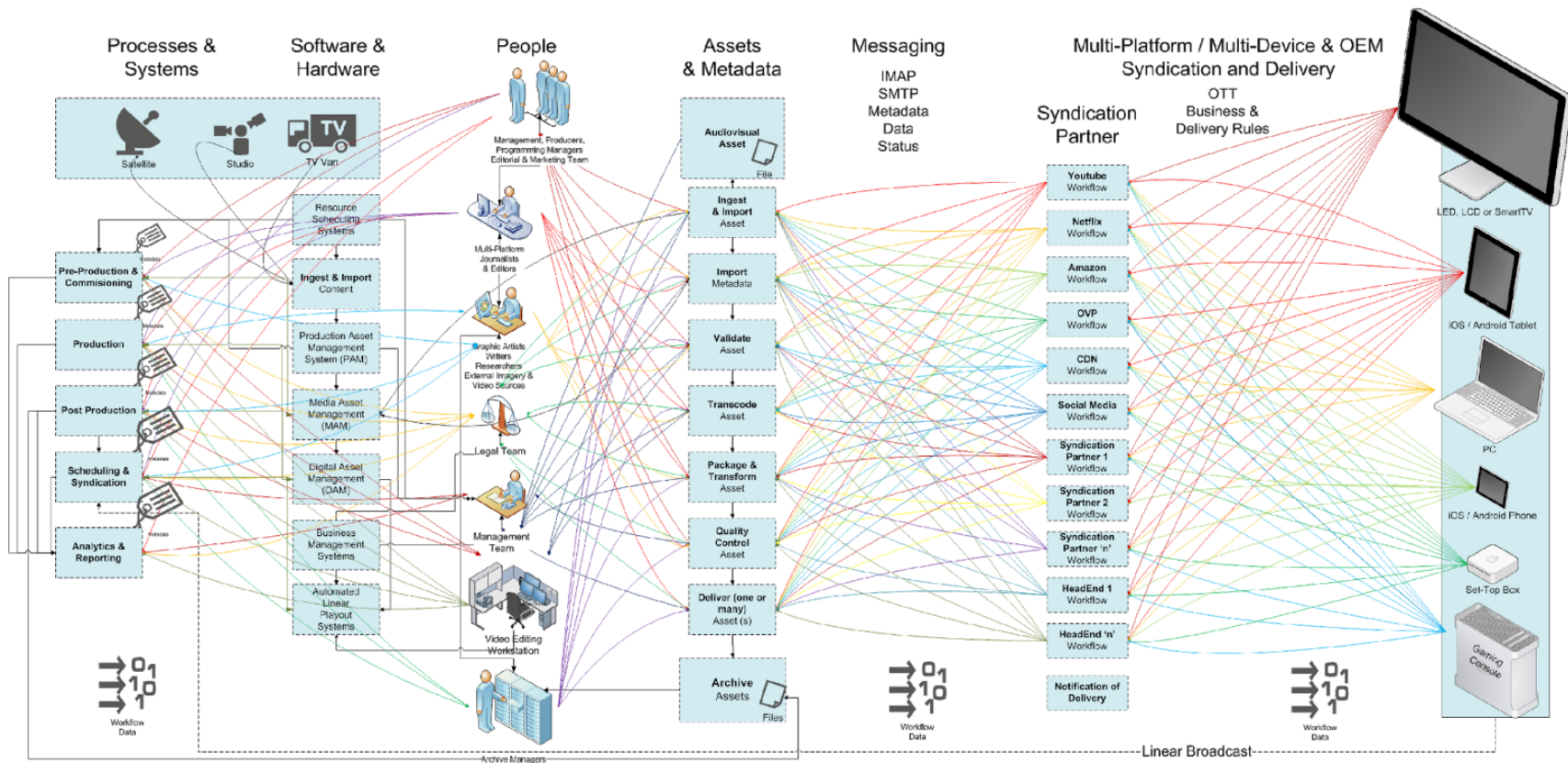
As original content flourishes and competitors seem to enter the space daily, US broadcast networks ordered fewer pilots for next season with the total dropping to 70, a 10-year low.

Source: IABM, S&P Global

10

More bang for your buck
The Connected Supply Chain

# Unparalleled levels of complexity in media operations

# Here is a simplified version of the content supply chain

"End-users are increasingly adopting a supply-chain approach for handling media content, from production to distribution."

iabm

| PRE-PRODUCTION AND COMMISSIONING | PRODUCTION | INGEST AND IMPORT | POST-PRODUCTION | ARCHIVE, STORAGE AND TRANSCODING | SCHEDULING AND SYNDICATIO N | LINEAR AND VOD PLAYOUT AND PLAYBACK | MONETIZATION AND LEAD NURTURING | DATA INSIGHTS AND REPORTING |

**But,** today's current Content Supply Chain is a siloed process, causing lost productivity, mis-management of data and lost revenue opportunities.

# Basic Needs: Creating a central asset and metadata repository



Pyramid levels (bottom to top):
- **Shared Metadata + Assets**
- **Shared Workflow**
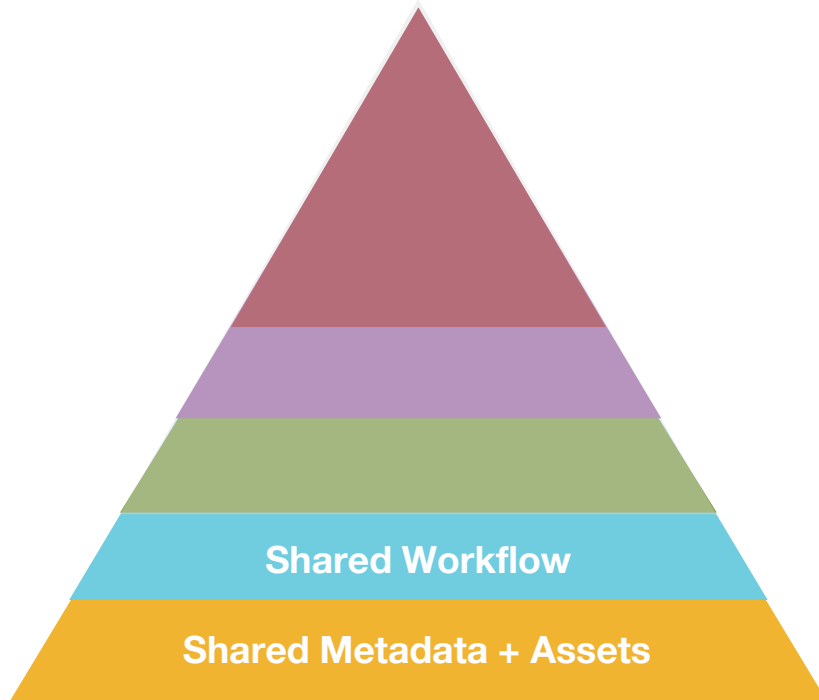
Ooyala's ~~Maslow's~~ Hierarchy of Needs

- First, this means having a MAM that can span all environments and touch all asset + metadata repos - in headless or UI-based form.

- Next, this means a workflow and orchestration capability that connects all systems that store or transform the asset and asset metadata.

- When you have these basic capabilities, you cut down duplication of content and become more efficient by reducing manual (or spreadsheet driven) tasks.
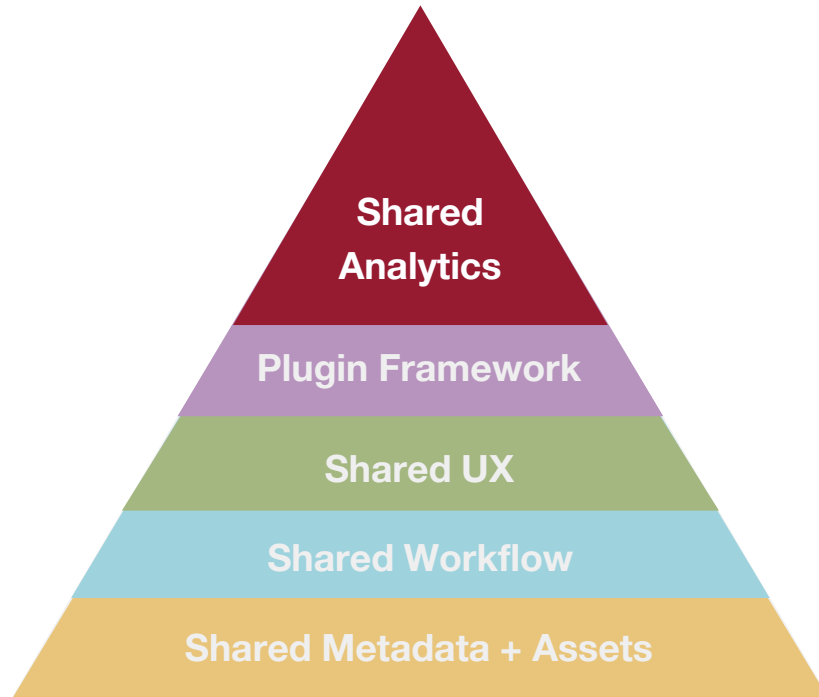
# Psychological Needs: Making usage and expansion easier



**Plugin Framework**

**Shared UX**

**Shared Workflow**

**Shared Metadata + Assets**
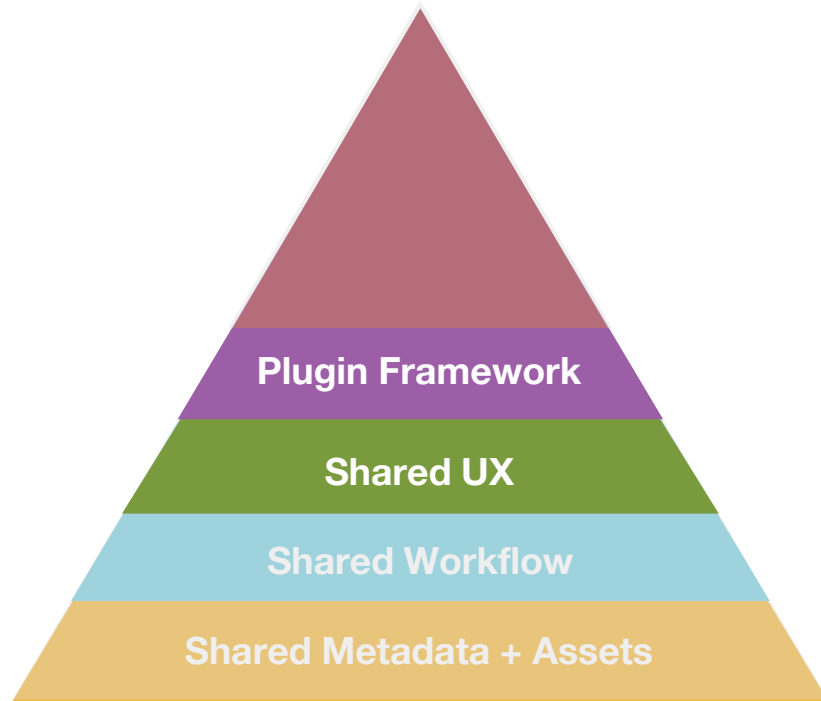
Ooyala's ~~Maslow's~~ Hierarchy of Needs

- At this point, you've some connective tissue spanning your entire content supply chain but it is still incomplete.

- You can improve on this by creating a shared user experience, which further improves efficiencies by reducing the number of UIs any one user has to use.

- But perhaps most critical at this stage is the ability to easily plug in new components - and so - technologies. This ensures new standards and formats like VR or AI are not an eternity away.
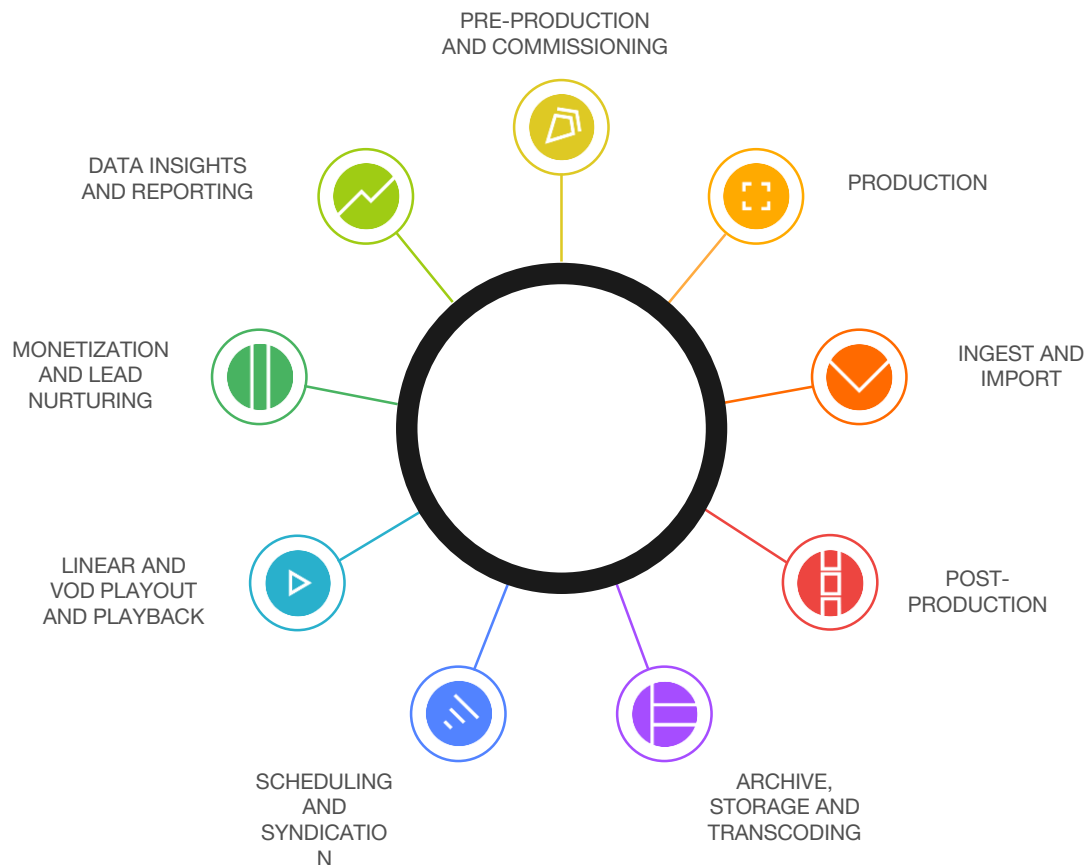
# Fulfillment Needs: Proving that your investments are paying off



**Shared Analytics**

**Plugin Framework**

**Shared UX**

**Shared Workflow**

**Shared Metadata + Assets**

Ooyala's ~~Maslow's~~ Hierarchy of Needs

- What comes next can drastically improve the lifecycle of your content and ensure you are not only producing content more efficiently, but that you are producing more of the right content.

- Every stage of the content supply chain creates a wealth of data. If you build your content supply chain to store all generated data in a single data lake, you can drive transformational change.

- This includes identifying workflow bottlenecks and more ambitiously, developing an idea of ROI for each piece of content.

# So, reaching the top of the hierarchy means closing the content supply chain



PRE-PRODUCTION AND COMMISSIONING

PRODUCTION

DATA INSIGHTS AND REPORTING

INGEST AND IMPORT

MONETIZATION AND LEAD NURTURING

POST-PRODUCTION

LINEAR AND VOD PLAYOUT AND PLAYBACK

SCHEDULING AND SYNDICATION

ARCHIVE, STORAGE AND TRANSCODING

A closed content supply chain allows you to pump data back into content commissioning to help make more informed content creation processes.

This is how the major OTT properties operate.

Ooyala Flex Media Platform

## Streamline Operations
Optimize every stage of your entire content development life cycle and maximize scale through automation to speed up operations.

## Minimize Costs
Reduce bottlenecks and increase productivity so that your spending less time and money on inefficient workflows.

## Maximize Revenue
Get your content to market smarter and faster with maximum efficiency that gets you to scale.

## Powerful Insights
From production to playback, FMP captures key data at every step so you can make informed decisions, faster.

## Seamless Integration
Built highly flexible and extensible, connecting current and future integrations to the Flex Media Platform is easy.

A little about Ooyala

# OOYALA

## ABOUT OOYALA

**OOYALA FLEX MEDIA PLATFORM**

For over 10 years, Ooyala has been at the forefront of shaping the OTT and media workflow revolutions as a leading provider of software and solutions that optimize the production, distribution and monetization of media.

With a presence in dozens of major cities around the world, Ooyala helps customers win at a global and local level.
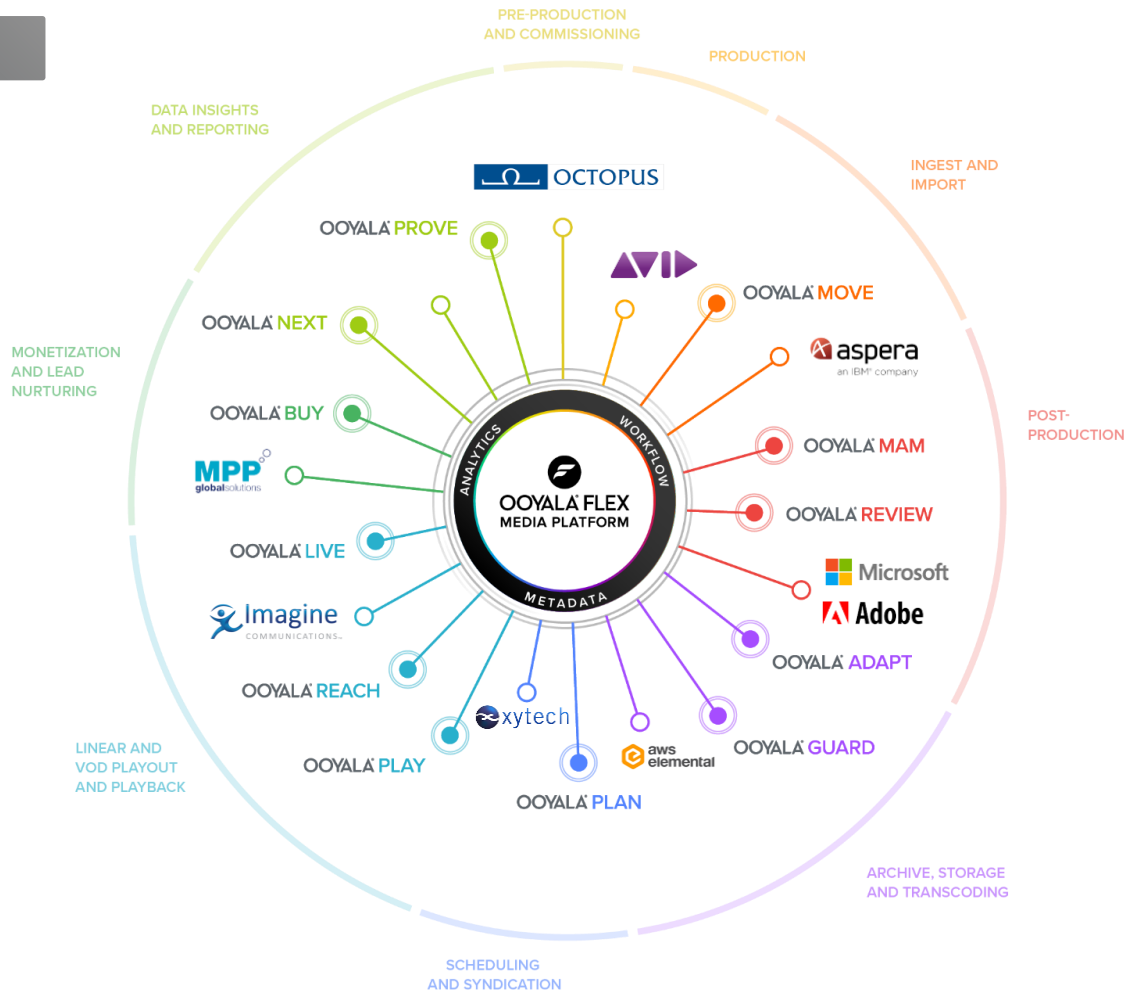
## WORLD-CLASS CUSTOMERS

sky sports

Turner

intel

AUDI

Discovery NETWORKS

itv

AccuWeather

media prima

## TRUSTED PARTNERS

Microsoft

<epam>

TELSTRA

# Certified Partners | OOYALA FLEX MEDIA PLATFORM

# Proven Unique Value — Tangible Benefits

Typical broadcast / distribution company

**58%**

time reduction in
project execution

**REDUCED TIME
PER PROJECT**

**3 – 4x**

more projects with
same personnel
*(493/yr up from 145)*

**INCREASED
PRODUCTIVITY**

**71%**

direct cost
reduction
*(~$733,900/yr)*

**REDUCED COST
PER PROJECT**

**1/2**

time to onboard
new projects

**FASTER
ON-BOARDING**

Reduced time per project, more content, better quality output, less
human error: all can lead to increased revenues and audiences.

**INCREASED CUSTOMER REVENUES**

# Thank You