smart content summit EU

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Localisation Vendors Challenges And Opportunities

A Deep Look into Small & Mid Size Studios /Companies

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ABOUT ECLAIR VERSIONING & ACCESSIBILITY

With studios in France, Germany, Spain and Morocco, Eclair Versioning & Accessibility (EVA) performs localisation services, including script adaptation, voice casting, dubbing, lip-sync recording and mixing, as well as accessibility services such as live and multilingual subtitling and audio description, providing services to broadcasters, theatrical releases, DVD, Blu-ray, VOD/SVOD platforms, OTT channels, audiobooks and podcasts.






Introduction

- Using public **Market Research** we have identified a high concentration of business in a small number of companies
- We’ve done a **Segment Analysis** to understand what does this concentration means for the other of vendors

Objective

- We’d like this presentation to identify business opportunities connecting companies participating in MESA

Market Research

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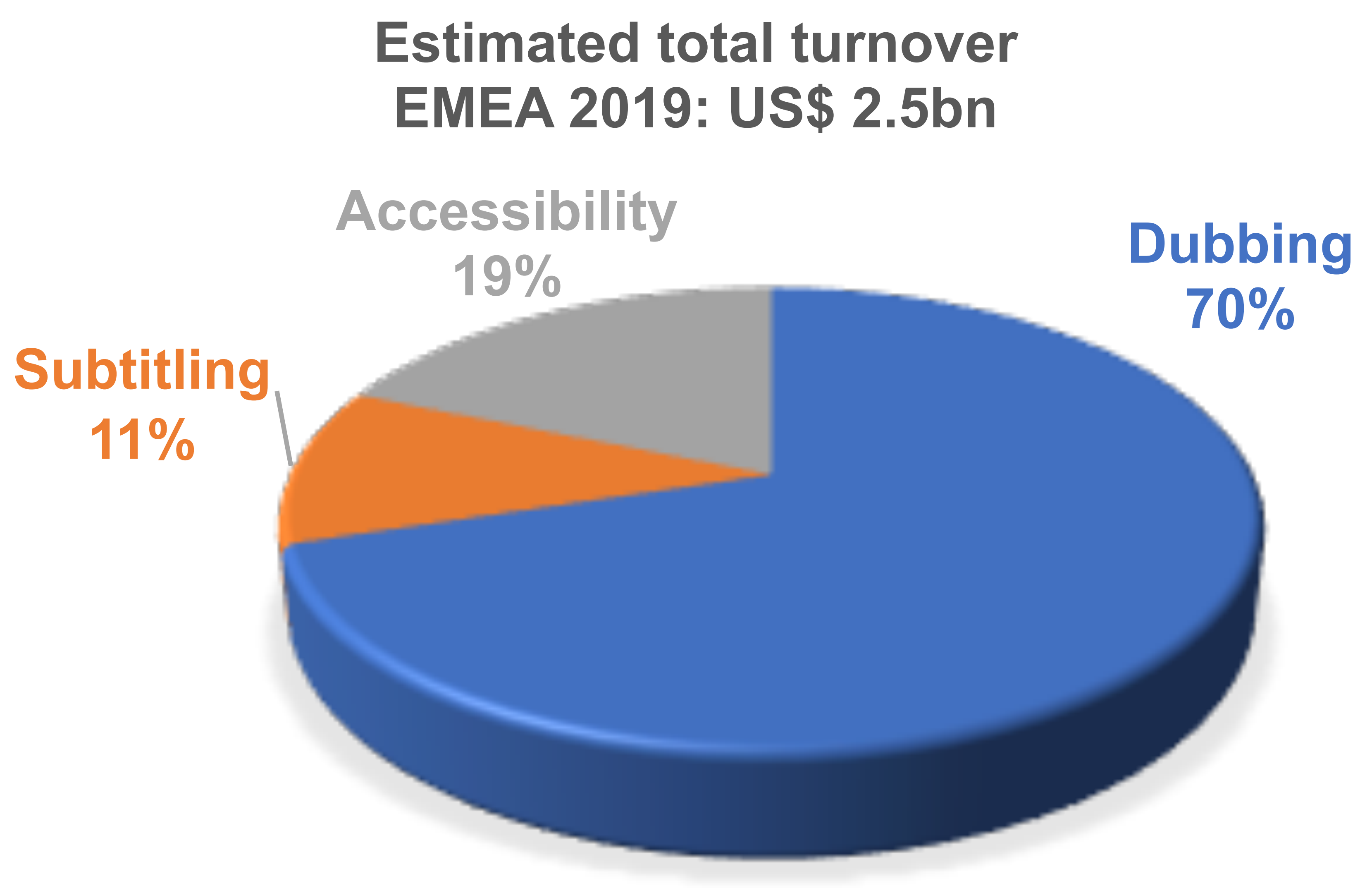
- From MESA's Content Localisation Council findings in 2019 & NimDzi last years' reports, we can estimate Media Localisation revenue in 2019 at US$2.5bn

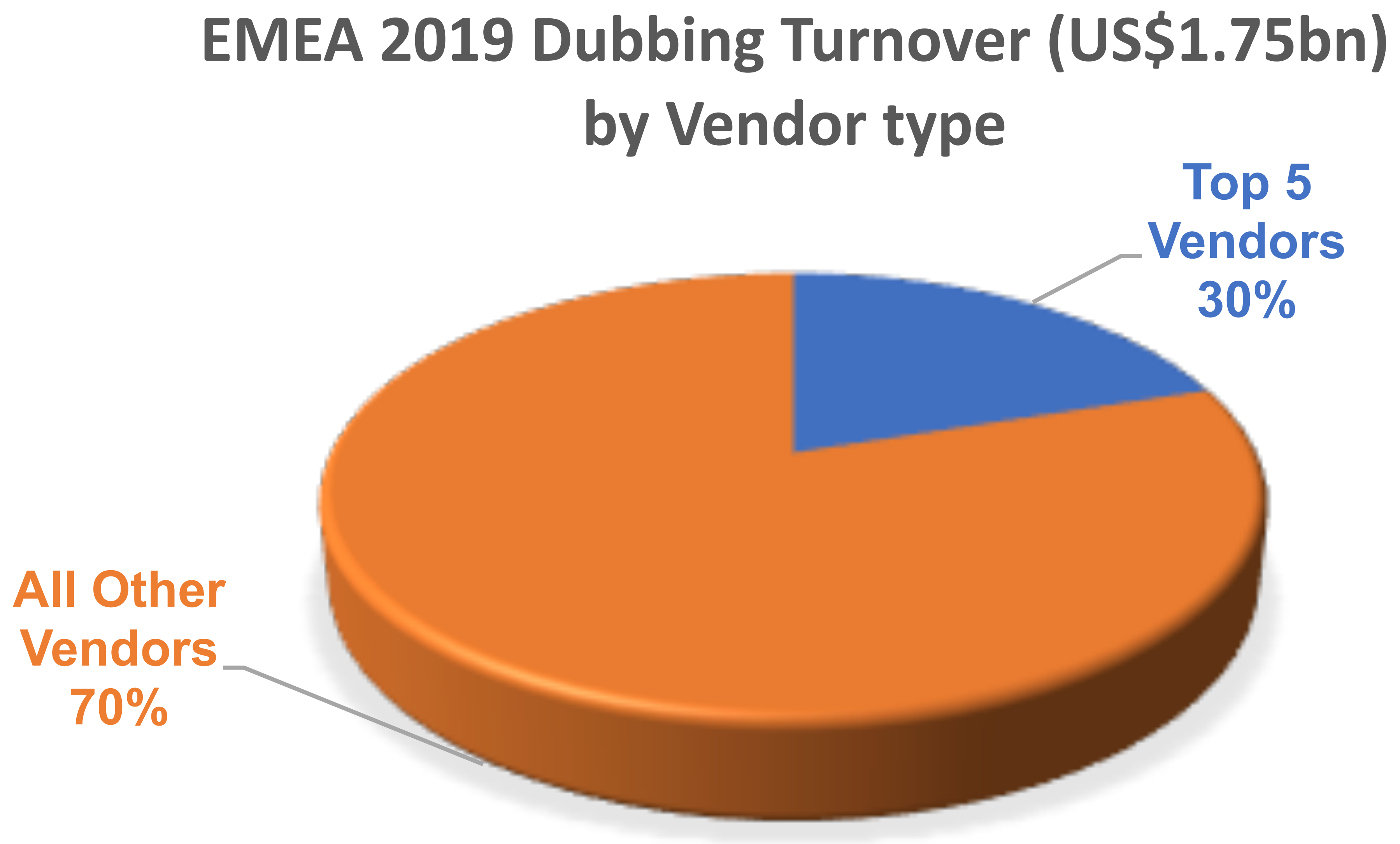
  (assumption of 2019 growth over 2018 at 6.2%)

- 30% of the EMEA media localisation business is concentrated in 5 companies;

- This means 70% of services are provided by all the other companies

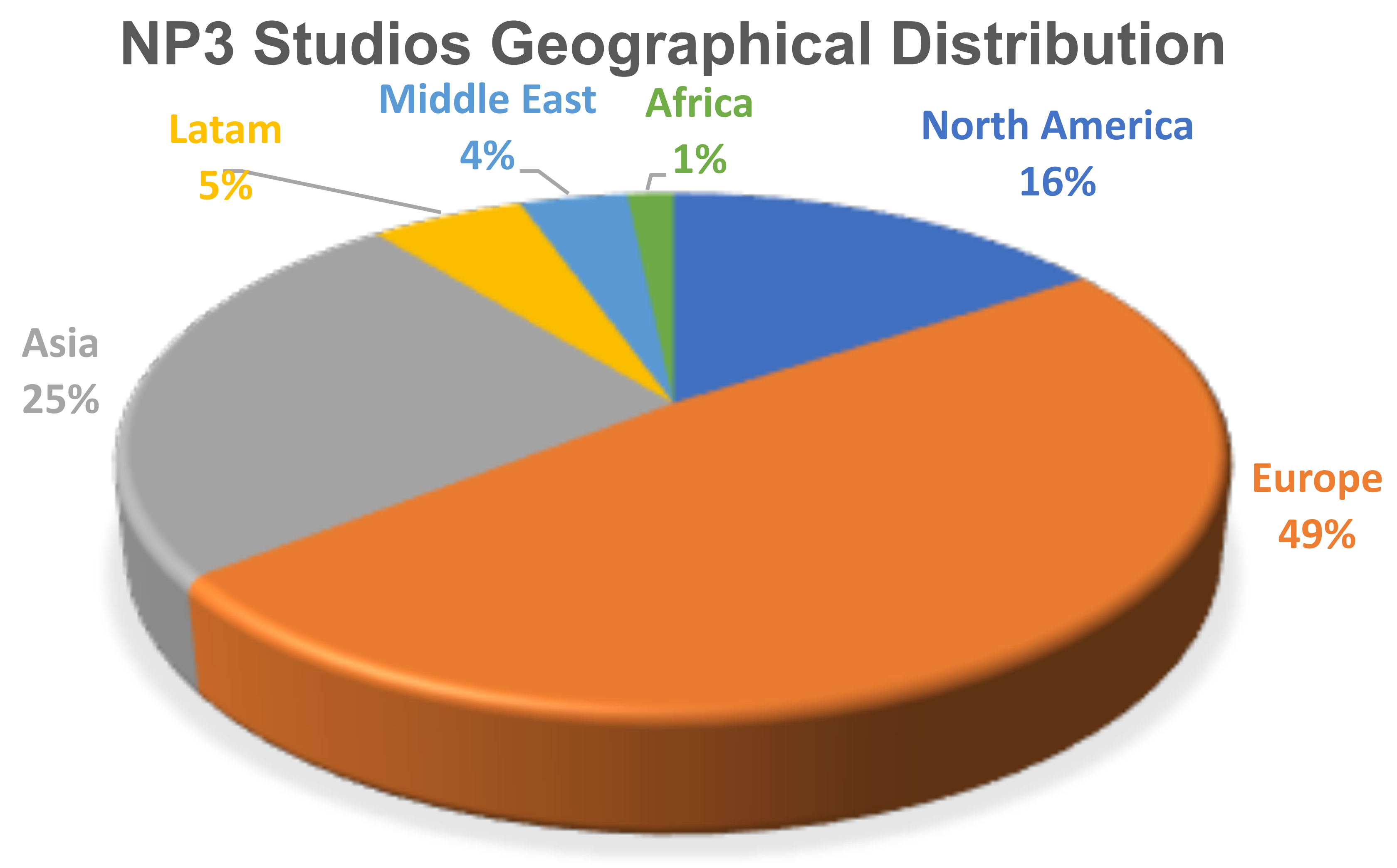
  (estimated # vendor companies: Worldwide 400+ / Europe 200+)

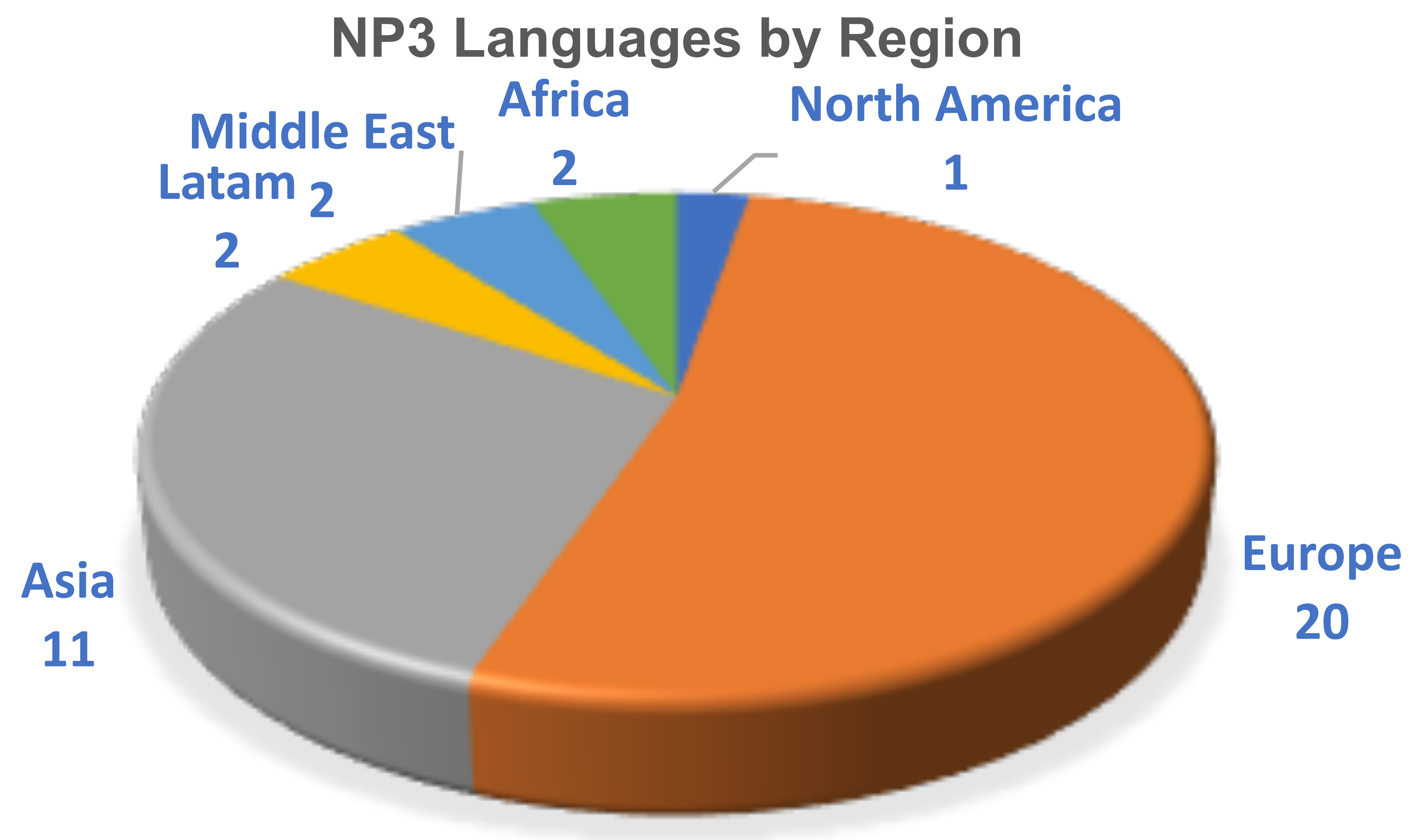




A closer look at Netflix's NP3 programs

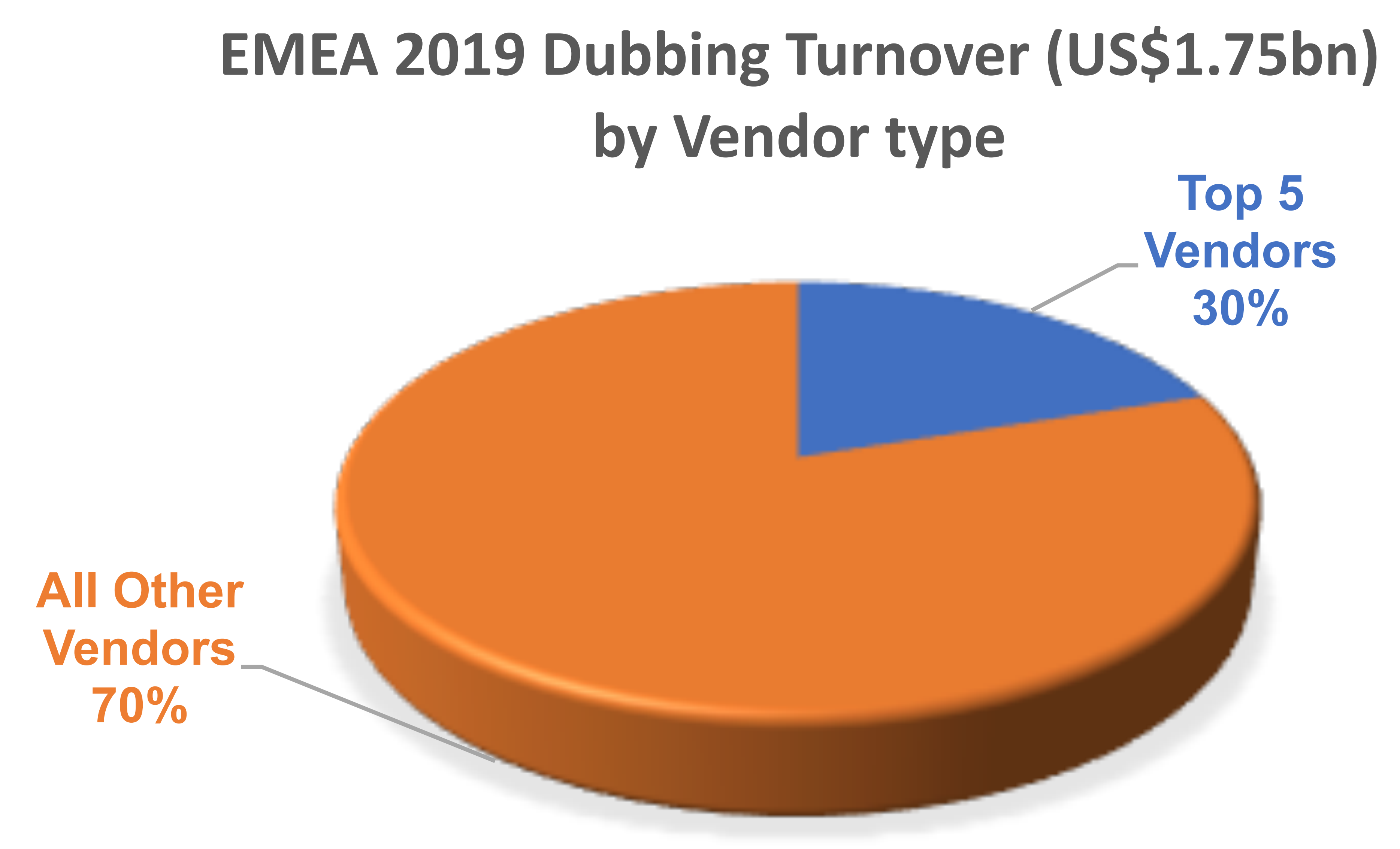
- Worldwide 172 / Europe 90
  - Shows Europe's vendors presence
- Is aligned with the languages provided by NP3s
  - servicing 38 languages out of 75 commercially identified

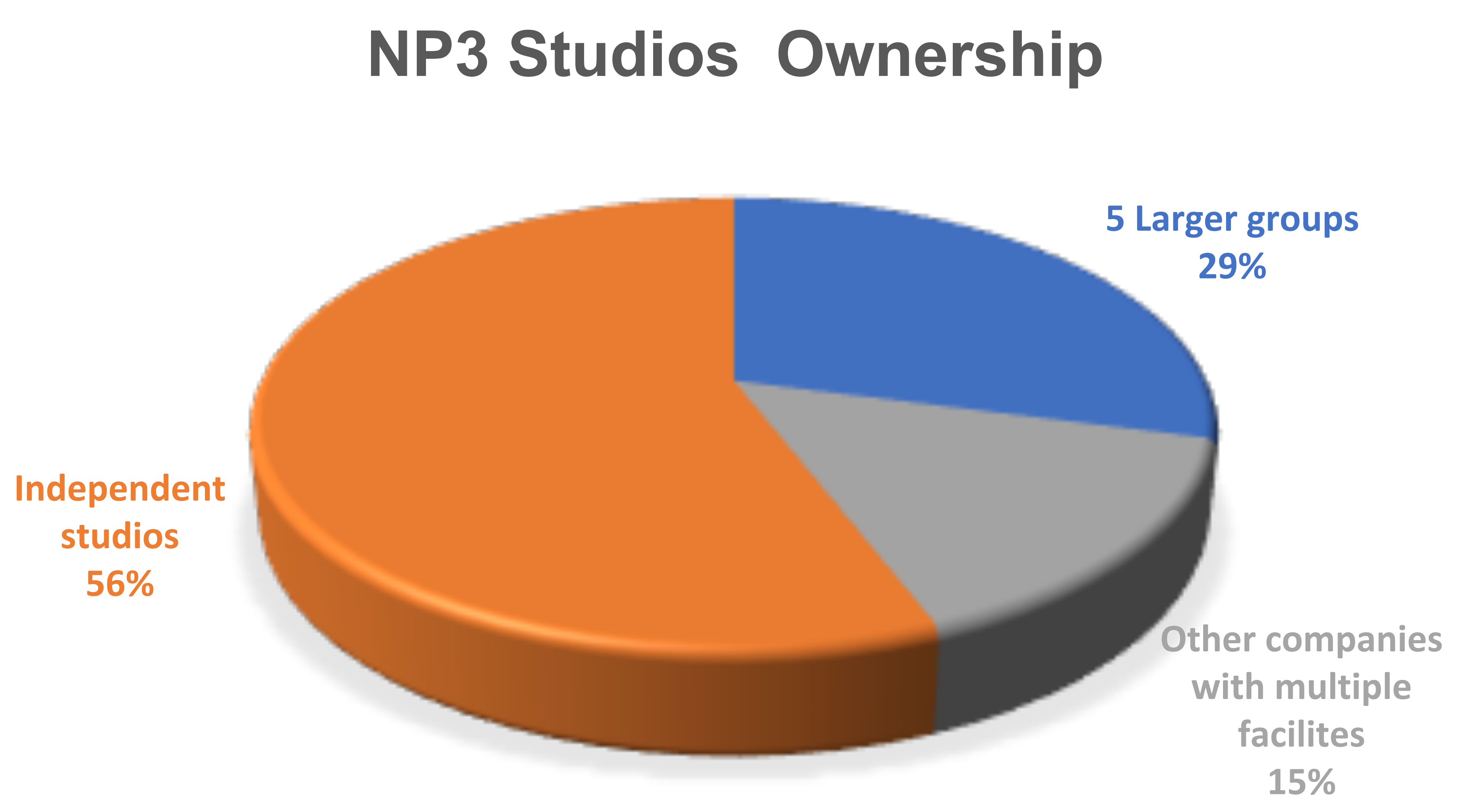




- 30% or EMEA dubbing turnover & of NP3 studios is in the same hands
- 70% of NP3 studios are independent or medium size companies with up to 4 facilities
- 70% of EMEA dubbing turnover is serviced by small to medium size companies.

- **Can we identify what these companies need and how can they evolve in the future?**
- **What role can other MESA members play in this ecosystem to help encourage greater collaboration and foster business opportunities.**





Localisation Vendors Challenges And Opportunities

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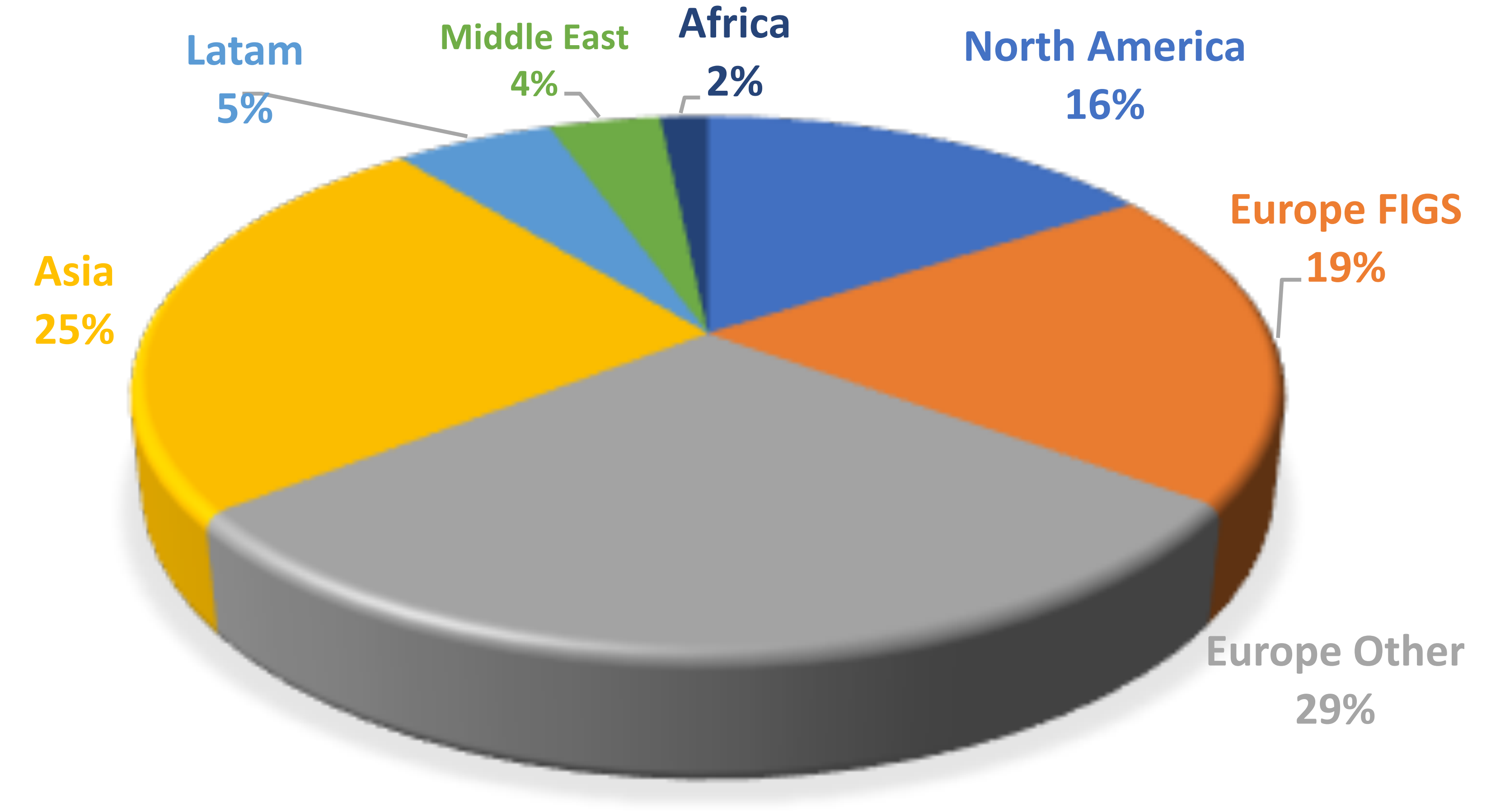
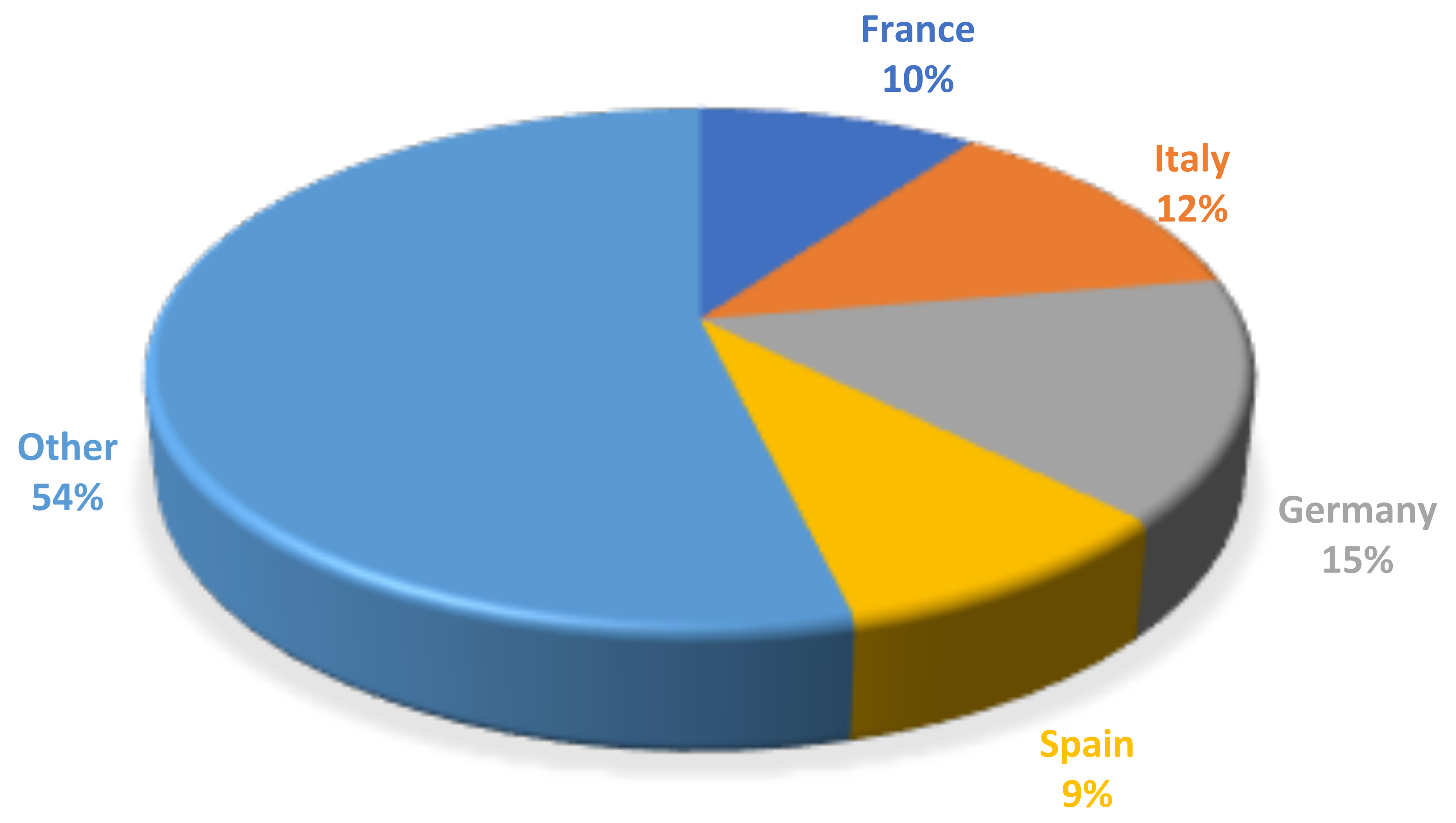
- 70% of media localisation vendors are small & medium companies
- There are 120+ independent or medium size vendors providing Netflix with important services
- Looking at FIGS offering, we can assume there are many more local providers available (as NP3 may only include 50% of all)
- Europe has a high concentration of these companies

NP3 Studios Geographical Distribution



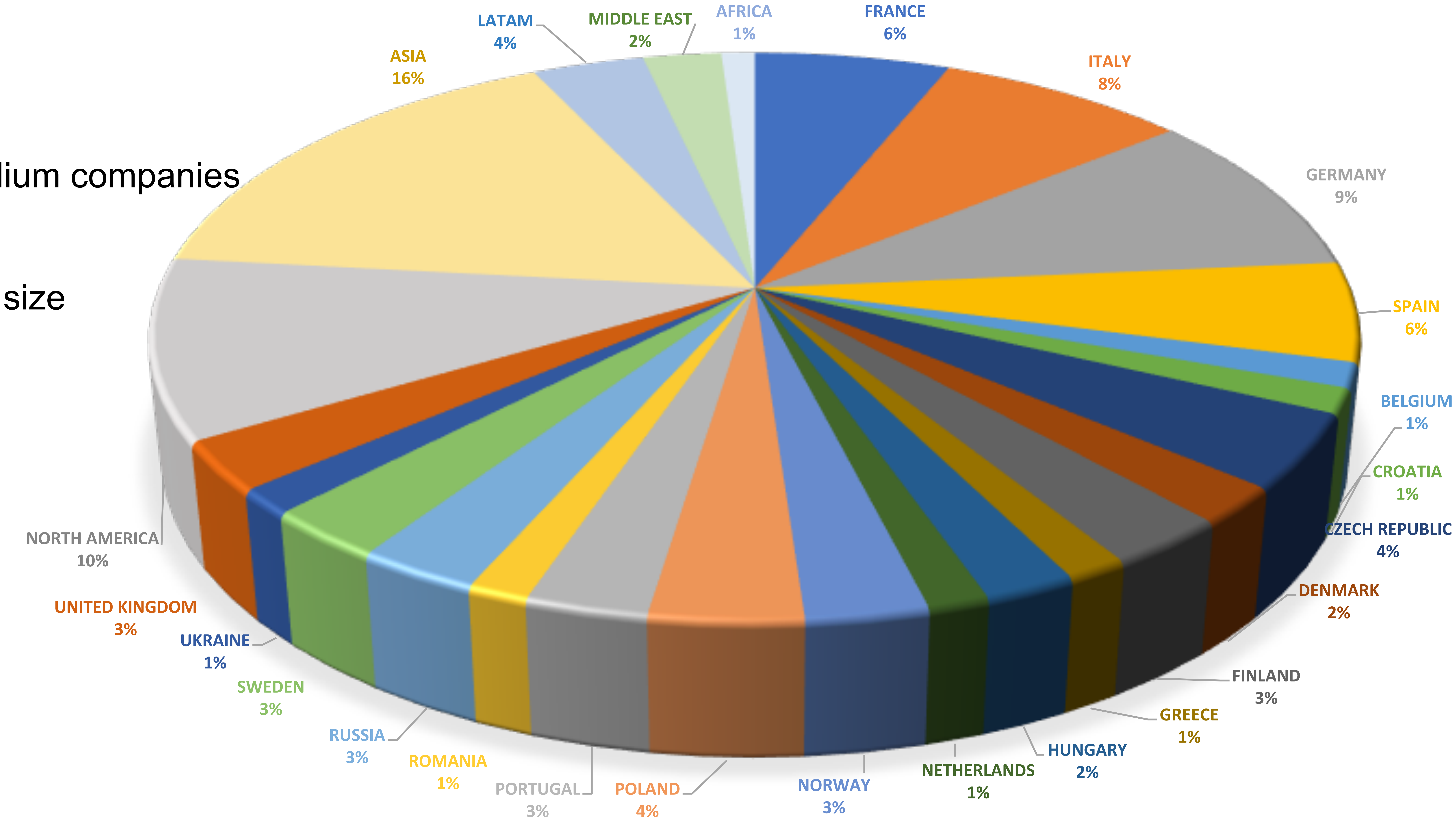
European Studios Geographical Distribution



Localisation Vendors Challenges And Opportunities

A Deep Look into Small & Mid Sized Studios / Companies

- 70% vendors are small & medium companies
- 120+ independent or medium size
- Assume there are many more
- 66% from Europe



Segment Analysis

Vendor Segment Analysis

Threats

- Limited or no international presence
- Global customers tend to work with Global companies
- Difficulty to adapt to new workflows
- Price pressure from local customers operating with limited budgets ready to sacrifice service or quality
- Security challenges
- May struggle to follow customer’s needs
- Too dependent on local customers & public or institutional tenders
- Low visibility of market trends
- Retention of key staff

Vendor Segment Analysis

Weaknesses

- Limited Financial resources
- Limited cash
- Limited or no sales structure
- High level of overdue invoices
- Lack of “in house” technology
- Difficulty to diversify offering

- Limited business vision
- Too short term strategy
- Technological infrastructure
- Lack of international vision
- Lack of tools (automation, ERP, etc)

Vendor Segment Analysis

Strengths

- Well positioned locally
- Very good local market knowledge
- Service history
- Direct local customers' relationships
- Local legal expertise (rights, taxes, etc)
- Agility to make decisions
- Reduced overheads costs
- Team flexibility
- Team working as a real team

Vendor Segment Analysis

Opportunities 1

- To look for external support: some companies within Mesa (and out) can offer solutions and services to help;
- For example:
  - Security: external partners can help faster implementation, also making it easier
  - Content Management Solutions: exiting MAM / MPM solutions available meeting their needs
  - ERPs & Production Tools: essential for efficient project management & business analysis
  - Automated Tools: improved processes, productivity & tracking
  - Secure and Certified Remote recording Tools: easier to implement
  - Storage Solutions: not too expensive to implement and or maintain
  - Services for equity: financial approach to secure projects from local productions

Vendor Segment Analysis

Opportunities 2

- Becoming part of a stronger organisation
- Despite recent concentration there is still room for M&A
  - Professionalism & local knowledge are valuable
  - It is possible to become part of a growing company whilst retaining own personality
- Partnering with other similar studios or companies
  - Requires mindset changes to achieve a common objective
  - Potential to complement services offered and business growth

Conclusions

- Vendor landscape is complex, particularly in Europe
- A large portion of small & mid size vendors concentrate 70% of business
- The majority of these companies have good expertise,
employ recognised professionals and have detailed local knowledge,
but very few belong to MESA
- We have identified opportunities in this vendor segment that can be addressed by some MESA members
(i.e. security, MAM, MPM, ERP, cloud solutions, production tools, etc)
- We are able to share additional information to interested companies; feel free to contact us.

This analysis has been performed using public information, either from internet research, accessing data published on companies' web sites and articles published in recognised industry media.
We have also made some assumptions in good faith, that we believe are a close analysis of the reality.
Any mistakes or misinformation is not intentional.
As we value all information being available to all at MESA, there is no confidential data.

Thank you!