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21.02

THE HOLE AT THE CENTER OF THE M&E INDUSTRY

Independent creators and small production companies are not being catered to, and that means missed opportunities

ABSTRACT: There is a simple problem with modern production technology and software: it's too often built for enterprise companies, leaving behind influencers, freelancers and small/mid-sized studios. Consequently, we're seeing influencers spearhead new technology and steer the industry based on what their followers enjoy. The M&E industry needs to adopt a bottom-up approach, where industry leaders empower independent creators with the right tools to expand their creative visions. Here we outline this argument and highlight a few trends and companies that are worth watching.

By Matt Cimaglia, Co-Founder, Alteon

Imagine you're an influencer on YouTube. Video is your entire life. You're making good money doing what you love and racking up hundreds of hours of footage every month. You edit your own videos, but you don't have professional experience. You're probably using iMovie, or maybe even YouTube's native editing tools.

Sooner or later, you'll reach a breaking point. You will max out your computer and hard drive space — then what? Where do you put those hundreds of hours of footage? Do you buy more drives and stack into ever-higher towers on a shelf in your bedroom? Do you start paying for a cloud storage platform? Do you just start erasing old content?

NOW, MULTIPLY THAT DILEMMA BY TENS OF MILLIONS OF PEOPLE

This is a fundamental problem for what's called the "creator economy," a new group comprising more than 50 million creatives — videographers, video editors, photographers, artists, gamers, journalists, producers, influencers and others

— who, thanks to modern technology, are finally able to transform their passions into careers.

For the most part, these content creators are being overlooked by mainstream companies building tools for the media and entertainment industry. Meanwhile, companies that do target them are seeing a sharp rise in their user base. Consider Cameo, TikTok, Substack, Linktree and Ko-fi: all have sprung up in the last few years, catering exactly to these types of independent creators.

This has created a tug-of-war between the old tech giants and their niche competition. Neither side is clearly winning. Influencers on Instagram might never need to touch Photoshop, since Instagram regularly adds new native editing tools to its platform. This creates a symbiotic relationship: influencers grow thanks to Instagram's free tools, and Instagram quashes its competition (see: Snapchat) by adding new functionality.

The social media giants will not win every battle, however. Consider how YouTube's paid subscription model launched the same month as Patreon, back in May 2013. YouTube failed to crush its startup competitor; earlier in 2021, Patreon tripled its valuation to \$4 billion.

In this light, I believe technology companies in the media and entertainment industry are missing an enormous opportunity.

I've spent much time so far discussing the influencer market — and with good reason, since influencer marketing has ballooned from a \$1.7-billion economy in 2016 to one worth an estimated \$13.9 billion in 2021, according to Influencer Marketing Hub. As of 2019, 86 percent of Americans aged 13 to 38 were willing to try influencing, according to a Morning Consult poll. That's more than a trend: we're witnessing the birth of a new economy.

But the same dilemma applies to freelancers in the film and television industry. Startlingly few companies are developing tools for independent contractors to help them work more efficiently, organize their content more easily and collaborate more quickly. Consider companies in the media-management space, such as Reach Engine, which specifically targets enterprise corporations such as Disney, Fox and HBO, or Frame.io, which evolved from a tool for independent creators into an industry giant used by Google, Vice and Condé Nast, and which was acquired by Adobe for \$1.2 billion.

This is not a knock against Frame.io or Reach Engine —

STARTLINGLY FEW COMPANIES
are developing tools for independent contractors to help them work more efficiently, organize their content more easily and collaborate more quickly.

I've used and enjoyed both. There is certainly a strong argument for building software that world-class brands can buy and scale to operate more efficiently. But freelancers are the backbone of the production industry. They comprise the vast majority of people on any given set.

Moreover, the freelance market, like the influencer economy, is seeing enormous growth. Throughout 2020, Netflix alone was releasing 40 to 50 new original titles, or returning seasons, every single month. There is simply more content being created and consumed than ever before, and the majority of this content is being created by freelance cinematographers, editors and independent production companies.

Yet these independent creators and small production companies are left in purgatory.

The media and entertainment industry must adopt a bottom-up approach, where business leaders provide independent creators the right tools to expand their creative visions. New platforms — including my own, Alteon — are popping up to support creators directly by offering tools that help creators focus on creating. By designing products for people, rather than companies, we can solve many of the systemic problems bogging down the production industry, focusing on more intuitive cloud-based organization, frictionless access to assets and smoother remote workflows.

Video production will continue to rise for years to come. This is a good thing: it means creators are expressing themselves more, while audiences are engaging more deeply with people whose work they love. Creatives are making content and investing in tools that are available to them. But it is the role of leaders in the media and entertainment space to connect the dots between professional tools and a burgeoning economy of millions of creative minds. ■



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