

M+E

JOURNAL

Risks & Rewards



The opportunities before media and entertainment are unprecedented. So too are the threats.

OUR CHANGING INDUSTRY

The roadmap to media and entertainment's future is paved with innovation

LOCALIZATION

Content localization is a worldwide, need-it-now business. Here's how to keep pace

WORKFLOWS AND THE CLOUD

Cloud workflows are proving crucial for media productions today

SMART CONTENT

It's a data-driven content reality, and all the tools are there to realize success

21.02

GETTING RIGHTS RIGHT — AND ROYALTIES, TOO

The need for agility in the cloud for the media industry

ABSTRACT: Over the past two years, powerhouse players have been making dramatic moves in the industry: Amazon acquiring MGM, AT&T's merger with Warner-Media has now become Warner-Media's merger with Discovery, and Viacom/Paramount with CBS. Few can accurately predict how the changes happening today will alter the media landscape over the long term. If industry change is the rule, then business agility is the response. For all their dynamism and creativity, media companies seem to struggle on the business agility front.

By Amos Biegun, Global Head, Rights, Royalties, Vistex

It's no secret that the media industry is in a period of major flux. Modern-day distribution channels are actively acquiring studios and content providers — a distinct change from the days when content creators owned their respective distribution outlets.

With increasingly more sophisticated — and, dare I say, “demanding” — customers, media companies have been pioneers in the cloud, driving new distribution models such as direct-to-consumer streaming. Where media companies often lag behind, however, is in the area of flexible back-office business processes.

BEAT A RETREAT FROM THE SPREADSHEET

My key area of focus is media rights and royalties, an aspect of the media business that demands more streamlined and agile processes.

Managing rights and royalties is exceedingly complex. The business units that touch processes for rights and royalties are themselves diffuse and spread out far and wide across the enterprise. After years of M&A activity, many of these units use either isolated

solutions (sometimes referred to as spot solutions) or homegrown systems to manage the associated data.

Far too much organizational muscle and manual effort goes into aggregating this data. Historically, this work has been performed or augmented by spreadsheets, which don't lend themselves to agility. Today's media companies need a smarter and more automated approach that yields real-time insights and the ability to make decisions in the moment.

BUY-OR-CREATE DICHOTOMY OF CONTENT

There is little doubt that content remains king in the media and entertainment industry. More content is being developed and consumed faster across an increasing number of platforms. There are two ways to get content: you can either buy it or create it.

Buy it In my opinion, Amazon's recent acquisition of MGM is a recent example of buy it. What Amazon gets is an extensive library of content which it will exploit on Amazon Prime Video and which will need to go through a licensing process. This will give Amazon complete control over this content, rather than going through the licensing ringer, allowing it to exploit those rights on its platform for a given amount of time across designated geographies.

Create it Many media companies, of course, have gone increasingly in the other direction and are now in the business of creating their own content. With this approach, you typically hire third parties — including writers, directors, actors, and production crews — to produce the content. In the end, and after what can only be described as a long, difficult, and risky process, you have your content.

With both approaches, you're required to manage and honor all the associated rights and royalties for all parties per the contracts governing the deals. Each approach has unique complexities. For example, when purchasing an existing library, a primary challenge is bringing the content in-house and integrating any data into your own systems. This is a classic M&A challenge

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that can have a significant impact on the customer experience. If Amazon cannot quickly integrate the new MGM content onto its Prime platform, customers will look to stream it elsewhere.

For newly developed content, the challenge is entering the contractual data, including that governing rights and royalties, into your existing systems and then managing the details. For instance, a new series will have seasons, episodes, and distribution details across geographies and platforms — all of which impacts the way you manage your rights and distribute royalties. And that's without factoring in any elemental rights such as music content that was used, which comes with additional levels of complexity.

The flow of rights and royalties can be bidirectional. Your company may owe royalties, but it may also seek to collect them when you are selling or licensing content to other platforms. Try tracking all this with spreadsheets or without a system designed to manage these intricacies!

REACH FOR THE CLOUD

These issues speak to the need for a cloud-based, standardized approach for media companies to manage rights and royalties across all owned content, regardless of where in the world that content resides. Moving foundational business processes to the cloud suddenly presents a variety of options.

With the cloud, you can see everything from anywhere, make decisions quickly, and move promptly when opportunities arise. During this period of change



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and dynamism in the media industry, agility is needed not only to survive, but to thrive!

The ultimate goal is standardized business systems integrated into underlying financial management systems — all running seamlessly in the cloud, where nimbleness and scalability are the name of the game. On this foundation, rights and royalties functionality can be added as you see fit — like a collection of LEGO bricks that can seamlessly integrate into an existing structure — allowing you to capture the essential terms and details of deals made.

THE SILVER LINING

The end result is a single source of truth that enables real-time insight into rights and royalties data. Let's say, for example, you need to do an "avails" search — a search on available content for licensing based on a variety of parameters. With a single source of truth, you can quickly gain insight into what's available for sale in your library, across different markets, territories, or platforms, and with visibility into restrictions and financial obligations. With machine learning and the powerful importance of data analytics, insights can be generated on the fly to uncover emerging trends and opportunities that human analysis would simply miss.

Of course, this is just one example of how cloud standardization and visibility are reshaping the media industry to help you flourish. There's no better time than now to get serious about embracing the cloud to help your media and entertainment business move faster, better track how consumers interact with your content, and ultimately make smarter decisions to scale your business, increase revenue, and improve performance. 