Modular content value chain eases path to multiscreen monetization

A shift toward unified workflow to enhance audience-first engagement
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Summary

Catalyst
The convergence of linear and IP-delivered content has led the majority of media enterprises, especially premium media asset owners, to adopt a multi-platform distribution approach. Traditionally, legacy digital technology stacks (both shared and internal) for content production and distribution have been utilized for the repurposing of content on multiple screens. But the majority of premium media asset owners (broadcasters and film studios) have struggled to scale up their multiscreen video services through this basic approach of using a legacy infrastructure, solutions, and managed services model. Although the multiscreen era provides unprecedented new monetization value for media enterprises, it is not solely about the re-use of content on multiple connected devices. Today’s media consumption landscape is about the personalization of content and ad inventories for individual viewers on a real-time basis. The complex personalized content value chain demands unified workflows and real-time data exchange and transfer functionalities, which the majority of media enterprises lack due to legacy infrastructure that is built on loosely coupled silos. This is undoubtedly one of the biggest pain points. The interactive services also demand sophisticated data analytics across the audience lifecycle to improve digital engagement.

Ovum’s ICT Enterprise Insights survey has revealed that the reduction of Opex, the tight integration of linear and digital operations, and the re-creation of scalable multiscreen video services are the top three business priorities for media enterprises globally. This highlights the importance of a modular multi-platform distribution workflow to streamline operating costs and accelerate the multiscreen monetization cycle. This paper highlights the need for today’s media enterprises to move toward an agile and unified content value chain workflow.

Media industry trend: A personalized content-anywhere service model is the need of the hour
The media consumption landscape is changing rapidly, with viewers moving from static TV sets to dynamic interactive content services such as VOD, OTT, IPTV, smart TV, and internet-connected companion devices. These next-generation viewers not only prefer highly tailored content and advertising campaigns but also consume media on multiple devices. The average UK household owns approximately 7.4 internet-enabled media devices, and prefers to consume media on all of these platforms (YouGov survey, March 2015). The content personalization spree is driving programming acquisition costs, asserting pressure on media companies’ margins and profitability. Furthermore, media enterprises following the traditional repurposing of content from linear to nonlinear have struggled to generate significant returns from their multiscreen monetization strategy. In December 2012, Ovum’s study encompassing 453 multiscreen video platforms across 45 countries revealed that only 5% (bull case scenario) of these services are profitable on a stand-alone basis. This also emphasizes the need for increased spending on original programming and multi-form content repositories (a combination of images, videos, and text) to enhance digital customer engagement.

Finally, as multi-form content becomes the norm, digital marketers are steadily pushing toward audience-based advertising campaigns rather than the traditional content-centric approach. Audience-first strategies demand flexible workgroup collaboration and access to multiple forms of media assets.
on a real-time basis, i.e., an effective end-to-end content value chain. These complexities and disruptive media consumption trends are putting pressure on media enterprises to embrace an agile, interoperable, and streamlined content value chain to manage their linear and new media operations effectively. Ovum believes that as the industry moves toward a personalized content-anywhere service model, media enterprises should adopt workflow orchestration solutions and platforms. This is pivotal for broadcasters, film studios, and content aggregators building their own workflows focused on individual audiences viewing content on multiple screens, and wishing to optimize content lifecycle costs via the unification of linear and nonlinear workflows.

**Figure 1: Drivers leading to workflow orchestration platforms enabling a personalized content-anywhere service model**

Source: Ovum
Technology pain points

In 2015, although the media sector as a whole is at the forefront of digital transformation to offset declining traditional print revenues with complementary online offerings, the majority of enterprises also face a huge technology challenge, with legacy technology not meeting current business requirements. This is primarily attributed to diverse media consumption patterns (static versus interactive) across the traditional and new-age content value chain, generating the need for a re-engineering of the existing technology supply chain. Table 1 highlights three core technology pain points associated with the digital era which need to be addressed to improve sustainability across a highly fragmented multiscreen monetization segment.

Table 1: Technology pain points

<table>
<thead>
<tr>
<th>Technology backdrop</th>
<th>Pain point</th>
<th>Digital era needs</th>
<th>Effect</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legacy MAM not adequate</td>
<td>Reduced profitability and slow time to market</td>
<td>Real-time content production, distribution and repurpose; faster time to market</td>
<td>Higher Capex and revenue leakage due to unused and duplicate media asset purchases</td>
</tr>
<tr>
<td>Insufficient collaborative upstream content ecosystem</td>
<td>Operational inefficiencies</td>
<td>Real-time access to content for creative professionals and efficient workgroup collaboration across multiple geographies</td>
<td>Longer duration in launch of new multiscreen video services with unique original and repurposed content catalogues</td>
</tr>
<tr>
<td>Lack of agile unified content workflow</td>
<td>Loss of new business monetization value</td>
<td>Convergence of linear and IP delivered media segments</td>
<td>Personalization of content a distant journey</td>
</tr>
</tbody>
</table>

Source: Ovum

Legacy MAM associated with siloed design, costly infrastructure, and lack of modularity

Figure 2: Current MAM technology pain points

Source: Ovum (March 2015) n=30
Media asset management (MAM) is one of the core technology stacks across the linear and nonlinear content supply chain. In 2015, Ovum’s survey revealed that more than a third of media enterprises plan to increase their spending on media asset management (MAM) systems by 1–5% annually in the next five years. This is primarily attributed to increased investment in original programming inventories to improve digital customer engagement rates. As in any large-scale deployment project, in a changing personalized content-anywhere service market, legacy siloed MAM deployments offer lower ROI and underperformance against KPIs. Ovum’s survey found that 27% of senior executives reported the fact that MAM technology is associated with expensive infrastructure as the most prominent pain point in 2015. Lack of integration with financial ERP and broadcasting systems was the secondary pain point with legacy MAM systems. Finally, as the majority of traditional MAM technology has been deployed on-premise, slower upgrade cycles were cited as the third crucial pain point in the interactive multiscreen video services era. The primary bottlenecks include the generic perception of MAM systems as centralized media asset repositories, and a history of implementations based on reactive, rather than proactive, approaches. It is essential to realize that MAM is only one of the technology stacks in the content value chain, and to improve business value it has to be tightly integrated with financial, scheduling, automation, airtime sales, rights and royalties (R&R), and shared systems. In addition, margin-pressed media enterprises are moving toward cost-effective, agile solutions with faster upgrade cycles offering ease of third-party integration to create collaborative content ecosystems. Ovum believes that as viewers migrate to second and third screens for media consumption, i.e., mobile, tablets and internet-enabled consoles, the majority of media enterprises will shift to cloud-hosted MAM solutions tightly integrated with linear and new media content workflows to accelerate time to market.

**Non-collaborative upstream content workflow increases time to market and distribution costs**

![Figure 3: Current pain points asserted by a poor collaborative upstream content workflow](image-url)
In a personalized content-anywhere era, as device and viewer fragmentation increase, media enterprises will steadily move toward an optimized content distribution ecosystem. In addition, as viewers shift constantly from one device to the next, enterprises need to create, manage, and repurpose content on a real-time basis by utilizing internal and third-party creative teams and workgroups. Multi-form (i.e., videos, images, and text) is one of the preferred content formats, offering a strong connected viewership experience; a good example is an average CTR of 0.9%, as stated by Kiosked, a multi-form content activation tool. This emphasizes the need for a collaborative platform (tightly integrated media and production asset management workflows) to streamline multi-platform distribution costs and facilitate faster time to market.

Ovum’s survey revealed that the lack of a collaborative upstream content workflow increases multi-platform distribution duration and costs for media enterprises (27% of respondents pointed this out as the top challenge). Almost a quarter of respondents highlighted that a lack of tightly integrated media and production asset management modules results in nonflexible multi-format digital asset support. The repurposing of digital assets on multiple platforms on a real-time basis is essential to reduce customer churn rates, as evidenced by the fact that automated project management plug-ins are fast becoming a crucial functionality in the new media economy.

As addressed earlier, multi-platform distribution and monetization not only bring new opportunities but also increase file-based asset management and workgroup collaboration complexities for media enterprises. Therefore, a collaborative upstream workflow (pre-packaged MAM and PAM modules), integrated through web services with nonlinear editing and video transcoding systems, facilitates vital synergies between workgroups along with a reduction in time to market. This also assists in end-to-end automation of the content value chain, resulting in accelerated multi-form media asset distribution and significant cost savings across every phase of the content lifecycle, from creation to delivery.
On-premise and multiple integrated systems still dominate the content value chain across the media industry

Figure 4: Cloud adoption rates across the global media landscape

Source: Ovum (September 2014) n=230

Media enterprises, especially premium media asset owners, have traditionally built their infrastructure via multiple integrated internal, back-office, shared, and broadcast management systems. These legacy infrastructure stacks were primarily hosted on-premise. Today, these legacy systems do not fit the current dynamic, multi-distribution content distribution environment due to

- high maintenance and upgrade costs
- the need for thorough knowledge of the content value chain to manage these systems
- conflict with business logic and current market dynamics.

Today’s media enterprises are slowly moving toward a cloud infrastructure that provides cost synergies (conversion of Capex to Opex), auto-scalable storage, end-to-end automation, and mobility. Although premium content owners have been conservative in terms of migrating content to the cloud, this is changing. Ovum’s ICT Enterprise Insights survey revealed that almost one-sixth of media enterprises worldwide moved at least one of their content-centric technology stacks to the cloud in 2014. The survey also highlighted that there is a higher rate of cloud adoption across upstream content workflows (i.e., MAM and R&R solutions), with an average of close to 20%. Faster time to market and higher operational efficiencies across the content value chain are driving media enterprises toward agile and auto-scalable infrastructure and solutions. This will continue as enterprises move into the second wave of transformation, offering highly personalized services for individual viewers.
Together, Ooyala and its recent acquisition Nativ streamline the multiscreen monetization road map

This paper has discussed some of the pivotal challenges faced by media enterprises as they step into the competitive personalized content-anywhere arena. As the multiscreen delivery and monetization model becomes ubiquitous, with viewers demanding unique original content any time and on any device, it is essential for media enterprises to invest in modular technology that enables a unified content value chain at an optimal cost.

**Figure 5: Ooyala’s effective personalized content-anywhere model in collaboration with Nativ**

<table>
<thead>
<tr>
<th>Agile backbone</th>
<th>Unified content workflow on any platform</th>
<th>Value Propositions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cloud (OVP + workflow orchestration platform)</td>
<td></td>
<td>Faster time to market</td>
</tr>
<tr>
<td></td>
<td>Upstream (MAM + PAM)</td>
<td>Improved personalized content workflow and collaboration efficiencies</td>
</tr>
<tr>
<td></td>
<td>Downstream (Ad + Delivery + Analytics)</td>
<td>Cost efficient multi-platform content distribution workflow</td>
</tr>
</tbody>
</table>

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Source: Ovum

Although video is one of the critical components in the digital customer engagement value chain, media enterprises transforming their businesses around digital should focus on a unified technology stack offering long-term operational efficiencies across linear and nonlinear distribution channels. Time to market and personalized content creation via close collaboration of multiple workgroups on a real-time basis are essential factors in accelerating penetration and viewer retention rates.

As depicted in Figure 5, Ooyala is well positioned to meet the new-age challenges of the content value chain. Ooyala’s recent acquisition of Nativ provides a vital workflow orchestration solution encompassing cloud MAM and file and workgroup collaboration complexities (PAM integration) along with scalable personalized distribution in partnership with Ooyala’s flagship online video delivery platform (OVP). In October 2014, the company acquired Europe’s leading video advertising technology provider Videoplaza (whose products are now branded Ooyala Pulse) to expand its multiscreen ad monetization capabilities.

Ovum believes that as media enterprises seek to unify their video delivery workflows to realize greater economies of scale, Ooyala and Nativ together present a best-practice demonstration of how technology vendors are stepping up efforts to provide a personalized content-anywhere service model.
Appendix

Further reading

A Closer Look at the Global MAM Market: Survey Findings, IT0006-000267 (August 2015)
2015 ICT Enterprise Insights in the Media Industry, IT0006-000257 (March 2015)
ICT Enterprise Insights 2014/15 – Global: Media, PT0040-000016 (September 2014)

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