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Future of Content

Traditional Linear TV vs. OTT – the Fight for eye balls & \$\$\$

Introduction & Our route map

Short Bio: Emeka Mba

QuestechMedia, a specialized media & Entertainment consulting practice, with over 29 years' experience in the converged fields of media, entertainment and technology, as well as regulatory policy management.

Fascinated by the impact of digital technology, and the role of government policy in shaping the trajectory and growth of the sector, as well its impact on social and economic development.

- How TV companies can survive and thrive in the current competitive battle for revenues... (OTT Versus Linear TV - The Battle for Eyeballs)
 - What are they all fighting for, where is the battle fields, what weapons are being used (nuclear, conventional wars/ asymmetrical/ etc.)
 - Will there be winners? How do you know you have, or who won?
- Understanding the impact of Digital Disruption, & the end of scarcity, in the age of abundance!
- The new digital media value chain & Emerging Business models
 - OTT Video Services
 - Role of Telcos
 - Power of Content
 - Impact of Regulations
- Conclusions

The Issues

- First start with definitions –
 - Who and what are “TV companies” – broadcasters, licensed, unlicensed, Content producers???

- **What does OTT mean?**
- OTT stands for over-the-top and it involves the viewer accessing video content over the internet. Another commonly-used term for OTT is streaming. As long as you have a device to connect to the internet, you can watch TV by streaming.
- **What Is On-Demand TV?**
- On-demand is also known as non-linear TV, and refers to viewers selecting and watching content whenever they wish.

What is linear TV?

Linear TV is the traditional form of TV that requires you (the viewer) to scroll through channels to find your desired television program. Each program is aired on a specific channel at a certain time of day or night. Linear TV can be FTA (AIT) or Subscription based (DSTV).

...Evolution of TV



No TV
Undeveloped
markets

Analogue TV
Limited TV
channels

Digital TV
Satellite
Cable
DTT / Freeview

Enhanced TV
PVRs
Interactive
services

Connected TV
VOD
Apps
Content discovery



Television ... is out of the box

Digital and the internet has
changed everything!

The End of Scarcity

*“Abundance
breaks more things than
scarcity”*

...Prof Clay Shirky



Happening Now... digital evolution!

- Content, technology, disruptions, new ecosystems and new business models and monetization.
- Traditional television is fighting many battles, some of the battles and the enemies are yet to be known
- The more content is out there the more important context becomes.

- TV is still seen as the primary source for entertainment and to keep you company
- TV still matters, capturing 57% of total screen time.
- Younger demos are migrating fastest to the digital arena
- Social networking is a force among younger demos but is rapidly expanding across all age groups

TV Still Matters!

- Digital and Internet impacting television, the industry has never been more challenged;
- Yet, viewership remains high, and TV viewers have never been happier with more content than at any time in history of television;
- Age of Binge watching “Must watch” Favorite TV shows;
- Broadcast television remains the strongest and most effective promotional platform

WHAT'S DRIVING THE CHANGE & DISRUPTION

- **Technology** creates the conditions for change... Unprecedented structural and technological innovations ongoing have profound implications for all players in the video content market value chain, with even more impactful ramifications for television industry specifically,
 - The emergence of devices, increasing penetration of broadband, & proliferation of multiple media platforms are giving viewers unlimited flexibility,
 - *Lower barrier to entry*: While broadcasters have traditionally held tremendous influence in the broader media chain, their influence has begun to waver. And this is because the barrier to entry to the content distribution sphere is lower now than it has ever been.
- **Market and industry re-alignment** and convergence, affecting incumbents, insurgents, and neo-cumbents.
- **Consumer behaviours** are undergoing a dramatic changes
 - Shift towards time-shifted and on-demand content... consumption habits have turned this process completely on its head. For instance, viewers are now consuming content from a plethora of devices, channels and sources.
 - Changing consumer behaviour having huge impact on TV advertising revenues.

Broadcasting Value Chain: The Evolution Continuing...

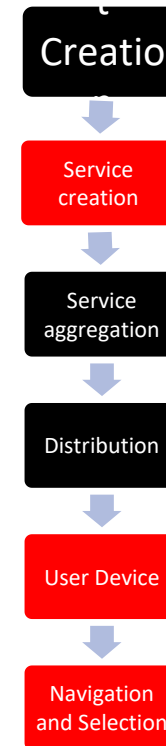
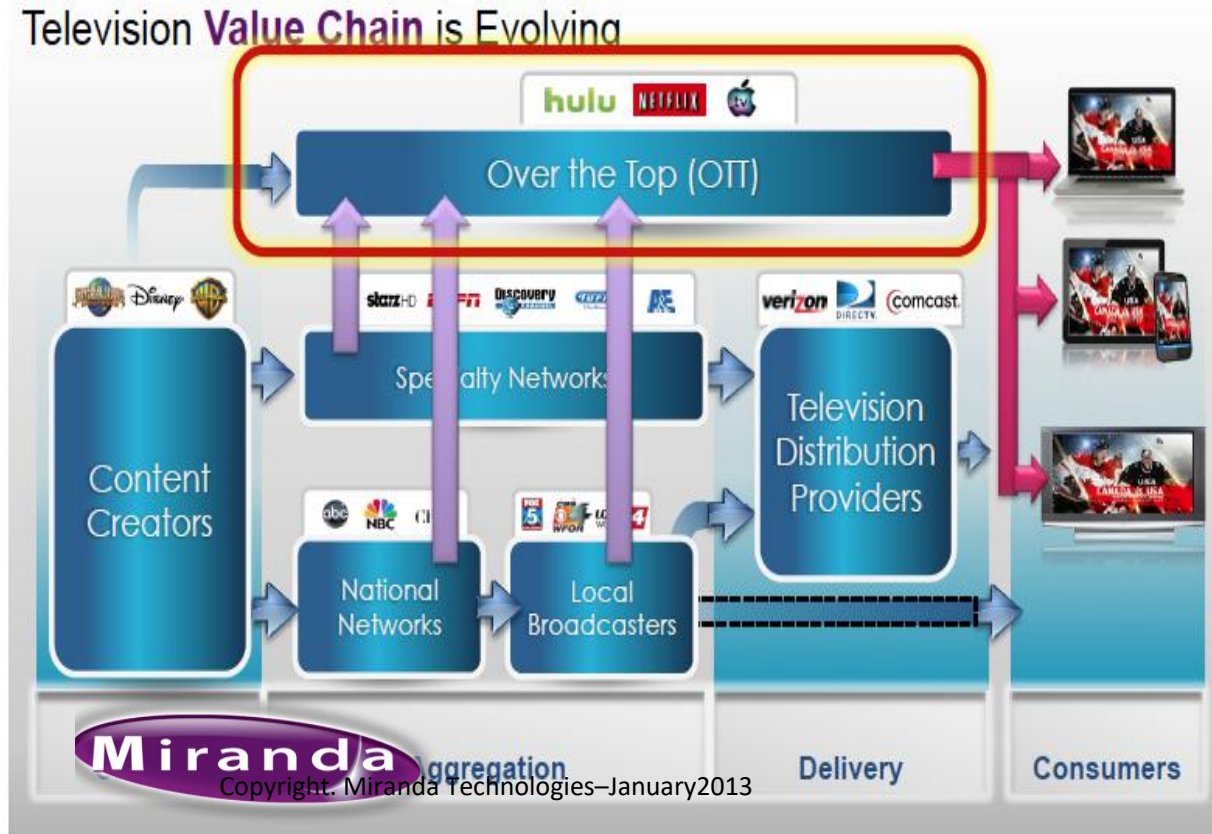
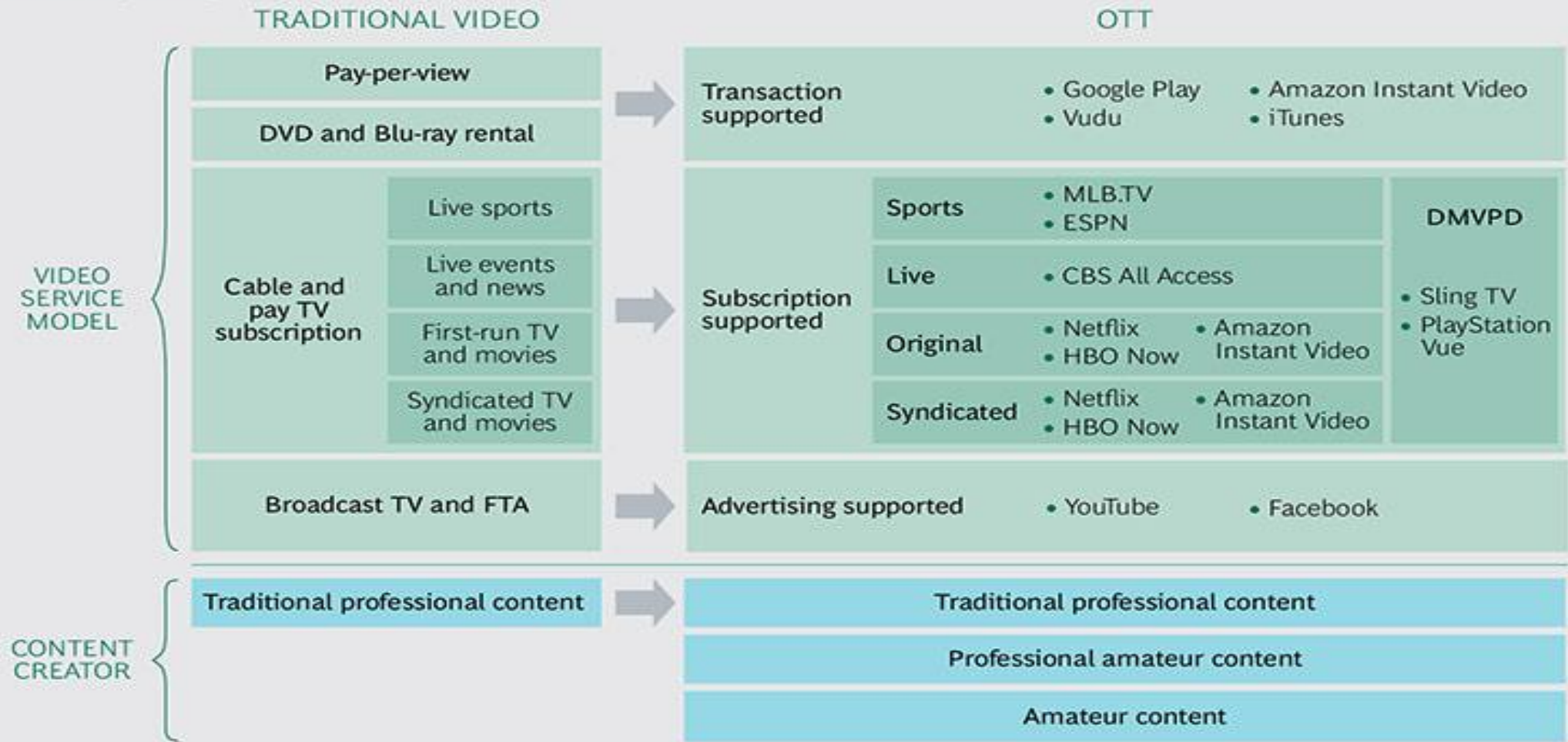


EXHIBIT 1 | OTT Replicates Traditional Video in a Digital Context, with New Content Creators Participating



Source: BCG analysis.

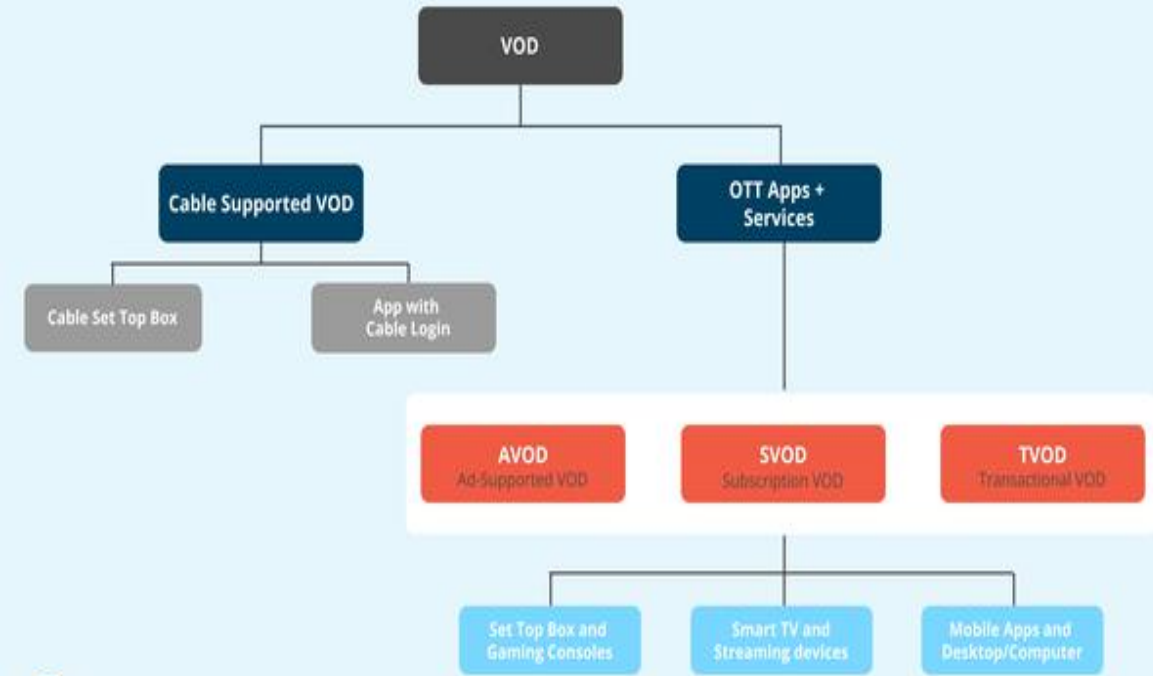
Note: FTA = free-to-air television; DMVPD = digital multichannel video programming distributor.

Over-the-top (OTT) Video Providers



The Video on Demand (VOD) Ecosystem

A closer look at how over-the-top (OTT) video lives within the VOD ecosystem.

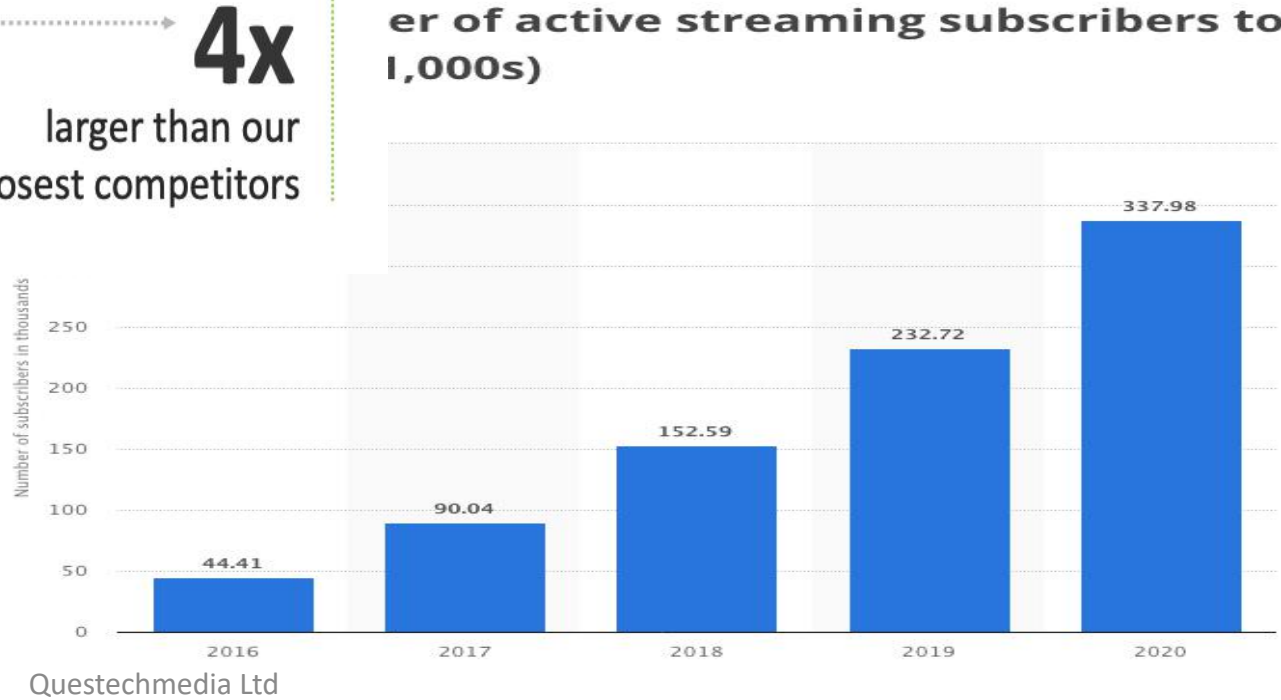
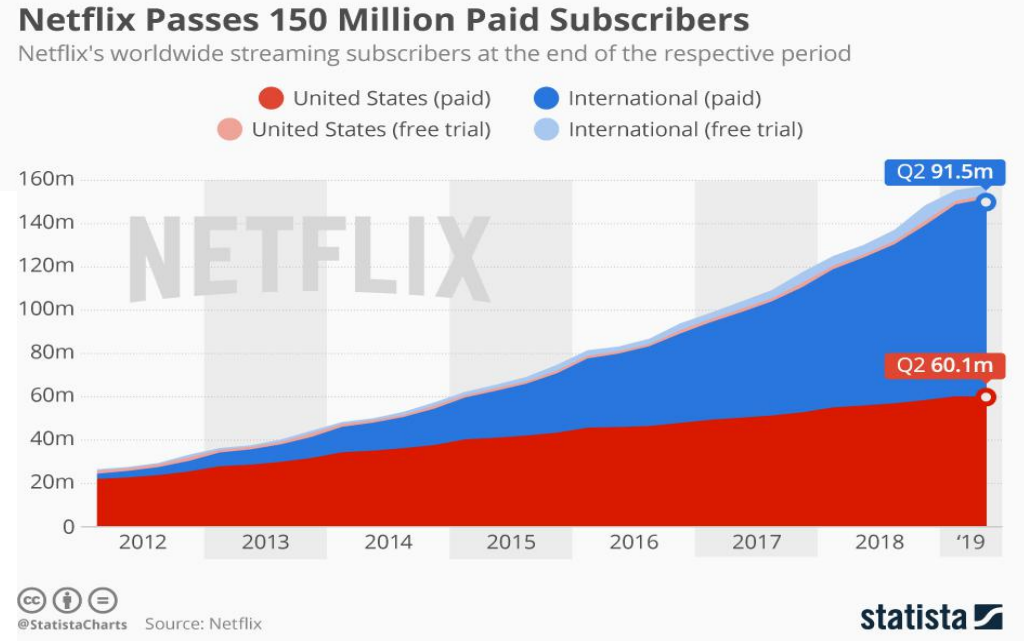
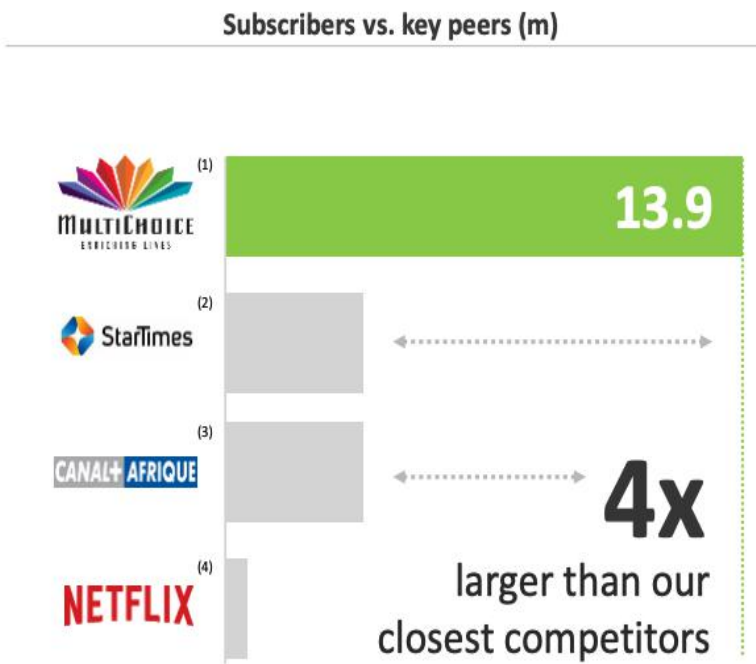


Source: www.zypmedia.com

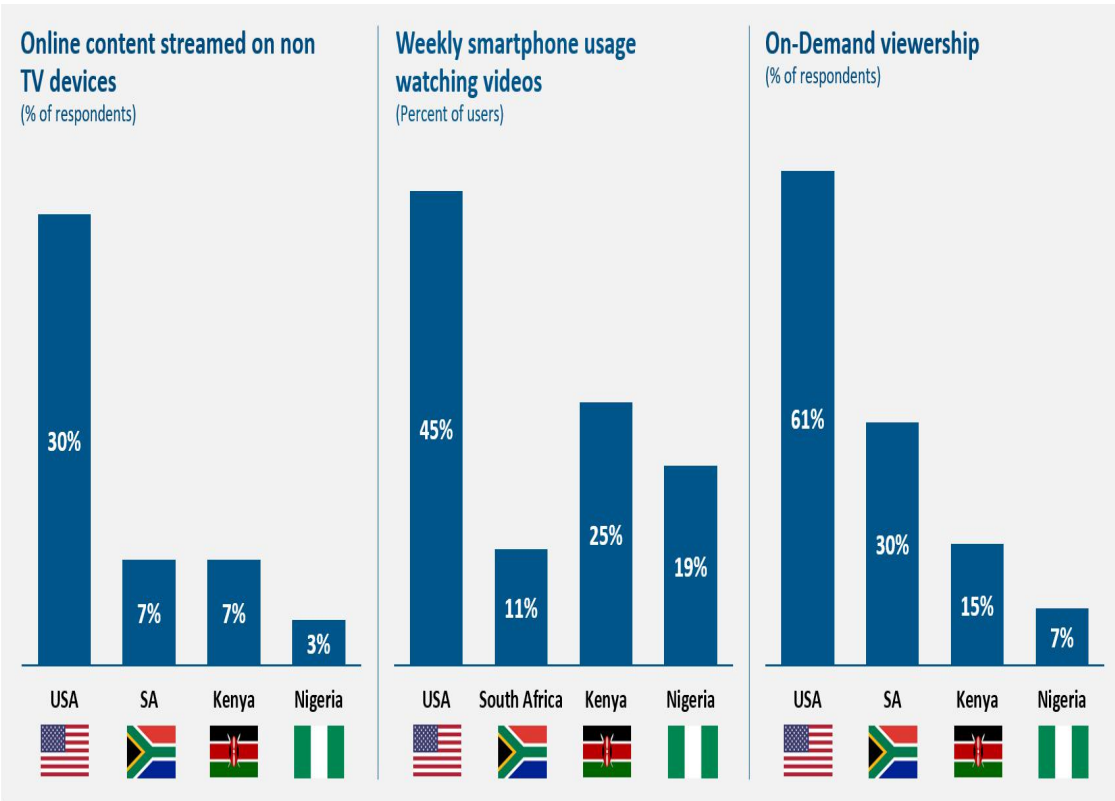
Is this war, or a battle?

Ott vs. traditional tv

- Digital TV Research forecasts 9.99 million SVOD subscribers across 35 Sub-Saharan Africa countries by 2023, up from 1.56 million at end-2017. Although massive growth will take place, the **Sub-Saharan Africa OTT TV & Video Forecasts** report estimates that SVOD revenues will only be \$775 million by 2023 as some platforms are very cheap.
- South Africa (3.37 million by 2023) will remain the leader, with Nigeria (2.61 million) in second place. South Africa and Nigeria will account for 60% of the region's SVOD subscribers by 2023 - down from 74% in 2017. So, the rest of the region is growing faster than the two main countries



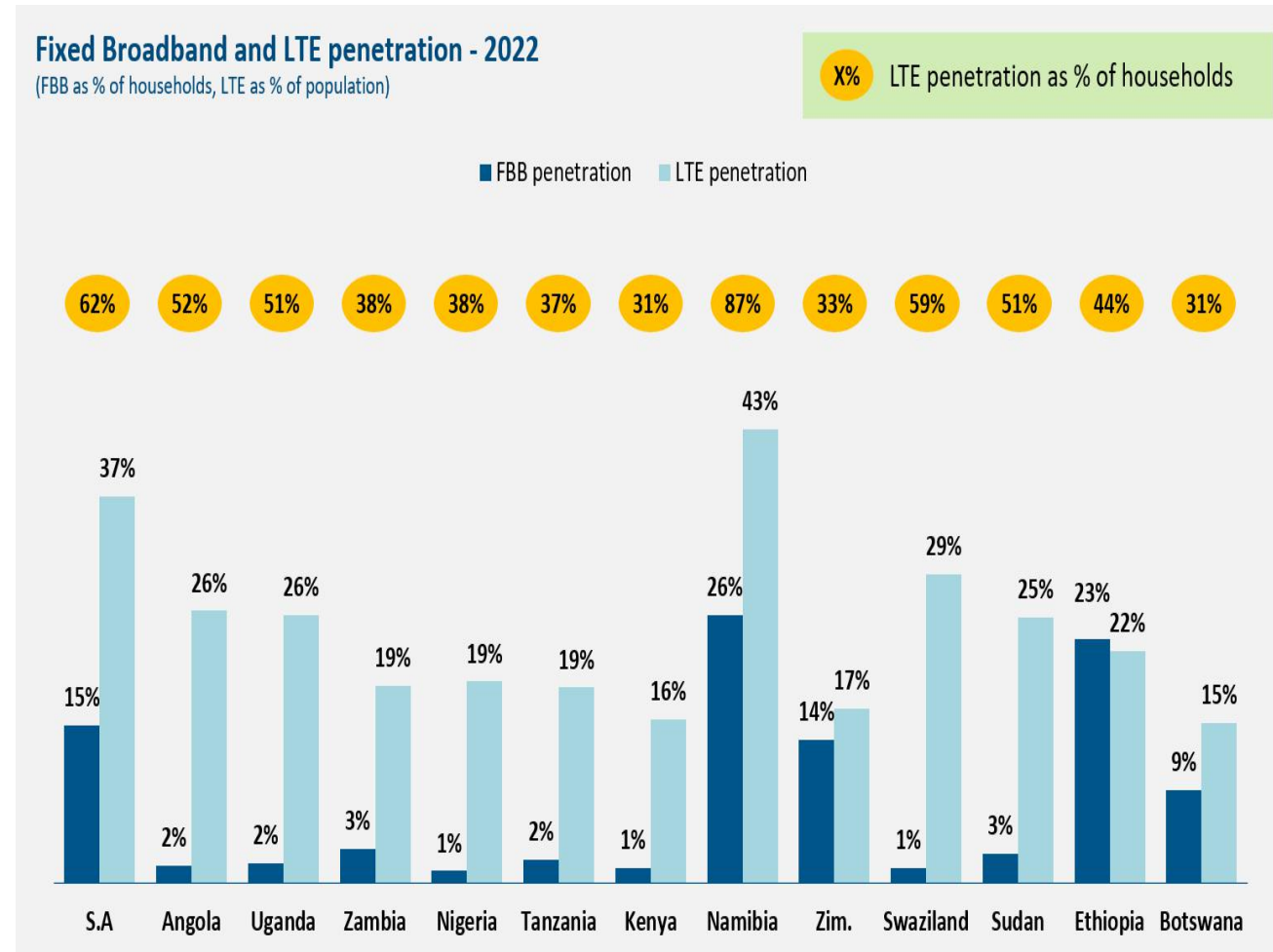
State of play



Source: Google Consumer Barometer

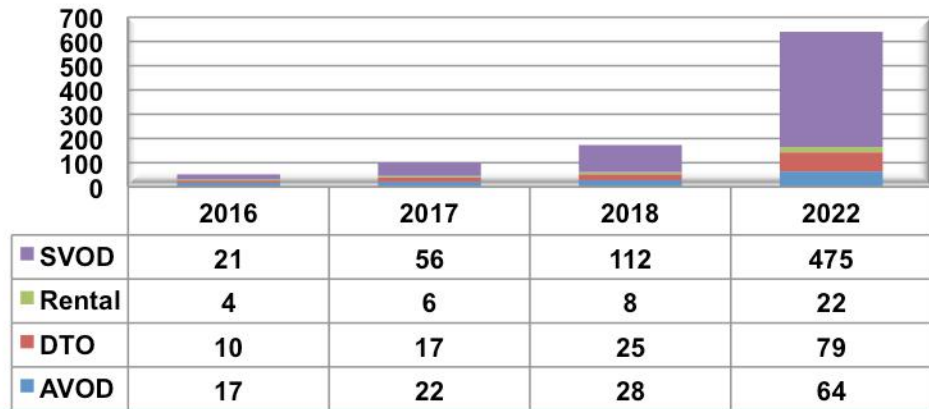
The reality in Africa is different, OTT media growth still bedeviled by:

- Connectivity & data prices
- Affordable devices
- Inadequate payment platforms
- Revenue share model??
- Diversity of audiences, & Regulatory policies, etc ..

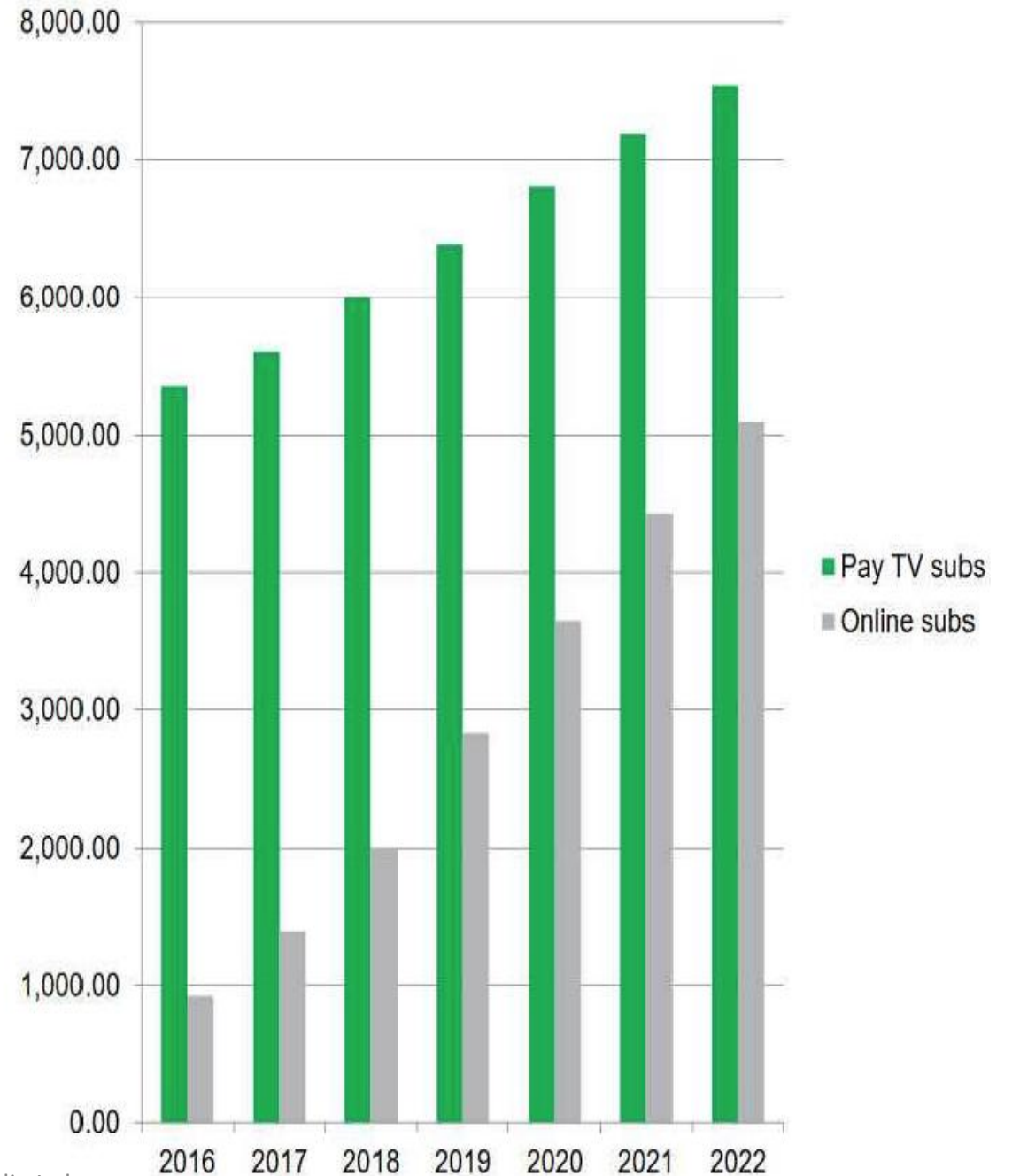
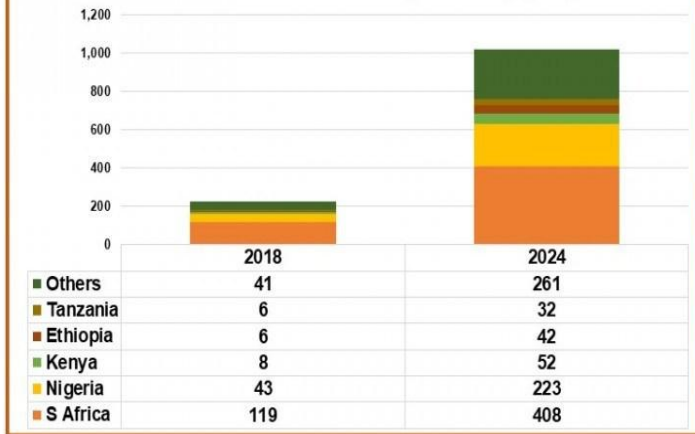


Source: GSMA, Globalcomms, Delta Partners

OTT TV & video revenues by source (\$ million)

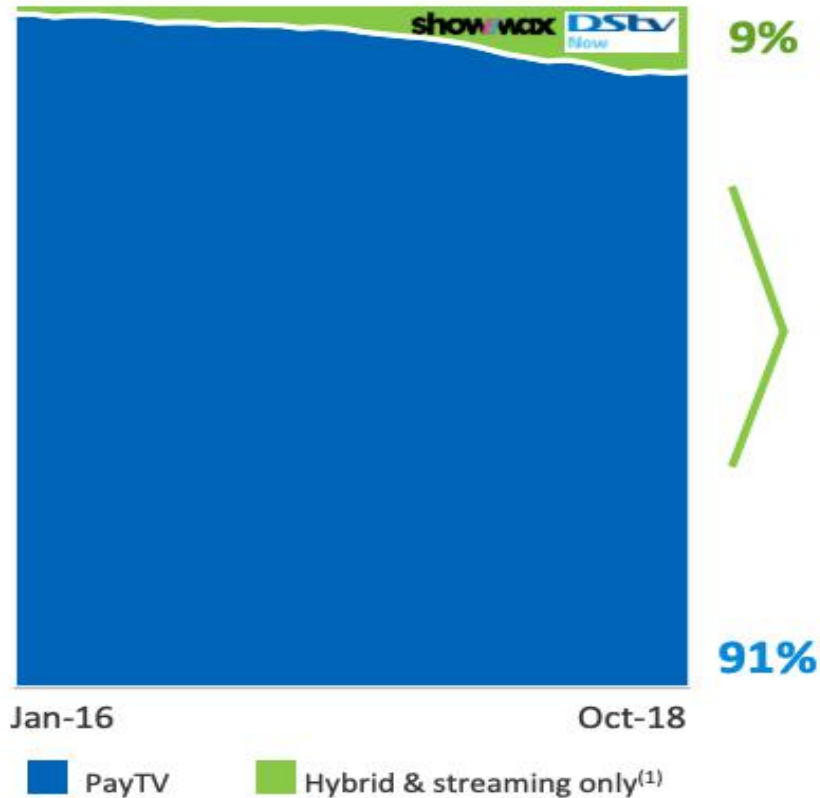


African OTT revenues by country (\$m)



Linear growth...

MultiChoice SA subscriber mix



MultiChoice Group
Fact Sheet June 2019

The leading video entertainment platform in Africa

Calvo Mawela, Group CEO
“ Our growth is exceptionally pleasing, especially in the current economic climate, and a clear indication that our strategy is working. We continue to believe in the growing appetite for video entertainment across the African continent. ”

- Offering exceptional content
- Unlocking growth opportunities
- Returning RoA to profitability
- Laying foundations for OTT strategy
- Delivering attractive financials

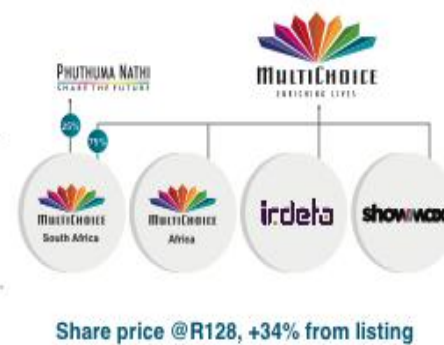
FY19 by numbers



Key strategic highlights



Group structure



Outlook

- Content**
 - Continue to invest in local content
 - Leverage FY20 as a major sports year
- South Africa**
 - Target mass growth, premium retention and OTT
 - Deliver stable margins and cash flows
- RoA**
 - Drive growth in the mid and mass markets
 - Return business to profitability in medium term
- Technology**
 - Grow media security revenue and maintain margins
 - Continue momentum in connected industries
- Group**
 - Drive top line and further margin expansion
 - Deliver on intention to pay R2.5bn FY20 dividend

Netflix & Suffering

- Jason Njoku (IrokoTV) says that despite how refined Netflix is, “Africa is a little different.” He says that Netflix’s Nigeria presence will have “zero impact on iROKO.”
- However....
- MultiChoice CEO Calvo Mawela blamed an unregulated Netflix for their lost of more than 100,000 subscribers in the last financial year, and an additional 40,000 in this cycle. In a [July 12 interview with the Business Day newspaper](#) in South Africa, Mawela called on regulators to clamp down on Netflix and other over-the-top services.



Current market plays...



DirectTV
Time Warner



EPL Rights



Sky UK



Orange Studios, HBO
Deal, Canal+

MEDIAPLAYNEWS >>

HOME NEWS RESEARCH REVIEWS BLOGS PHOTOS AWARDS ARCHIVES ABOUT US CONTACT ADVERTISE DIGI



Report: Euro Broadcasters Must Up Content Spend to Compete Against American OTT Video

ERIK GRUENWEDEL
August 20, 2018

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HOME NEWS RESEARCH REVIEWS BLOGS PHOTOS AWARDS ARCHIVES ABOUT US CONTACT ADVERTISE DIGI



Netflix CEO Reed Hastings.

Netflix, Amazon, Hulu Ramping Up Original Content Spend

ERIK GRUENWEDEL
January 30, 2018

THE RESULTS ARE COMING IN ...

- **On-demand, on the rise:**
 - Across Africa, we beginning to witness the rise of broadband connectivity which is fueling the growth of on-demand consumer viewing.
- **Mobile video consumption trending up:**
 - According to Ericsson, around 70% of consumers now watch TV and video content on a smartphone—twice as many as in 2012[2].
- **Bigger appetite for entertainment: Binging!**
- **Live sports content takes centre stage:**
 - the value of live sports content, with major events such as the FIFA World Cup, Olympics etc, likely to grow and become more expensive for broadcasters.

Tech

AT&T is making big moves to dominate the future of TV, but it's been slowed by setbacks (T)

Published: 26.05.2017 · Nathan McAloon

Print · eMail

AT&T is trying to imagine a future when your smartphone is the center of the entertainment universe, and taking active steps to get there.



naill (HBO)

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On Tuesday, AT&T CEO Randall Stephenson raised eyebrows when he said that 20-minute episodes of "Game of Thrones" might work better on mobile than the standard hour-long ones.

That's not idle chatter coming from Stephenson, who will control HBO parent company Time Warner if its proposed \$85 billion merger with AT&T passes regulatory approval.

With AT&T's core wireless business getting tougher and tougher, the telecom giant has looked to reinvent itself as the model of a next-generation media conglomerate, starting with the \$49 billion deal to buy DirecTV in 2015.

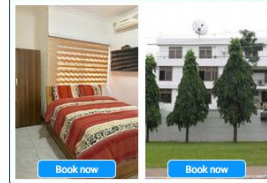
Stephenson's comments show how AT&T is trying to imagine a future where your smartphone is the center of the entertainment universe, and taking active steps to get there. That future, however, is not a sure thing, and AT&T has seen the growth of one of its marquee efforts stall in early 2017.

The bundle

TOP 3

- 1 Tech 13 things that were invented much earlier than you probably thought! »
- 2 Tech 10 things in tech you need to know today (MSFT, FB, GOOG, SNAP,...) »
- 3 Tech Meet the man who invented the Super Soaker — one of the... »

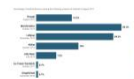
Booking.com



TECH



Tech 10 things in tech you need to know today (GOOG, FB, MSFT, TSLA, SNE)



Tech Oreo may be the latest flavor of Android, but most users are still stuck with Marshmallow or something older



Tech A California Senator wants to make it illegal for VCs to sexually harass entrepreneurs



Tech Incredible photos of the solar eclipse across the United States

Strategy Analytics Press Releases

Press Releases

Automotive

Devices

IoT Ecosystem

Service Providers

Media & Services

Strategic CI

TV & Broadband

TV & Media Strategies

Consumer Surveys

Wireless Media

Application Insights

Virtual Reality Ecosystem

5G TV Could Become Rival to Cable, Satellite and IPTV, Says Strategy Analytics

by Sue Rudd, Michael Goodman, David Mercer | Feb 06, 2017 [Leave a comment](#)

5G Should Include TV and Video as 'Anchor' Use Case

Boston, MA - February 6 2017 – TV and video delivery is likely to become a core capability of next generation 5G wireless services, concludes a new report from Strategy Analytics. Recent demonstrations have suggested that 5G will support 1Gbps data throughput rates. Combining 5G with other networking enhancements and technologies would allow operators to support TV-equivalent services which could eat into the \$500Bn global TV and video market currently served by cable, satellite, IPTV and terrestrial broadcast service providers.

"Data rates get the headlines, but other network technologies will also make or break the business case for 5G TV services," says Sue Rudd, Director, Service Provider Analysis. "The efficiency of the end-to-end network will determine whether 5G TV is possible, but we have seen enough from early demonstrations by operators like Verizon, Deutsche Telekom, SK Telecom, AT&T and BT to suggest that it will arrive sooner or later in many parts of the world."

The report points out that the number of households and devices supported by a 5G TV service within any cell will make or break the 5G TV business case. The number of termination locations can be increased by a factor of three or more by deploying several network enhancements that deliver 'trunking' efficiency in the Radio Access Network (RAN). These include MIMO and beamforming for optimal spectrum use, virtualization of cell sites, dynamic throughput over backhaul networks and network slicing to guarantee data rates to the household.

"Television is already being transformed by new digital services like Netflix and Amazon," notes Michael Goodman, Director, TV and Media Strategies. "The arrival of 5G TV wireless services could herald another wave of TV disruption through the 2020s and beyond."

"The emergence of 5G TV would represent a further stage in the convergence of media and communications, and wireless and fixed services," says David Mercer, VP and Principal Analyst. "It would also raise important questions relating to the roles of different ecosystem players and the future structure of the media value chain."

The Emerging value chain and Business models

The fundamentals still apply: content creators, distributors, and consumers! However, we are seeing more activities around the who, how, and where the fundamentals are applied and consumed!

- **Content players** – Now have new routes to market, and direct to consumers.
- **New! Distribution service providers:** ISPs & Telcos now attempt to leverage their ubiquitous presence and capacity to become distributors, and even content creators/aggregators!
- **New! Device manufacturers: Apple, Samsung, etc** can transform into access gateways with own platforms and host or provide connected services, obviously playing to their key strengths (Data) about users preferences.
- **New! open internet services: social networks such as Facebook, Instagram, YouTube (google)** , Twitter, leveraging their database, in shaping content consumption patterns.

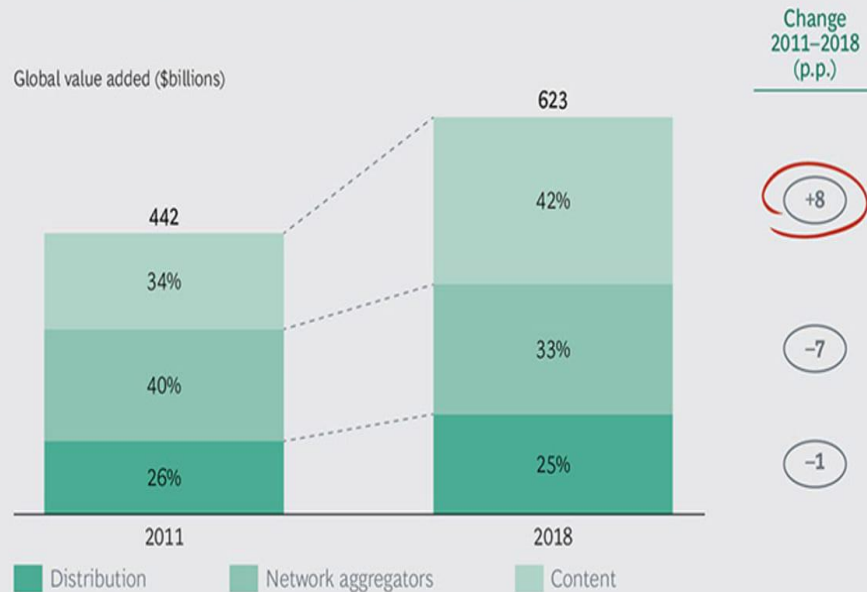
Finding value...

- Its content, always about content!!!
- Distribution

Percentage of local vs global content

EXHIBIT 10 | Content Producers Are Capturing a Greater Share of Overall Value

DISTRIBUTION OF GLOBAL TV VALUE ADDED ALONG THE VALUE CHAIN

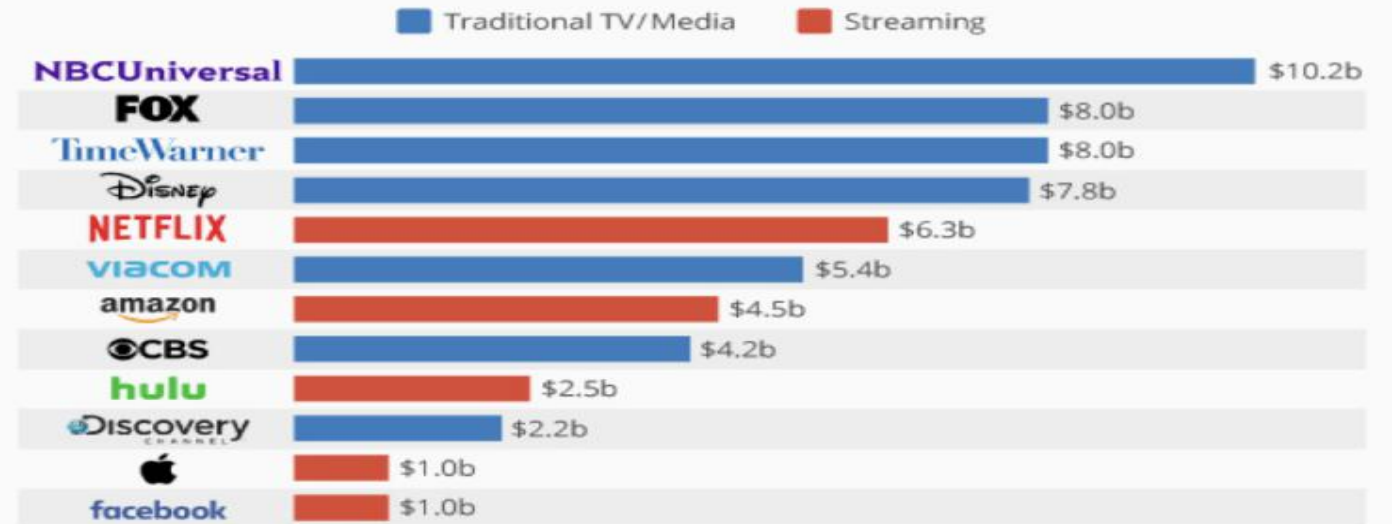


Sources: Generator Research; Magna Global; Ovum; PQ Media; SNL Kagan; BCG analysis.

Note: p.p. = percentage points. Global TV value added is defined as the sum of each player type's revenues minus the amount it pays to another player in the video value chain; global TV value added excludes internet sales.

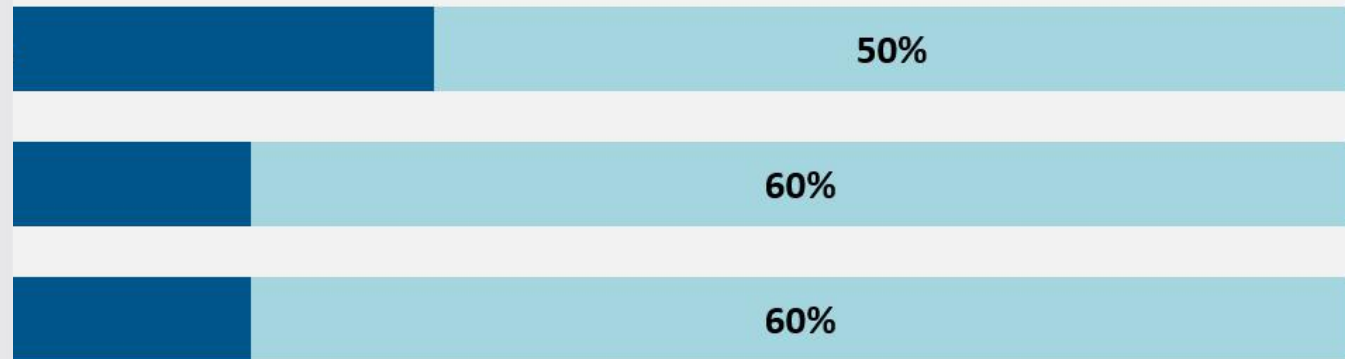
The Billion-Dollar Content Race

Estimated spending on non-sports video programming by selected companies in 2017*



* includes original and acquired/licensed programming
Source: MoffettNathanson via Recode

statista



Digital Media Value Chain

	Content Creation	Content Aggregation	Digital Distribution	Subscriber Management System (SMS)
Mobile Networks	Low	Medium	Medium	High
Cable TV Networks	Medium	High	High	High
Terrestrial TV	High	High	Low	Low
Independent Producers / User Generated Content	High	Low	Low	Low
Media Websites / Portals	High	Medium	Medium	Medium

Low
 Medium
 High

So what's next? ...likely winners/Losers!

✓ Content creators

- **Producer and owners of must watch sticky content, able to drive audience attention whether big or small fan base. As long as they are dedicated fans willing and able to talk about the content loudly.. Like they own it!**
 - **Multiplatform navigation - With content clutter everywhere, the ability to search and find relevant contextual content across platforms is a key asset for customer acquisition.**

• FTA channels

- **FTA channels still have one leg up, as long as they have appealing content alongside their mass appeal, as long as they are able to shift from traditional, live TV viewing to multiplatform, time-shifted viewing**

• Subscription TV ??

- **Your traditional pay tv services already seeing a subscriber losses, which may continue unless they are able to access differentiated (read exclusive) and engaging content**

✓ TV distributors and aggregators

- **Operators or investors (including Telco's) with scale and well-developed video and broadband infrastructure well positioned to take advantage**

• Online video distributors and aggregators

- **Largely dependent on how quickly and how well players here are able to migrate their platforms from non-linear to live content, and how to balance their business models between consumer pay services and ad-supported revenue streams**

What Is Broadcasting 2.0!?

- *...means the best device available!*
- *Better to be on as many platforms as possible*
- *Discovery is #Key!*

The place where your content is, needs to match the places listeners want to consume that content!



In the future, Netflix will know exactly what you want to watch, even before you do. You won't have to spend all that time browsing through endless lists of shows on your television.

Neil Hunt, Netflix's chief product officer.

1. “...with a few notable exceptions we don't watch channels we watch shows.
2. The role of TV channels is entirely irrelevant for curation.

The Future of TV isn't apps
Posted Dec 18, 2016 by [Tom Goodwin](#)



“...Channels will narrow but dedicated audiences will survive”

Questechmedia Ltd

I want my primary screen to be a search bar. A search bar that pulls in content from every provider that I subscribe to..”

SO WHAT DOES THIS MEAN FOR TRADITIONAL BROADCASTERS?

As the business model and the supporting value chain continues to face challenges, it means that broadcasters must ensure they remain relevant to consumers across multiple platforms and transform their organizational capabilities to take advantage of the emerging business models/Value chain by combining their linear TV strengths with new services and products.

- ✓ **Focus on Existing Strengths:** As traditional linear content will remain the focal point of consumer media activity for the foreseeable future; broadcasters must therefore increase the barriers to entry around linear content and its monetization – focusing on originated productions, exclusive rights, rights management, advertiser and subscriber relationships, cross promotion capabilities – to maintain position.
- ✓ **Build new insight, analytics and audience measurement capabilities:** Data and Measurement is #Key! Advanced analytics have a huge role to play in deciding who wins and loses in the future multiplatform, multichannel audience landscape. Most importantly, as people increasingly engage with content and services across different platforms, broadcasters must be able to offer compelling and integrated audiences to advertisers.

...for traditional broadcasters?

✓ **Innovate and Take Risks:**

- Success in a digital is not predicated on what you do, but often how you do what you do! Take risks, experiment, fail fast and try again, invest ahead of revenue models with confidence to shift the commercial landscape in their favor.

✓ **Build new Skills sets in technology, marketing and management:**

- Broadcasting, especially television is a product of technology! So its amusing to see broadcasters especially in Nigeria being intolerant of new technologies. The analog past may have entrenched historical barriers to entry, often times aided by regulatory policies, and high capital cost for broadcast equipment; however, that era is gone and not coming back, ever!

✓ **Focus on the Audience:**

- The audience/consumer is the key to success. In a digital space with oversized competition, never lose sight of how the product, including content, and the experience around it is delivered to the audiences.

New Consumers Don't Grow Into Old Technologies!

Consumer Habits changing

- Focus not on technologies, but on emerging cultural practices! Henry Jenkins MIT professor of Media

Remember!

As technology transformation grows, each demographic group will have a growing menu of other digital options that meet their current and emerging needs.

The *form* of content is shaped by the *platform* carrying that content

Brands are even more important in a digital world:

- **your brand has to mean more diverse things to future consumers!**

You need to view your brand as a solution to a consumer problem, an answer to a consumer desire.

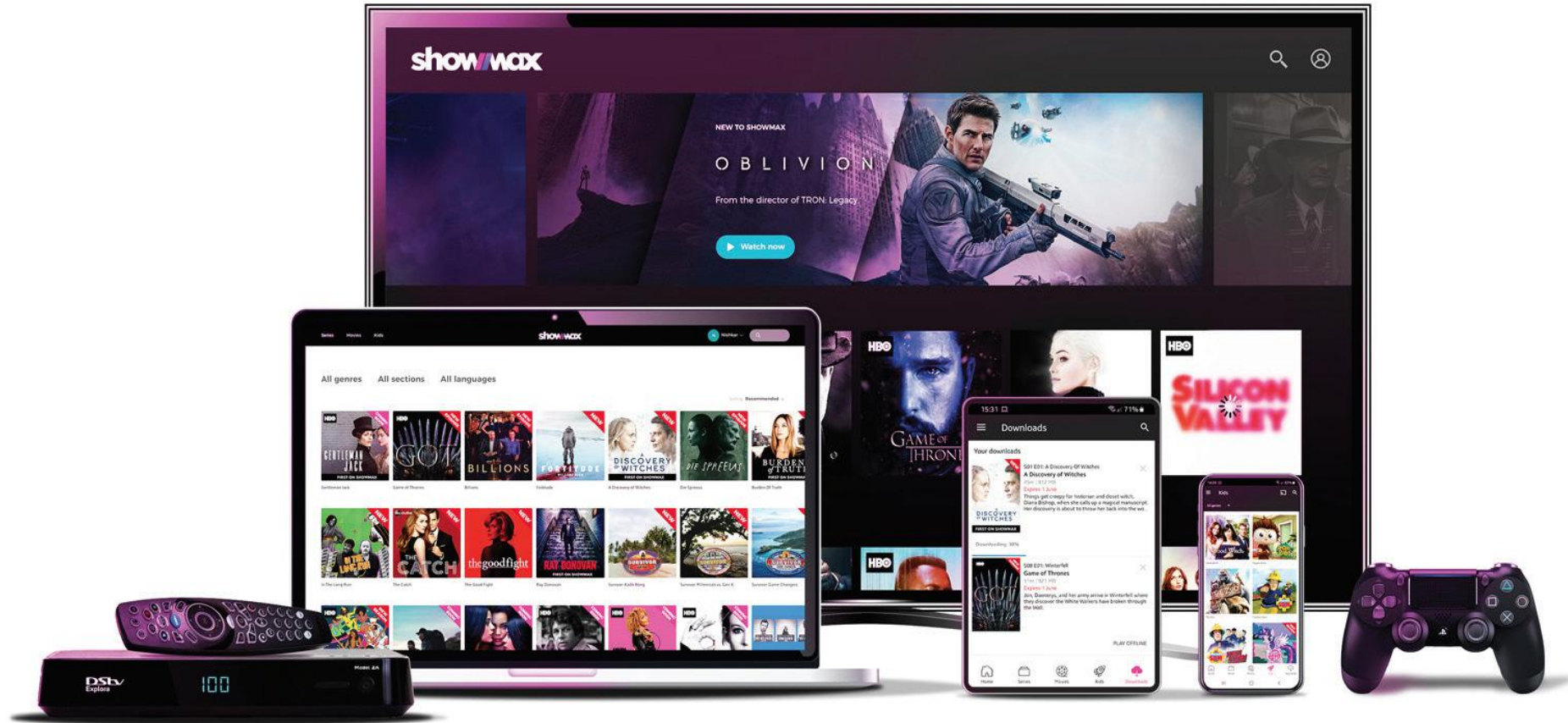
Looking forward... strategic partnerships mobile!?

- Huge potential across the ecosystem,
- More work to be done: on device price and capability especially battery life!
Interoperability, security, etc
- Digital Strategy, MUST Have for broadcasters and telcos
- Strategic partnerships necessary
- Keep an eye on local and international digital
Insurgents: Twitter, Snapchat, Facebook, Google, Apple, etc.

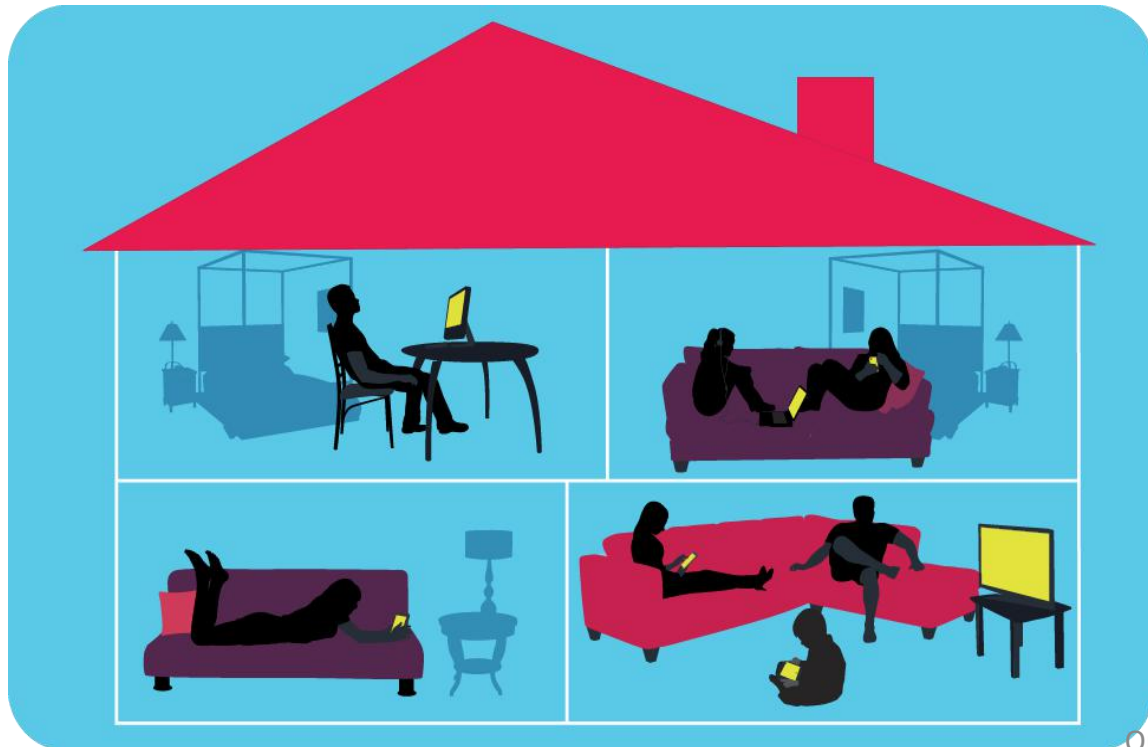
“The mobile network operator (MNO) role changing from enabler of voice transmission to data, and now, to a channel for video content.”

- Mobile penetration even higher than television
- TV content growing
- Mobile integrates television and expands the broadcast business into the increasingly mobile lifestyle of viewers.
- Increased revenue from advertising

What business are you really in?



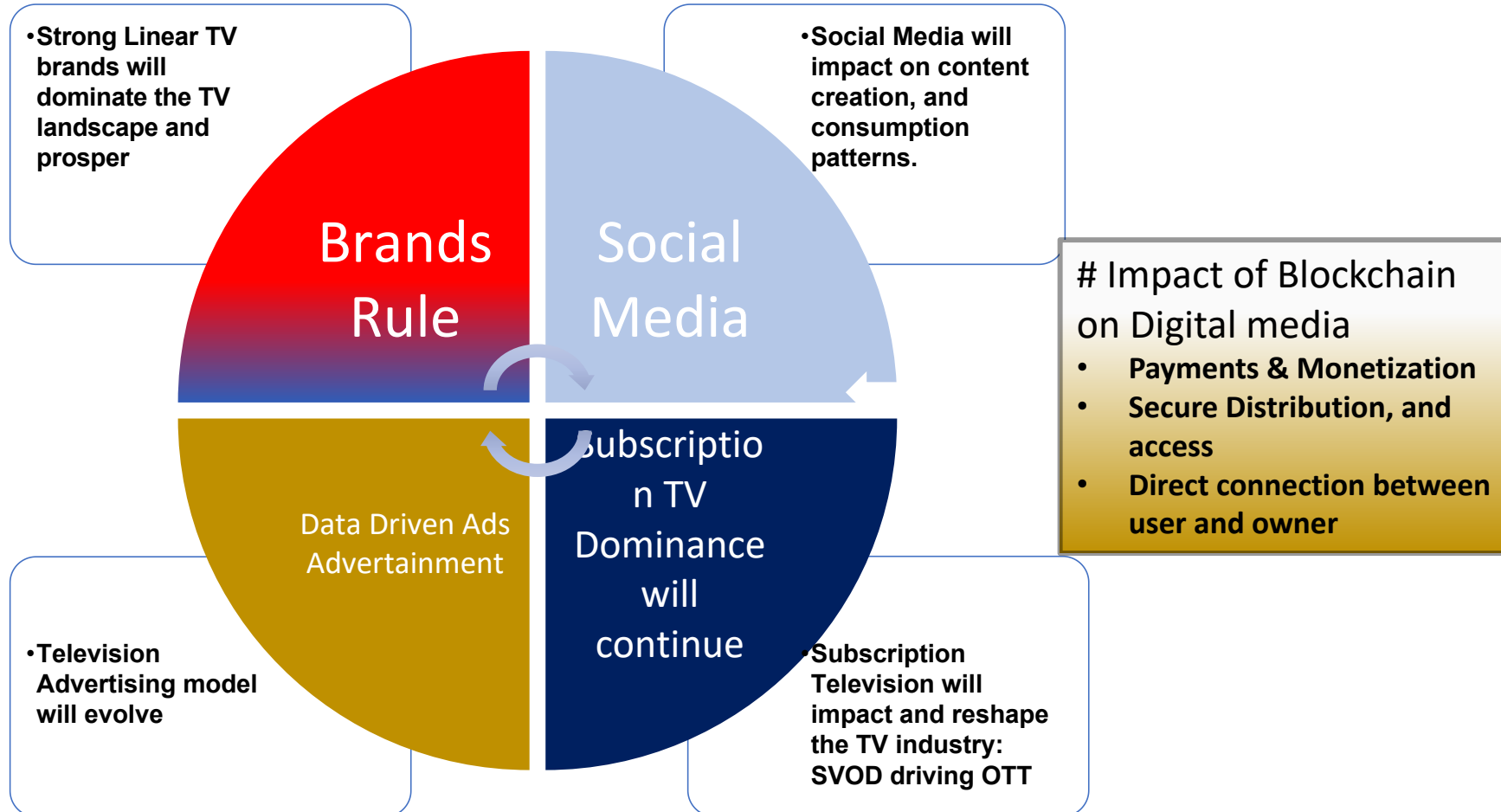
The Future is here already!



***Netflix Now has over 150m
Subscribers (June 2019)
Content Spend per subs - \$***

Trends Shaping The Future Of Television

The future of TV combines the power of linear and OTT



- **Internet & Mobile**
- **Consumer Choices:** personalization & Differentiation
- **Disruption by New Tech** – New startups
- **Industry and Market Dynamics:** Investors, M & A activities
- **Regulatory Dynamics**

- HOW ONE PLAYER (MultiChoice DSTV) IS DEALING WITH EXTERNALITIES

External landscape

Key global and local trends	Our response
<ul style="list-style-type: none"> ▷ According to Digital TV Research, global pay-TV subscribers are expected to reach 1.1bn by 2023, with the majority of growth in Africa forecast in the middle and mass markets 	<ul style="list-style-type: none"> ▷ MultiChoice is well positioned to grow market share in the middle and mass markets, which aligns well to our value strategy in the Rest of Africa. The group added 1.6m subscribers in FY2019 well above historic averages
<ul style="list-style-type: none"> ▷ Local content will remain a key differentiator in video entertainment as local stories resonate well with subscribers 	<ul style="list-style-type: none"> ▷ MultiChoice makes significant investments in high-quality local productions to cater for indigenous languages and preferences. We increased our local content percentage of general entertainment content from 38% to 40% in FY2019, and we are targeting 45% by FY2022
<ul style="list-style-type: none"> ▷ Audiences will continue to expect value-for-money programming packages 	<ul style="list-style-type: none"> ▷ We continuously revisit our cost structures to make programming more affordable to customers, a key pillar of our strategy. Our investment in DTT networks in eight African countries, spanning 130 cities and 163 sites enables us to offer quality services to subscribers in the mass market at affordable prices
<ul style="list-style-type: none"> ▷ The global shift towards OTT will continue 	<ul style="list-style-type: none"> ▷ This year MultiChoice's online platforms doubled the number of monthly active users

DIGITAL STRATEGY ...Lessons from Jeff Bezos Amazon's success...

- 1. Define your business around your customers not products or competition**
- 2. In digital space, hardly any more boundaries exist!**
- 3. Competitive advantage no longer comes from low cost or product differentiation**
- 4. Complementary products and network effects key advantages in digital ecosystem**
- 5. Data is critical asset**
- 6. Build new capabilities**



SUMMARY

- The Nigerian and African media landscape is rapidly changing, impacted by the advent of digital broadcasting, convergence of allied internet and mobile technologies, as well as ongoing market & regulatory configurations.
- The confluence of consumer behavior and technology continues to drive current and emerging trends that push and shape this evolving content industry, which needs to have deeper understanding of the shift in consumer dynamics and technology to better leverage the trends that may have a significant impact on its future.
- TV as content is here to stay, but formats and receiving devices will constantly evolve.
 - **My 7 Fundamentals#**
 - *It is content, not technology that will drive the widespread adoption of digital television services.*
 - *More investments in Content, will see value of content rise even more!*
 - *The line between TV and over-the-top (OTT) is blurring.*
 - *Adtech evolving, impacting advertisers and agencies, as TV and online video planning and measurement merge.*
 - *Linear TV will not die but becomes increasingly Social and participatory and curated, focusing on live and event reality driven revenue shows.*
 - *The second screen becomes more involved in the curation and monetization of content*
 - *Data will play a bigger role in the future of TV. Data — access to it and the collection and use of it — will offer some marketers, adtech vendors, agencies, and media companies a competitive advantage, while others will scramble to survive.*
- To surmount the challenges that will arise as a result of the digital evolution, and indeed seize the opportunities, industry leaders must possess new skill sets, knowledge, and a mindset that is innovative and progressive.

Thank you