

# Building the new digital content market

An exclusive report by MIPTV & MIPCOM



INTRO ● THE AUDIENCE ● DELIVERY STRATEGY ● THE DEALS ● MONETISATION ● MANAGING  
MULTI-SCREEN ● PRODUCTION STRATEGIES ● SALES-AND-LICENSING STRATEGY ●  
MANAGING MULTI-PLATFORM ● MANAGING MULTI-CONTENT ● INTERVIEWS

## The Digital Strategists



Philip Bouchier O'Ferrall



Brett Bouttier



Daniel Heaf



Razmig Hovaghimian



Erin McPherson



Rhys Noelke

For this report we interviewed six digital strategists in key positions in companies at the forefront of the new international digital marketplace.

Their insights feature throughout the report, and their interviews can be seen in full **here**.



# Building the new digital content market

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## THE NEW DIGITAL CONTENT MARKET

# An introduction to the evolution of a business that used to be called 'television'

**T**HIS REPORT addresses the commercial development of the global market for online video. It's a market that has already come a long way since the birth of YouTube, which began with a 19-second amateur video, Me At The zoo, uploaded back in April 2005.

Nine years on and a sophisticated industry is emerging that can be divided into three broad areas: the game-changing linear OTT (over-the-top — meaning using the internet to bypass cable and satellite operators) television services that include Netflix and Hulu; the video-sharing sites that include YouTube, Vimeo, Dailymotion and the MCNs (multi-channel networks) that affiliate with them, like Maker Studios; and the web portals that offer Yahoo! and AOL, whose multiple services include video production and delivery.

The emergence and monetisation of these comparatively new players in the business of filmed entertainment signal that the days of referring only to something called the 'TV Business' needs reassessing.

Innovative digital-media technology and the new generation of **millennials** and digital natives have seen to that. The use of touch-screen devices to access video entertainment mostly via the open internet, digital platforms and video-hosting websites like the pioneering YouTube have become international commercial industries requiring attention by the traditional TV sector.

Viewing habits are changing. The youth of today, young adults and a growing number of the Baby Boomers are no longer only interested in the redistribution of original TV shows online.

They are discovering alternative forms of on-screen entertainment to the currently \$334bn-plus revenue\* global TV business we've known for 60 years.

We're not talking about the death of broadcast, cable or satellite networks, as some investment pundits provokingly seek to promote. In fact, if any umbilical cord-cutting has been taking place, it is to welcome new life forms called the 'original professional online video' and the 'new digital content market'.

And with that comes a new generation of thinkers, the people whose role it is to structure and monetise these industries — **The Digital Strategists**. A number of these Digital Strategists have contributed to this report, giving **interviews** that offer insight into how structure and strategy is being brought to this new digital content market.

As this report acknowledges, the conception, development, production, licensing, delivery plus viewing of dedicated digital videos call for incremental investment.

In the OTT linear-TV sector, Netflix has proven it can be a profitable business. The once publicly quoted US-based DVD-delivery service used to be valued at less than \$2bn. Today, it is the world's biggest subscription-funded international on-demand streaming platform with 40 million-plus pay-

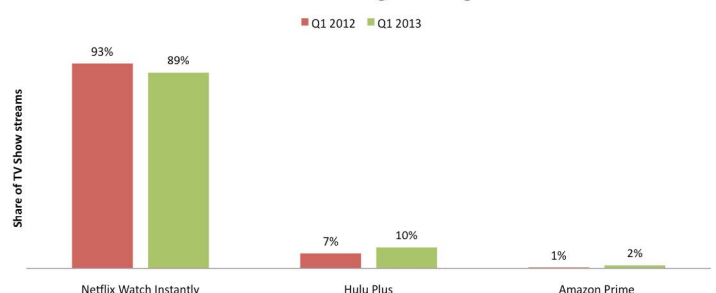
ing customers and a valuation of more than \$20bn.

It has used that financial clout to commission a host of original online videos that are doing more than getting viewers. They include the Emmy-nominated and Golden Globe winner House Of Cards (a third season is in the pipeline) and the 2014 Oscar-nominated The Square. OTT competitors such as e-commerce conglomerate Amazon.com and the Hollywood studios-backed Hulu are also investing in original premium online shows to woo subscribers.

Over-the-top platform Hulu is not the only online venture financed by conglomerate TV-network owners (Disney, 21st Century Fox and Comcast).

Discovery Communications acquired online multi-channel service Revision3 — now rebranded Discovery Digital Networks — to enter that space.

Share of Shows Streamed Q1:  
Television Programming



Source: The NDP Group, Inc. VideoWatch Digital

The internet is not spelling the death of TV, it is giving birth to new commercially ambitious dedicated online video-content creators. There is Sony's Crackle, Microsoft's new Xbox One console is positioned as an entertainment-centre brand. Conde Nast Entertainment Group, a subsidiary of Vogue magazine's multinational publisher, is developing into an online and TV producer.

Such online channels, many of which have evolved into independent MCNs hosted on prolific video-sharing sites like YouTube, are being embraced by the major media and technology conglomerates. Maker Studios' investors include Time Warner Investments. Fullscreen's backers include NBC network's owner Comcast, while AwesomenessTV is now a DreamWorks Animation subsidiary. German TV conglomerate RTL Group recently snapped up a majority stake in Canada-based BroadbandTV and a minority share in Germany-based Divimove. And search-engine behemoth Google was one of the first significant investors in video games-oriented Machinima.

In addition to reaching new digital-age audiences, online channels and MCNs offer potential new business models. The internet infrastructure means they can be distributed with social media in mind, be **crowd-funded and crowd-tested** before receiving broader distribution. "As compared to 10 years ago, distributors like Maker have access to millions of ideas, concepts and formats, and can develop and test the same in real-time with the audience," says Maker Studios' chief content officer **Erin McPherson**. "We are able to analyse audience behaviour and create programming that is responsive to trends in real time."

## Erin McPherson, Maker Studios

"We are able to analyse audience behaviour and create programming that is responsive to trends in real time"

► **interview p.26**



Another source of original video entertainment are the global web portals. Yahoo! and AOL are paying for the production of their own web shows. On Yahoo! Screen, for example, are Ben Stiller's **Burning Love** and Tom Hank's **Electric City**. And on the AOL On network, for example, **Fetching**; and **Little Women, Big Cars**.

International web portals' contribution to the commercialisation of new professional online video would be easy to miss amid the billions of videos on the internet were it not for the strengths of their brands.

The portals are able to use the myriad content genres on their platforms, from email services, breaking news, financial markets, horoscopes, sports news, to dating services, to direct their shows to the audience's attention.

Portals, including AOL, Microsoft's MSN (which is integrated with its online and console Xbox video-games services) and Yahoo! are competing against the mighty YouTube for online video-ads. The portals' assets for advertisers include a captive audience

within their respective communities. MSN has more than 415 million active monthly users; AOL cites 250 million-plus while Yahoo! boasts more than 800 million. While not as large as Facebook's 1.2 billion users or YouTube's 1 billion users, the portals have longevity, their established brands, and the repeat visitors (for emails especially) on their side.

This, in turn, they hope will attract more advertisers to their video-entertainment inventory of display, search, video and, increasingly, mobile ads.

Just as YouTube is attached to Google, a parent company that happens to be the world's largest search engine, Yahoo!, AOL, and MSN (via Bing) operate their own branded search engines to help online users discover their original high-end quality video programmes.

The size of their online communities and their brands' reputations have enticed celebrities to work with them. Both MSN and (sister company) the Xbox online and console-games developer have prompted Microsoft to commission shows that should appeal to young male gamers, such as the planned Steven Spielberg series based on the game Halo. Yahoo! has commissioned shorts from Hollywood comedians such as Jack Black and Ben Stiller for edgy next-generation multi-platform viewers.

AOL appointed Brian Balthazar (former director of original programming and development at US TV network HGTV) last December to be executive producer/head of programming. The AOL On channel, which has been increasing the budget for original content and is working with A-list stars like Sarah Jessica Parker, Hank Azaria and Gwyneth Paltrow, is syndicated to more than 1,700 websites reaching 700 million-plus views a month.

Like the OTT and MCN services, AOL, Yahoo! and MSN deliver multiplatform content as they chase after the fast-growing mobile-advertising business, which is expected to yield more than \$30bn next year (ZenithOptimedia).

The LA Times recently published a quote from a blog by Jason Kilar, former Hulu CEO: "History has shown that incumbents tend to fight trends that challenge established ways and, in the process, lose focus on what matters most: customers."

Those customers are demanding, and during this transitional phrase, most purveyors of all things original video continue to test the market place. In February, Yahoo! CEO Marissa Mayer announced plans to use this year to focus on encouraging advertisers to offer video content that is as compelling creatively as the original videos on Yahoo! AOL has proven that the \$405m paid for Adap.tv, the online ad exchange, last year is paying off with boosted revenues.

MCNs keep generating new approaches to creativity as seen by the partnership formed by Maker Studios and hip-hop guru will-i-am, while simultaneously winning over the conventional TV players, as seen with AwesomenessTV's presence on the Nickelodeon cable network.

The original online-video content space has only just started growing as a business. And as this report will show, it is giving the traditional TV business something to both work with and keep a very close eye on.

**Notes: \* = Sourced from PricewaterhouseCoopers data for 2012**





Photo: StockRover/Stock/Thinkstock

## THE AUDIENCE

# Who is the audience for digital content and what are they watching?

**W**HEN audiences matter to your work, the numbers matter. And the number of viewers worldwide with the potential to access to digital content is growing by the day.

Online-video audiences are to double to 1.5 billion globally by 2016, says research firm Siemer & Associates. YouTube records more than a billion unique visits monthly. Streaming-video giant Netflix says consumers watch over a billion hours a day of linear TV worldwide. For multiplatform producers, tech-research group Gartner calculated that 2.4 billion units of PCs, tablets and mobiles were shipped last year.

Figures like these confirm the growing amount of digital technology empowering consumers. Video-device analytics firm Ooyala quoted Hollywood actor Kevin Spacey during his keynote at last year's UK-based Edinburgh Television Festival.

"For kids growing up now, there's no difference between watching Avatar on an iPad, or watching YouTube on a TV, or watching Game Of Thrones on their computer. It's all content. It's just story."

## Rhys Noelke, RTL Group



"We support and help to advance initiatives to promote convergent audience measurement"

► *interview p.27*

## Philip Bouchier O'Ferrall, Viacom Intl.

"It is imperative that we know our audiences better than anyone else"



► *interview p.22*

He added: "Studios and networks who ignore either shift — whether the increasing sophistication of storytelling, or the constantly shifting sands of technological advancement — will be left behind."

Based on the viewing habits of almost 200 million unique viewers in 130 countries monthly, **Ooyala** also notes "Mobile and tablet share of online video views more than doubled year-over-year, increasing 133% from September 2012 to September 2013."

RTL Group's **Rhys Noelke** admits there are hurdles to overcome, such as how to deliver the relevant content to the right audience in the highly fragmented video-media space.

"It is true that standard measurement of TV usage still lags behind actual usage," he says. "Mobile live streams, for instance, still aren't properly taken into account, so there is still a lot of work ahead. We support and help to advance cross-industry initiatives to promote convergent audience measurement."

In-house research is another added-value route for reaching out to digital audiences, adds **Philip O'Ferrall**, of Viacom International Media Networks. "Research is at the heart of everything we do — it is imperative that we know our audiences better than anyone

The most popular answer so far is Big Data, via which analytics specialists attempt to use consumers' personal information to analyse their viewing behaviour.

But international regulators are clamping down on how Big Data is used and its impact on consumers' privacy. The European Commission's attempts to reform the 1995 EU Data Protection Directive is said to include increasing the protection of consumers' privacy.

But as Marissa Mayer, former Google executive/current Yahoo! CEO, said at last year's **Davos World Economic Forum**, privacy is about trade-offs. In return for users' personal information, on-line services should offer transparency, choice and control.

[illegible]



## DELIVERY STRATEGY

# How do you reach the audience for online video?

FROM terrestrial digital broadcasters to mobile app owners, online video content can reach audiences on virtually any surface connectable to the internet, including wearable items. The question is **how to direct your content** to them in the most seamless way.

That has not stopped technology designers from challenging the traditional and digital status quo by originating new ways of delivering video entertainment.

Enter Aereo, an online-TV startup tech backed by IAC, the media group controlled by former Hollywood mogul Barry Diller. IAC led a new round of investment for \$38m in Aereo during January. However, the US leading broadcasters, including ABC, CBS and NBC, are suing Aereo. They claim its miniature but highly powerful digital aerials are illegally retransmitting their channels to individual subscribers. While they claim copyright theft, Aereo argues that the aerials are effectively digital video recorders that come under the US' fair-use rights.

Until a judiciary ruling is finalised, the dispute illustrates the broad battle among digital distributors to offer consumers an effortless method for accessing digital video.

The options for accessing long-form video and clips online are many: digital downloads (iTunes), on-demand streaming (Netflix, Hulu and Amazon), social media (Twitter; Facebook), video-hosting (YouTube channels), peer-to-peer network (Vudu; BitTorrent) and mobile app (virtually every major TV network). But the competition is tightening up as new platforms bid to join Aereo to be among the future distribution platforms of choice.

Viacom, the US-based international media corporation, and e-commerce behemoth Amazon.com are each planning to launch virtual pay-TV services. They are using the internet to compete against cable/satellite pay-TV platforms without the headache of digging up roads or launching satellites into space. Meanwhile, Viacom could be setting a precedent with an unpredictable outcome as it is currently one of the traditional cable/satellite operators' biggest clients.

Global computer chip maker Intel had a similar venture in mind with its planned OnCue service. Because of alleged difficulties in obtaining the licences for content, the company discarded the idea. But instead of going away, OnCue has been bought by Verizon, one of the US biggest wireless carriers.

Elsewhere, Sony Corporation, which already operates an online video-entertainment channel called Crackle, has unveiled ambitions to launch a cloud-based TV service starting in the US. In addition to transmitting streaming video live, it will also feature the on-demand, personalised channels.

The challenge for new players and existing ones is to ensure the reception of their videos on digital devices, including smartphones and tablets, are HD-quality.

For **Daniel Heaf** at BBC Worldwide, the audience must be allowed to choose the most convenient distribution platform. He points out that the BBC is "totally engaged with the consumer and produce content for platforms. If the best place in Thailand is OTT, then BBC programmes will be distributed there. We allow audience to make these decisions. We don't think we operate a global subscriptions platform that should be available from Aberdeen to Zimbabwe."

## Daniel Heaf, BBC Worldwide



"We allow the audience to make decisions"

► **interview p.24**

Interviewed for this publication, **Erin McPherson** at multi-channel network Maker Studios, also advised that in the multiplatform world, content creators "need to become marketing and branding experts." It seems the increasingly competitive digital-platform owners will soon be hiking their marketing budgets too.

## Erin McPherson, Maker Studios

"Content creators need to become marketing and branding experts"

► **interview p.26**





## THE DEALS

# What sort of deals are being done in this new entertainment ecosystem?

**F**OR A prime example of how online media has upended the type of TV deals possible, look at BT Group, the UK's biggest telecommunications corporation.

To remain the country's biggest broadband internet service provider, it chose to invest billions — but not in a marketing campaign. It acquired the most coveted exclusive TV-sports rights, including the English Premier League and European Champions League soccer tournaments. BT Sport is free to only BT Group's broadband customers.

Now BT Sport is acknowledged as the most fearsome competitor to Sky Sports, the 21st Century Fox-owned network.

Sky, ironically, used satellite TV's infrastructure to outshine public broadcasters BBC and ITV as Britain's biggest sports-TV entity in the 1990s.

BT Group says it has no intention to become a major TV player, but it is using sports' popularity via the internet to retain the loyalty of its existing lucrative broadband customers and to lure new ones.

As Simon Cox, managing director of UK-based international media agency Rathbone

Perception Media and former Turner Broadcasting vice-president, puts it: "[Soccer] fanatics wanting to see Manchester City vs. Spurs found it was not on Sky but on BT Sport. Here is an operation being really clever about how to use content. It's the lifeblood of the future."

US-based Netflix is another major corporation prepared to invest heavily in original video entertainment to deliver online directly to its customers. Among the original on-screen shows commissioned by the OTT platform operator are the Emmy-nominated *House Of Cards* and the now Oscar-nominated *The Square*. Furthermore, it tied down a top-dollar multi-year exclusive deal with The Walt Disney Company's Marvel Studios and ABC Studios last November. They will produce a series of live-action series based on the Marvel comic books super heroes to premiere on Netflix.

Welcome to the new order of all things video on the internet. Conde Nast Entertainment Group (CNEG), the young video-production arm of the 105-year-old print glossy-magazine group, has launched a series of original web channels based on its magazine brands, including *Vogue*, *Glamour*, and *Vanity Fair*. CNEG just sold its first drama *Real Deal*, based on a *Glamour* article, to the US network CBS. *Real Deal* is co-produced with UnbeliEVable, the production company of Hollywood actress Eva Longoria.

However, a sign of future trends in deals for professionally created original video content appears to be within YouTube **multi-channel networks** (MCN). These resourceful online mini studios, like Los Angeles-based Maker Studios and Canada-based BroadbandTV, which recently sold majority stake to RTL Group, video games-themed Machinima and music-focused Vevo, have used the internet and YouTube to offer professional video content to a new audience of their own making.

"Recently, we announced a partnership with will.i.am that is illustrative of the ways in which a next generation media com-

pany like Maker can now partner with the creative community," **Erin McPherson** at MCN Maker Studios said. "Rather than buying or licensing a pilot, series, or film, will and Maker are co-creating a next-generation content lab to develop and create content and storytelling in all formats and genres that live across multiple platforms and devices. Together, we will incubate a team of creators at will's new studio facility, who will concept and test ideas with will and his team in real time. We will collaborate with will's new artists, as well as bring Maker's global community of creators into the partnership. Digital video enables a speed to market and a fluidity of concept that is best served by this kind of close collaboration between studio and artist."

And, in so doing, these MCNs have created opportunities for video-content producers who might historically have had broadcast studio doors shut to them.



## MONETISATION

# The New Digital Content market is here. But how do we make it pay?

**A**N ESTIMATED 45 million US viewers go online via desktop and mobile to watch original professional on-line video every month. That was the staggering conclusion of the Internet Advertising Bureau's (IAB) US chapter, after holding last year's Digital Content NewFronts in New York. Moreover, 70% of the media buyers present told the IAB they were now inspired to shift more of their advertising spend to digital in the coming year.

The gap between revenues generated from main TV advertising and dedicated online advertising is shrinking, if figures published by consultancy giant **PricewaterhouseCoopers (PwC)** are anything to go by.

In 2012, global advertising on TV broadcast, cable and satellite networks delivered \$162bn to the media owners' bottom line. PwC predicts TV ad revenues will grow past the \$200bn mark by 2017.

Total **internet advertising**, including online print and mobile, raised \$100bn in 2012. By 2017, it would have shot up to \$185bn. The gap between TV and digital advertising would dwindle from \$62bn in 2012 to an estimated \$17bn during the same period, if PwC's crystal-ball readings pan out.

Based on PwC's estimates, however, online ads sold around TV-originated and non-TV video content will grow to \$20.3bn in 2017 from \$6.5bn in 2012 in terms of revenues.

That is tiny compared with the amount of global ad expenditure earned by traditional TV alone, and especially when you add the \$172bn that came from global subscription-funded TV and public-licence fees in 2012.

Yet, consumers are spending more time watching live and on-demand video on millions of digital devices. Unruly Media, the social-video distribution platform, says advertisers and their media-buying agencies are growing the budgets for bespoke digital ads, as opposed to repackaging TV ads for the internet.

Finding tools for accurately measuring online viewers' behaviour remains the next challenge. Until then, the number of business models available to digital video rights owners and distributors is expanding.

## Rhys Noelke, RTL Group

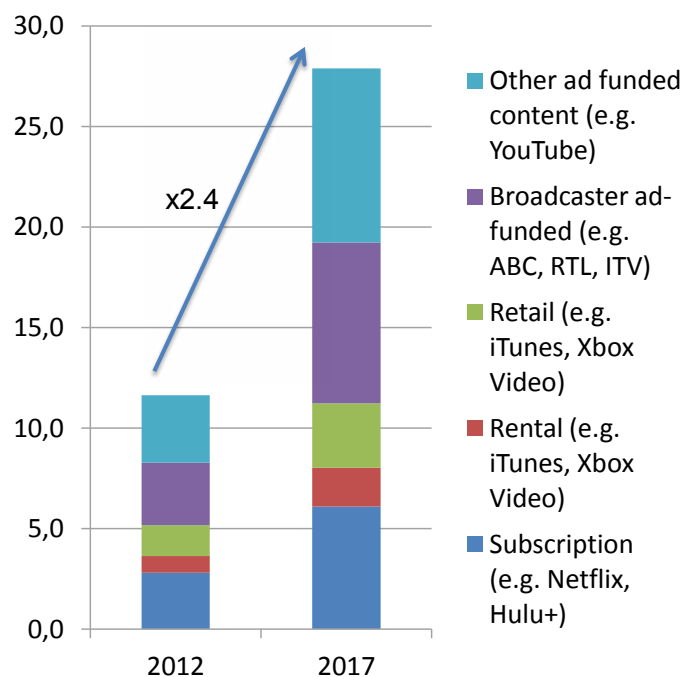
"Pay models will help us to expand our offers. Mixing and balancing pay and ad-funded models will be the key"

► **interview p.27**



As RTL Group's **Rhys Noelke** predicts: "In the long run, pay models will help us to expand our offers with additional content. Mixing and balancing pay and ad-funded models will be the key." An **IHS Screen Digest report** produced exclusively for MIPTV and MIPCOM, found that globally, the online video sector reached approximately \$12bn in size in 2012. Approximately half of this was made up of paid-for services—transactional (retail and rental) and subscription players — while the remaining half of the market was derived from advertising funding in and around video content.

**Global online video service revenue (\$bn)**



Source: IHS Electronics & Media

Note: Excludes pay TV VoD/PPV services

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Ad networks (eg, AOL's Advertising.com, and Google's AdSense) and ad exchanges (including Google's DoubleClick and Yahoo!'s Right Media) have risen to help advertisers and their agencies link with the most relevant and affordable websites. Advertisers are said to be working more closely with networks and exchanges, which are seeking innovative solutions to selling unsold digital-ad space.

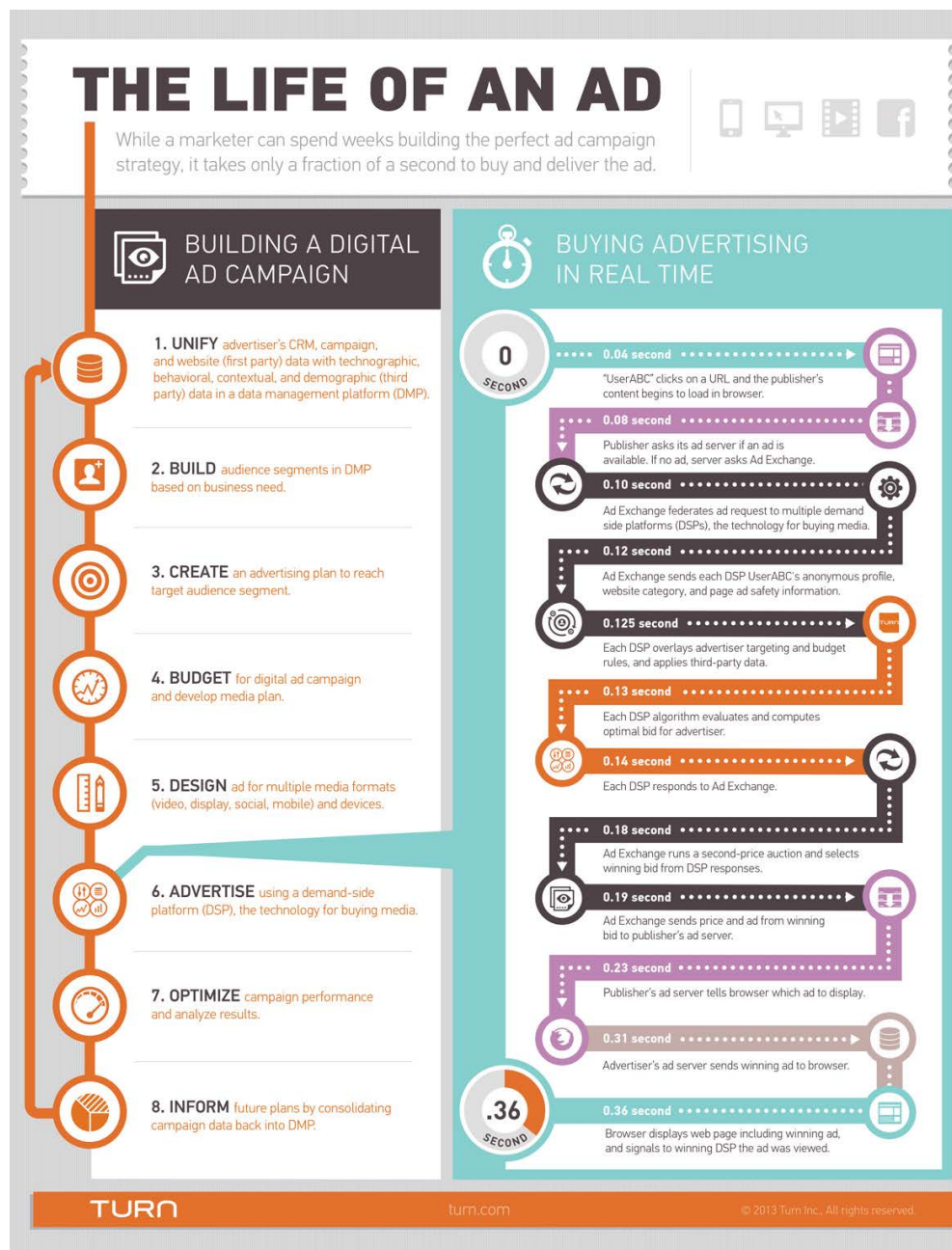
YouTube's TrueView and Hulu's Ad Swap services enhance relevance by giving viewers the option of what ads to watch and when, and the advertisers pay for only what is watched.

MindShare, the global media-services agency, says brands are now able to deliver highly effective digital campaigns by getting the viewer to interact with the right ad using the appropriate demographic and behavioural variables; by including web visits and search activity; and by adding services (Visible Measures) that measure viewers' response to creative components in an ad.

And by using the right technologies, the advertisers are able to deliver their message in the right space at the right time in quick time — as illustrated by **Turn.com for AdWeek** magazine.

Digital-video producers using social media to distribute and market their shows could end up with incremental revenues in future as Facebook and Twitter ramp up ambitions to sell ads around video content.

Facebook's full-year (ad-funded) revenue shot up 55% to \$7.87bn in 2013. It also emerged that mobile advertising accounted for 53% of the last three months' revenues (up from 23% for the same period in 2012). Twitter has made it blatantly clear it is chasing after TV ad spend with its Twitter Amplify social-TV initiative. Simultaneously, paid-for streaming (subscription video-on-demand SVOD) linear-video platforms like Netflix, Hulu Plus and Amazon Prime will see digital content compete for funds that were once exclusively for cable and satellite pay-TV operators. The effectiveness of any business model, in terms of demographics or regional cultures, can only be measured by experts. Nielsen, doyen of TV-audience ratings measurement, is investing in resources designed to calculate the online viewers' reach, including its Nielsen SocialGuide. A solution to measuring the reach to international digital video audiences is, sooner or later, destined to emerge.





## MANAGING MULTI-SCREEN

# Managing your content in a multi-screen universe

**A**S THE Millennials or Generation Y become the young adults and tomorrow's earners, content owners and marketers must find a way to reach these on-the-go multi-screen consumers.

Managing video content for multi-screen delivery could be the biggest challenge yet for producers and distributors. The demanding generation that was born since 2000 and those who reached adulthood that year have been attacked as spoiled, self-absorbed or suffering from Narcissistic Personality Disorder.

But as TIME magazine noted of **The Me Me Me Generation**, it is a massive section of the world's population with easy access to innovative technology. And this group is using its inventiveness to make the technology work for them.

Shareable video clips on Twitter's Vine and Facebook's Instagram are replacing text messaging. With social-TV and second-screen viewing, they use social-media networks on mobile devices to chat with friends and family while interacting with their favourite TV shows.

The availability of professionally made and user-generated videos on web portals, search engines and YouTube is a given.

Andrew B. Myers for TIME

Instagram and Pinterest prove they love still photos, as long as they can control them. And 'selfies', trending and viral videos are their audience-measurement tools on **social media**.

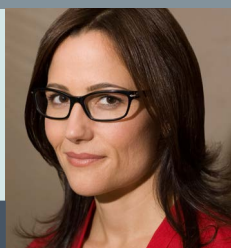
MCNs welcome the challenge multi-screen viewing forces them to confront. Maker Studios' chief content officer **Erin McPherson** gets it. "The content Maker produces and distributes is experienced across a number of devices—from television screens to mobile phones—so the production decisions must account for a true multi-screen experience. At the moment, second-screen is not as vital as multi-screen—but social engagement is critical—thus, encouraging and enabling social activity during a consumer's content experience will continue to be an area of focus for Maker when developing new formats."

Furthermore, today's digitally aware young people are taking content access to a new level with 'ephemeral media'. An example is Snapchat, the social-mobile app that lets you share content, which then disappears forever after a few seconds. Before anyone has figured out how to monetise this, it is al-

## Erin McPherson, Maker Studios

"At the moment, second-screen is not as vital as multi-screen — but social engagement is critical"

► *interview p.26*





ready the subject of tech folklore. CEO Evan Spiegel, 23, has allegedly turned down Facebook's \$3bn offer for Snapchat. With their portable smartphones, tablets, laptops, TV screens somewhere, some-place, all-the-time, multi-screen consumers are a formidable force for content-rights owners and brand owners.

The availability of affordable digital-recording devices has equally turned the Millennials into inexhaustible video creators. And the ambitious among them are becoming **YouTube stars**...

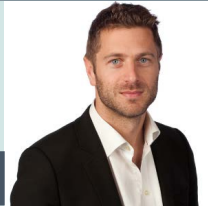
And to top it all, when they watch video content on the traditional linear-TV screen, technology has empowered them to skip the TV commercials that pay for the content creation in the first place or use digital video recorders to delay the viewing indefinitely.

But **Daniel Heaf**, BBC Worldwide's digital chief officer, believes these are not insurmountable obstacles: "Video content for the OTT platform and for TV is one and the same. Everyone is going to watch the screen."

## Daniel Heaf, BBC Worldwide

"Video content for the OTT platform and for TV is one and the same."

► interview p.24



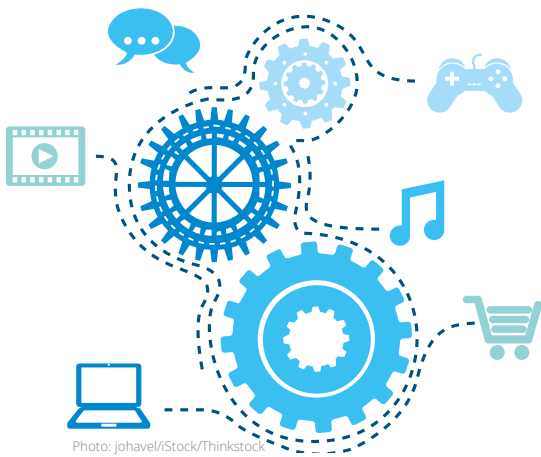


Photo: johavel/Stock/Thinkstock

**I**N 2012, Red Bull Stratos - Mission To The Edge Of Space became the most watched live-streamed event that year. More than 195 million people watched Austrian celebrity skydiver **Felix Baumgartner** leap from the edge of space to become the only human being to break the speed of sound in free fall. It was watched on linear TV, online, video-on-demand services and was among the 10 most-viewed YouTube videos that year.

The producer was not a major global broadcaster, but Red Bull Media House (RBMH), part of the energy-drink empire and famous for an online channel packed with extreme-sports content. Furthermore, Baumgartner, a **MIPTV 2013 keynoter**, said he hoped the data gathered will be instructive to the aeronautical sector.

In the multiplatform video-media business, pointing the camera and commanding a performance is no longer enough. Content production must take the internet audience into account. Already challenging Hollywood by self-funding major shows like House Of Cards (Emmy-nominated and Golden Globe winner), Orange Is The New Black, and the Oscar-nominated The Square, Netflix has pledged to spend \$3bn on commissioning original video content for its global ads-free, subscription-funded on-demand platform this year.

The OTT streaming platform operator says that not being a traditional broadcaster constrained by scheduled appointment viewing frees it to back productions designed to be watched anywhere, anytime and anyhow by its subscribers.

At the other extreme, bite-size video content is being made as video entertainment in its own right.

Established TV-programme makers such as the UK's BBC, US network AMC and FremantleMedia produce original webisodes, from two to 20 minutes in length, as fresh extras for devotees of their main shows like Dr Who, **The Walking Dead** and The X Factor UK respectively.

## PRODUCTION STRATEGIES

# Online video opens up the production community

Enterprising and aspiring independent producers who could not find what they wanted on linear broadcast turned to self-finance and crowd-funding. That is how popular web series like Issa Rae's The Mis-Adventures Of Awkward Black Girl (championed by rap star Pharrell Williams and HBO), Broad City (supported by US comedy star Amy Poehler and now on Comedy Central) became web brands or TV shows.

Producers are increasingly using the digital space to promote their shows — as Gina Matthews, producer and co-president of Little Engine Productions, explains [here](#).

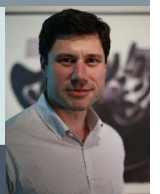
Adopting the web as an engaging marketing platform for original digital production is also endorsed by **Brett Bouttier**, chief operating officer at YouTube MCN AwesomenessTV.

"Unlike TV, where you premiere an episode followed by repeats in syndication, when a video goes up on YouTube, it stays there," he says. "You might generate millions of views in the first few days, but it continues to generate views over time. That is a huge marketing platform and we can use that to direct the production to other platforms."

## Brett Bouttier, AwesomenessTV

YouTube is a "huge marketing platform and we can use that to direct the production to other platforms"

► **interview p.23**



That ability to use digital productions to enhance your brand's reputation among online viewers might also have inspired some Hollywood studios to back ongoing TV-standard web-only shows. These include the Warner Bros. series H+ The Digital Series, made by director/producer Bryan Singer (X-Men franchise and Superman Returns), while former Disney boss Michael Eisner's Vuguru financed The Booth At The End.

The internet is opening up myriad production opportunities internationally.

The freedom the internet gives producers today allows for the creation of multiplatform entertainment concepts that would have been laboriously difficult to pull off only two years ago.

Ylvis, the Norwegian comedian brothers, chose to make a music-video parody called The Fox (What Does The Fox Say?)

for their Norwegian TV talk show. Released in September 2013, it had more than 378 million views by mid-March, it led to US live shows, including a performance at Las Vegas' MGM Grand Arena, and an international recording deal with Warner Music Group.

Nothing spells genuine success more than when fans pay for an online production for several seasons. RocketJump, maker of the popular online action-thriller comedy series Video Game High School, has raised nearly \$1m via the Indiegogo crowd-funding website to shoot the series' third and final season, exceeding the original \$750,000 goal.

Co-created originally on YouTube by US online celebrity Freddie Wong, the first two Video Game High School series boasts 64 million-plus views combined. Its popularity has led to sales on online-games networks such as Microsoft's Xbox Live and Sony's PlayStation Network, plus DVD, Blu-Ray, iTunes, and video-streaming platform Netflix.

Now, established household names and brands are also getting in on the online-video act.

Crackle, Sony Pictures Entertainment's online-entertainment platform and part of Sony Pictures Digital Productions, has been co-producing and distributing Comedians In Cars Getting Coffee with treasured US comedy actor Jerry Seinfeld. Already renewed for its fourth season, the series and its featured celebrity guests have suddenly boosted six-year-old Crackle's credentials with mainstream fans.

This has contributed to the confidence that encouraged the

ad-funded online channel to produce a full-length feature film, which would in the recent past was considered an unsuitable format for mobile devices. But given broadband's delivery speed to most devices these days and the introduction of mini computer tablets, consumers are watching more long-form video content on the go.

Extraction, the 106-minute martial-arts thriller directed by acclaimed director Tony Giglio, was released on Crackle last September. It is difficult to know how often Crackle plans to support full-length movies for online distribution. The move to release Extraction this way, however, is bold and shows how productions are fully exploiting the concept of multi-platform to the full.

Axe Cop, the online comic/graphic novel created by two brothers (the school kid whose stories are turned into comics by his older brother), has been adapted into a series of animation shorts for the US' FoxTV network.

Meanwhile, State Of Syn, the short webisodes that premiered on OTT network Hulu in January, has been described as "a 3D-enabled sci-fi motion novel". It is to have a branded online-games app designed for Google Glass wearers.

Video-hosting services like US-based Blip.tv, ProSiebenSat.1Media's MyVideo in Germany, telecoms giant Orange's subsidiary Dailymotion in France, China-based Youku Tudou, Russian video platform VK, and even music-streaming giant Spotify are reportedly planning to follow and commission original online video content. Watch this space.



Photo: Andrey Popov/Stock/Thinkstock



## SALES-AND-LICENSING STRATEGY

The internet is inspiring new ways to sell video content rights internationally

### Philip O'Ferrall, Viacom Intl.

"Windowing has massive value for content depending on who the distribution partner is"

► **interview p.22**



**L**AST December, online video start-up **Viki** achieved something YouTube and Netflix have yet to.

The fast-growing international on-demand video service with crowd-sourced sub-titles joined forces with search-engine giant Baidu to offer international hit TV shows and movies to China, the world's second biggest economy.

Baidu, which brings about 230 million multiplatform Chinese users to the partnership, will give Viki greater leverage to license more international video content for subscribers in China, a country notorious for its censorship of foreign websites.

Here is an example of the internet enabling innovative licensing deals that will grow the reach of content in new and established markets.

But the online multiplatform infrastructure could create a sector with more complex licensing rights as recently demonstrated by US network CBS for its shows *Elementary* and *Blue Bloods*.

Pulling in more than 12 million viewers each on the main network, the two programmes are being offered to separate buyers for cable syndication, subscription video-on-demand (SVOD), and advertising video-on-demand (AVOD). This further break-up of release windows and rights has been driven by cable-TV service providers aggressively fighting to boost their inventory with premium content and hoping to ward off competition from the new-generation of online-streaming video services like Hulu and Amazon.com. Hulu Plus got a non-exclusive SVOD deal for *Blue Bloods*.

Such agreements indicate release windows will get more

complicated as rights owners cleverly develop new rights to sell to boost revenues.

"Windowing has massive value for content depending on who the distribution partner is," observes **Philip O'Ferrall**, senior vice-president at Viacom International Media Networks. "It's vital that we have a clear windowing strategy, to maximise the value of content with new emerging partners."

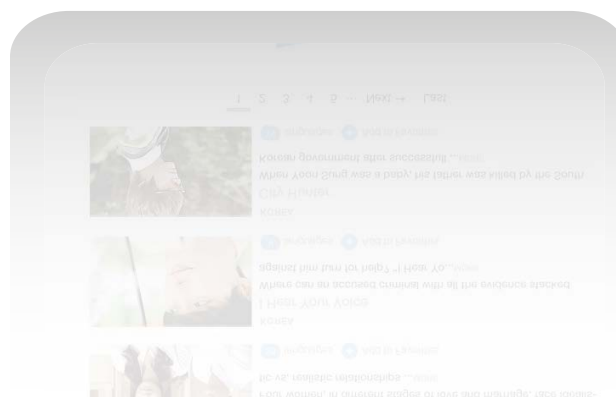
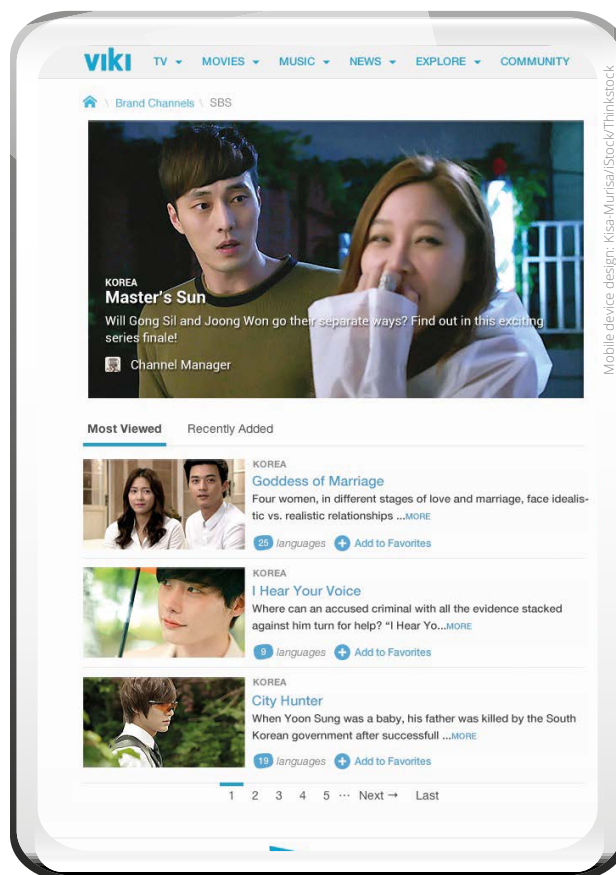
That development has triggered a lot of experimentation. *Breaking Bad*, hailed as one of the most successful TV dramas of all time, helped turn the US cable network AMC into a very successful TV venture.

Now, the ever-resourceful internet-TV platform Netflix has clinched the final eight episodes for multiplatform distribution — a syndication right that would normally have gone to only a US cable network in recent past.

Moreover, Netflix quickly stepped in to snap up the web syndication rights for North America, Europe and Latin America to *Better Call Saul*, the prequel to *Breaking Bad* that AMC has scheduled for this autumn. Such deals are spurring Netflix' international growth.

And others will follow suit. In the UK, *Vikings*, the historical drama series made for History channel in the US, has not turned up on a linear-broadcast channel. It was licensed to only Amazon.com's subscription-funded online UK video-on-demand platform LoveFilm.

Netflix, Amazon and Hulu are injecting into the TV-video licensing world the kind of competitive drama that was previously restricted to on-screen entertainment.





## YouTube multi-channel networks – where is the money?

Media and entertainment MCNs are redefining the online landscape by providing high-end commercial frameworks for professionally produced videos. However, their growth is part of the transitional phase in online-video entertainment's development. They are mostly startups that have yet to report profits, but are benefiting from the growth in advertisers' investments in digital media. Their popularity among online viewers and their allure to budding professional video producers are a sign of what the future foundation of filmed entertainment could be. And investors, including established media conglomerates, are taking note.

| YouTube MCN company   | Most recent funds raised*  | Total investments to date*   |
|---|--|--|
| <b>AwesomenessTV</b> (USA)                                    | Sold to DreamWorks Animation for \$33m in November 2013; potential extra \$117m by next year depending on performance                                    | Had raised \$3.5m before DreamWorks acquisition  |
| <b>Base79</b> (UK)  | \$10m in venture capital, including Chernin Group, in November 2012  | \$14.3m  |
| <b>BroadbandTV</b> (Canada)                                   | RTL Group pays \$36m for 51% in June 2013  | N/A  |
| <b>ChannelFlip</b> (UK)                                       | Acquired by The Shine Group in January 2012 for undisclosed sum  | N/A  |
| <b>DECA TV</b> (US)   | The MCN dedicated to women's lifestyle is backed by venture-capital firms Mayfield Fund, General Catalyst Partners, Rustic Canyon Partners and Atomico   | N/A  |
| <b>Discovery Digital Networks</b> (USA)<br>Formerly Revision3 | Discovery Communications pays \$30m for the factual content-themed MCN in May 2012   | Had raised \$6m before Discovery acquisition   |
| <b>Divimove</b> (Germany)                                     | FremantleMedia buys a minority stake in September 2013   | Angel investors before FremantleMedia's investment   |
| <b>Fullscreen</b> (USA)                                       | \$30m from private investors, including WPP Digital, Comcast Ventures, Chernin Group, in June 2013   | N/A  |
| <b>Machinima</b> (USA)  | The video games-themed pioneering MCN clinched \$18m in an investment round led by Hollywood studio Warner Bros.   | \$67.6m  |
| <b>Maker Studios</b> (USA)                                    | Venture capital firms, including investment arm of telecoms giant SingTel Innov8, commit \$26m in September 2013   | Time Warner Investments, John Landau and others contribute to an initial \$66m; Disney makes approx. \$500m takeover offer in March 2014 |
| <b>StyleHaul</b> (USA)  | The fashion and beauty MCN received \$6m from European broadcast giant RTL Group in May 2013   | \$16.9m from RTL sister company Bertelsmann Digital Media Investments and others   |
| <b>Tastemade</b> (USA)  | Venture-capital stalwarts Raine Ventures and Redpoint Ventures inject \$10m into culinary-themed app service in August 2013                              | \$15.3m  |
| <b>The Orchard Music</b> (USA)                                | Launched by The Orchard, pioneer aggregated music-labels digital distribution platform, in October 2013  | N/A  |
| <b>Vevo</b> (USA/UAE)   | Google gave \$50m to the largest music-dedicated MCN (co-owned by major labels Universal Music Group, Sony Music and Abu Dhabi Media) for a 7%-10% stake | Unknown  |

\*Source: Companies; CrunchBase; Media reports

## MANAGING MULTIPLATFORM

Video does not discriminate between the platforms used to reach an audience

**A**S BRETT Bouttier, chief operations officer of YouTube multi-channel network **AwesomenessTV**, says: "We're able to use digital platforms to develop an audience, ideas, franchises and **make programming** that taps into this zeitgeist and extend that to into all media. We don't discriminate one platform from another."

Keynote: Brian Robbins, AwesomenessTV - MIPJunior 2013

Compared to the established terrestrial, cable and satellite networks, which still make TV the biggest single video medium, the original professional digital-video sector is nascent. But the accelerating growth cannot be ignored and that is mainly due to the myriad cloud-powered digital platforms available to consumers.

Competing for audiences' attention are the over-the-top (OTT) services. Think Netflix and Hulu in the US, Europe-wide Magine, the UK's NowTV and BBC iPlayer, and TVB's GOTV in Hong Kong.

IPTV services, which are internet-delivered but controlled by telecommunications companies in closed 'walled gardens', have extensive subscribers. Examples are the UK-based BTTV, Verizon's FiOS and AT&T's U-verse in the US, the PCCW-operated now TV in Hong Kong, and SingTel's mio TV in Singapore. Also available are smart-TV platforms from Google TV (reportedly soon to be called Android TV) and Apple TV to Boxee, Samsung Smart TV and Roku.

Aware that young gamers are avoiding traditional TV sets, Microsoft made its Xbox consoles TV-friendly. The new Xbox One will even offer original video content to subscribers.

Video-hosting websites, from YouTube, Dailymotion, Youku Tudou in China, Vimeo, MUZU.tv, music-video service Vevo to Maker Studios' subsidiary Blip.tv, are gaining a competitive streak for audience share.

And let's not forget the mobile apps, which have taken the concept of **mobile video**, a long way.



# GREAT MOMENTS in MOBILE VIDEO

## TELEVISION

|      |  |
|------|--|
| 2003 | MobiTV launches as the first mobile TV service in the U.S., gaining <b>500,000 subscribers by 2005</b> .   |
| 2005 | Apple launches a new version of iTunes with video support and the capability to <b>purchase movies and TV shows</b> .  |
| 2007 | The FLO TV multicasting service, launched by Qualcomm, provides U.S. operators with a <b>more efficient means</b> to deliver TV programming to mobile devices. |
| 2012 | Nielsen reports that <b>30 million consumers</b> are now watching TV on mobile   |

<http://usatoday30.usa.today.com/tech/news/story/2012-05-26/mobile-video-making-prime-time/5271632/1>  
<http://interchange.project.org/2012/01/11/nelsen-30-million-consumers-watch-tv-on-mobile-devices/>  
<http://www.qualcomm.com/media/releases.aspx?rel=tv>



## SPORTS

|      |   |
|------|---|
| 2010 | The FIFA World Cup in South Africa becomes the largest online sporting event, generating <b>1 million unique viewers</b> for the ESPN mobile TV app, <b>93 million minutes</b> of total live viewing, and <b>555,000 video views</b> over the first two days. |
| 2011 | <b>Over 5,000 hours</b> of mobile video of <b>15,000 alleged riot crimes</b> and <b>300 perpetrators</b> are submitted to Vancouver police after Vancouver Canucks lose Stanley Cup finals.   |
| 2012 | The BBC launches <b>24 mobile channels</b> for the London Olympic Games, live-streaming over <b>3,500 hours</b> of total programming (all 32 sports and 302 medals).  |
| 2013 | The NCAA Division I Men's Basketball Championship (also known as March Madness) generated a record <b>49 million live video streams</b> , with mobile's share of consumption peaking at <b>61%</b> .  |

<http://www.fieremobilecontent.com/story.aspx?storyid=8-million-mobile-viewers/2010-06-14>  
<http://blogs.adobe.com/digitalmarketing/digital/index.cfm?content=king-video-is-hell-to-the-throne-2/>  
<http://theatlanticwirepost.com/2012/08/16/realtime-olympics-60-of-london-2012-visits-came-via-mobile-facebook-was-2nd-highest-traffic-source/>  
[http://news.tumblr.com/tumblr\\_id=63314](http://news.tumblr.com/tumblr_id=63314)



## WORLD EVENTS

|      |  |
|------|--|
| 2011 | Protesters in Egypt, Tunisia and Libya bypass the state-controlled media and create their own live news feeds with their mobile phones during Arab Spring, with more than <b>10,000 videos</b> uploaded during Egypt's election day and the top <b>23 Arab Spring</b> YouTube videos receiving nearly <b>5.5 million views</b> .   |
| 2011 | University of California-Davis campus police are caught on mobile video pepper-spraying peaceful protestors on campus, galvanizing the Occupy movement.  |
| 2012 | When Superstorm Sandy hit the East Coast on Sunday, Oct. 28, 2012, Weather.com received <b>40 million video views</b> , more than the viewership of all cable news networks combined. Web traffic also outpaced TV viewership to The Weather Channel.  |
| 2013 | After the bombing of the Boston Marathon, Grant Fredericks, a forensic video analyst says, "You can be guaranteed, someone is sitting at home right now with the bomber's image on their cell phone." More than <b>100 FBI</b> analysts painstakingly reviewing thousands of hours of surveillance and mobile video. Their efforts and crowdsourced analysis led to the manhunt ending in <b>102 hours</b> . |

<http://www.streamingmedia.com/Articles/Editorial/Featured-Articles/AI-Jazeera-Enables-Citizen-Journalism-With-Online-Video-84268.aspx>  
<http://conversations.nokia.com/2011/09/28/demo-of-bambuser-strength/>  
<http://www.bbc.co.uk/2012/10/mcsandy.html>  
<http://venturebeat.com/2012/10/30/hurricane-sandy-blows-weather-com-to-record-traffic-yesterday-300m-more-pageviews-than-previous/>  
[http://www.washingtonpost.com/world/national-security/inside-the-investigation-of-the-boston-marathon-bombing/2013/04/20/19d8c322-a8ff-11e2-b029-8fb7e7f7f7f1\\_story.html](http://www.washingtonpost.com/world/national-security/inside-the-investigation-of-the-boston-marathon-bombing/2013/04/20/19d8c322-a8ff-11e2-b029-8fb7e7f7f7f1_story.html)  
<http://www.polygon.com/articles/14847/occupy-wall-street-anniversary-top-10-aw-videos-that-changed-the-world>



## MOVIES

|      |  |
|------|--|
| 2004 | <b>14 platinum</b> ticket holders at the Cinequest Film Festival receive a Wi-Fi-connected palmOne Tungsten C handheld to watch short films.   |
| 2005 | Pocket Films Festival, the world's first mobile phone film festival, debuts in France.   |
| 2007 | <i>Why Didn't Anyone Tell Me It Would Be This Bad In Afghanistan</i> , a silent movie shot on a 3.2 megapixel camera phone, premiered at the International Film Festival in Rotterdam.                   |
| 2010 | Netflix launches its mobile app for watching movies on the go. Now, in 2013, the service accounts for <b>4% of all mobile traffic</b> .  |
| 2011 | <i>Paranmanjan</i> , a smartphone film, went on to win the Golden Bear for Best Short Film at the 2011 Berlin Film Festival.   |
| 2011 | Cannes International Festival of Creativity, the advertising industry's biggest awards show, launches a mobile film category.  |
| 2012 | The documentary <i>Searching for Sugar Man</i> wins an Academy Award for Best Documentary Feature, making it the first time a film that was partially shot with an iPhone has won the prestigious award. |

<http://conversations.nokia.com/2013/02/19/rights-mobile-action-the-amazing-evolution-of-smartphone-film-making/>  
<http://www.businesswire.com/news/home/20040223005477/related-content/14-Powered-palmOne-Handhelds>  
<http://www.dailymail.co.uk/sciencetech/article-2282780/Searching-for-Sugar-Man-The-Oscar-nominated-movie-filmed-iPhone.html>  
<http://www.mercurymag.com/2011/02/24/documentary-partially-shot-on-iphone-wins-oscar/>  
<http://adage.com/article/agency-news/cannes-launches-award-category-mobile-films/231087/>  
<http://www.marketingcharts.com/wp/interactive/twofly/youtube-hall-of-north-american-peak-downstream-traffic/29549/>



PRESENTED BY



The days when “digital convergence” meant video content could be distributed on one platform and be immediately available on other platforms have not worked out exactly.

The different platform brands are not interoperable; they target their respective registered users although the same content might be available on all of them.

And these are only the ones with international reach.

This raises a question the industry needs to address: the fragmentation of the digital-media arena and how content owners will manage to reach as many of the different platforms as possible.

More services will soon be launched as the public internet’s open infrastructure and the emergence of cloud technology enable independent online video-content operators to grow with scale. Even content owners like Viacom and Endemol and e-commerce service Amazon.com has plans to launch their own online pay-TV platforms.

But instead of seeing the growing number of digital-video platforms as disruptions, we should see opportunities, says [media-research group comScore](#).

Digital convergence is what you make of it.

In fact, according to [Razmig Hovaghimian](#), CEO/co-founder of multi-lingual video-streaming service Viki, the mobile element in multiplatform distribution can offer new monetisation opportunities.

“Advertisers are always looking for new ways to move their TV budgets. And it is better for our ROT [return on turnover] to suggest those new ways to them. And mobile, which is always on, is one of them,” he says.

## Razmig Hovaghimian, Viki

“Advertisers are always looking for new ways to move their TV budgets”

► *interview p.25*

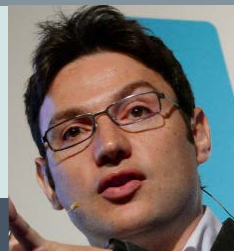


Photo: scanrail/Stock/Thinkstock



## MANAGING MULTI-CONTENT

# Multi-content is moving into the mainstream

**I**NCREASINGLY producers create shows or series specifically to engage consumers across a variety of interactive media platforms. The genre's pioneers include international transmedia production companies such as Australia-based Hoodlum, the International Digital Emmy-Award winner, and Portugal's BeActive. They entice audiences to engage with a story's narrative from multi-device on-screen content to TV shows, cinema screenings, live events, books, and games. It explains why advertising creatives love to use multi-content entertainment. It pulls in consumers as they employ digital devices and social media to interact with brand messages. But whether the goal is entertainment or commercial, multi-content production is growing as a genre.

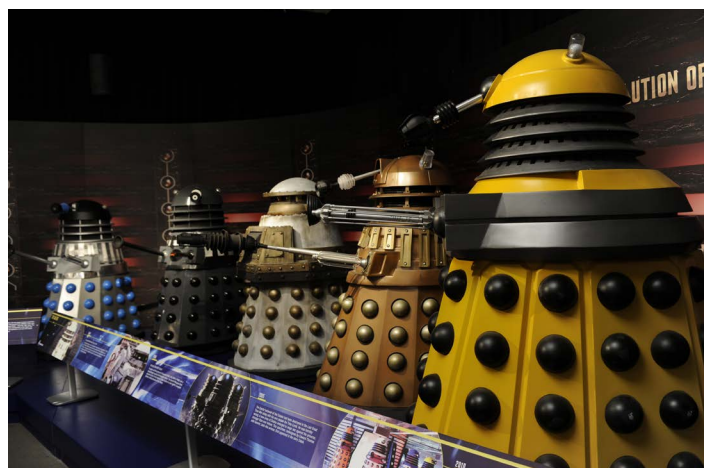
One audacious example comes from Canalplay, the streaming platform belonging to French pay-TV giant Canal+. In December, it commissioned radical Paris-based creative agency Buzzman to produce an original video commercial for Insomny, a new coffee brand for round-the-clock binge viewers. The catch? Canalplay is also Insomny's manufacturer.

Europe's biggest commercial TV company RTL Group in Germany has used multi-content production to keep engaging its viewers, especially for long-running series seeking to retain brand loyalty in-between seasons.

"Every additional offer needs to be relevant and add value to the viewing experience. That's why we are keen to integrate such concepts into local production and the editorial process," says RTL Group's **Rhys Noelke**.

He cites the RTL Nederland network soap opera *Goede Tijden, Slechte Tijden* (Good Times, Bad Times). "It has already run its second 'summer break competition', which lets viewers engage in a mystery game while the show was off the air between seasons. When it returned, the mystery was solved on air. Fans love this kind of engagement. If it's well produced, it becomes highly relevant and even boosts the TV ratings."

The international ratings hit car series *Top Gear*, from British public broadcaster BBC, also offers car fanatics the *Forza: Top Gear* games developed by Turn10 Studios for Xbox consoles, as well as the magazine *Top Gear*, the UK's leading general-interest car publication. Meanwhile, brand extensions of the BBC



Dr Who's arch-enemies The Daleks – on tour!

sci-fi hit *Dr Who* include movies, a magazine, permanent and touring exhibitions, novels, audio plays, webcasts and downloadable online games.

Viacom International Media Networks has a similar but more organic approach to content creation, explains senior vice-president **Philip O'Ferrall**.

"Production companies need to understand that the content is going to be shared immediately and that there will be conversations around it. Therefore, they need to have an understanding of social, tablets and online before we consider partnering with them," he says. "We operate in different markets, each with very different characteristics; the only constant is the format and iconic content. [Animation series] *SpongeBob's* demographic, for example, is very broad. It is interesting for teenagers, but we're not creating social media moments within the content as we may do with [reality-TV formats] *Geordie Shore* or *Gandía Shore*."

Next-generation online producers take it for granted that productions will be multi-content. At AwesomenessTV, the YouTube multi-channel network, one multi-content brand is the US teen boy band **Mindless Behavior**, whose fans can watch their reality series on YouTube, while a documentary about them reached both the cinemas and DVDs last year.

AwesomenessTV recently completed a 42-minute long-form musical drama series called *Side Effects* about a group of kids forced to survive after being abandoned by their parents. It is being co-created with NBCUniversal's Universal Cable Productions, which plans to make the series available internationally, on TV, video-on-demand and download platforms, while the first season's soundtrack has been released on iTunes by Universal Music Group.

## Philip Bouchier O'Ferrall, Viacom Intl.

"Production companies need to understand that the content is going to be shared immediately"

► **interview p.22**





# The Digital Strategists

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**THE DIGITAL STRATEGISTS****Philip Bouchier  
O'Ferrall,**senior vice-president,  
**Viacom International  
Media Networks (UK)****VIACOM**  
INTERNATIONAL  
MEDIA NETWORKS

We have also embraced instant messaging ... we are at every expected touch-point for our audiences

IT WOULD be no exaggeration to describe Philip O'Ferrall as the personification of youth-targeted digital media at the Viacom International Media Networks (VIMN). The global division of media conglomerate and owner of the iconic MTV brand Viacom, VIMN network brands also include TV networks Nickelodeon, Comedy Central and Paramount Channel, plus 550 digital properties aimed at young audiences in 700 million-plus homes in 170 countries. The company has publicly declared the 5% growth in 2013 revenue to \$9.7bn from the Media Networks unit was greatly spurred by its digital offerings. As senior vice-president, O'Ferrall's job includes implementing VIMN's mission to design all content for multiplatform use – from TV to mobile, from branded theme parks to music festivals. It embraces social media plus international instant messaging via partnerships with Chinese media group Tencent Holding's messaging app WeChat, which has 272 million monthly active users, plus Line, the Japanese/South Korean rival that has 350 million monthly users. Among VIMN's recent content developments are the on-demand, multi-screen service My Nick Junior, the Nick app with four million-plus downloads, and MTV-focused Under The Thumb app. For O'Farrell, in the digital world it's important to follow young audiences wherever they go.

***How would you assess the state of the emerging but fast-growing original online-video content market?***

All our content is designed for multiplatform consumption, with our short-form content used to drive viewers to the long form on linear television as well as download-to-own (DTO) and video-on-demand (VOD). The new market has helped grow our business further. Online and traditional channels feed each other's growth as viewers increasingly consume across devices and screens.

***What is the most innovative business model that you have come across and what genuine new developments has it brought to the way income is generated from on-screen content?***

Content produced solely for digital is a risky business, so we produce globally recognisable formats with our iconic brands that are designed to sit across all platforms. VIMN is primarily a pay-TV business with massive growth in VOD, working with partners such as Netflix, Amazon and Leapfrog, and our multi-platform content is increasingly being delivered in innovative ways. Advertisers also understand that our iconic, trusted brands can deliver them unrivalled global reach. It's our business to monetise our content. It is vital we embrace new technology and build the most cutting-edge partnerships. We have also embraced instant messaging, alongside social platforms, which ensure we are at every expected touch-point for our audiences.

***Compared with 10 years ago, how is on-screen storytelling for multi-platform distribution influencing the way content is conceived for an international audience?***

Every piece of content that Viacom creates must be multiplatform and mobile first; our aim is to maximise brand engagement via social/digital media to drive audiences back to linear viewing. We are very aware that in China, Russia or the Netherlands, for example, Facebook may not be king – there are other social-media platforms with massive audiences. It is crucial to understand local markets, which we do through our extensive research. So we know we need to focus on first-screen experiences. However, the first screen today depends on the viewing context. For example, viewers might be multi-screening throughout the day, but their first screen could switch from mobile, tablet or TV, depending on their context.

**THE DIGITAL STRATEGISTS**

**Brett Bouttier,**  
chief operating officer,  
**AwesomenessTV (USA)**

**AWESOMENESS** 



Urgency and timeliness  
and authenticity are as  
important, if not more  
than, video quality

**B**RETT Bouttier at AwesomenessTV, the youth-targeted YouTube multi-channel network (MCN), is living the dream of an executive working in the TV of the future. AwesomenessTV established its “serious-business” credential last year when it was bought for a cool \$33m by Hollywood giant DreamWorks Animation. Another \$117m is reportedly in the pipeline, if targets are met by 2015. Since the 2012 launch, the YouTube network of 80,000-plus youth-created channels brags 35 million subscribers and 3.2 billion views combined. The AwesomenessTV show is also on the Nickelodeon cable-TV network; its movie about AwesomenessTV teen boy band Mindless Behavior had US cinema and DVD distribution; and the new teen soap Side Effects is scheduled for international distribution. Bouttier explains why AwesomenessTV fulfils president/founder Brian Robbins’ vision that after broadcasters like CBS, then cable-TV networks like MTV and Nickelodeon “I think out of this new generation of online video, the opportunity is for brands like that to be born again.”

*An audience that wants to access content anytime, anywhere is a demanding audience; how do you manage that responsibility?*

**Brett Bouttier:** AwesomenessTV’s brand name speaks for itself. Its audience is after only online video entertainment that they find truly awesome and on any device in their reach. We’re able to use digital platforms to develop an audience, ideas, franchises and make programming that taps into this zeitgeist and extend that to all media. If we’re talking about the consumers, they are not concerned about the business model. If they like something, they want it now.

*Compared to 10 years ago, how is on-screen storytelling for multiplatform distribution influencing the way content is made for an international audience?*

**Bouttier:** “We see the world through the eyes of content producers. Our brand is always on, wherever you want it, especially because we’re speaking to teens who have high expectations. We make sure we get to them with current, fun, cool and always-refreshed shows. In the YouTube world, urgency and timeliness and authenticity are as important, if not more than, video quality.”

*How are advertisers responding?*

**Bouttier:** The Fortune 100 brand advertisers we’re talking to recognise it’s not about the CPM performance-based advertising, but about figuring out the conversations taking place where teens spend their time.”

**THE DIGITAL STRATEGISTS**

**Daniel Heaf,**  
digital chief officer,  
BBC Worldwide (UK)



People want freshness in TV, which means in five years' time we still have to create content that is new

THE UK's BBC might be the world's oldest public broadcaster, but via its commercial division BBC Worldwide (BBCWW), it is also a powerful force in the growing international digital-video content business, says BBCWW's Daniel Heaf.

Recently, the "delivery agnostic" BBCWW unveiled ambitions to spend £200m in 2014 on premium content. Its multiplatform productions will be delivered to viewers via TV networks, emerging internet-connected platforms, its 11 YouTube channels, plus the vast network of [bbc.co.uk](http://bbc.co.uk) and [bbc.com](http://bbc.com) websites.

Social-media campaigns, including original content for the 26 branded Facebook sites, form a major marketing tool for reaching the global audience. Some of BBCWW's new commercial premium channels, including BBC Earth, BBC Brit and BBC First, will be distributed online depending on the appropriateness for the targeted market.

### *Managing Multiplatform*

Heaf is unequivocal about not discriminating between terrestrial, cable, satellite and digital platforms for content delivery.

"Original (online video) production is definitely growing, so the BBC produces for TV channels, for online partners, for both," he says. "Content for the OTT (over-the-top) platforms and for TV is one and the same. Everyone is going to watch the screen." He argues that, with access to content anytime, anywhere, anyhow, how the content is delivered is up to the consumer. "If you've got the TV at home, you'll be watching the same show, whether it is on the BBC or on Netflix. But if you're on the bus, you'll be watching a different type of content. Engagement drives an audience to a show. And we don't operate one global subscriptions platform that should be available from Aberdeen to Zimbabwe. We allow the people in a region to make these decisions."

### *Production Strategy*

BBCWW also recognises that today's producers are under pressure to be as innovative as the delivery technology. "TV is largely perishable, whereas books are not," Heaf says. "What audiences want to watch today is not what they will want to watch in five years' time. But people are still reading War And Peace today. People want freshness in TV, which means in five years' time we still have to create content that is new."

### *Managing Multi-Content*

Additionally, the multiplatform strategy enables BBCWW to deliver a variety of content genres, Heaf adds.

"We produce some short-forms, photos, articles, and publish them several times a day for our leading brands. In other categories, such as news, speed and efficiency are more important. We can have correspondents abroad shooting on the iPhone, uploading to the web, and making it available to consumers immediately. That is what technology has enabled in the past five years."



**THE DIGITAL STRATEGISTS**

**Razmig Hovaghimian,**  
CEO/founder,  
Viki (Singapore)



Viki is for people who want to discover great content outside their own turf

**R**AZMIG Hovaghimian describes Viki as the key to opening up premium video to the global market, not just the creators' domestic audience. The multi-lingual multiplatform video-sharing service invites anyone who cares about the world's best TV shows and movies reaching viewers in as many languages as possible, to contribute to the content's subtitles. Programmes range from Korean and Turkish dramas to Japanese anime, Spanish telenovelas and music videos. In January, Hollywood joined the line-up with content from NBCUniversal. To date, there are translations into 160 languages. After being funded by private investors — including BBC Worldwide — since its 2010 launch, the rapidly growing Viki was last September acquired by Rakuten, the Japanese e-commerce conglomerate. Hovaghimian talks about being a tech startup in the global TV business.

#### *How far has Viki come?*

**Razmig Hovaghimian:** In our first 18 months, it was not easy. Initially, rights owners were concerned about broadcasters' response and only the Asians, especially Koreans, would license content to us; it helped that my co-founders are Korean. We were able to show Korean broadcasters [there would be no cannibalisation] because Saudi Arabia is the biggest country for Korean movies. Viki is for people who want to discover great content outside their own turf. When you get the community to translate a show, it travels four times faster. We have 28 million active monthly users, more than two billion video streams and half a billion words translated.

#### *As volunteers, how committed are your translators?*

**Hovaghimian:** Our leading three translators have translated the equivalent of 62 novels each. This is a network of dedicated people whose members have the ability to communicate with each other and send private messages via our platform without our interfering.

#### *Do you cater for online-only video content?*

**Hovaghimian:** We've noted the new multi-channel networks (MCN) on YouTube are packaging their content and aggregating them in a more efficient way that is driving their value up. We would love to be a platform for original online video.

#### *What are the revenue sources?*

**Hovaghimian:** Our business model is advertising and sponsorship. Coming on board are some innovative models for mobile, such as view-later ads. We're also experimenting to see if viewers want to bookmark ads and return later to watch the relevant ones. With our Viki Pass, you can watch HD content ads-free on any platform for \$3.99 a month. Also, if a service like Netflix is expanding into Latin America, for example, it takes the best translated shows from Viki. So we're scaling up by bringing the best of global video entertainment to the other platforms.

**THE DIGITAL STRATEGISTS**

**Erin McPherson,**  
chief content officer,  
Maker Studios (USA)



Consumers are  
programmers, controlling  
when, where and how they  
will experience content

**T**HERE is a good reason why Maker Studios, the Los Angeles-based YouTube multi-channel network (MCN) where Erin McPherson is responsible for the video-content production, is frequently described as a “next-generation” Hollywood studio. In addition to its public image of being hip, cool and happening, Maker is backed by substance that more than 55,000 online channels, 340 million-plus subscribers and 4.5 billion monthly views will vouch for. An example of its modus operandi is its recent partnership with US hip-hop maestro Will-i-am. The music star, Maker, Will-i-am’s new artists and Maker’s global community of users will develop ideas in real time and co-create video stories for multi-device and multiplatform distribution in a specially made digital-content laboratory. According to McPherson: “The internet enables all creators to also be distributors, thus blurring the lines between studio and artist, as both parties become true creative partners.”

*How would you assess and define the state of the emerging but fast-growing original online-video content market?*

**Erin McPherson:** We are still at the beginning of a radical transformation in the way consumers experience content. Living room creators now harness massive audiences, and the parameters of storytelling are wide open. Technology will address some of the fragmentation by curating and serving consumers with content relevant to them. Rising above the noise will continue to be a challenge for content creators, who will also need to become marketing and branding experts. Eventually, we won’t refer to “online” and “traditional” content but rather, content will be simply storytelling delivered over a number of platforms and devices and in any number of formats.

*Compared to 10 years ago, how is on-screen storytelling for multiplatform distribution influencing the way content is made for an international audience?*

**McPherson:** Digital platforms, especially YouTube, have driven the democratisation of content. Quality is in the eye of the beholder. Consumers are programmers, controlling when, where and how they will experience content. As compared to 10 years ago, distributors like Maker have access to millions of ideas, concepts and formats, and can develop and test the same in real-time with the audience. We are able to analyse audience behaviour and create programming that is responsive to trends in real time.

*Is the terminology multiplatform still relevant?*

**McPherson:** From the consumer standpoint, the term multiplatform will not be as relevant as the term “multi-device.” Consumers will care most about the ease with which they can access content on their most relevant devices, which are increasingly mobile (and even wearable). Multiplatform will continue to be a critical term for the business community, as lines are drawn (and redrawn) around how content and services reach the end consumer and which parties control and monetise them.

**THE DIGITAL STRATEGISTS**

**Rhys Noelke,**  
vice-president business  
development,  
RTL Group (Luxembourg)



The digital world allows  
highly sought-after content  
to find global scale and  
brand-advertiser funding

**R**HYS NOELKE is the new-media guru inside RTL Group, Europe's biggest TV group with digital offerings from its 55 TV channels and content licensed for multiplatform use in 150 countries globally. And it recently bought a majority stake in BroadbandTV, the Canadian YouTube multi-channel network. With global TV and content-production giant FremantleMedia and start-up fund Bertelsmann Digital Media Investments (BDMI) for sister companies, RTL Group has a finger on the pulse of tomorrow's digital innovators to uphold its motto "Follow the audience."

*How would you assess the state of the emerging but fast-growing original online video content market?*

**Rhys Noelke:** At RTL Group, we are seeing growth across all types of content and we offer our viewers whatever they want, wherever and whenever they want it: our complete programme schedule on our catch-up TV sites, short-form highlights, and original web content on our own channels or via multi-channel networks like BroadbandTV. Online video is maturing and becoming more professional. But these offers still can't compare with the reach and scale of traditional TV.

*Digital advertising is growing: but are the international media-buying agencies, ad-exchange operators and ad networks warming to its potential?*

**Noelke:** Striking a balance between pay and ad-funded in our business models is a challenge. We are in the unique position of being able to offer clients the whole package: from quality content to large TV reach, digital multi-screen delivery and interactivity. In the long run, pay models will help us to expand our offers with additional content. Mixing and balancing pay and ad-funded models will be the key.

*What recent business deals are taking your content strategy to new levels?*

**Noelke:** We are distributing our German TV channels via OTT services like Magine and Zattoo, while FremantleMedia sells content to digital platforms, as well as vice versa (as in the case of Hulu, which distributes its Original TV Shows through FremantleMedia's global network). RTL Nederland has acquired a majority in the country's leading pay-VOD service and announced NL Ziet, a partnership with SBS and the public broadcasters in the Netherlands to provide a one-stop solution for on-demand content.

*Is the sale and licensing of original online video drastically different from the sale of content to traditional broadcasters?*

**Noelke:** What's new is that content producers can tap into different revenue sources themselves now. For example, a company like StyleHaul (a BDMI investment) can create great fashion and beauty content, serving female audiences AND brand advertisers extremely well. Here, the digital world allows highly sought-after content to find global scale and brand-advertiser funding.



## About MIPTV

**MIPTV** – the world's market and creative forum for content on every screen - is the world's most-established TV and digital content market and the biggest gathering of entertainment professionals each April. Top industry execs and creative talent from 100 countries converge in Cannes to forge early-stage content development partnerships and seal international distribution deals for the year ahead.

For the first time in 2014, the **MIP Digital Fronts**, the first international screening showcase of new original online video programming and web video, will bring together leading global entertainment buyers, producers, distributors and advertisers. MIP Digital Fronts is the unique place to discover the latest and best in digital video and the creators and talent behind a whole new style of online hits.

**MIPCube** is where entertainment meets technology. Fully integrated into MIPTV, MIPCube is the unique forum that concentrates on the latest in digital content as well as in innovative technologies related to content management, second screen, audience engagement, measurement, data analytics and monetisation. Join seasoned producers, digital strategists, tech companies and cutting-edge new talent to meet and exchange on the best ways to reach out and engage to audiences.

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## About MIPCOM

**MIPCOM** is the year's most anticipated global market for entertainment content across all platforms. Each October, the industry's major players converge in Cannes to turn every moment into an opportunity, transforming four days of meetings, screenings and conferences into deals, from blockbuster programming to groundbreaking partnerships.