

Business & Technical Perspectives on Over-the-Top (OTT) Technology

Lessons Learned

Alex Blum
May 2012

What's Driving OTT? Consumers



OTT is a consumer driven
Phenomenon

Proliferation of connected devices...

QOS providing "broadcast grade" video
experiences over IP for the first time

Success of New entrants- Netflix, Hulu

ANYWHERE, ANYTIME (& ANYTHING)

Answers the question
“I ought to be able to...”



Pause and return
up in the air, upstairs
and uptown



Own everything
(jokes on you, you'll
only use it once)

Get any Movie or TV Show
I want - (“I’d pay for that...”)

Personalize programming,
and do it from my phone



Decide if I want
to pay or not

GOLDEN RULE No.1

Money, Money, Money

FOUR "ALL-IN-ONE" MODELS PLUS INDIRECT BENEFIT for the Network Operator

1. Monetization:

Purchase/Retail (Wal-mart),
Rental (Blockbuster), Subscribe (HBO),
Ad Supported (Broadcast TV)

2. Churn reduction

3. Up-Sell Increased ARPU

4. Over-the-top IP based systems

Enabling a new class of Network operators

EVIDENCE:

Internet Advertising Overtook
TV Ads in 2008

itv.com 10% of total revenue 2010

CBS 50% ad sales are bundled
with internet

CPM's are 3x-10x for video ads

BBC alone is >5% UK Internet traffic

Download to own nets ~ 10% higher
revenue after packaging (DVD Disk)
and/or download (bandwidth)

Ad supported is not the only
answer - need traffic

GOLDEN RULE No.2

Convenience and the experience is what matters most

Content is ubiquitous now...so it is all about Ease of use, simplicity and the experience

Have to have multi-screen strategy; if you do not offer it, someone else will

Both internet and brick and mortar rules apply!



GOLDEN RULE No.3

Strong Product Roadmap and Controls Force Focus

This is not an IT project!

Consumers are hungry AND fickle, so build in agile

Iterate early and fail fast

GOLDEN RULE No.4

Organize for Success - Re-purpose Content and People



Internal departments and systems
Compete and cause delays and scope
creep

New departments formed
to unify strategy, 360°

Big technical dependencies
require big technical support and
coordination



GOLDEN RULE No.5

Get ready for the expense!

Billing Systems, CRM, and CMS so budget accordingly

Build and deploy systems incrementally, over time

Spend the money on proper product Management for the long haul

These are not one-time builds...they Platforms that grow (and cost) over time



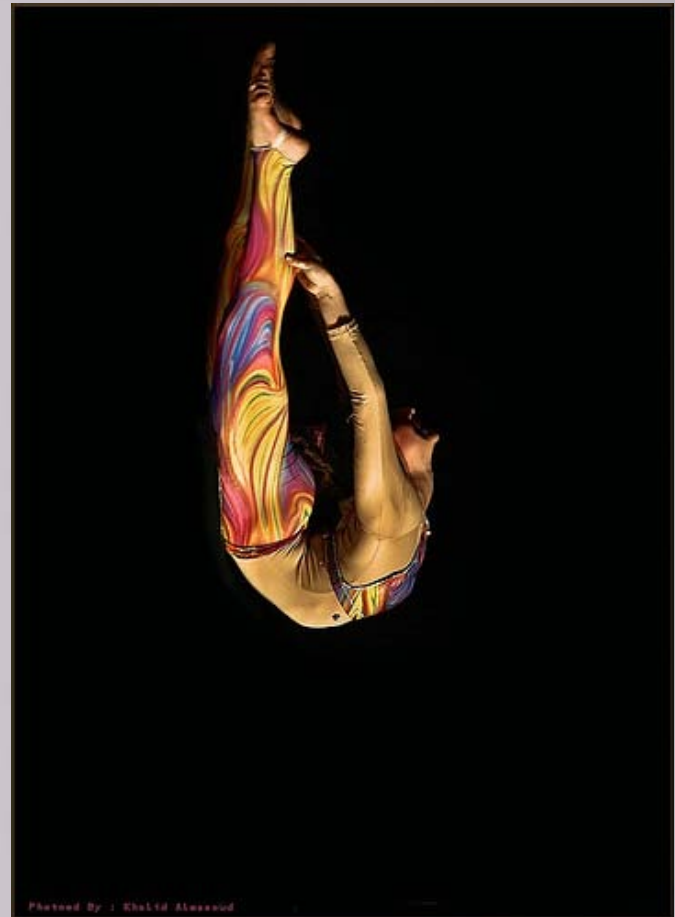
GOLDEN RULE No.6

Multi-platform is the only way...it's not just about one or two devices

A flexible reference architecture is critical

Build for "n" devices and "n" business models and "n" experiences

Content is used to sell expensive devices; expensive device motivates buying content



GOLDEN RULE No.7

Amass the data

OVER-HYPED ANALYTICS BECOME GOLD

The Nielsen Myth

Once pushed aside as noise, every click of the mouse, TV remote and mobile keypad is tracked and correlated

It is about how much the consumer is engaged

Analytics have direct business value

Success factors are non-traditional

EVIDENCE:

Cross-sell and Up-sell are now interrelated to distribution medium

Viewing behavior data useful for targeted advertising, content production and writers

Video CPM's 3x-10x, targeted 100x