THE NEXT GENERATION MEDIA ENTERPRISE

In less than twenty years, the internet, the transition to digital media, and dramatic improvements in computing technologies and software have transformed the media and content industries.

As media and advertising have shifted online, media enterprises have become increasingly interconnected, across their supply chains, internally, as workflows transition to digital, and with customers, digital platforms, exchanges and marketplaces.

- The move to digital production and workflow has meant that supply chains of content producers, advertisers, and distributors have become less hierarchical and more interconnected - both within the industry and across the globe

- Content is now delivered and sold against across new platforms – and consumers are able to interact, share and modify this content to their requirements

These changes mean that media businesses must partner, and co-work with, other media companies at a moment's notice. These companies are not a comfortable ecosystem of established players, as they've been in the past, but a new constellation of businesses that vary hugely in scale, scope and direction. Many are doing things not even imagined two decades before. All of them rely on common standards and the ability to connect, manage and distribute large stores of data quickly, dynamically and securely.

The ability to partner quickly, put heavy compute tasks in the cloud and generally act in a more agile manner are key behaviours of modern media enterprises. At the heart of all of this is the ability for digital media businesses to interconnect, process and interact from the cloud.

Mobile media

Just a decade ago, mobile content was in its infancy, and mobile video consumption was unheard of. Yet in the space of a decade, this media sector has gone from zero to a significant opportunity for media companies. Things are changing yet again with the advent of tablets – another example of how the concept of owned hardware supported by multi-year contracts is no longer competitive – consumption habits and technology are simply changing too fast.

50%
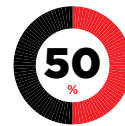
Mobile video traffic exceeded 50 per cent for the first time in 2012. Mobile video traffic was 51 per cent of traffic by the end of 2012.

36 million

In 2012, the number of mobile-connected tablets increased 2.5 - fold to 36 million, and each tablet generated 2.4 times more traffic than the average smartphone. In 2012, mobile data traffic per tablet was 820 MB per month, compared to 342 MB per month per smartphone.

77%
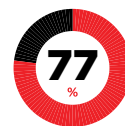
The Middle East and Africa will have the strongest mobile data traffic growth of any region at 77 percent CAGR. This region will be followed by Asia Pacific at 76 percent and Latin America at 67 percent.

Sources: Cisco

CLOSE CO-OPERATION IS GOOD

Research conducted for Equinix by MTM, a media consultancy, suggests that media organisations are realising significant benefits from more interconnected production and delivery. The migration of media and advertising to IP–connected platforms has driven organisations to connect with each other and with consumers like never before.

The next wave of innovation relies on these connections. Connected marketplaces, exchanges and ecosystems built on platforms that scale quickly and enable high degrees of interconnectivity and real-time interaction. These new hyper-connected offerings are growing rapidly and helping create new types of partnerships and business models. The problem with this is that a significant proportion of media organisations have spent a great deal on integrating different practices - for example, content creation, advertising display, SEO and post production. Moving to a disintegrated, connected means of working can be politically, practically and fiscally undesirable – at least at first. In addition, with a few notable exceptions, publicly-funded media companies can move slowly, not least because they tend not to rely quite so much on advertising sales. The flip side of this is that state-funded media companies can also take risks with content and platforms that would be too potentially dangerous for private business.

THE ROLE OF VIDEO ON DEMAND

Broadcasters tend to use specialist, custom infrastructure for content management, usually on a long support contract – an arrangement which worked to the advantage of most broadcasters, but which also predated the advent of profitable, popular Video on Demand (VoD) services.

Locked in by long term depreciation and outsourcing contracts, broadcasters have found the pace of change has overtaken what was initially a sound purchasing and outsourcing decision.

Adapting this for VoD services has proven expensive and difficult, and the old model is outmoded – they simply cannot afford to buy new infrastructure every time the technology changes. Broadcasters now need to distribute to every platform and every device – for example, Netflix is made available on more than 1,000 devices, spending over $350 million each year on upgrading its service and applications. In this context, using cloud services to distribute content – and using Software as a Service to process content, for that matter – makes more sense. The Cloud operator carries the cost of making the latest standards and technologies available to a large number of broadcasters, freeing the broadcaster to concentrate on content and advertising, not infrastructure.

Access to wide area networks that support FTTH and LTE, as is the case in the UAE, also gets round issues with the transmission and handling of large files at peak times.
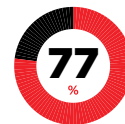
27% Globally, IP video traffic will grow 3-fold from 2012 to 2017, a compound annual growth rate of 27%.
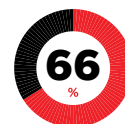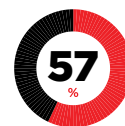
66% Globally, IP video traffic will reach 88 Exabytes per month in 2017, up from 26.2 Exabytes per month in 2012.
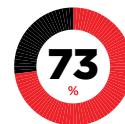
73% Globally, IP video will be 73% of all IP traffic in 2017, up from 60% in 2012.

77% Globally, consumer IP video traffic will be 77% of consumer IP traffic in 2017, up from 67% in 2012.

57% Globally, business IP video traffic will be 57% of business IP traffic in 2017, up from 30% in 2012.

Source: Cisco Visual Networking Index Forecast 2013

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PLAYING WELL TOGETHER IN THE CLOUD

A second noteworthy trend is the move from heavily customised, hardware-dependent equipment for production and output to generic tools and services delivered through cloud computing – rather than hosted in expensive server farms at the media company's premises. For example, services such as Amazon Elastic Transcoder allow organisations to convert video files from one format to another using cloud services, rather than their own, dedicated, rendering farm.
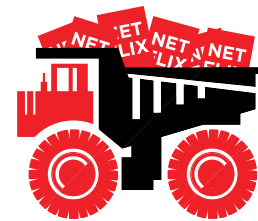
Netflix: The path to SuperHD and 3D Video

2013 JAN

2x 4x
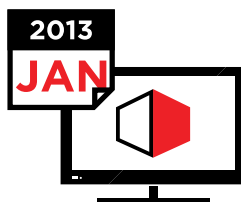
In January 2013 at CES, Netflix announced it wanted to provide its members with access to content in 3D and 1080p SuperHD.

To do this called for a two to four fold increase in bandwidth

Netflix realised that, to provide a huge volume of content like this without problems, it needed a Private Content Delivery Network

But Netflix didn't need to build its own – it could lease it in easy to use chunks from experts and lease more capacity as need.

Why a Private CDN is good:
• Choose your distribution model to suit network traffic
• Scale cost-effectively, using Peering and Caching Nodes
• See network and cache problems earlier – and fix them before they become a customer problem
• Avoid the lock-in of vendor platforms

Handy tips:
• Create a baseline for your required service – how many streams, at what size? Where do the streaming requests come from?
• Choose a carrier-dense environment near your audience, and make sure it is well connected to the ISPs they use
• Establish direct connections, access and peering agreements with carriers
• Define hardware and software specifications for the CDN
• Deploy, test and adjust the distribution model 'til you're happy

REAL TIME BIDDING –
A CASE IN POINT

RTB – a means of advertising to specific audiences based on presumptions of their buying habits, and allowing advertisements to 'follow' hot sales prospects as they move from website to website - is a good example of how both the means of delivery and the partnerships required have changed. IDC estimates that RTB advertising sales in Western Europe will grow from $227 million in 2011 to $2.5 billion by 2016. Between 2000 and 2011, search advertising – the origins of Google's billions in revenue –

has grown from one per cent of online ad sales to half. In the past, publishers would not have been able to target such audiences so dynamically, or with such precision or speed. They also owned the infrastructure to serve advertisements. Nowadays, RTB is delivered through third parties and partnerships, and the publisher may not know what advertisements are served alongside their content in anything but the most abstract manner.

Mobile - Global RTB share of ad requests 2012

Q1
8 %

Q2
21 %

Q3
36 %

CONCLUSION

An accelerating pace of change has left a few media companies playing catch-up with the rest of the market, but on the whole has allowed new business models and levels of cooperation to flourish. Before, large companies that owned significant infrastructure and could afford to invest

had an advantage, but this is no longer the case. Rapid and flexible content creation, dynamic advertising partnerships and delivery and a rapidly evolving market have all created a situation in which new opportunities abound.

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