



Shifting media economics

by Laurie Kennedy

This year's NAB conference in Las Vegas showed a marked change in focus, including a series of sessions under the title “Shifting Media Economics: Impact on Strategy, Finance and Technology” offering perspectives from product vendors, broadcast buyers, service providers and investors.

Impact on Strategy, Finance and Technology

Joe Zaller, the president of Devoncroft Partners LLC, said IP infrastructure is the future for managing content and distribution for all. In the recent past, HD upgrades were the focus. Today, he said, it's managing multi-platforms, workflow efficiencies and media asset management.

IP offers efficiencies at a lower cost since it's software driven and runs on off-the-shelf hardware, allowing true end-to-end, automated workflow. Many organizations already have IP file-based workflows, this now includes transitioning SDI (serial digital interface) technology such as video routers to IP.

Cloud offers ease of scalability with storage and media management services; up or down. It can also provide standard services managing current device formats and ongoing new file formats; 4K, 8K, etc.

An IP infrastructure can support all types of distribution (OTA [over the air], OTT [over the top], wireless, cable, satellite), along with live video. Latency challenges will be manageable.

Throughout the rest of NAB week, Zaller's opinion was reinforced. Those speaking in other sessions said they believe this, along with media management/content as a service in a Cloud (CaaS) will be the only way an organization can stay competitive and remain agile.

Product Vendor

Vendors on the panel are providers of products that support broadcast and cable companies in the traditional sense, and are continuing to evolve their offerings.

John Stroup, the president/CEO at Belden, said transitioning from the past to the future is complex. He remembers the industrial market and the changes it went through with IP. He believes, however, that customers are after efficiencies, not IP, and recommends avoiding customizations because migration may happen sooner than people might think.

Imagine Communications CEO Charlie Vogt said he is receiving RFPs (requests for proposals) with clear directives of no legacy equipment. They began transitioning their products to IP a couple of years ago, he said. He noted that it's tough to fund effective innovation and still keep existing product support alive.

Tim Thorsteinson, the CEO of Quantel, said it will be a mixed environment for some time to come. Timing is important as is having a mixed portfolio, since no one really knows when the end point of "old" will be.

Patrick Harshman, the president/CEO of Harmonic, said he's seen a fast IP transition, which began several years ago, in cable. Harshman believes agility is important and that efficiencies are easy to identify and justify.

Broadcast Buyer

Bob Ross, the east coast senior VP of operations at CBS, said it was cheaper in a recent build to buy/own rather than rent someone else's with a mark-up. This is for core operations, including

stations, transmitters and global syndication/distribution. CBS, he said, uses cloud services when it makes sense. He believes HD-SDI (high definition-serial digital interface) works very well.

Fred Mattocks, who is GM, media operations & technology at CBC in Toronto, said the public broadcaster can't afford not to go with an IP infrastructure and that it would be easier if the transition cost could be easily justified. A key focus, he said, is change management and workflow efficiencies. Mattocks's primary concern is the high volume of content for radio and TV across the country and all the inefficiencies that add up.

Executive VP/GM, FOX Network Engineering and Operations Richard Friedel agrees with Mattocks. FOX, as is CBC, is a creative company and not a technology company. Cloud services are more feasible than in the past and software systems offer more flexibility. He does consider outsourcing/cloud services to accommodate extra capacity. Asked what keeps him up at night, Friedel said it's the "boss coming in, knowing what they need, with unrealistic timing expectations".

Ken Brady, the senior VP, media technology and operations at Turner Broadcasting, agreed. Turner, too, is a content focus company and no longer has a CTO/CIO (chief technology officer/chief information officer). Instead, he said, Turner has a lot of in-house development and needs to have a second look at the various options of building, buying or outsourcing. Spending is changing since service-based models in the cloud are different. Brady said what's needed is more software solutions that are flexible and future-proof, with interoperability being key.



Service Provider

Anil Jain, who is GM, media group at BRIGHTCOVE—a cloud solutions company—said their technology must merge (interoperability) with other technology in the overall workflow of an organization. There is not a one-size-fits-all solution as each organization interacts with different content distribution providers. The key to success, he said, is working with other vendor companies and being cooperative.

CEO Darcy Antonellis of Vubiquity, a provider of content services for on-demand and linear viewing, said it is important to build for agility. That, she said, requires an investment in financial capital and resources/staff. Quoting Wayne Gretzky, Antonellis expressed her company's philosophy: "I skate towards where the puck is going, not where it has been".

Steve Plunkett, the CTO at Ericsson Broadcast and Media Services, leads a team that's building platforms and services to power the industry. Security is important, he said, along with scalability and people; all of which require ongoing investment.

Understanding advertiser teams has importance since they are changing and looking at things collectively (buying digital ads through portals).

Technology Investor

Nick Lukens of Vector Capital bases decisions on investments through working with industry experts (trusted advisors) and directly from customers' satisfaction with a product. It's a rigorous process that requires understanding the software code and the technical perspective. Sometimes, said Lukens, the best technology doesn't make it in the marketplace.

Bryce Winkle of The Gores Group also works with trusted advisors. He believes that it is important to understand the shift in progress and look at companies which can afford a global footprint. They will align a company's vision with that of the trusted advisors. Winkle also said that it's important to understand the ad model and how it is shifting.

As a solution provider, Chris Kanaley of Parallax Capital Partners believes in doing anything he can do to lessen the pressure on technology departments while also supporting the consumer perspective. As an investor, he said, it's a great time to sell, a tougher time to buy.

Summary

Transitioning to an all IP infrastructure and Cloud Services, offering agility and scalability, should be an enabler to a business strategy. The big picture view of the industry and where it is going is still fuzzy, including the role each existing broadcaster, cable provider or new service provider/online retail outlet will provide in the long term. As well, the digital ad sales model is becoming a recognized best practice with ease of use by advertisers and agencies. The disruptions to TV and radio—online versus OTA—is yet to be fully diagnosed.

Justifying the cost of a transition is difficult for most. Perhaps it needs to be viewed as a cost of staying competitive and in business.

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