

The Impact of Coronavirus on Media Technology

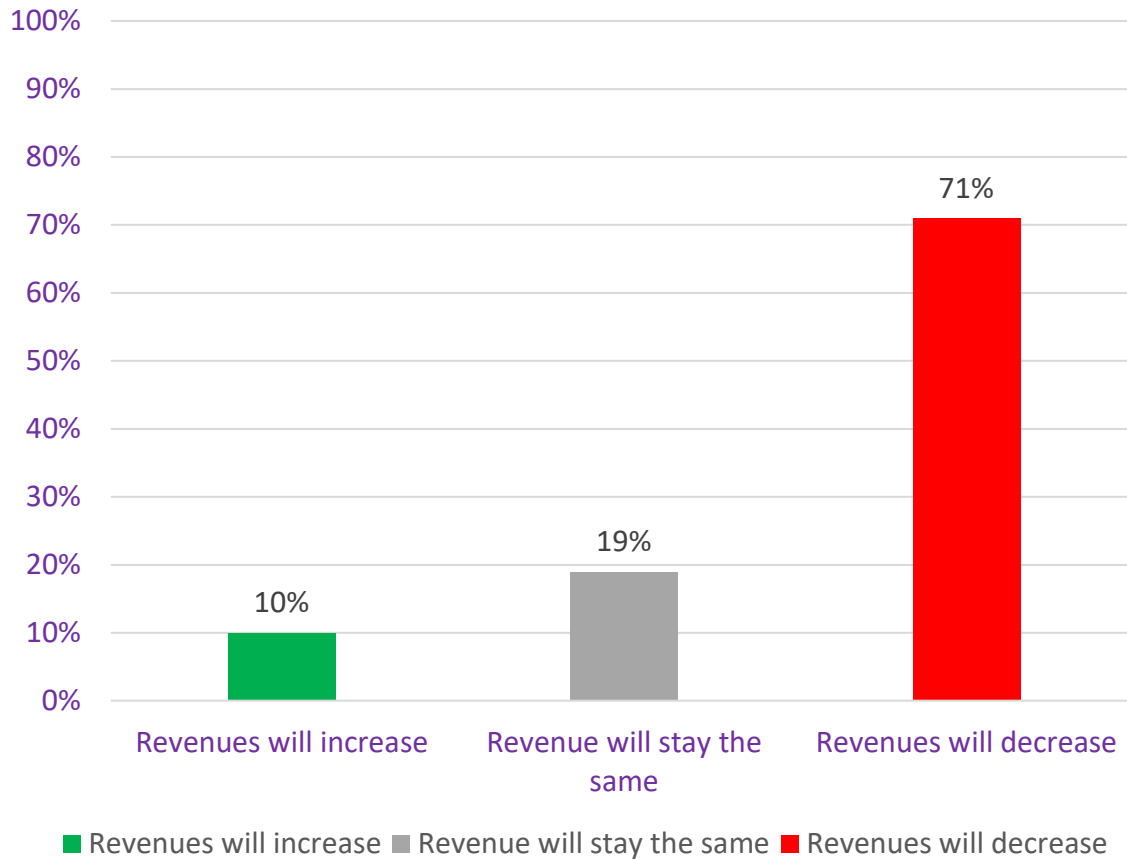
Peter White, CEO, IABM

Impact on Revenues

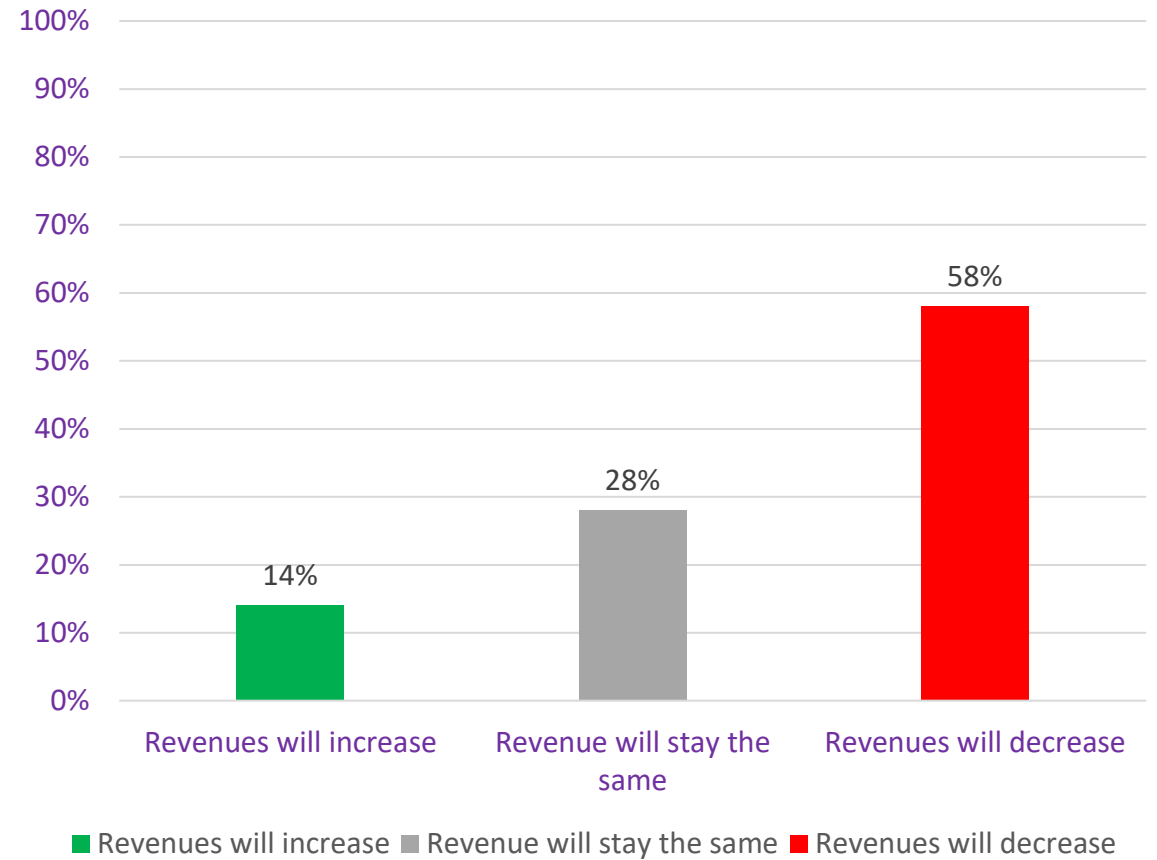
Under Immense Pressure



Revenue Outlook - Suppliers



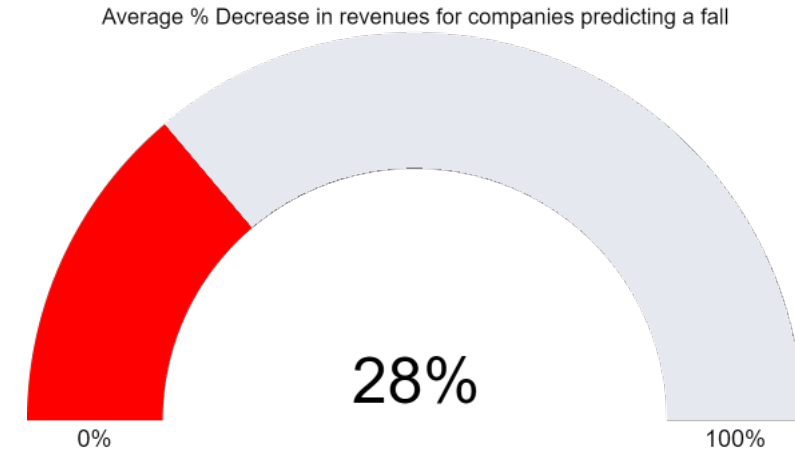
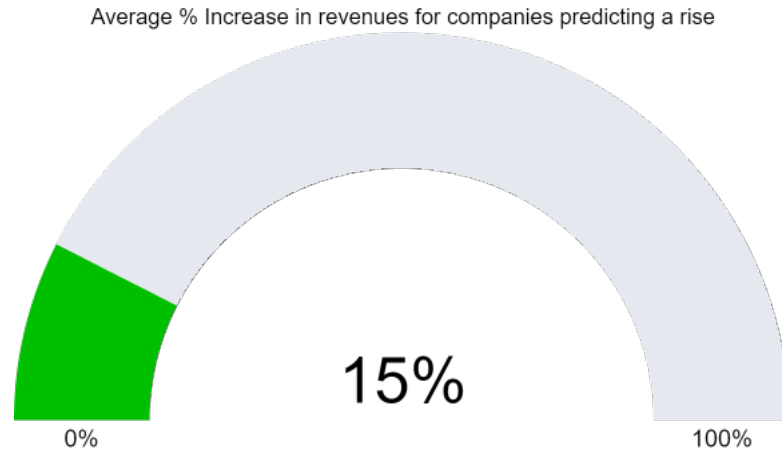
Revenue Outlook - Buyers



Sources: IABM, Coronavirus Impact Tracker

Impact on Revenues

Impact on Buyers

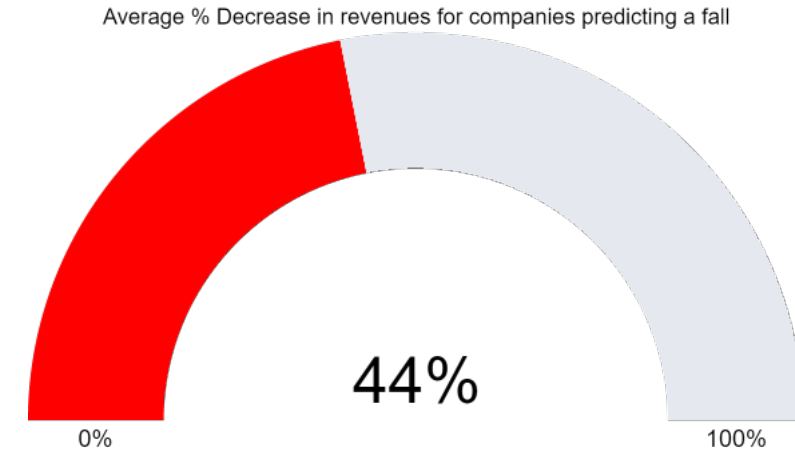
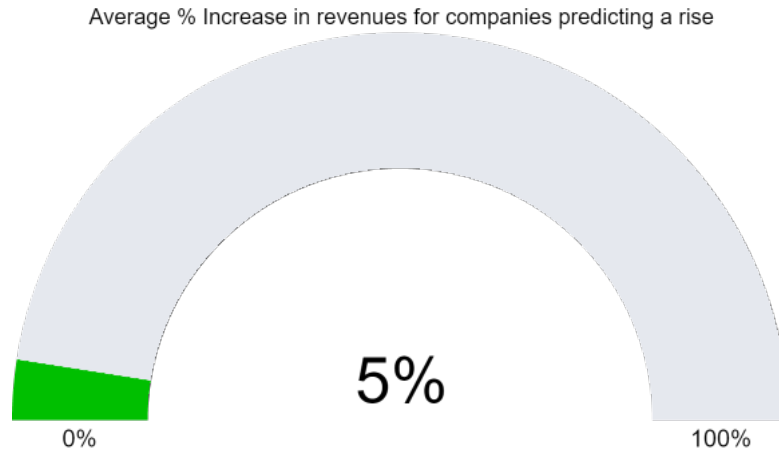


- Buyers forecast a negative impact due to the **cancellation of physical events, impact on ad revenues** etc.
- Impact on them is not as significant when compared to technology revenues, and particularly hardware

Sources: IABM, Coronavirus Impact Tracker

Impact on Revenues

Impact on Hardware Revenues



- **Hardware tech most impacted** due to a combination of factors including **supply chain disruptions, cancellations** of events/projects etc.
- Industry is in the middle of transitioning to new offerings...

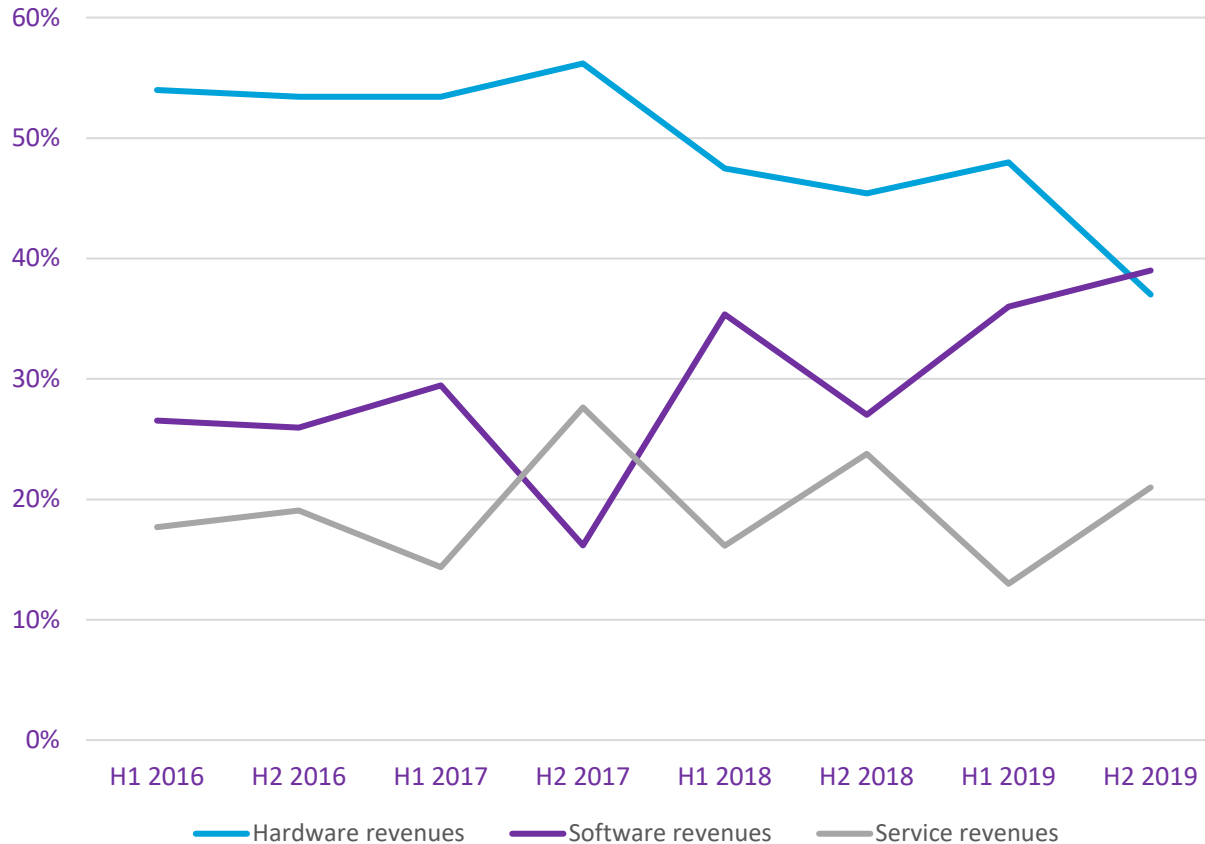
Sources: IABM, Coronavirus Impact Tracker

Transition to As-a-Service

Where are we? The Good, the Bad and the Ugly



Supplier Revenue Models

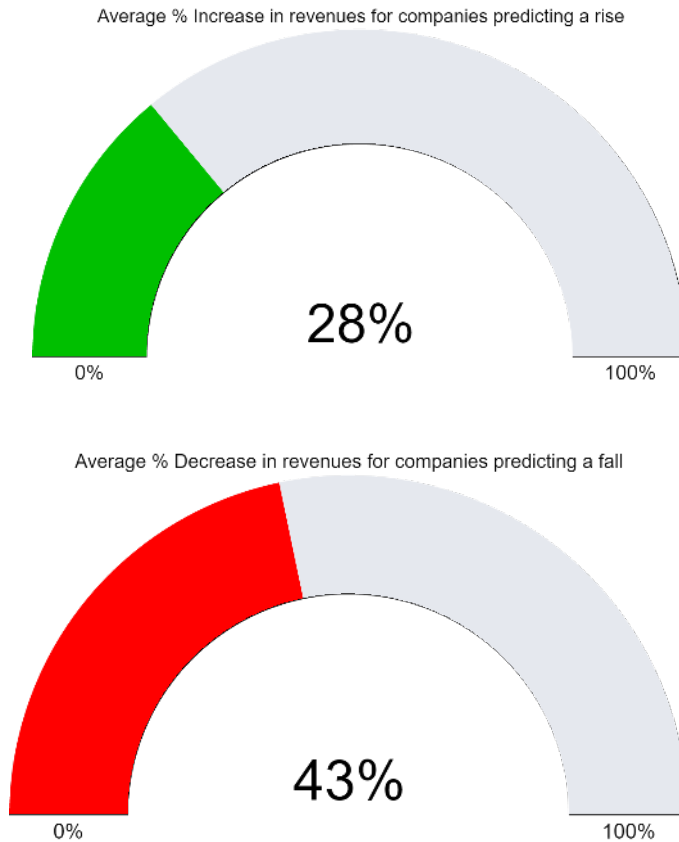


- **The Good:** Software revenues are at all time high in the industry
- **The Bad:** A large share of technology suppliers still rely mostly on legacy offerings to drive their revenues
- **The Ugly:** Suppliers transitioning to as-a-service offerings are likely to see their cashflow crunch worsening as a result of this crisis

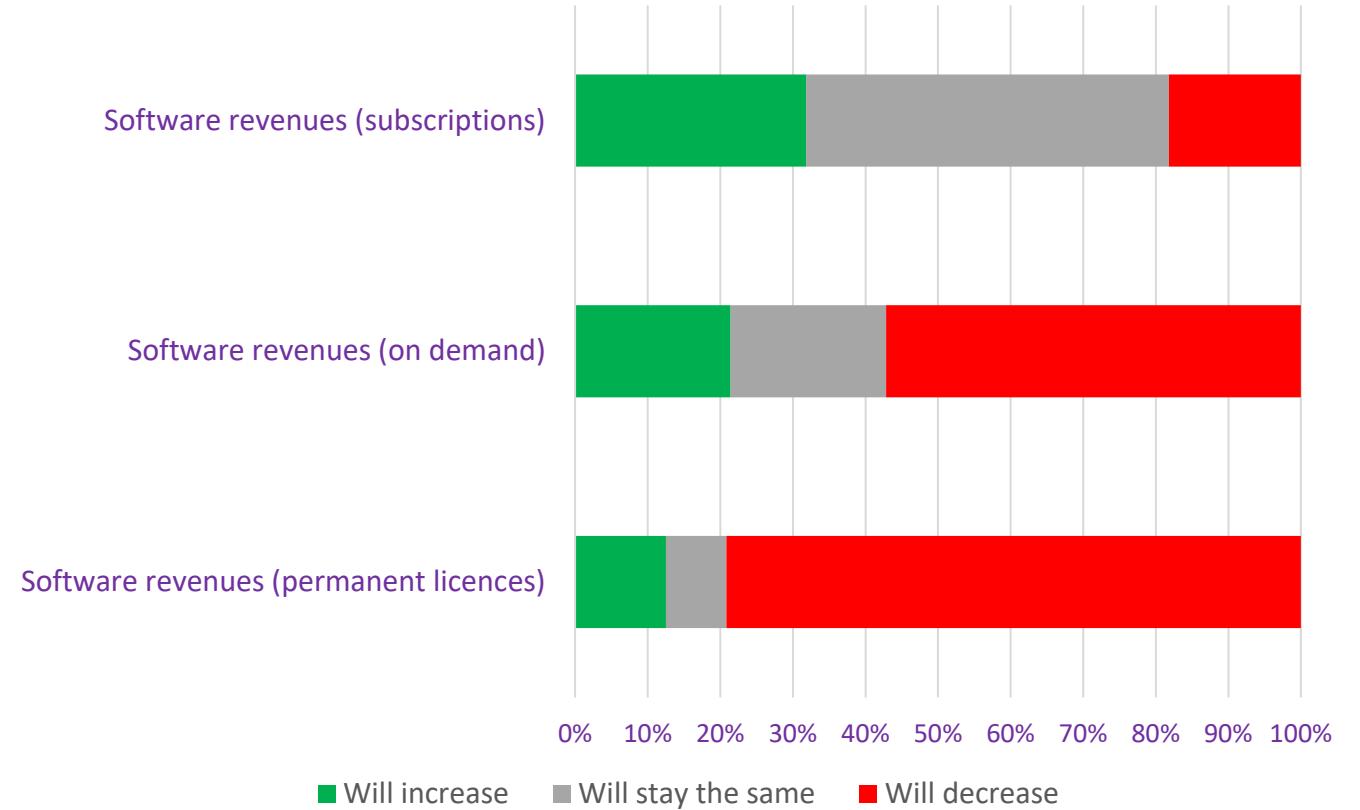
Sources: IABM, Supply Trends Research

Impact on Revenues

Impact on Software Revenues



Software Revenue Outlook



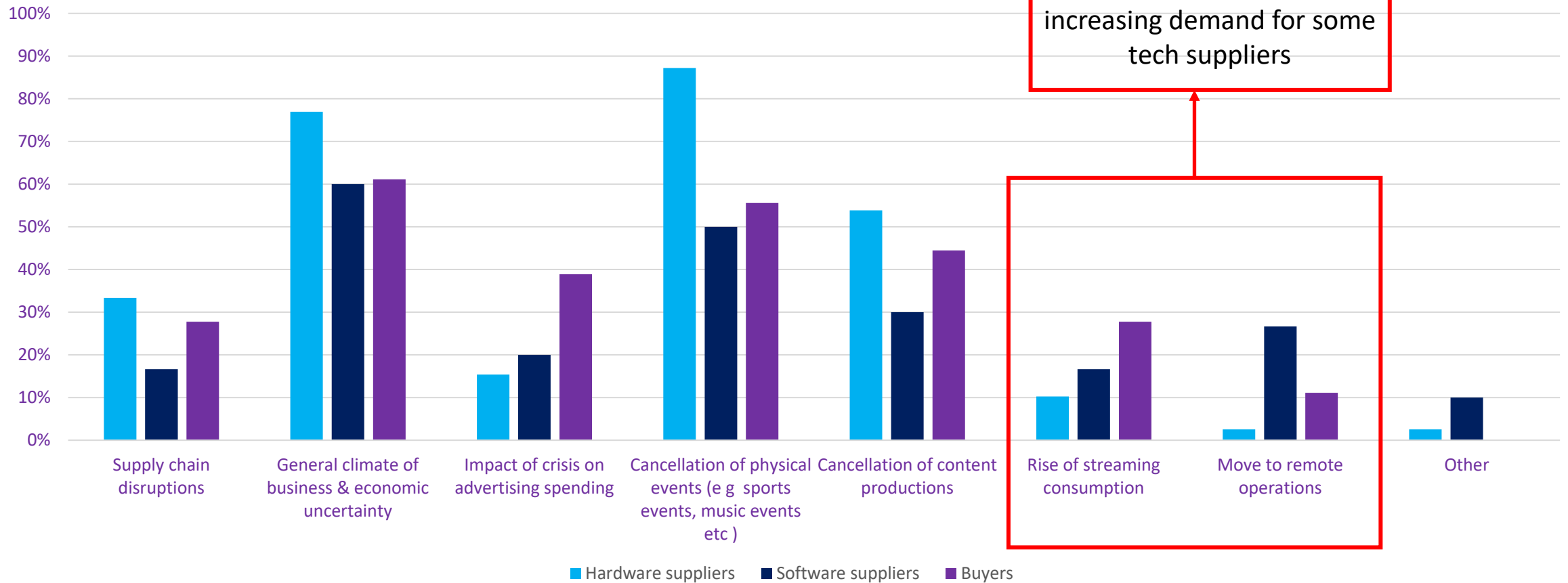
Sources: IABM, Coronavirus Impact Tracker

Impact on Revenues

Revenue Drivers



Major Revenue Drivers



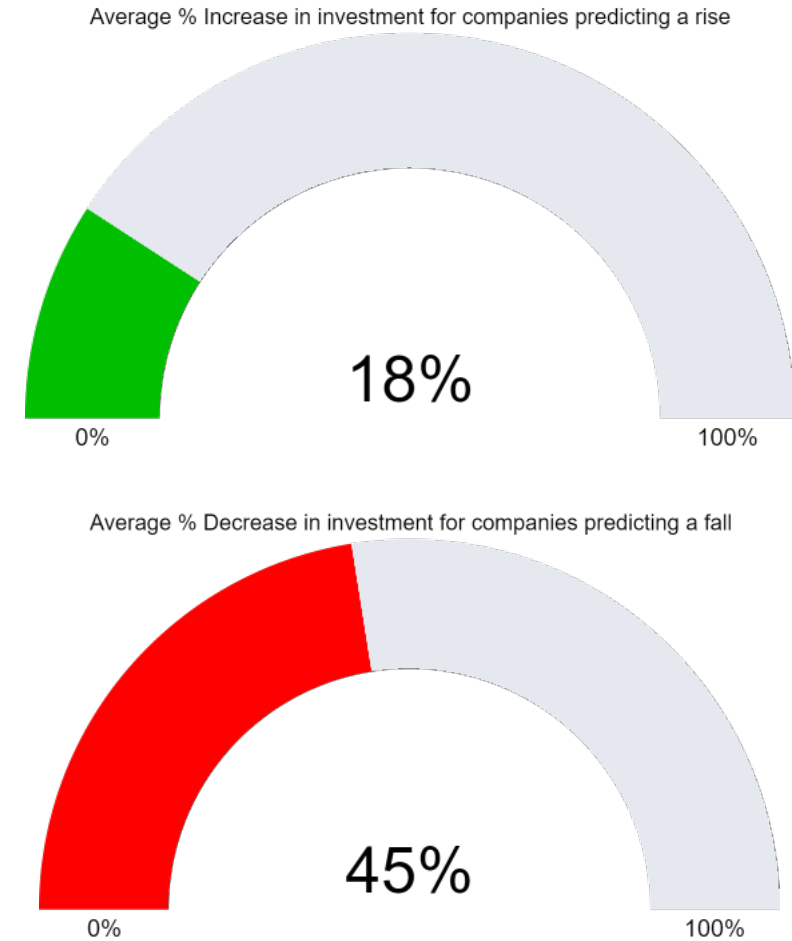
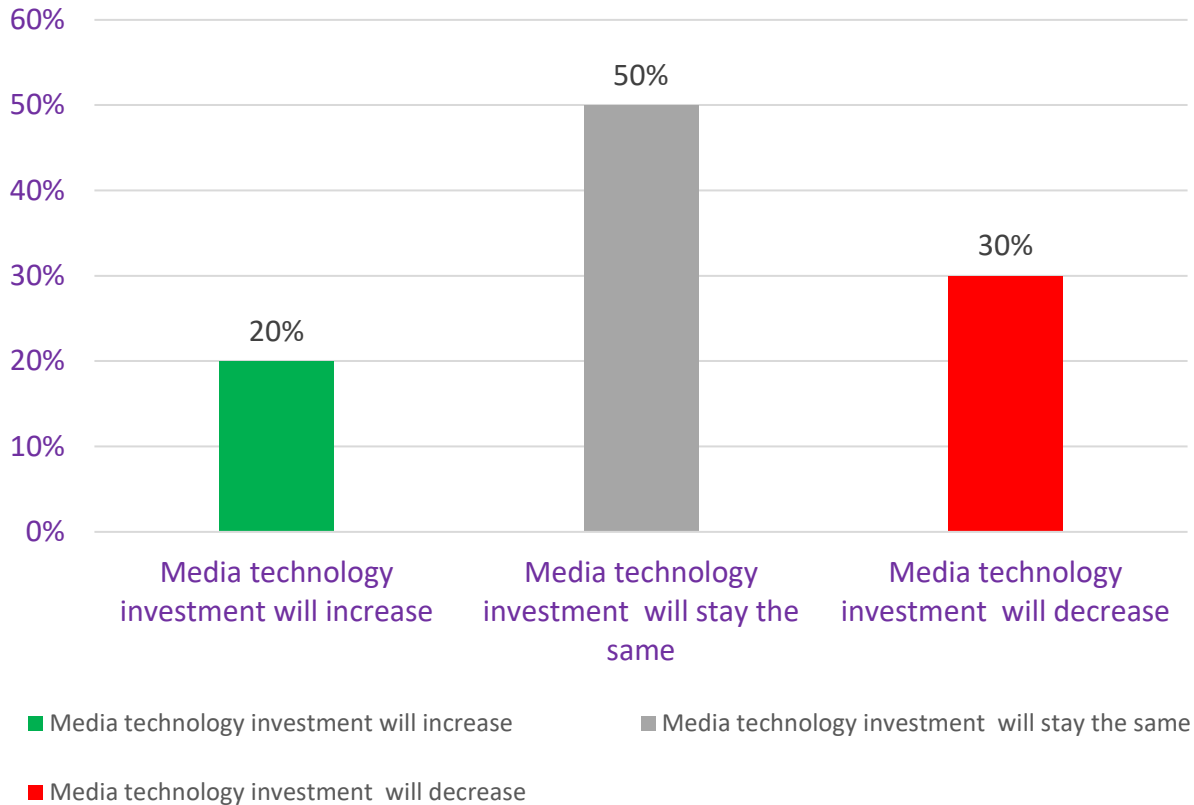
Sources: IABM, Coronavirus Impact Tracker

Impact on Media Technology Investment

Overall Negative Impact



Media Technology Investment Outlook



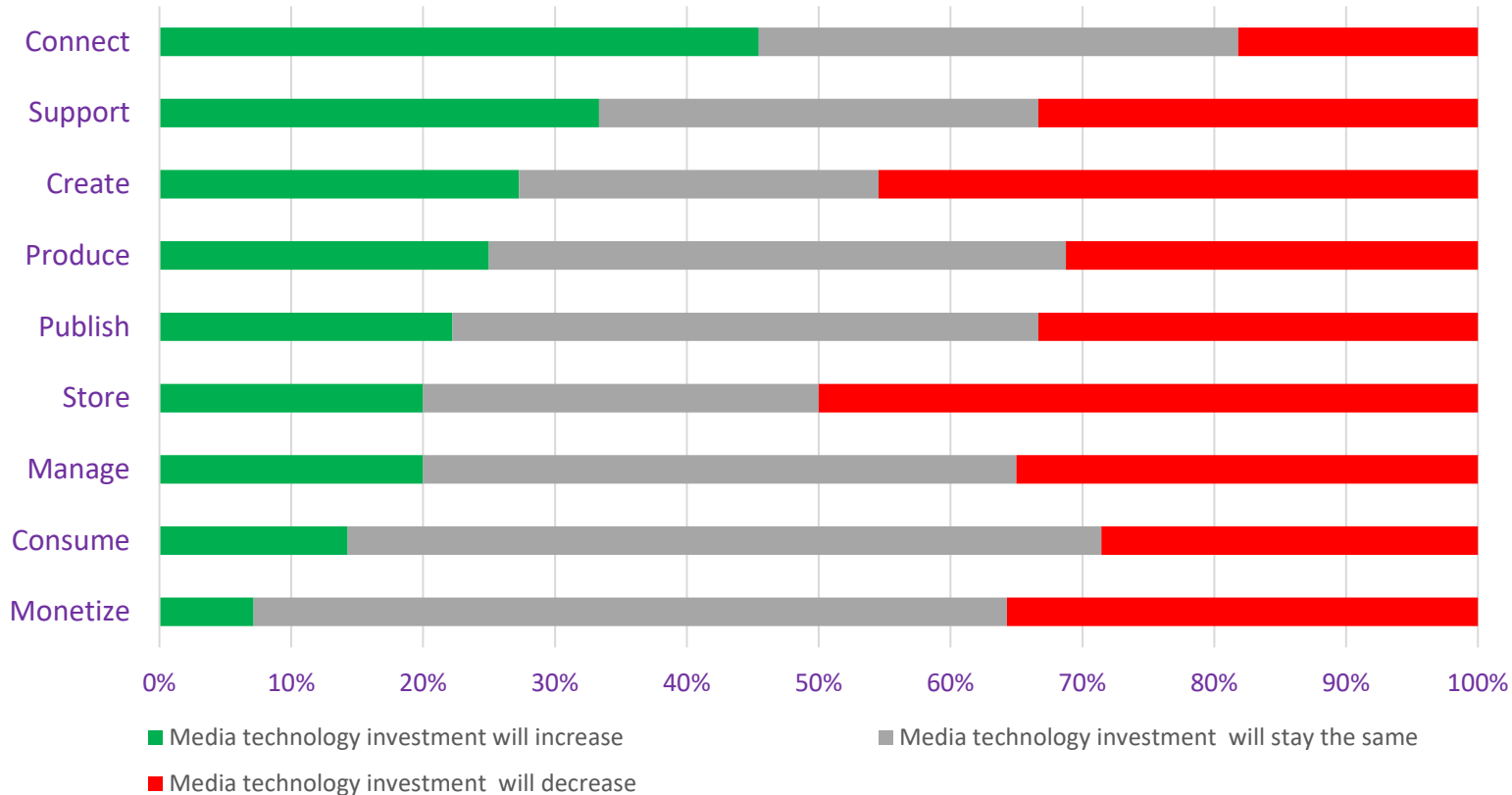
Sources: IABM, Coronavirus Impact Tracker

Impact on Media Technology Investment

Impact on Content Supply Chain



Content Supply Chain – Investment Outlook

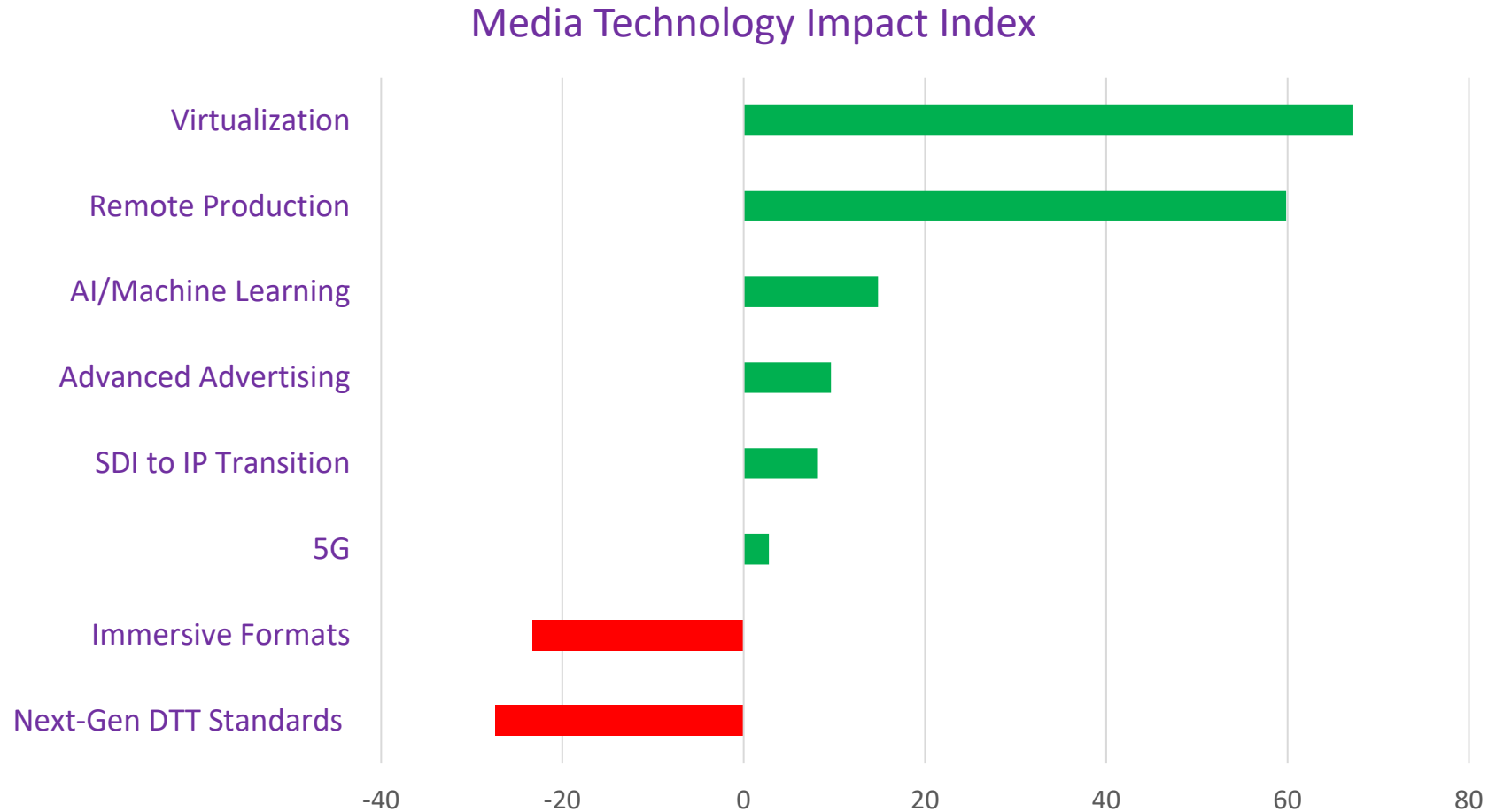


- Connect investment up to support **higher demand for bandwidth, connectivity etc.**
- **Other content chain segments mostly down** according to our tracker
- Behind this data there is a radical and, in our opinion, irreversible tech shift...

Sources: IABM, Coronavirus Impact Tracker

Impact on Media Technology Investment

Irreversible Shift



Sources: IABM, Coronavirus Impact Tracker, the Media Technology Impact Index ranges from -100 to 100 and relies on the % of companies saying that investment in a technology is increasing vs. decreasing

Major Effects of Coronavirus on Media Technology

Going Virtual



- Overall **pressure on advertising and subscription revenue** generally translating into **lower budgets** for media technology
- **Media technology investment is shifting** as risk preferences of buyers change dramatically, **investment is shifting** away from hardware and legacy **towards cloud-based offerings** that enable remote solutions. This may have a **lasting impact** and be an **acceleration of established technology transitions**
- **Shift may also accelerate suppliers' transition to as-a-service** offerings and exacerbate the industry's cashflow crunch
- **Financial pressure** on buyers **prompting suppliers to roll out as-a-service selling tools** (e.g. free trials, unlimited users) that also aim to **incentivize adoption**. **Cancellation of trade shows** also forcing suppliers to find **new means of customer engagement** with buyers
- **Cancellation of live events** putting pressure on sports industry, a major source of advertising revenue in a quadrennial year, and other live industries. Shift towards solutions that leverage existing content and boost fan engagement
- **Cancellation of productions** putting pressure on production/post and **may spur creative innovation** (i.e. new programming formats). **Rise of live news consumption** leading to higher demand for collaborative news solutions as well as new workflows (i.e. use of consumer video technology in news)
- **Surge of on-demand streaming consumption** due to lockdown measures leading to pressure on connectivity resources – Netflix and others cutting streaming quality. Good for solutions that make this efficient like compression

Sources: IABM, Coronavirus Impact Tracker