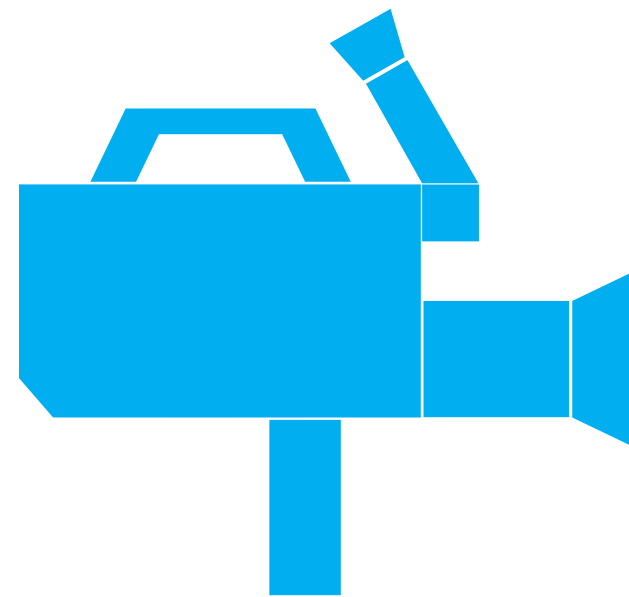


Media Tech Intelligence Briefing:

Content Creation & Production:

High-Level Tech & Business Drivers

March 2021



Content Creation & Production

High-Level Tech & Business Drivers

IABM has been carrying out interviews with technology suppliers and media companies to identify major trends driving investment, revenues, and technology development in content creation and production technology ahead of BaM LIVE!™ 2021, and building on our previous briefing focused on the state of content creation and production. The COVID-19 pandemic has notably accelerated some long-standing trends in this sector, pushing some drivers to the extreme. This was the wide consensus emerging from the interviews which, however, also evidenced some more specific trends driving content creation and production technology. The following is a preview of these seven high-level drivers ahead of IABM's full content chain report on Content Creation and Production.

What are IABM Media Tech Intelligence Briefings?

IABM Media Tech Intelligence Briefings are data-driven snapshots of specific media industry trends, sectors, and technologies. IABM Media Tech Intelligence Briefings aim to provide a continuous flow of evidence-based market information to IABM members and Global Engaged Partners.

Content Creation & Production

High-Level Tech & Business Drivers



Acceleration: innovation out-of-necessity translates into technology demand shift.



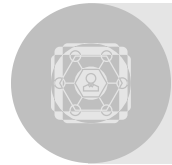
Holistic Ecosystems: building open ecosystems tackling specific use cases.



Data acquisition: focusing on data gathering, right from the start of the chain.



Diversification: business and geographical diversification of financial streams.



Versatility: tech versatility, both in hardware and software.



Automation: more automation to accommodate demanding content pipelines.



Hybrid: hybrid allocation of resources is the present and the future.

Content Creation & Production

Acceleration

It is well-known that media companies have accelerated long-standing technology transitions, such as the move to remote production and cloud, due to the impact of pandemic-induced restrictions. The upward trajectory in spending on these technologies was documented in our previous briefing focused on the state of content creation and production and was emphasized by companies participating in interviews. A plethora of other trends were accelerated by the pandemic tilting risk preferences at media companies. These include automation, changes in supply-side business models, and revenue sources, for example - more on this later. Coming back to remote production specifically, the acceleration has been highlighted by rising M&A activity on the supply-side of the industry. Sony bought Nevion in September 2020 saying that: *"The spread of COVID-19 has accelerated this [remote production] trend, and the need of combining on-premises facility and cloud processing, enabling remote work and resource sharing, has become the basis of business continuity planning for the broadcast and production community."* More recently, Net Insight divested its resource optimization division, selling ScheduALL to Xytech, saying that: *"The divestiture of ScheduALL reflects Net Insight's strategy to focus on its core Media Networks business, where substantial progress has been made to capture growth opportunities across cloud, IP and remote production applications."* NEP has also acquired VISTA Worldlink for expanding its remote production capabilities in March 2021.

Content Creation & Production

Holistic Ecosystems

Media companies are moving to using wider technology ecosystems tackling specific use cases, requiring technology suppliers to be part of these ecosystems made up of different products that work seamlessly together. The importance of these ecosystems is being increased by the acceleration of trends such as cloud and remote production, as discussed earlier. It requires suppliers to increasingly collaborate with each other to proactively integrate their products, looking at the bigger picture rather than adopting a conservative approach. The lack of these ecosystems in some use cases is prompting media companies to increase spending on bridging the gaps, mostly through increased software development, which was reported as growing by some. On the supply-side of media technology, the lack of these ecosystems has again been a driver for increased M&A activity. When it comes to remote production, the acquisitions mentioned earlier also highlight a need to marry different capabilities for live remote production, including IP connectivity - IABM data shows an increasing investment in connectivity resources due to the pandemic. For example, EVS highlighted in the press release announcing the acquisition of Axon the *comprehensive* nature of its solution in live and remote production, leveraging Axon's IP infrastructure capabilities.

Content Creation & Production

Data Acquisition

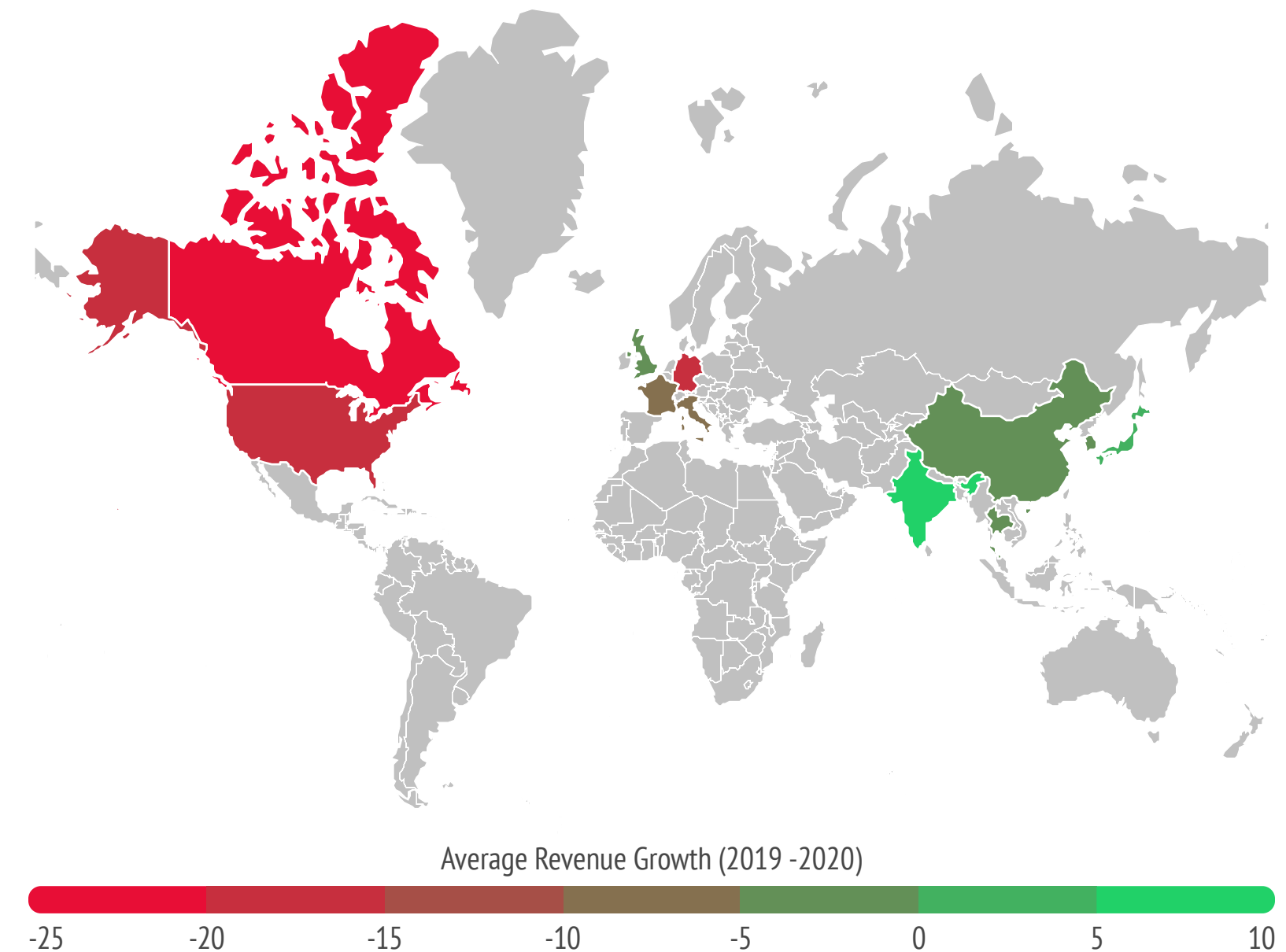
More technology products are focusing on data gathering, right at the start of the content supply chain. This is consistent with the development of holistic ecosystems that require a seamless flow of data from one product to another. It is important to note that data acquisition refers to both gathering data on the physical features of productions (what we have identified as "passive" data gathering) as well as inserting elements that promote consumer data gathering (and monetization) through interactivity (what we have identified as "active" data gathering), particularly in sectors such as sports. An example of the former type of data gathering is the increasing reliance on automation - which is discussed later in this briefing. An example of the latter is the increasing convergence of different monetization models in the sports sector. Our recently published sports report highlighted that the monetization models in the sports industry may become more “fluid” than ever before with a higher reliance on interactive consumer experiences as well as e-commerce features. We can see from this trend that the distance between the two extremes of the content supply chain (i.e., content creation and consumption) is shortening, in a way.

Content Creation & Production

Diversification

Technology suppliers are diversifying their revenue streams, both from a business and geographical perspective. From a business perspective, the use of some content creation and acquisition technology is growing in parallel markets due to the increasing reliance on video for use cases such as corporate communications or education. Several suppliers remarked that everyone has become a content provider in this period of forced virtual communications. As a testament to this trend most suppliers told us that their non-media revenue grew more than media revenues in 2020. From a geographical perspective, investment from some emerging media markets in APAC is growing due to the lower COVID-19 transmission rates as well as the larger budgets of buyers in these markets, consistent with the insights provided in our previous briefing on the state of content creation and production.

Geographical diversification



IABM looked at average revenue growth in 12 major production markets worldwide, analyzing data from companies in the business of creating movies and entertainment content. The analysis showed a marked difference in 2019-2020 growth between APAC and the rest of the world.

Content Creation & Production

Versatility

Technology suppliers are working on more versatile offerings – this applies to both hardware and software. Versatile means small and adaptable to different use cases (e.g., home studio) in the case of content creation hardware. It also means easy to use and accessible to non-technical operators, in the case of audio technology (i.e., hardware and software) and in the case of software-based production solutions. Some suppliers talked about increasingly focusing on designing slick interfaces to make their products accessible to new users and markets – consistent with the business diversification trend.

What is driving versatility?

Need to make technologies adaptable to different use cases and non-media markets.

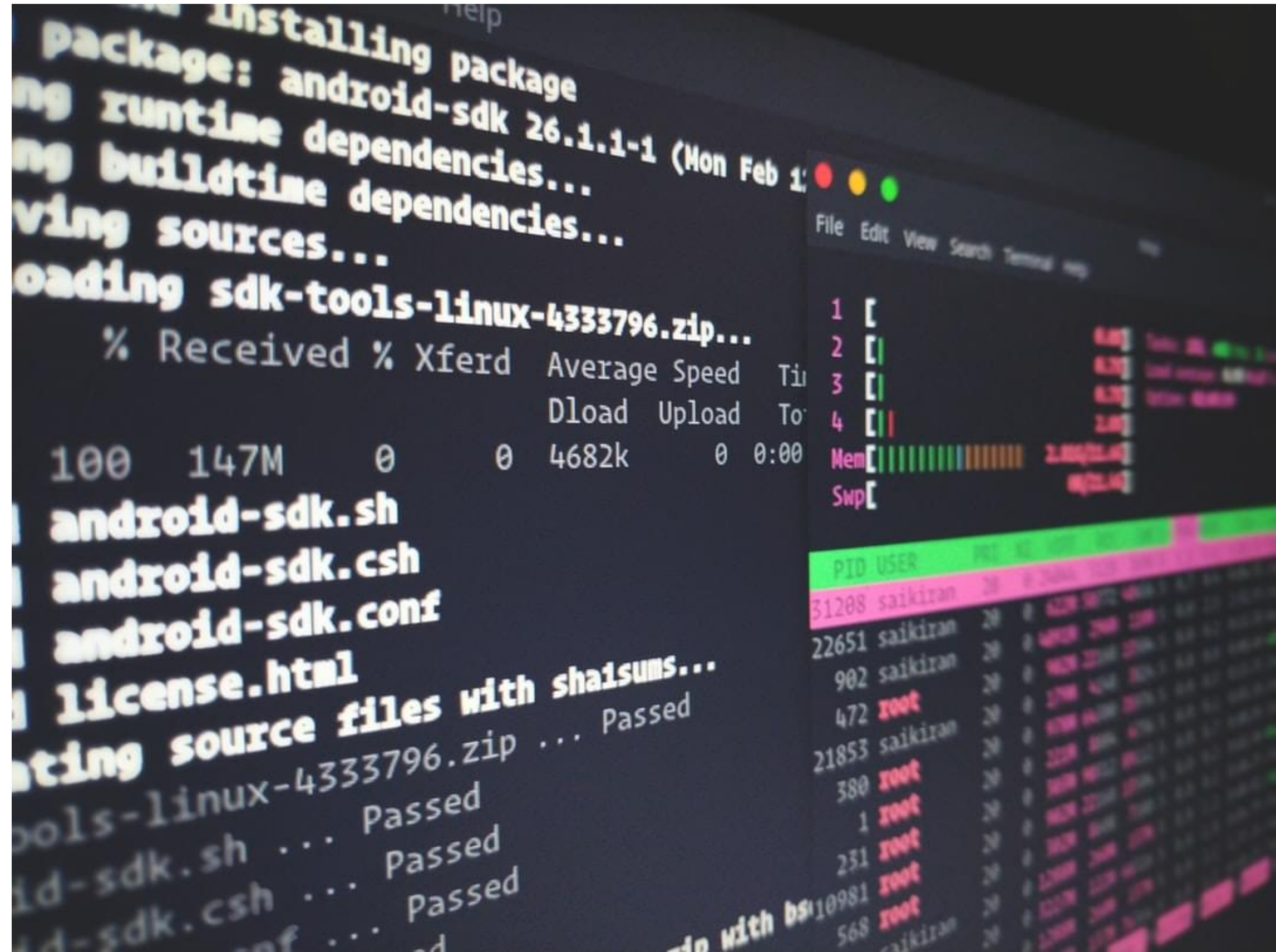
Need to make technologies accessible to non-technical media and non-media users.

Generational change at media companies driving increasing focus on user interfaces and experiences.

Content Creation & Production

Automation

Most technology suppliers (and media companies) talked about the relentless rise of automation in content creation and production. Most of them also said that automation in this part of the content supply chain only applies to routine tasks and workflows to liberate creative professionals' time and accommodate demanding content pipelines - this is consistent with IABM research on this subject. Automation will therefore not substitute human creativity with many pointing out the importance of people and their unique skills in this part of the content supply chain.

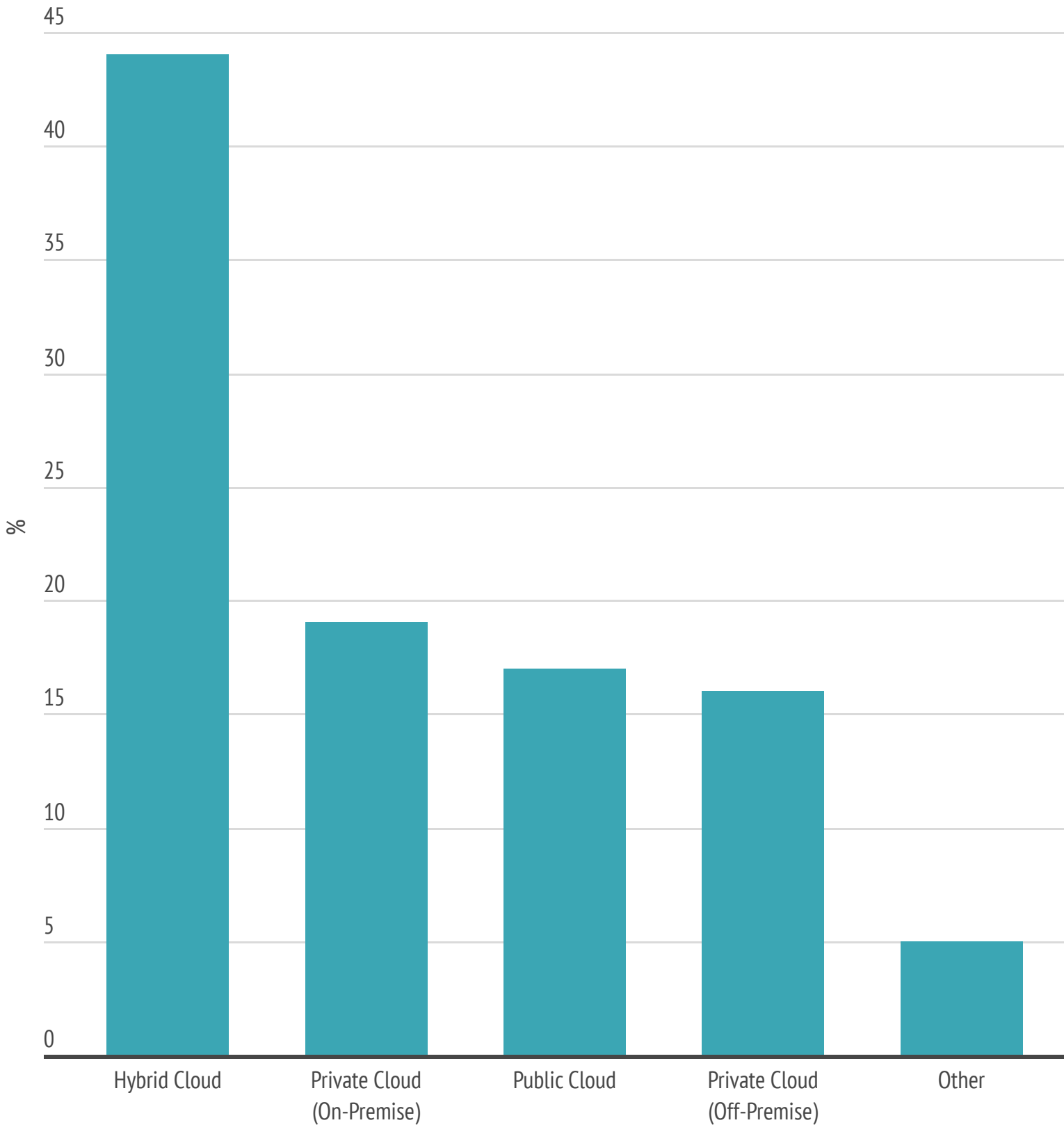


Content Creation & Production

Hybrid

Hybrid was one of the most used words in interviews carried out so far by IABM. Research participants used it in a variety of ways. When it comes to cloud adoption, research participants said that the future of production looks hybrid, with the cloud being combined with other technologies depending on the economic viability of the cloud vis-à-vis the specific use case. When it comes to remote working, research participants said that the present is mostly hybrid, particularly in live production, as a large share of staff is working onsite, spread out across the facility, while a minor share of personnel works remotely. Most agreed that this will continue to be the case in the future with some workflows remaining remote (e.g., contributor feeds in news) and others making a comeback to the office.

Most media companies prefer hybrid cloud deployments



Sources: IABM