

Disintermediation in the audiovisual sector

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About convergence

Convergence in the 90s

- Cable and Telcos networks heading towards similar functionalities and similar regulatory framework
- Consequences:
 - Possibility for telcos to mirror the cable operators mix of transmission and TV packaging
 - Further vertical integration strategies, including TV production

Convergence in the 10s

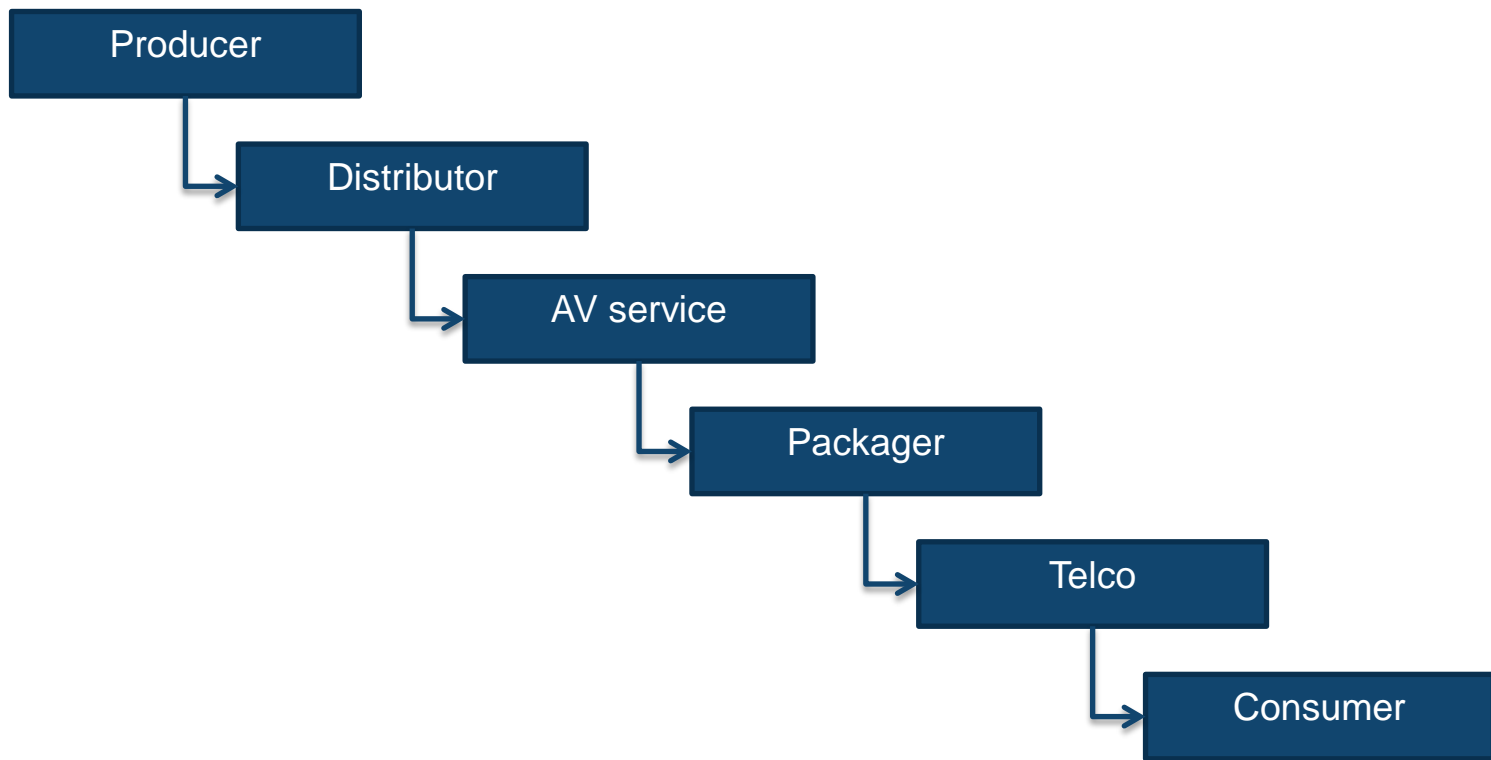
- The “open” internet and TV managed networks heading towards similar functionalities
- Consequences:
 - Opens up competition with news players
 - Reorganisation of the value chain

Drivers

- **Technology:**
 - QoS on the “Open Internet”, connected devices enable to Technical bypass the “managed” television distribution networks (Cable, IPTV)
 - Interconnection of IT systems leads to automatisisation of advertising management
 - Personalisation of content
- **Usages:**
 - New needs of consumers to select channels and programmes
- **Markets:**
 - Stagnation of revenues pushes players to grab a share of intermediaries revenues

Complexity

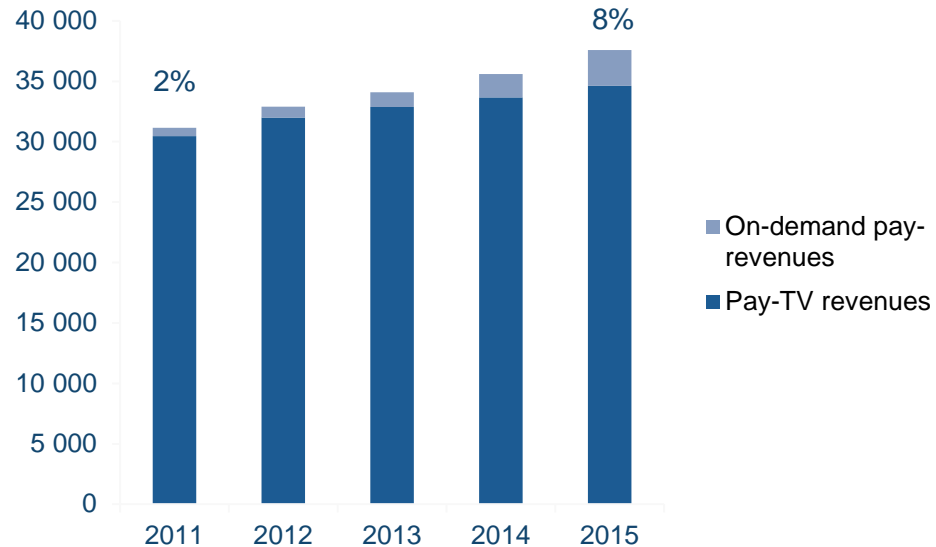
Many intermediaries



TV channels challenged by on-demand

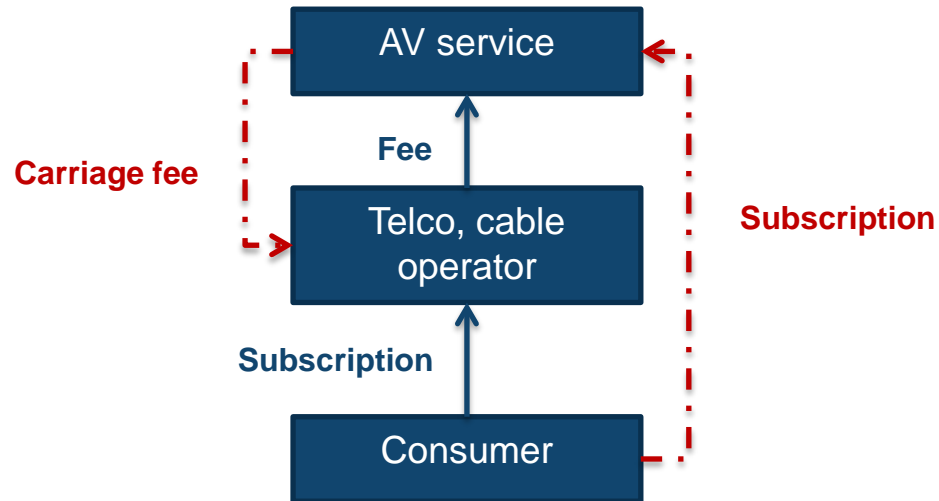
On-demand Vs linear programming

- On-demand usages by-pass the legacy role of broadcasters
- ... but broadcasters also part of the on-demand market



Network operators challenged by direct distribution

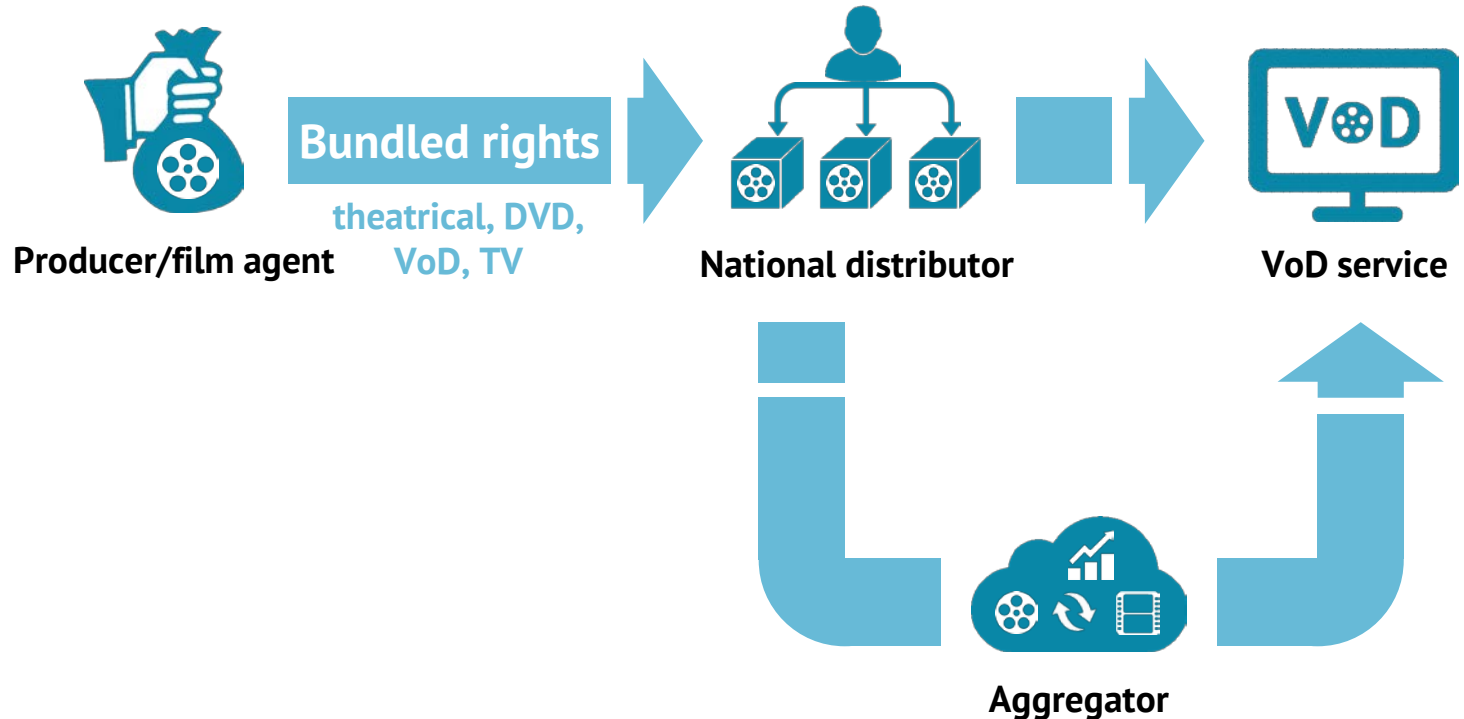
- TV/On-demand services directly contract with customers
- Network operators do not control commercial distribution and customer relationship



Straight-to-VOD

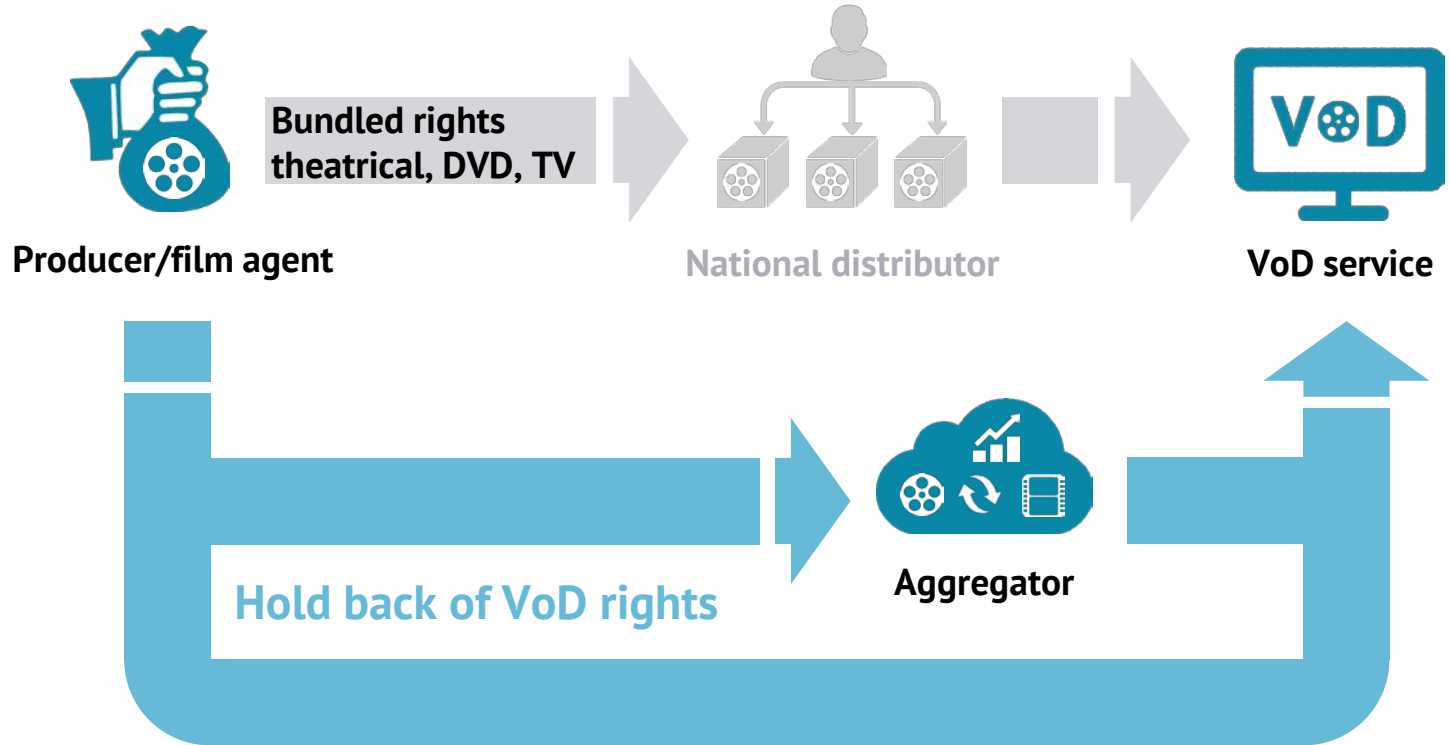
Producers go direct-to-VOD

- Producers right-holders may go directly to VOD, by-passing the national distributors



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Sports right holders go direct to consumers

- Sports organisation right-holders may go directly to VOD, bypassing the TV channels
 - Niche services outside the US from NBA, NFL, NHL
 - Less popular sports' championships available for free on the Internet
 - More than half of the games of EURO 16 were not broadcast by any channel in Spain and were made available online by UEFA

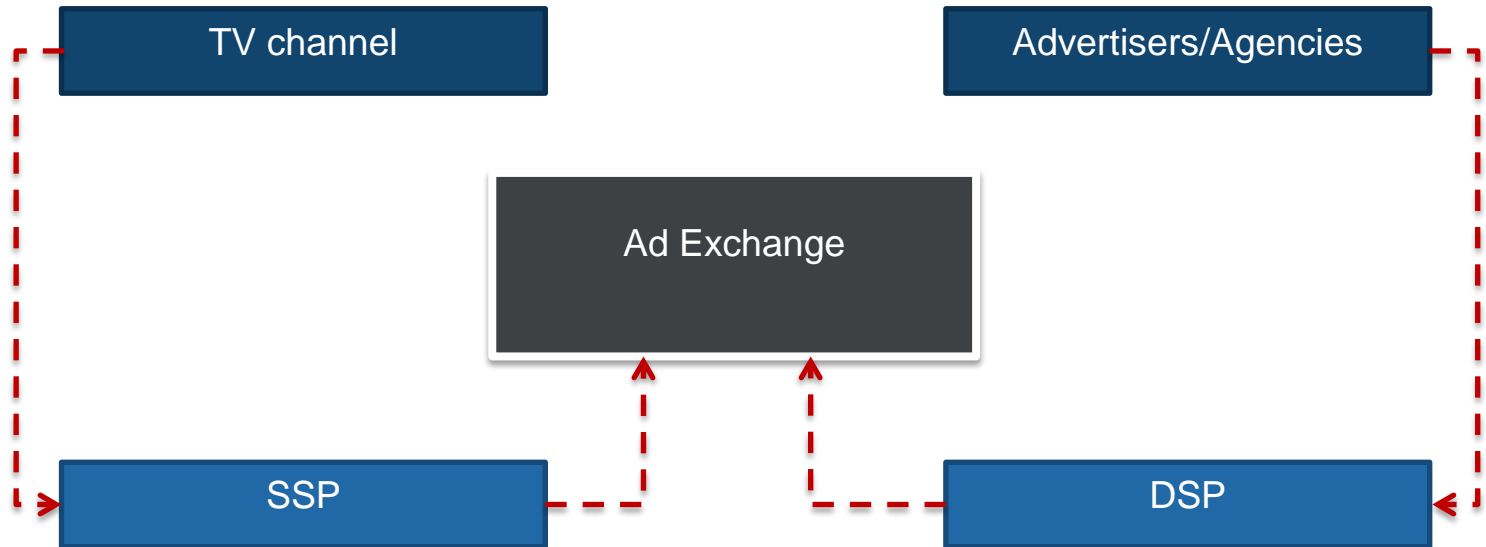
TV channels lose contact with advertisers

- Online advertising of TV channels marketed directly through automated processes without involvement of sales houses.



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Benefits at both ends of the value chain ?

- Intermediaries's role is at stake
- The intermediaries' cut can benefit the consumers
- And right holders may benefit from a higher share of the final market revenues

	Managed Pay-TV	OTT SVOD
Retail price	15 US\$	9 US\$
Share of consumer spendings invested in content	40%	66%

Control of the content

- TV channels (re)focus on production

Rank	Company name	Country	Group
1	Endemol Shine	NL	Apollo/Fox
2	ITV Studios Ltd	GB	ITV plc
3	Fremantlemedia	GB	RTL Group/Bertelsmann
4	Mediaproduccion SL	ES	Imagina Media Audiovisual
5	Banijay	FR	S. Courbit
6	All3Media Holdings Ltd	GB	Discovery Communications / Liberty Global
7	StudioCanal	FR	Vivendi
8	Colgems Productions Ltd	GB	Sony
9	Red Arrow Entertainment Group	DE	ProSiebenSat.1
10	EuropaCorp	FR	Luc Besson/C.Lambert

About “Uberisation”

- “Uberisation” is a different concept from “Disintermediation”
- Uberisation in other industries:
 - Unused resources (cars, beds...) rather than investment in resources
 - A technical platform to create peer-to-peer relationships
- Uberisation do not apply to on-demand audiovisual services:
 - Investment in content
 - “One-to many” distribution
- Video sharing platforms may be a more relevant example of Uberisation in the audiovisual sector.