

Entertainment Challenges in Today's Digital Society



Part vii of vii

by Gabriel Dusil

7. What improvements can OTT offer to Online Entertainment Services?

With regards to improving OTT, there are four main features that will significantly improve the quality of online digital video services:

- Content Accessibility
- Content Upgradability
- Content Portability
- Subscriber Personalization

a. Entertainment Needs to be Accessible

Today's digital society is migrating from an entertainment ownership paradigm to a licensing model. Past consumers typically bought hard copies of music and movies. Then they evolved to using the cloud for storage¹. The main issue with ownership is that it is inherently inefficient from a global content management perspective. Millions of users own duplicate copies of their entertainment, which in turn amounts to millions of duplicate copies of the same song, movie, or TV program. For the environmentally sensitive, this needlessly adds to the amount of polymer, paper, and other harmful chemicals required to manufacture said copies, not to mention the wasted shelf space they take up in the home.

Extrapolating the idea that content in the future will mainly come in licensed form, it's conceivable that once content resides in the cloud, those millions of duplicate copies will be rendered unnecessary. Imagine an OTT provider telling their subscribers:

"You no longer need to keep all of those files in the cloud. We will delete your library and give you the best resolution and quality available for your purchased content. We will even allocate a license to members of your family. Furthermore, you can stream that content onto any device you own. We will format and deliver that content in the best quality possible, depending on the location, device, or network you happen to be using."

That statement may not yet be feasible, but it offers a realistic vision of the future for OTT services. The licensing model will flip the entertainment industry's current paradigm on its head. Rather than having millions of users accessing millions of duplicate versions of their entertainment, subscribers will simply license a single instance of that content, whenever and wherever they want. This is the essence of OTT.

The ability to access content anytime, anywhere and on any screen is the essence of today's OTT multiscreen strategy.

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OTT services ultimately facilitate a *single instance paradigm* for content. This approach has already begun. Consider Apple's iTunes Match Service³ where users can upload their music library to the cloud. In fact, there is no need to upload music at all because the software recognizes that the subscriber has an instance of a song on their computer and grants them access to that song in the cloud. This same principle is possible for movies, TV shows, and any other type of entertainment content.

Practically speaking, one instance of a movie won't happen in its purest form due to global delivery and caching requirements, archiving, competing services with the same title, etc. But theoretically it is possible to have a single 4K or UHD⁴ master of a movie sitting in the cloud (Figure i). If a subscriber wants to access a movie, their content rights license is approved and granted for different devices or users. The movie would then be transcoded on the fly to suit the screen size, processor limitations, and networking capabilities. There are critical factors necessary to make this work, including: chipsets that can transcode 4K content on the fly, ubiquitous Internet access, bandwidth speeds that address quality of service, and seamless yet powerful DRM, to name just a few.

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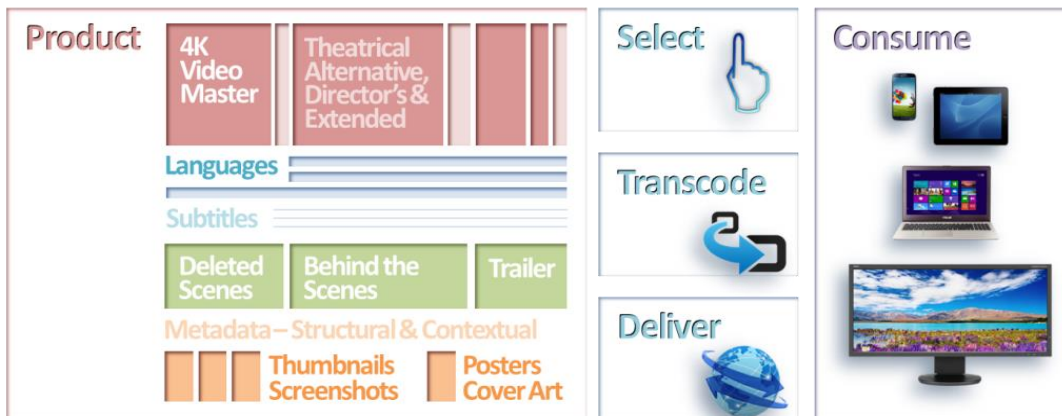


Figure i – Future of Content Delivery

b. Entertainment Needs to be Upgradable

Once content resides in the cloud, such as in an OTT service, then the idea of an upgrade path is viable. Consumers today don't upgrade their movies and music in the same manner as they upgrade software. Why not? If a user has a Blu-Ray version of a movie and buys a new 4K television, then why shouldn't there be the possibility to upgrade to a better version? Consumers don't want to buy content over and over again every time technology improves.

Likewise, when a new family member wants to access the family OTT service, there should be a content rights provision to accommodate that desire. When an extended or recut version is available, or a new featurette⁵ is available, subscribers should have the option to pay an incremental fee for that content as well.

Simply put, entertainment should be upgradeable. With content residing in the cloud, OTT services can allow for this level of granularity. A cloud-based licensing model, therefore, provides the platform for upgradability in a manageable and scalable service.

c. Entertainment Needs to be Portable

Content needs to be protected in order to maintain a level of control over portability. Ultraviolet DRM is a solution that seeks to address this need, but true portability is still in its infancy. DRM and the broader scope of content protection is a delicate balance between control and freedom. The digital

locker offered by Ultraviolet seeks to provide a level of freedom for consumers, but can nevertheless feel like a digital prison sometimes.

Portability in the entertainment industry has been extended with the advent of multiple screens (TV, PC, and mobiles), but there are still improvements to be made. Content purchased on one platform (iOS, Android or Windows) should be available on other platforms. Content bought on disc should port to any digital screen owned by the purchaser. Content bought in one geographic region should be accessible internationally. Even movies enjoyed in the cinema could have agreements with OTT providers to find creative ways to offer theater releases in sync with online subscribers.

d. Entertainment Needs a Stellar User Experience

Subscribers want to have fun before, during, and after a movie. The more they have fun, the longer they will *stay and play*. The longer they stay, the more money they will spend.

This virtual playground is called the User Interface and User Experience (UI/UX) in OTT. It centers on social media, recommendation engines, trivia,

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games, and statistics, as well as many other features. It's all about a bi-directional dialog and relationship with subscribers. The consumer is no longer an anonymous viewer to entertainment. Instead, the OTT service provider can facilitate a personal and engaging dialogue with each and every subscriber.

Word-of-mouth and advertising serves to promote head-end content, but does little to promote long-tail titles. With the massive libraries of some OTT services numbering in tens of thousands of titles, it's quite likely subscribers are not taking advantage of all the content available to them as these libraries are simply too large to navigate. According to Netflix, their recommendation engine accounts for at least 75% of what is being viewed⁶. A related study found that 14 percent more subscribers enjoy videos following a recommendation versus browsing⁷. Using **different metrics surrounding recommendation engines**⁸, therefore, subscribers can migrate to undiscovered titles that are already residing in the service they paid for.

The UI/UX provides the interface to discover new content and allows content distributors to monetize long-tail material that sits dormant in libraries for most of its useful lifespan.

Finally, the value of social media in entertainment should not be underestimated. According to Ooyala, "Personal testimonials are one of the most powerful influences on all types of consumer action... By learning what their trusted friends have enjoyed, and by comparing that to their perception of how much they have in common with the recommender, viewers get a very personalized and motivating impression of what to check out."⁹

Clearly, recommendation engines help consumers reach the heretofore uncharted depths of large entertainment libraries.

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- Check out additional thought leadership answers to the entertainment challenges in today's digital society:

1. Is 2nd Screen a threat to broadcasters? What are the challenges for OTT moving forward?

<http://gdusil.wordpress.com/2013/12/24/entertainment-challenges-in-todays-digital-society-i-of-vii/>

2. How will 4K be adopted by consumers?

<http://gdusil.wordpress.com/2014/01/13/entertainment-challenges-in-todays-digital-society-ii-of-vii/>

3. Is there a future for 4K video in broadcast?

<http://gdusil.wordpress.com/2014/02/10/entertainment-challenges-in-todays-digital-society-iii-of-vii/>

4. How is OTT evolving, and what's in store for subscribers?

<http://gdusil.wordpress.com/2014/02/26/entertainment-challenges-in-todays-digital-society-iv-of-vii/>

5. How is digital video affecting global communications?

<http://gdusil.wordpress.com/2014/03/27/entertainment-challenges-in-todays-digital-society-v-of-vii/>

6. Transcoding challenges with H.265 HEVC & 4K UHD.

<http://dusil.com/2014/05/01/entertainment-challenges-in-todays-digital-society-vi-of-vii/>

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• Synopsis

• Understanding the entertainment market from ten thousand meters helps industry executives make strategic decisions. This leads to tactical initiatives that drive innovation, new services, and revenue growth. This Q&A series takes a top level view of today's digital landscape and helps decision makers navigate through the latest technologies and trends in digital video. Gabriel Dusil, Chief Marketing & Corporate Strategy Officer from Visual Unity discusses the ongoing developments in Over the Top (OTT) services, how these platforms are helping to shape today's digital society, and addresses the evolving changes in consumer behavior. Topics include 2nd Screen, 4K Ultra High Definition video, H.265 HEVC, global challenges surrounding content distribution, and the future of OTT.

• About Gabriel Dusil



• Gabriel Dusil is the Chief Marketing & Corporate Strategy Officer at Visual Unity. His mandate is to advance the company's portfolio into next generation solutions and expand the company's global presence. Before joining Visual Unity, Gabriel was the VP of Sales & Marketing at Cognitive Security, and Director of Alliances at SecureWorks, responsible for partners in Europe, Middle East, and Africa (EMEA). Previously, Gabriel worked at VeriSign & Motorola in a combination of senior marketing & sales roles. Gabriel obtained a degree in Engineering Physics from McMaster University in Canada and has advanced knowledge in Online Video Solutions, Cloud Computing, Security as a Service (SaaS), Identity & Access Management

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• Tags

• 4K, Broadcast, Connected TV, Digital Rights, Digital Video, DRM, Gabriel Dusil, H.265, HEVC, Internet Piracy, Internet Video, Linear Broadcast, Linear TV, Multi-screen, Multiscreen, New Media, Online Video, Online Video Platform, OTT, Over the Top Content, OVP, Recommendation Engine, Search & Discovery, Search and Discovery, second screen, Smart TV, Social TV, TV Everywhere, Ultra HD, Ultra High Definition, Visual Unity

• References

- ¹ "Turning Piratez into Consumers, II", by Gabriel Dusil, <http://gdusil.wordpress.com/2014/07/24/turning-piratez-into-consumers-ii/>
- ² "The ability to access content anytime, anywhere and on any screen is the essence of today's OTT multiscreen strategy."
- ³ Apple's iTunes Match Service <http://www.apple.com/itunes/itunes-match/>
- ⁴ 4K UHD, Wikipedia http://en.wikipedia.org/wiki/4K_resolution
- ⁵ Featurette, Wikipedia <http://en.wikipedia.org/wiki/Featurette>

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- ⁶ “Science Behind the Netflix Algorithms That Decide What You’ll Watch Next”, by Tom Vanderbilt, 7th August 2013, Wired.com
http://www.wired.com/2013/08/qq_netflix-algorithm/
- ⁷ “Branded Videos Shared More Than 500,000 Times Every 24 Hours”, by Greg Jarboe, 11th June 2013
<http://searchenginewatch.com/article/2273968/Branded-Videos-Shared-More-Than-500000-Times-Every-24-Hours>
- ⁸ For example: rating systems, social networking, "Likes", shares, and chat statistics, viewing guides, promotion through syndication, past behavior, demographics of users with common interests
- ⁹ “Connecting Consumers with Content”, Ooyala
<http://go.ooyala.com/rs/OOYALA/images/ooyala-content-discovery-whitepaper.pdf>