Audio-visual services

An overview of issues and opportunities for the European market

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Forewords

- The Audio-visual market is facing multiple changes simultaneously:
  - The change towards IP
  - The introduction of 4K standards and the need of more bandwidth on the last mile
  - The difficulties of CDN (Content Delivery Network) in bearing streaming (especially 4K live)
- The relatively small size of EU audio-visual production companies and the reduced size of digital platforms compared to the American giants are 2 big obstacles for Europe in its competition with the US

Ways of Distributing

1. DTV (Digital Terrestrial Television)
2. Satellite
3. Cable
4. OTT (Over The Top) Streaming platforms

US vs European Audiovisual market

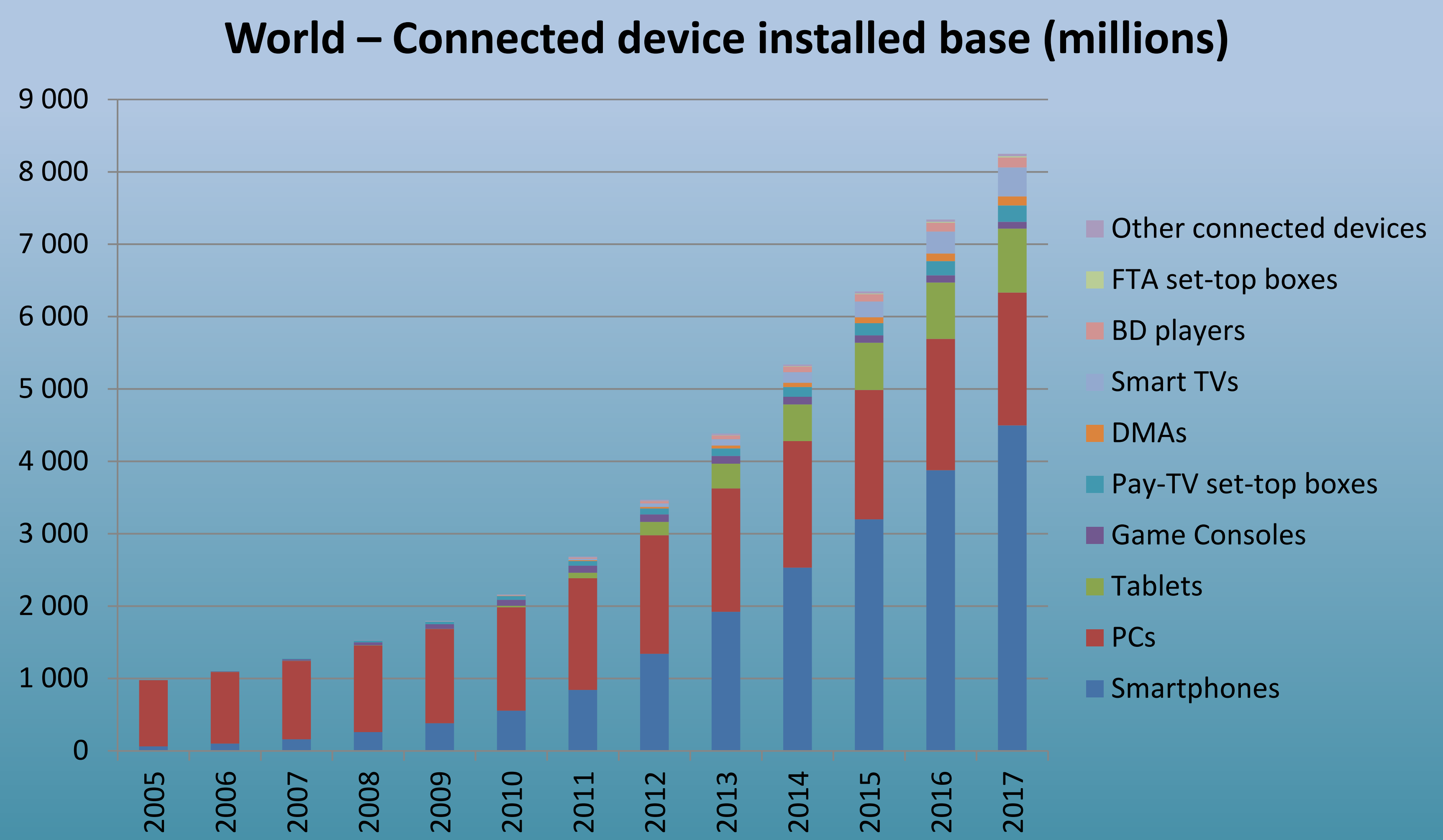
- The US market is about 50% wider than the European one: € 190 billion (US) vs less than € 130 billion (EU).
- Theatrical distribution is 6% of the total market in US and 5% in Europe.
- US movies generate 66% of admissions in Europe, while European films generate less than 2% in USA
- US series and movies have a 50% market share in European TV broadcasting
- US companies own about 26% of the Audiovisual market in Europe

Audio-visual: a dramatically changing world

- "THE STREAMING OFFENSIVE" reflects the seismic changes in global distribution models, their impact on content production and licensing, and the global response to the direct-to-consumer challenge.
- The big shift is about to culminate in a massive shake up of the global entertainment content industry with upcoming launches of new streaming platforms.

MIPCOM - The World's Entertainment Content Market
14-17 October 2019, Palais des Festivals, Cannes, France

World access types for streaming users

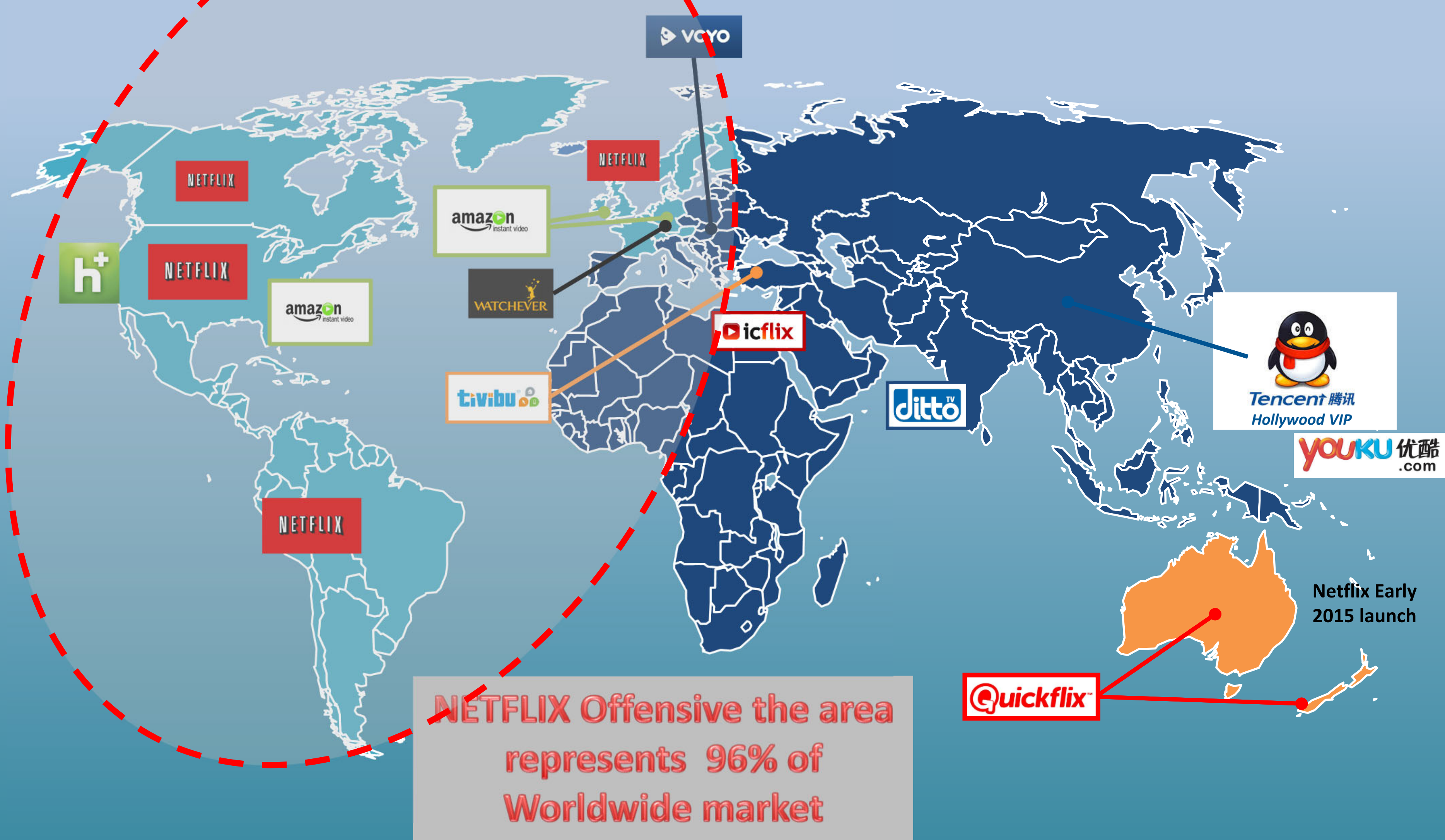


Daniel Knapp, Senior Director, IHS

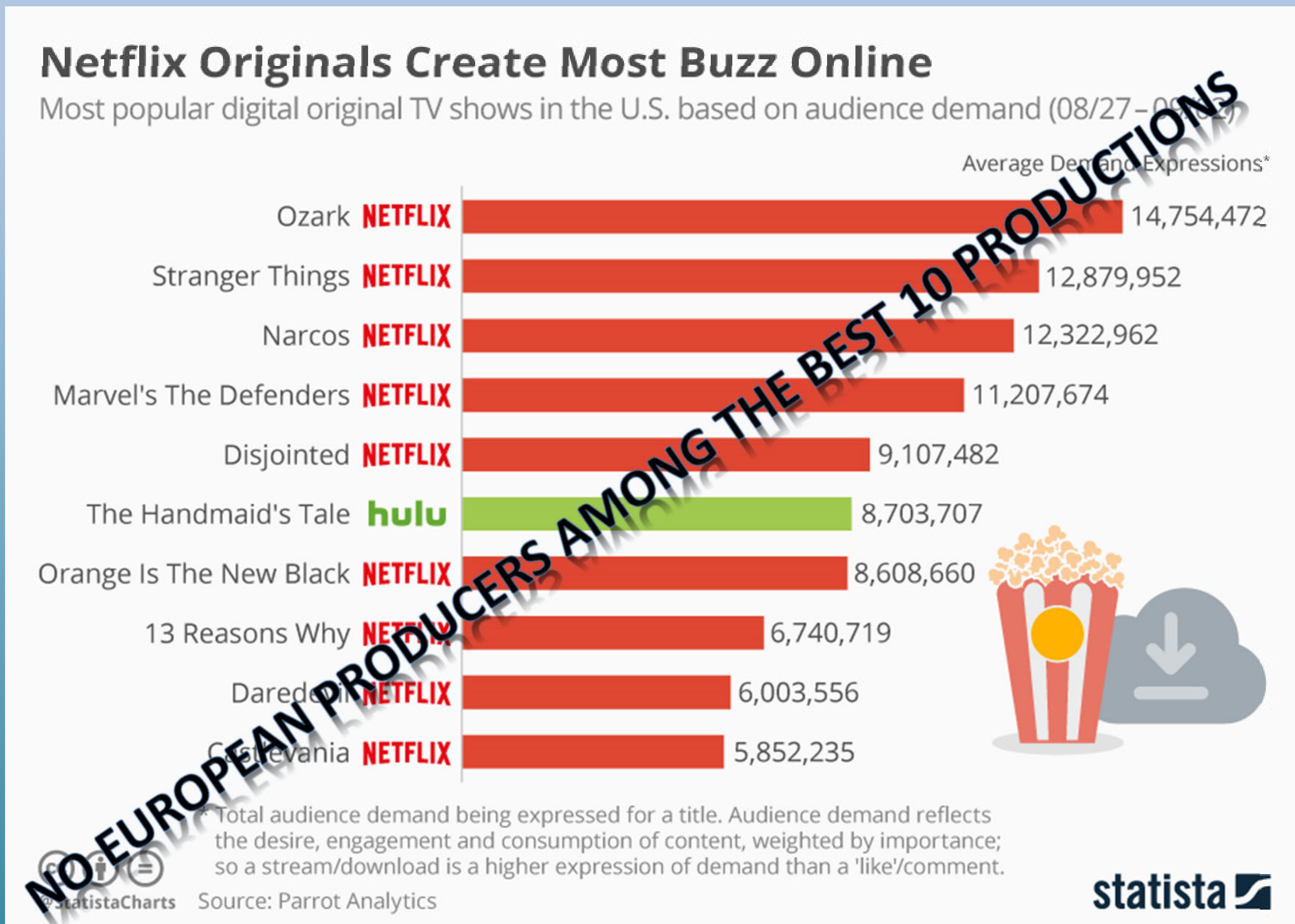
Streaming VOD subscription

- IP Streaming is a new entry but it’s growing very fast
- Assuming NETFLIX as the main example, subscribers are above 150 million worldwide (60 million in US and close to 50 million in Europe)
- Subscription costs are increasing with an overall revenue of about 16 billion Euros forecasted in 2019.

Netflix the key global player in online video



Most contents of NETFLIX production are US produced



European reaction to US supremacy

- New players are all US and enjoy global scale advantages that European national and regional broadcasters cannot compete with.
- European Commission is pushing for new and strong European initiatives.
- It is necessary to compete on Content, on platform dimensions and leverage streaming, which represents the main market opportunity.

A low cost breakthrough European activity
STREAMING ROAD MAP

- Overcome the European market fragmentation by building an European Distribution Platform, in order to federate the weak national Platforms
- Build the **Platform of Platforms**, thanks to the European Broadcasting Union (EBU) reach, as it will have the power to compete worldwide
- Encourage the creativity of medium and small size Audiovisual Producers to face the bulimic US production, supported by huge OTTs
- Find new innovative uses of existing satellites, which can help bridging the technological gap with CDN operators

THANK YOU FOR YOUR ATTENTION