In Search of Content Profitability

A new approach to generating cross-platform profits from content

September 2020

Modeling the profitability of feature films and series

Content drives the Media industry.

But, investment in content is also the industry's riskiest undertaking.

Media companies invest huge sums of money to produce and acquire content. They count on the ability to generate revenue through a variety of content distribution, subscription, and advertising supported business models to generate an ROI for their entire content portfolio.

Because the buying process is not perfect and mistakes are made, not every piece of content is profitable. Understanding the potential return on every acquisition against the actual liabilities is critical so that the risk of each acquisition is well understood.

It is important to note that a substantial ROI is needed on some content to cover the losses of all the titles that will never generate enough revenue in future releases.

This presents a perennial problem.

How do media companies properly assess the risk of their content decisions and sort through the myriad of ways that can be used to generate revenue and ultimately maximize their content ROI?

Managing Risk

Risk can only be understood with accurate and timely information.

Because content is generally the largest expense of a media organization, it's critical to assess and mitigate risk during acquisitions with a reliable strategy.

In a perfect world, the data needed to create financial models for analyzing content acquisitions would be at your fingertips. Such a model would provide insight into the potential profitability and associated risk prior to any content acquisition.

Unfortunately, the data is invariably scattered among several internal and external systems. Viewer demand needs to be sourced from projected ratings and impression data – this comes from audience performance systems. Projected subscriber demand is required from subscriber management systems, and advertiser demands must be extracted from sales proposal systems. Finally, current break structures need to be supplied by traffic systems, and forecasted rates must be pulled from rate card management.

All of this data must be made available to efficiently generate different scenarios. Only then, can one evaluate possible revenue outcomes for content use.

A comprehensive scenario planning tool would create budgets, robust distribution plans, and content monetization strategies.

Mitigating the risk of overspending on content and validating scenarios for syndication deals helps organizations align company-wide goals for optimizing content profitability and maximizes their revenue potential.
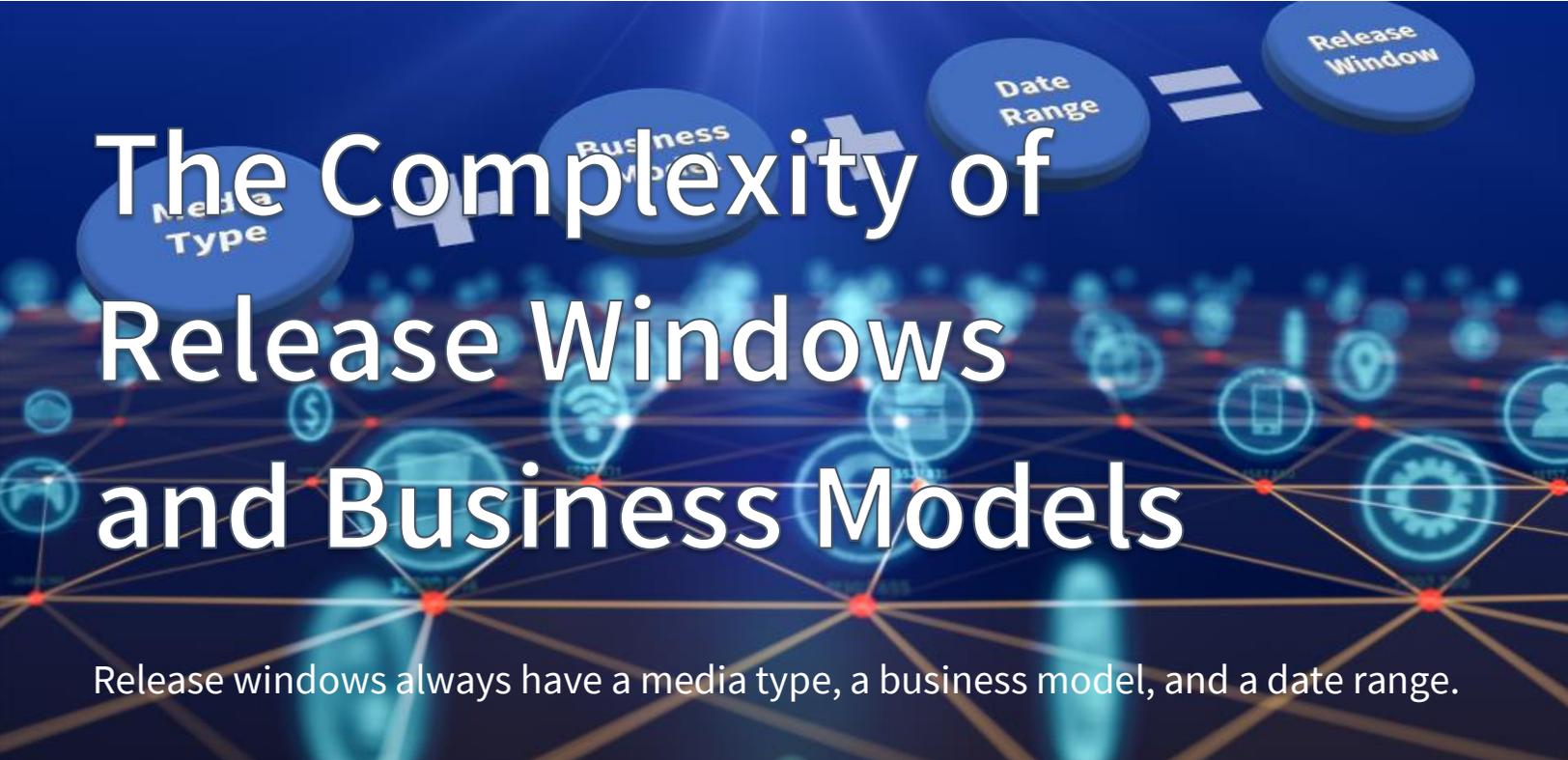
The Complexity of Release Windows and Business Models

Release windows always have a media type, a business model, and a date range.

Correspondingly, an effective scenario planning tool must evaluate content financially with respect to the media type, the allowable business rules, and a date window. Theater, DVD, Internet download, broadcast TV, network broadcast, etc. are all examples of media types and define the platform upon which content is delivered to an audience.

Business rules describe how the content will generate revenue, such as pay per view, contracted payments, subscription, ad supported, etc.. Along with the date window, which defines when that content will be available, their combination determines the "Release Window".

A major consideration for optimizing content distribution and maximizing content revenue, is the number and variety of release windows that need to be evaluated. This is a particularly daunting task given that the number and types of release windows has kept growing as content owners have become increasingly creative with their content monetization approaches.

The following chart highlights a small sample of typical release windows now in use, along with the different business models that are commonly used to support them.

Release Window	Per Use	Per Subscriber	Ad Supported	Rev Share	Contracted $
Theatrical	■			■	
Network Premiere			■		■
DVD/Home Video	■				
Syndication		■	■		■
Pay Per View	■			■	
Pay Cable		■	■		■
SVOD	■	■			■
Broadcast			■		■
Rentals / DVDs	■				
Non-Theatrical		■	■		■
International Syndication		■			■
Merchandising				■	

Release windows continue to evolve and change as technology drives new platforms, devices, and delivery methods, leading to increasingly complex business situations.

Given the number and the different types of release windows, how can we constrain the number of inputs that our scenario planning tool needs to model?

The solution is to focus on the business rules driving the release windows. There are only five different business rules: Per Use, Per Subscriber, Ad-Supported, Revenue Share, and Contracted Payments.

Their application to modeling in different combinations can meet the conditions of any release window.

Their enablement along with the consolidated data previously identified, powers the decisions that maximize content revenue while minimizing acquisition risk.

This optimizes content profitability.

The Scenario Model

The use of machine intelligence over consolidated enterprise datasets enables complex models to evaluate monetization scenarios, identifies risks, maximizes opportunities for financial and strategic gain, and determines content ROI.

As already demonstrated, siloed departmental systems have been the single greatest impediment to creating a comprehensive content profitability scenario modeling capability for the enterprise. Actionable insights have remained elusive.

Because most enterprises struggle with collecting, consolidating and building the data relationships required to make sense of disparate departmental systems, they use a number of different approaches to attempt to create profitability forecasts.

Unfortunately, these approaches are mostly manual.

They are limited by the independent decision-making approaches and fragmented departmental information that lack a broader enterprise context. While they may enhance departmental efficiency, they do not optimize the overall revenue objectives of the enterprise.

They are further limited by access to information, the volumes of data required to optimize the result, and the manual calculations embedded in desktop applications that have been frozen in time. They are obscure, unmaintainable and unresponsive to the revolutionary changes driving the media industry.

To facilitate scenario planning, media organizations must find ways to integrate their revenue enabling data with business goals and assumptions to produce valuable decision-making information.

There are a variety of common systems found in most media organizations and each serves a specific function. Consider the following:

Traffic and billing systems manage advertising revenue data. They track advertising inventory along with accurate information on what has been sold, and at what rate. They know very little about the content that drives the cost of schedules.

Program Management systems contain detailed content schedules. They manage content contracts and calculate the cost of content schedules. However, they have no revenue information, nor do they track viewership performance.

CRM systems house rich contact data on potential, and actual clients, typically tracking budget information along with projected sales. They have no knowledge of content costs, viewership or performance.

The list of systems goes on. Each has different KPI's, data models and granularities of information, but none of them include a sufficiently complete picture of the data needed to create a comprehensive, accessible content profitability model.

BIAnalytix *Content*™ delivers to content profitability and ROI.

It works with BIAnalytix *Scenarios*™ to accurately model revenues across different release windows using monetization strategies to optimizes content libraries and potential acquisitions for maximization of enterprise revenues.

Content Model Benefits

Cross-media organizations can accelerate content deals with unprecedented accuracy, auditability and economic fidelity with a clear understanding of risk.

A true cross-media content planning capability offers significant economic benefits to organizations by enabling them to maximize the profitability of their content asset portfolio.

The capability to evaluate scenarios anchored by a comprehensive financial modeling capability, upon which revenue streams from release windows can be added, significantly reduces known content investment risks.

- **Creators** of content can model outcomes before the production begins to guide them in creating a realistic production budget to help control costs which accounts for credible revenue streams.

- **Enterprise buyers** of content can develop representative future schedules, based on accurate sales assumptions, to avoid overly optimistic buying recommendations.

- **Content owners** can now leverage a tool that can be used to explore all feasible scheduling and revenue earning scenarios available to the media organization.

- **Syndicators** can assess pricing for each specific market situation. By relying on scenario planning support, they can explore which sales models will sustain both current and future release window cases generated to meet new market realities.

BIAnalytix *Content*™ and BIAnalytix *Scenarios*™ enables the cross-media enterprise to accurately model content profitability, ROI and revenue from the data currently locked away in paper files, departmental experience, inaccessible source systems and unwieldy spreadsheets.

Decentrix ®

BIAnalytix ™

Decentrix is a globally focused data technology company with AI-powered solutions that maximize advertising and content revenues across all media distribution platforms for Brand Advertisers, Telecommunications, and Media and Entertainment companies.

Decentrix AI *for Media*™ technology powers BIAnalytix™ - by far, the most comprehensive media enterprise platform today. BIAnalytix™ intelligently enables cross-media planning, inventory optimization, dynamic rate cards, *Frictionless Trading*™, content ROI, analytics, and consolidated billing.

All of which, maximize revenue opportunities with transformative machine intelligence.

This uniquely focused capability results in substantially enhanced revenue outcomes across entire portfolios of our client's businesses including traditional linear, digital, addressable, and mobile media, with a rapid deployment model delivering results in weeks, not years.

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