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EUROPEAN BROADCASTER SUMMIT

23–24 MAR 2022

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EUROPEAN BROADCASTER SUMMIT
23–24 MAR 2022

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INTRODUCTION

The purpose of the first *DPP European Broadcaster Summit* was simple. It was to provide an environment in which peer to peer exchange could take place between senior executives from major European broadcasters; and then to take the product of these exchanges into a discussion with the wider industry community.

To achieve this ambition we created a two day event. The first day was solely for the broadcasters: 28 executives from 14 broadcasters, plus the guest organisations Bauer Media and Studio Hamburg Enterprises. The DPP facilitated workshops around six pre-agreed topics, and brought the conversation together in the form of some key messages to share with the wider industry.

On the second day, representatives from 62 suppliers joined the conversation. They listened to a playback of the key messages from the broadcasters, and then provided their own perspectives.

This report represents a short – and by no means definitive – summary of some of the key themes and debates that emerged as headlines from the *Summit*. What it can't possibly capture is the richness of discussion, and the important engagements that took place between individuals.

As will be evident, the exchange was open and direct. It raised some fundamental questions about the way European broadcasters see themselves, their challenges and their relationships with their suppliers. It also demonstrated the value of the unique perspective suppliers gain from working with a range of broadcaster customers.

Our intention was to start a dialogue that would build, evolve and endure. The real value of this *Summit* will be revealed in the months and years ahead.

The DPP would like to thank all the people who made their way to Berlin. Although the enjoyment people gained from being together in person was apparent, we recognise that at a time of COVID, constrained travel policies, and a major war in Europe, it took real commitment to make the journey.

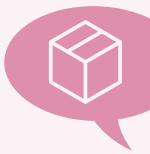
We are also hugely grateful to all the event sponsors, without whom it simply would not have been possible to stage this important, and immensely enjoyable, event.

Important note

This report summarises some of the key messages and themes that emerged from the conversation. It should not be assumed that either all the individual broadcaster executives or the participating suppliers agree with all the statements made here.

We have captured the flavour of the conversation with a number of quotes. They have been anonymised so that the participants felt able to speak freely. They have been edited to preserve anonymity, for clarity, and for brevity.

Supplier quotes are in this form



Broadcaster quotes are in this form

EXECUTIVE SUMMARY

- Put simply, European broadcasters find change more difficult the further they go upstream towards content production
- Downstream – in content management and distribution – they have a clearer vision of what they want to be: technology companies that specialise in media
- They are on a journey towards agile software product development that enables them to deliver services that provide real value for consumers
- They value partnerships with vendors that understand this journey, and are committed to working with them to deliver rapid business outcomes
- But the story in the production end of the chain is very different. European broadcasters find it difficult to communicate what they need from producers in order to deliver consumer value – and how this also benefits the content creators
- The broadcasters need help from their suppliers in this area – and appreciate that need requires a different form of engagement: one that communicates user stories rather than technical requirements
- Funded co-innovation projects are far more worthwhile for all parties, in all parts of the value chain, than traditional RFPs
- There is tension between the continuing insistence by European broadcasters that they have unique needs, and their request for modular, off the shelf solutions
- The supplier community consistently reports that they see far more commonality between broadcasters than difference
- It would suit everyone, suppliers contend, if customisation was the exception rather than the norm
- Honest exchanges such as these are regarded by both customers and suppliers as hugely worthwhile

PARTICIPANTS IN BROADCASTER DAY

TIM SARGEANT
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KATE WHIELDON
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Controller of Business Transformation, ITV

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Studio Hamburg Enterprises

PARTICIPANT COMPANIES IN INDUSTRY DAY

ADLEDE

AKAMAI

ALIBABA

AMAZON WEB SERVICES

ATEME

AVID

BEBANJO

BITMOVIN

BRIGHTCOVE

CANON EUROPE

CLIPSOURCE AB

CONVIVA

DALET

DELL

EDITSHARE

EMNIFY

EMOTION SYSTEMS

ENDAVA

EYEVINN TECHNOLOGY

FABRIC

FASTLY

FINCONS CONSULTING

FONN GROUP

HAIVISION

LEVIRA

LIMECRAFT

M2A MEDIA

MARQUIS BROADCAST

MEDIAKIND

MICROSOFT

MULESOFT

MUSO

NEWSBRIDGE

NOMALAB

NPAW
(NICE PEOPLE AT WORK)

NXTEDITION

OBJECT MATRIX

PEBBLE

PIXELOGIC MEDIA

PRIME FOCUS TECHNOLOGIES

QBICS MEDIA GMBH

QUORTEX

QVEST GROUP

RED BEE MEDIA

RISE

ROHDE & SCHWARZ

ROSS VIDEO

RSG MEDIA

SDVI

SIGNIANT

SINGULAR LIVE

SONY

SYNCHRONIZED

TECHTRIQ

TENCENT CLOUD

THE FILTER

TRANSFER MEDIA

VRT

WILDMOKA

WOLFTECH BROADCAST SOLUTIONS

XYTECH SYSTEMS

ZIXI

THE WORKSHOP TOPICS

1 **Making cloud pay**

2 **Making metadata work**

3 **Unified content workflows**

4 **Preparing for a future of IP distribution**

5 **Committing to sustainability**

6 **Can shared infrastructure ever work?**

WORKSHOP

Making cloud pay

1

People don't understand how far behind other industries the media and entertainment industry is. There's a big skill gap, both on the vendor side, and on the broadcaster side.

KEY MESSAGES FROM THE BROADCASTERS:

Capability comes before cost

European broadcasters are more focused on "making cloud work" than "making cloud pay". For them, the discussion isn't primarily about whether the cloud is cheaper; it's about what it can enable.

Please don't just lift and shift an application to the cloud and then charge us monthly for it!

Production is the greatest challenge

The use of cloud for OTT distribution is already mature. Numerous broadcasters had either completed or are near to completing projects in this area. But the move to cloud for production represents a far greater challenge. No broadcaster could report a successful cloud production project.

The challenge is as much around people as technology. There is still a need to articulate the benefits to creatives and journalists.

There are two tech cultures: OTT and production

The OTT space in broadcast is full of vendors that are API first and integration led. But broadcasters do not see this same approach applied across the wider supply chain.

> **With suppliers the view is typically 'it's three or five days of integration' and then you walk away. But that's not the reality. It is the ongoing support of integrations over the lifetime of the products that matters for smaller broadcasters like us.**

We need cloud systems integrators

Broadcasters don't have sufficient in-house resource – and, in some cases, expertise – to carry out all cloud integrations themselves. There is an urgent need for specialist cloud systems integrators.

KEY MESSAGES FROM THE INDUSTRY DIALOGUE:

Broadcasters need to understand and communicate their motivations

It's not always apparent to either the cloud vendors or suppliers of cloud tools and services why their customers want to move to the cloud.

Is the move led by the desire for flexible technology solutions, or flexible working, or a lack of skilled resource, or the drive to provision new services and reduce time to market?

This conversation confirmed the broadcaster message that cost reduction is not the primary motivation. Motivations are rooted in time to revenue, flexibility, skills – and the opportunity – through ML and AI – to apply intelligence to content in order to improve the value proposition.

> Surely the motivation for going to the cloud has to be your audience? How the heck else are you going to make content at speed, in a modular fashion in a way that they want to consume on a platform?

Cloud production is a challenge for suppliers too

Specialists in production tools are still struggling to make the full toolset available in the cloud to the satisfaction of their broadcaster customers. At the heart of this challenge is a contradictory demand for the full flexibility offered by software as a service models, while maintaining complex, bespoke workflows.

> It's really difficult to find how much configurability and flexibility we should provide across the toolkit and the ecosystem, versus providing something fully customised for a customer that sees itself as special.

Common functionality is more important than common standards

There is much talk of the need for standard APIs in the cloud. In reality both suppliers and customers gain more from common principles – the most fundamental of which is that the full functionality of tools is always maintained when migrating to the cloud. This needs to apply across clouds.

Integration isn't a one-off exercise

Broadcasters don't only need cloud integration expertise; they need commitments to the long term maintenance of those integrations.

But on the other hand, broadcasters need to be more explicit about the service relationship they require, and whether they want to be multi-cloud – with all the costs that entails.

WORKSHOP

Making metadata work

2

Metadata needs to be a C-level topic.

KEY MESSAGES FROM THE BROADCASTERS:

We lack a common understanding

The importance of metadata to deliver great consumer experiences is obvious. But as an industry, our understanding and use of metadata is still remarkably primitive.

The very term metadata needs to be contextualised. It includes original editorial data, acquired content data, technical data, business data, QC data – and then there's rights.

Rights data is running ahead of us

The growing complexity of requirements for rights management outstrips our capability to deliver to multiple and emerging platforms. We need better processes and systems to capture and manage such metadata.

Metadata capture remains a huge challenge

Almost every European broadcaster is struggling to acquire production metadata in a usable form. We fail to capture metadata at source, for both technical reasons (user interfaces and systems aren't good enough) and cultural reasons (organisations are unwilling to enforce processes).

> As a producer I can't shoot unless I have all the production information. But then as soon as the shoot stops it is thrown away.

If we can demonstrate to production teams how the information they provide appears on different platforms (especially streaming platforms) and how it drives audiences, it will incentivise the creation and capture of better quality metadata.

We struggle to keep what we get

Too many tools in the supply chain fail to persist metadata. We need to create a robust end to end metadata chain.

KEY MESSAGES FROM THE INDUSTRY DIALOGUE:

No one can agree how much metadata is enough

There are two strongly expressed and entirely contrasting points of view – and they come from both customers and suppliers.

One view focuses on the volume and complexity of metadata. It says that the challenge of gathering and persisting metadata is so huge and so important that it has to be led from the top of a broadcaster. But that's only the beginning. It is the way that data is enriched by additional usage data that brings deep understanding of the customer – and can drive revenue.

The second view insists that quality is more important than quantity. It argues that too much metadata is gathered – and that it simply generates noise. The key is to strip metadata down to the key elements that deliver value. Some broadcasters express frustration that ultimately what they really need to know is simply whether, when and for how long they can use a piece of content.

It's an interesting discussion about machine learning and advanced features to improve the value of a project. But for me, that's not the problem we're really focused on.

There is overpromising around the potential of machine learning

Some suppliers fail to appreciate the sophistication required to automatically generate data that will drive interest from consumers. It isn't enough simply to describe content. A compelling narrative has to be constructed – and ML simply isn't able to do that yet.

> There's over belief in the capabilities of machine learning when it comes to recommendation systems for storytelling. I need to be told a story that is lovely and that I never heard before. That is what I want.

Fixed metadata isn't functional; but neither is dynamic metadata

There is considerable interest from broadcasters in unique identifiers for commissioned content assets. Metadata can be associated to this identifier throughout the asset journey, and it can be updated and changed. A fixed set of data delivered with an asset is of little use, since it will immediately become outdated.

Suppliers point out however that it is difficult to build automation on constantly changing data.

> New platforms and services are constantly springing up, and they all have different terminology for the same things. That's very hard to automate for.

The biggest challenge for broadcasters – business change – remains opaque to suppliers

The supplier community has little to say when broadcasters talk of their difficulties in persuading creative teams to commit to the need for rich and reliable data capture. It is unclear whether this reflects a simple reality: the need for cultural change within an organisation is the responsibility of that organisation alone. Or perhaps – as the broadcasters suggest – it is also because there is a lack of user-friendly data collection interfaces.

WORKSHOP

Unified content workflows

3

I just want to say that I feel a bit for suppliers, because I'm trying to make our problem their problem. And we're not taking enough accountability ourselves for the challenges.

KEY MESSAGES FROM THE BROADCASTERS:

Attempts to define fully digital supply chains are still too difficult

Attempts to design fully digital supply chains from production to consumer have been attempted by some broadcasters. But they have been paused because they are still too difficult.

Progress is being made, however, around unifying linear and digital workflows, and the use of common tools for short form and social content. It can be easier to make a leap to a unified toolset in digitally native areas such as short form than in more established forms of content making.

We need modular tools, not end to end solutions

No broadcaster is able to build on a green field site. Everyone has existing infrastructure. So they need modular tools that can easily integrate with existing systems.

> **We don't often have a green field. I call it legacy – but it's actually our core business infrastructure. So we need to be able to buy additional capabilities, as part of a partnership or ongoing relationship.**

Those tools must have great user interfaces, and be designed for non-specialists. The days of specialist operators for particular systems are over.

Broadcasters want to be seen as tech companies who do media

It helps us if our suppliers no longer treat us as broadcasters that need broadcast technology and workflows. Regard us as tech companies that need agile software product development in order to deliver great media services.

Internally, there are enormous business change challenges

It is difficult to overstate the scale of the task in shifting our own teams towards the 'tech company that does media' position. Especially our production teams. Even the term 'story-centric' can be unhelpful for us in driving business change. We need our teams to buy in to 'viewer-centric' workflows that focus on proof of value.

> We have let people choose the tools they want since forever. So we have eight tools doing exactly the same thing, spread across different departments. Someone has to stand up and say, we just want one tool for that.

KEY MESSAGES FROM THE INDUSTRY DIALOGUE:

No one needs an RFP

The traditional RFP process is no longer fit for purpose. It almost invariably creates a contradictory wish-list from a range of siloed departments within the broadcaster. It wastes the time of the suppliers – and encourages them to respond to bespoke requests, to the detriment of other customers.

> I want to keep it simple. I want to do off the shelf, not customised – but then the requirements always become more and more complex when you get into them.

While broadcasters often say they want suppliers to offer simple, off-the-shelf solutions, and to engage with their strategic ambitions, the reality is that suppliers are still typically put into a pre-conceived box of specialism, with little sense who else they will need to integrate with, and why.

> I would definitely say we can buy what we need to buy. The challenge is internal. Do we have the budgets, the approval process, the ecosystem to use it?

There is huge potential in co-innovation

More agile, product centred approaches which fund suppliers to build proof of concept (or indeed proof of value) tools or workflows in a rapid sprint, are far more productive. They deliver value for both parties; and they help to build relationships. Even public service broadcasters bound by European procurement legislation can benefit from co-innovation initiatives, since there is no obligation to buy.

> I hate RFPs. But they are literally written into our broadcast law. So we will always issue RFPs; but co-innovation vehicles are absolutely amazing.

The single system is an impossible dream – but not for technical reasons

Single centralised solutions that provide a 'content lake' to be drawn on by numerous users, to create a range of content types, are achievable and available. But adoption is difficult. Not only do broadcasters resist the perceived vendor lock-in that such solutions imply, but they are simply not in a position to jettison existing systems.

> The single solution thing is vendor lock-in, which obviously broadcasters don't want. But if we don't have a degree of that, we can't centralise that content process.

This reality makes all parties accept the notion of modularity. But then that requires far more transparency from customers if suppliers are to design, build and integrate the modules that are needed.

> On the whole thing of investment, we need to take more of a holistic approach. Maybe we gain by throwing out something we haven't yet written off completely – because moving people to a new direction could be helped by a different workflow.

Broadcasters have to stop making their business change problem their suppliers' problem

As the European Broadcasters reported from their own workshops, the biggest obstacle to unified workflows is people rather than technology. There was an acceptance in discussion with suppliers that new forms of engagement are required if those suppliers are to help address the challenge. Engagements which invite solutions to use cases – rather than requirements gathering; and ones that incentivise both parties to work together on a business case with a common goal.

> I think my experience working with hundreds and hundreds of broadcasters is that they pretty much do the same thing most of the time.

WORKSHOP

Preparing for a future of IP distribution

4

When our broadcaster clients go into renewals they state some volume and bandwidth numbers. And we just go back and say, 'are you sure?' Because they don't reflect the reality that we see.

KEY MESSAGES FROM THE BROADCASTERS:

Broadcasters are planning for an all-IP future

Many broadcasters have started detailed forecasting and planning for a future of all-IP distribution. That forecasting includes changing viewer consumption behaviours, and expected capacity. They are beginning to identify challenges and to plan for solutions.

In one peak moment recently, many hospitals, communities and bigger companies were blocking our traffic, because it was just too much. We really have to talk with the whole chain.

We can't deliver an all-IP future in isolation

Broadcasters are beginning to share that forecasting with each other. They are also prepared to share this information with their suppliers, and to take advice and insight from CDNs, networks and cloud providers.

> I do think it needs to be a collaborative approach to how we solve the broader problem.

Digital delivery is constantly evolving

Broadcasters need to continually reassess their CDN strategies as pricing, scale, and reach are continually evolving.

Traditional models of CDN aren't the only answer. Some broadcasters are building their own CDNs, and forming private network interconnections. Meanwhile, as cloud providers offer more edge services, and CDNs offer more computing and other services, the lines between CDN and cloud are blurring.

Quality of service in an IP world may need to be redefined

There are assumptions about continuity of service that are inherited from terrestrial transmission. But these are open to challenge in a world of universal streaming where viewer expectations may be shaped more by their understanding of digital services in general. There is also the potential for targeted delivery that will serve content in the appropriate format for the device on which it is consumed.

The need to meet environmental sustainability targets may further impact service definitions.

KEY MESSAGES FROM THE INDUSTRY DIALOGUE:

Everyone both needs and wants to work together

The CDNs and network providers have their own predictive models, based upon hundreds of customers. Sometimes that means they know more about a broadcaster's IP future than it does.

> We are looking at the data we have from our different customers both on a global level and a local level, to identify how traffic is going to evolve.

There is an acceptance that although developments such as broadcaster owned CDNs may not seem at first to be in the suppliers' interests, a combination of solutions is almost certainly the way forward.

> When Black Friday coincides with a big World Cup game on the same day in late November, I hope we'll all be in the same room and trying to figure out how do we deal with it, because that's a problem for everyone.

The greatest risk lies in the last mile

The part of the distribution chain the broadcaster cares about most is the very last part – the moment when its content arrives with the consumer. But this is also the part over which it has least control. The whole ecosystem has an interest in working together, along with the telcos and ISPs, to ensure quality and continuity of service in the last mile.

> Getting content into the networks is only part of the problem. We also have to ensure those networks are scaling simultaneously, because all I'm interested in is the end user. I want my content to be consumable across all networks.

We need to understand piracy – not simply condemn it

Piracy of streamed content happens in sufficiently high volumes to disrupt capacity planning assumptions. But there is much to be learned about why such piracy occurs. The findings are likely to help broadcasters and content owners improve their offers to consumers, and drive revenue – as well as stabilise distribution.

> What the ISPs are really worried about is not the CDN traffic – because that's planned traffic. They are worried about piracy, because they have no control where its coming from.

When it comes to availability and UX, we see the competition between piracy, and the broadcast options. Often the piracy option wins because it's better, it's faster, and it's also free.

IP distribution requires new skills and relationships

The technical and business skills required to run effective streaming services represent yet another resource challenge for broadcasters. But this also further encourages collaboration with the wider ecosystem.

Perhaps most importantly, growing expertise among broadcasters will drive innovation both in distribution models themselves, and in the personalisation of services to the consumer.

We can now deploy your code to our edge network so that you can really look at the user experience. If you guys want to be seen as tech companies that do media, there are so many cool things that you can now do.

WORKSHOP

Committing to sustainability

5

How do you measure sustainability appropriately at the more granular level? It's actually very similar to what you need for financial reporting. And it's a lot of learning for us in the M&E industry: we've never thought about measuring things like that.

KEY MESSAGES FROM THE BROADCASTERS:

Being sustainable isn't optional

The ability to demonstrate sustainable practices shouldn't be seen as optional for broadcasters.

Consumers, employees and advertisers all now place considerable pressure on broadcasters to be positive role models in the climate crisis. In addition, European and other legislation is placing commitments on broadcasters to report on their environmental performance with the same precision as financial performance.

Employees, consumers, advertisers are more and more asking, "What do you do? What is your green strategy?"

Scope 3 emissions commonly account for around 90% of broadcaster emissions. This means it is inevitable that dramatic, and data based, reductions in emissions will have to be achieved in the supply chain.

We need transparency on the cost premium

Broadcasters recognise that there may sometimes be a cost premium attached to suppliers providing lower impact services or solutions. That cost premium needs to be made transparent so that informed buying decisions can be made when comparing different options.

Reducing emissions in production is a priority

Currently the activities that surround the production process are where there is the greatest carbon impact. And the areas within production that generate the most emissions are travel, energy and food. Creative and technical solutions that contribute to significant reductions in these areas will always be of interest.

We're in a unique position – we can amplify awareness and education.

Energy efficiency will become as important as emissions

Currently the emphasis is upon CO_2 emissions. This means that services such as cloud, which are typically now Net Zero, are very positive for the overall emissions score for broadcasters. However there is already a shift towards a focus also on energy efficiency – on minimising energy consumption, even if that energy comes from a green power provider. There is a finite amount of green energy, so driving efficiencies in your processes and technology stack frees up green energy for other uses.

This is all part of a broader message that suppliers will need to work closely with their customers to ensure a reduction in environmental impact across all activities in the media lifecycle.

KEY MESSAGES FROM THE INDUSTRY DIALOGUE:

There is a lack of common understanding

The media and entertainment industry lacks a common language around sustainability. This is true from the simple level of understanding how different emission scopes translate into specific media activities, to the more complex level of suppliers understanding precisely the kinds of data that needs to be supplied to their customers.

The data collection phase, which is now a recurring exercise, is a nightmare. It's still complicated every year to gather all the data we need along the value chain both internally and externally.

It's not just about individual building blocks, there's systems, there's optimisations at all of the layers, and trying to help the vendor community understand what trade offs you're looking for or ready to make, can help inform some of the decisions.

There is a lack of visibility around the impact of physical products

There is still a considerable volume of hardware in the industry – from filming equipment, to control surfaces, to servers, and so on. Suppliers rarely provide detail on the environmental impact of these devices (unlike the consumer sector); but then customers rarely demand that such information is made available.

A lot of us software vendors put appliances into an on prem scenario. When we get asked for our credentials, there needs to be a push on the manufacturers of the servers and the chips, because there's nothing we can do on that.

Will broadcasters change their workflows to be more efficient?

Some workflow practices and assumptions have a greater impact than others – especially around the consumption of energy. The real test of broadcasters' commitment to reducing their environmental footprint will be if they begin to mandate their teams to design – and produce – in the most sustainable manner.

> Smaller files in data centres means less storage, less carbon footprint. And for me, the question is, are you willing to reduce that even further – change your workflow, and maybe use fewer RAW files, because that's needed?

The mutual need to reduce energy costs may help accelerate change

The recent rises in energy prices are impacting costs across the whole media supply chain – in both manufacturing and operations. The need to reduce such costs, and to achieve greater energy independence, may be the trigger that unites all parties around a more intelligent, and sustainable, approach to energy consumption.

> It's great that you cloud providers are already carbon neutral – thanks for that. But it's not enough. You are already running on green energy. But the more you can be efficient, the more you can release green energy for others in the market.

> This conversation is around sustainability, which is great, but actually what our industry's never had is any monitoring of the full TCO of a piece of content as it goes through the supply chain.

WORKSHOP

Could shared infrastructure ever work?

6

I find us calling this shared infrastructure very confusing. Isn't it really about build versus buy?

KEY MESSAGES FROM THE BROADCASTERS:

So far, only in very specific circumstances

There are numerous examples of broadcasters sharing resources, and thereby reducing costs, on major events – notably major sports tournaments. Sharing typically occurs around activities that are easy to scope, cost saving, and time bound.

There have also been some joint ventures – generally between public service broadcasters within a specific region. The focus here has been less on cost cutting and more on providing better experiences for a nation's consumers, or on driving greater revenue.

But these examples haven't led to long term provision of joint technical, operational or business systems.

It's not about infrastructure, it's about services

If a number of broadcasters have a common need for a particular capability, that capability will almost certainly be available from the market. Multi-tenancy already has precedents. And there is further scope for broadcasters to benefit from services provided to numerous customers by major ecosystem players – as already takes place in distribution.

> When it comes to infrastructure, we can think of multiple areas where it could be shared, but then if we are coming up with any area, there is probably already a vendor with a product readily available. So why combine on it when you can buy?

Cloud could be seen as a kind of shared infrastructure. But it feels more accurate to see it as an example of shared services.

OTT is a conundrum

Broadcasters are split on the merits of build, buy or partner when it comes to OTT services. All have invested significantly in their own platforms; but how much differentiation has that really brought? Would they have been better off co-creating? If it was possible to do it again, from a blank sheet of paper, some would still build their own solution, in order to ensure they had full control. Others would favour a commercial off-the-shelf solution.

We had a split around what people would do if they started today with a green field approach. 50% would go for a completely packaged OTT service, with the advantage of time to market. The other 50% wanted to build, to have control, and flexibility on features.

Logic suggests there could be more radical options down the line

Perhaps the greatest inefficiency in M&E – and one of the areas of greatest environmental harm – is the creation and storage of multiple versions of the same content asset. Broadcasters could imagine a 'content grid' solution that enabled them to access an asset – from a central store, or on demand – on a permissions basis.

KEY MESSAGES FROM THE INDUSTRY DIALOGUE:

At heart, this is a build vs buy conversation

The term 'outsource' has fallen into disrepute and requires a rebrand. But in essence the considerations around this question are still about whether to insource or outsource. National regulations – around control of content for example – can be one justification for solution autonomy. However many broadcasters seem to struggle even to find common solutions for use across their various bases, subsidaries and departments – let alone with other broadcasters.

Some customers need to think about the 80/20 rule and say, this 20% of extra functionality, is it really worth developing it by myself? We know many of these projects went wrong and led nowhere.

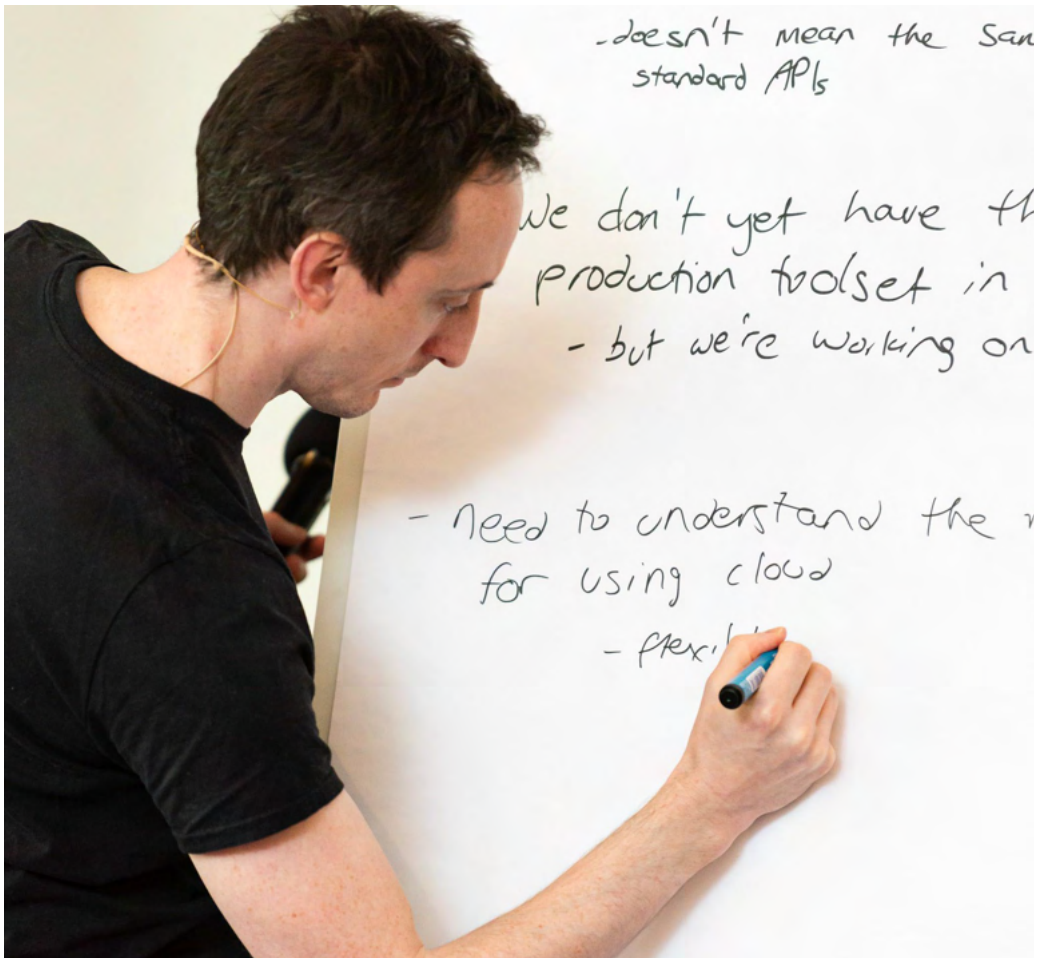
Control and flexibility are acknowledged to be the key reasons for broadcaster autonomy

The strongest argument given for insourcing is the need to retain control, and to add unique features, as required, and at speed.

Suppliers point out that this view is often at odds with the desire (expressed elsewhere in this *Summit*) for modular solutions. Indeed, in practice, what proportion of any solution ever needs to be unique? Is it not possible now to construct a distinctive offer from a range of modular, best of breed solutions?

The ability to share is based on the fact that 90–95% is common. That commonality needs to be flexible so that the different modules are available to different customers, and you can get the components you want from a shared platform, rather than investing and paying for everything yourself.

It may be significant that mature services such as playout are more likely to be provided as a service. Could the insourcing trend around newer, digital services, actually be a symptom of lack of experience? Logically, it might be thought that this would be a moment for broadcasters to turn to third parties with greater experience. But history suggests that at such moments broadcasters prefer to attempt to achieve expertise themselves – for fear of ceding control.



Content is the differentiator. That's where we add value to the viewer. And shared infrastructure is something we already do very well from a distribution point of view. As we go into the cloud and IP distribution that's a thing we need to solve.

The broadcaster belief that they are differentiating themselves to consumers may be delusional

It's an inconvenient truth that vendors that serve numerous customers have a good view of the extent to which each broadcaster's consumer-facing offers have differentiation that could be termed significant.

The content communities need to be really clear about the core things they want to achieve from a platform and service. You'll see that the differentials are quite small. And then we can look at how we provide the customisation. Because the reality is, that's really small.

But furthermore, broadcasters have less and less control of the environments in which their content is consumed. This is all part of a broader convergence of content experiences across different content types and platforms. In short, consumer habits point towards a desire for commonality of experience, while content providers insist on the primacy of differentiation.

> The reality is, routes to audience are multi dimensional now. That will mean viewer experience is going to converge across the platforms they use. But all the technology platforms are quite different at the minute. So there's going to be complexity and pain in integrating all the discrete systems to deliver that ultimately converged viewing and technology experience.

Self build contradicts broadcaster messages about sustainability

It is difficult to square broadcaster commitments to environmental sustainability, including the need to reduce energy cost and usage, with an insistence on building owner operated technology solutions – especially when these solutions have so much in common with each other.

> Everybody's building a very complex chain from production to viewer to deal with every peak, with every use case and every exception. That's a really bad footprint. It's an environmental disaster.

THE ROUND TABLE DISCUSSIONS

1 Getting the best out of innovation

2 Evolving market relationships

ROUND TABLE DISCUSSION

Getting the best out of innovation

1

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Project Coordinator, VRT

ROBERTA CAMBIO
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JOHANNA BJÖRKLUND
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THOMAS MILFORD
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MAARTEN VERWAEST
Founder & CEO, Limecraft

ARNE BERVEN
CEO, Wolftech Broadcast Solutions AS

Big companies need to understand enough to recognise what's important and what's hype.

> **If broadcasters spent the time to know how to ask the right questions and know what's just bullshit and what's real, then we could have a very good dialogue.**

Customers need to have an innovation culture – which encourages fresh ways of thinking in everyone. Having a Chief Innovation Officer is a sure sign that they don't.

When there is a Chief Innovation Officer, it's a symptom of an innovation culture problem. They've realised there is a culture problem, and the poor person is summoned up to solve it.

Suppliers need to have an eye for a gap in the market, and a good sense of timing. But customers still have an obligation to share their challenges if they want to get the best out of innovation in the market.

It is our responsibility to share our challenges, to take part in accelerator programmes, and not just to scout for new things, but also tell startups about what we are struggling with. Otherwise how do they know what problems to solve?

The length of the sales funnel in broadcasting can be a shock to startups. They may sometimes find it more rewarding to partner with larger vendors in the market, that can give them the benefit of access to multiple customers.

If there is a joint vision and a clear business case, then even big organisations can move very fast.

Please don't unilaterally throw us an RFP, which you've spent months in editing, and we spend two months in answering. The better approach is agile.

If broadcasters ask a startup for agile development, they need to know if they are asking for it to provide consultancy, or become a product company.

In this relationship you start building it's really important to be open. Is this going to become a product company that could gain economies of scale? Or is it going to become a consultant company, and is that a sustainable business?

The best source of investment – for everyone – is the customer.

Don't waste your time chasing VC investment. Go to corporates. Take that good feeling in that partnership with a customer that thinks what you're doing is really cool and say, "Okay, you want this to happen, I need you to fund me."

ROUND TABLE DISCUSSION

Evolving market relationships

2

JAMES ARNOLD
Chief Commercial Officer,
Red Bee Media

SANNA TORNIVAARA
Head of Technology Business Development, Yle

GIOVANNI PICCIRILLI
CTO,
RTL Nederland

MATT PRICE
Controller of Strategic Business Transformation, ITV

The relationship between customer and supplier has to be one in which the supplier has to see themselves as part of a B2B2C relationship.

There is no value being provided by a supplier if it doesn't have a direct outcome for our end consumers. Otherwise, it would just be a tech exercise. And that's not the intent. So unless we make that transparent and visible, and they make their challenges visible to us, the relationship will never really work.

European broadcasters feel they could be doing much better at communicating their vision to the wider market. They need to share the reasons for key changes, and the thinking behind key decisions and priorities.

We need to be better as an organisation and as an industry. What is our goal? What's our vision? Where can people help us with that? It's been difficult through COVID, unless you've got a really good relationship with an existing partner.

There has been a shift away from highly transactional, long term relationships – and that benefits both parties.

I recognise it's counterintuitive for me to be arguing against long term contracts. But there's a big psychological effect of a long term contract. After a while, as people change, and others inherit responsibility, it can start to feel like an uncomfortable arranged marriage.

Within our B2C business, we've found that when it is very easy for a customer to stop a service, and terminate payment, they also return very easily. So the love relationship we have with our customers is actually enriched through ease of exit.

Some commercial broadcasters no longer issue RFPs, or even have procurement departments, preferring instead to partner in agile relationships. But public service broadcasters operate in regulatory environments that make this difficult.

Both are gaining from established IT practices of buying quick, low cost proofs of concept. But it can be difficult to establish the right contractual relationship if these begin to scale.

As was discussed in the innovation session, the greatest potential lies in existing relationships – which can be developed to mutual benefit.

Existing relationship doesn't mean a contractual relationship. If it's somebody that we know in the market that's got a product, and it looks interesting to us, we can put in a very lightweight agreement, with a timeframe and shared investment.

CONCLUSION

As soon as our European broadcasters went into workshops together, it became apparent they share many of the same challenges. Areas such as metadata and the attempt to unify content workflows stood out as topics around which there is enormous commonality of experience.

In future iterations of this *Summit* it would be productive to explore more closely the distinctions between commercial and public service broadcasters. Each has a very different definition of value. They also operate under very different governance constraints.

While these are important differences that sometimes have a direct impact on the art of the possible, there is still much that all the broadcasters have in common. Business change challenges are strikingly similar; so are the attempts to meet sustainability goals.

But there are two other striking – and more contentious – areas of commonality.

The first is the attempt to move towards being a tech company that does media – rather than a broadcaster. It isn't surprising that a statement such as this raises eyebrows among suppliers. After all, many might assume (not necessarily correctly) that these tech-media companies will now seek to take full control of their technology – with a strong preference for build over buy. In reality, however, those same tech-media companies stress their interest in modular, off-the-shelf, solutions, and an avoidance of hero technology projects. This may seem confusing to some.

Why are media companies wanting to become a tech company? I think the core reason is creating product based propositions and releasing features really fast. The competition is fierce, and we need that control.

In short, the supplier community – as several suppliers observed in the course of the *Summit* – would greatly benefit from clear statements from their customers about what they are seeking to achieve, and how they seek to achieve it.

The second area of commonality is closely related to the first. It is the claim of distinctiveness. In many respects it is self evident that every broadcaster sees itself as distinct and special. After all, why exist otherwise? But what is less clear is precisely where individual broadcasters locate their uniqueness. Is it entirely in their content? In which case they are surely a publisher that should seek to outsource as much of its technology and operations as possible. Or is it in the user experiences they create? In which case they could understandably see themselves as a tech company that needs to build and control its own products and platforms.

These are fundamental, perhaps even existential, questions for broadcasters. Most have not yet resolved such questions for themselves – especially in a media market where consumers seem continually to be asking for consistency of experience, and seem indifferent to the provenance of the content they enjoy.

This whole make versus buy dichotomy lacks nuance. Nobody owns their entire chain. They still need third party CDNs. They're still watched on a device made by Apple. So it comes down to value. Within my limited budget, means and people where am I going to create most value? And how do I make that work best with the bits that I'm willing to let go of and share? What do I want out of that relationship? That's the game we're all in surely – trying to work out who provides which value where, and make it work.

But they are questions that have important implications for how the media ecosystem works together, and what companies need from each other. That's why it is an area the DPP will continue to explore.

Perhaps one of the most telling remarks made in the course of the summit was the observation by one major vendor that it completely recognises and respects the fact that each of its broadcaster customers sees itself as special and different, yet what it sees in practice is a huge amount of commonality.

There is one certainty, however. The DPP will create the spaces in which the dialogue can continue.

This report was written by **Mark Harrison**, and designed by **Vlad Cohen**. Photographs were by Lars Hübner.

The *European Broadcaster Summit* was facilitated by **Rowan de Pomerai**, **Abdul Hakim**, **Mark Harrison**, and **Edward Qualtrough**, with the kind assistance of **Matt Price** and **Kate Whieldon** from ITV, and **Tim Sargeant** from BBC.

Event production was by **Anh Mao**, **Corinna Mason**, **Claire Clilverd** and **Abdul Hakim**. The DPP is especially grateful for the support of DPP member company **transfermedia** in organising the event.

About the DPP

The DPP is the media industry's business network. It is a not-for-profit company with an international membership that spans the whole media supply chain, covering global technology companies, production companies, digital agencies, suppliers, service providers, post production facilities, online platforms, broadcasters, distributors and not-for-profit organisations. The DPP harnesses the collective intelligence of its membership to generate insight, enable change and create market opportunities. For more information, or to enquire about membership visit **thedpp.com**.

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