

Is Television Doomed?

InterComms talks to Mike Beattie, Co-Founder and CEO of Mediamano

Mike Beattie is a technology and media entrepreneur with broad international experience in mobile services, internet and multimedia content. He founded and was CEO of Sepomo, a mobile payments company, based in Spain and operating in Iberia and Latin America. He is co-founder and CEO of Mediamano, a broadcast media software company, based in the UK and operating in Europe and North America. His specialities include: start up ventures and executive management.

Previous positions include Director, Genie Mobile, Spain at BT and Interconnect Manager at BT

Q: Can the history of telecoms deregulation give us any pointers as to the future of Television?

A: Before the Telecoms market began opening up to serious competition, most people could understand how things worked. There was a phone company, and they were able to provide service, often below the standard people required, often later, and sometimes not at all.

Even though this model seemed flawed to many people, based on the monopoly of supply, there was one part of it that made perfect sense. One thing that, no matter how much we value competition, raising the bar, lowering prices, fighting for our business, there was one indisputable factor that would always bear down on the debates regarding just how necessary competition was.

Q: What was that factor, the natural monopoly?

A: Defined by economists as the phenomenon that occurs when the cost of adding an extra customer is always less than the previous, ad infinitum, Telecoms is a clear example of that principle in practise. Put another way, if you have a country with a Telecoms monopoly and you decide you are going to let someone compete, how will they do that? They will need to set up a telephone for each subscriber... duplicate the whole network, so that each customer can call any other customer.

Of course, that's absurd... but if the monopoly provider doesn't cede access to and from its customers, via some kind of interconnection arrangement, that will be the only way to get any kind of competition. So regulators, based on sound economic principles, force a regulatory framework in which competitors can access incumbent resources at a "fair" price, approximating the cost that the incumbent has in servicing that connection.

Of course, new technologies, firstly via cellphones, have eroded the overwhelming power of that incumbent network... but latterly, the rise of ubiquitous internet connectivity has also changed the environment, enabling people to communicate with each other simply by knowing their "handle", "nick", "login" or some other public identifier.

A similar arrangement has occurred in the Television and Audio Visual sector. Initially, there were limited frequencies available for broadcasting, and as a result, the access to peoples viewing was controlled by the availability of frequencies, which were in turn regulated. The ability to be able to set up a television channel was not only defined by business plans and investment, but also by the ability to secure frequencies, without infringing the rules of market domination.

Again, as time went on, the ability to distribute programming via tapes, then DVDs, led to some leakage in the traditional distribution model. But today, the change in the way content is consumed is absolutely astonishing. The amount of viewing on portable screens is growing exponentially, and the possibilities for growth are astounding.

There are a number of enabling technologies that allow this to happen. One of them is the gradual replacement of content sourced in real time via streams, where the consumer has to watch it at a given time, with content delivered via files, enabling content to be viewed when convenient.

Another is the ubiquity of devices able to show this content and be in the hands of the customer when the opportunity to view the content arises. It's staggering to

- ▶ imagine that TVs were outsold in the final quarter of 2014 by iPhones.

Of course, originally TVs themselves were only really dumb devices. Now, with Smart TV, videos can be streamed and so called OTT services can easily be offered. OTT, which stands for “Over the Top”, is the ability for the content provider to have a direct commercial/billing relationship with the consumer. This bypasses both traditional broadcast models (and their associated ad revenue), as well as cable providers (and their associated monthly subscriptions) and of course physical DVDs and BluRay discs.

However, any attitude that says TV is dying a slow death, and that everything will move to file based reproduction on hand held devices, is ignoring some basic precepts of the nature of content and the way in which people wish to consume it.

Let’s look at the nature of produced content in three broad categories:

1. News
2. Sports
3. Production (documentaries, films, series, and so on)

In the case of Production, the likelihood that people will wait to consume the latest episode of their favourite series when it is available via their tablet or smart tv is small... however, the value of the episode varies according to the individual, and his/her need to see the episode at a certain time. So we are likely to see various “versions” of Series, films and documentaries, with differing prices according to how they will be distributed, their timing, quality and other factors.

In the case of sports, the situation is much more

complex. The rights to view sports are negotiated on a huge scale... and the entity that takes control of those rights has, as a result, the ownership of the distribution chain. Sporting events are of very high value in real time... even a 15 minute delay significantly reduces the value to the consumer. So it is unlikely that sports events will end up in the same kind of distribution model as Productions. They will be consumed in real time, in the majority of cases, via streams, in bars, homes, hotels... with the ability for later viewing after the event.

Finally, let’s look at news. Yesterday’s news can seem horribly outdated and irrelevant. News often tells a story, an unwinding story, and as new events arise, previous news seems worthless. However, it is precisely this factor that makes news such a real time phenomenon. There is almost no value to old news, except once time has passed and it attains an historical significance. So news will always be required immediately, in real time. And news requires certain ingredients... editorial criteria, analysis, quality video, intelligent and digestible copy and deep resources.

When deregulation and technology advances hit the telecoms sector, the result was a huge increase in investment, jobs, service availability and technological advancement. This process is happening right now in Television and Video, and the positive effects are to be enjoyed both by the industry itself and the billions of people that benefit from it daily.

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