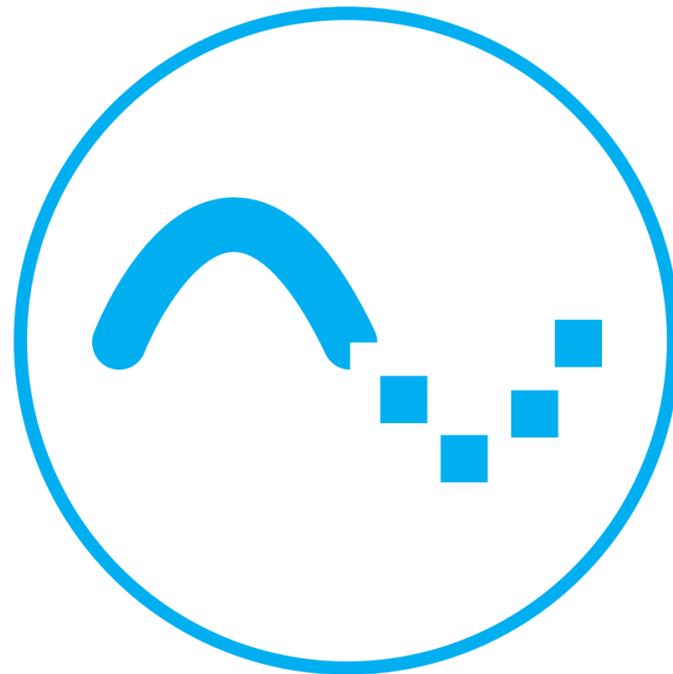


Media Tech Intelligence Briefing

Changing Media Tech Landscape

May 2022

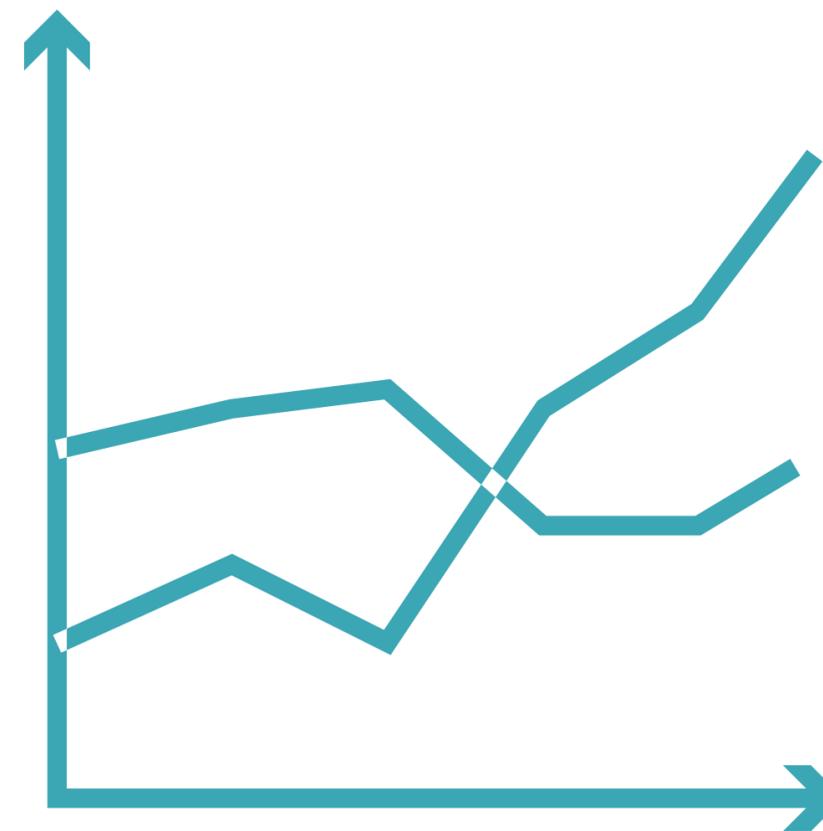


Changing Media Tech Landscape

Introduction

In this briefing, we use data from our Media Tech Business Tracker to examine the M&E industry's changes over time to better understand technology trends that are shaping the industry. We analyze how COVID is transforming the industry by looking at both fleeting and long-lasting changes.

The Media Tech Business Tracker is IABM's semiannual survey conducted among media technology buyers and vendors. We have been tracking business and tech trends among media technology buyers since 2017, which allows us to analyze long-term trends and see the big picture to better understand where the industry is heading and why. To complement this data with the suppliers' perspective, we tracked media technology vendors' views over the last two years. 2019 data was collected before the pandemic, thus represents the pre-pandemic outlook.



Source: IABM

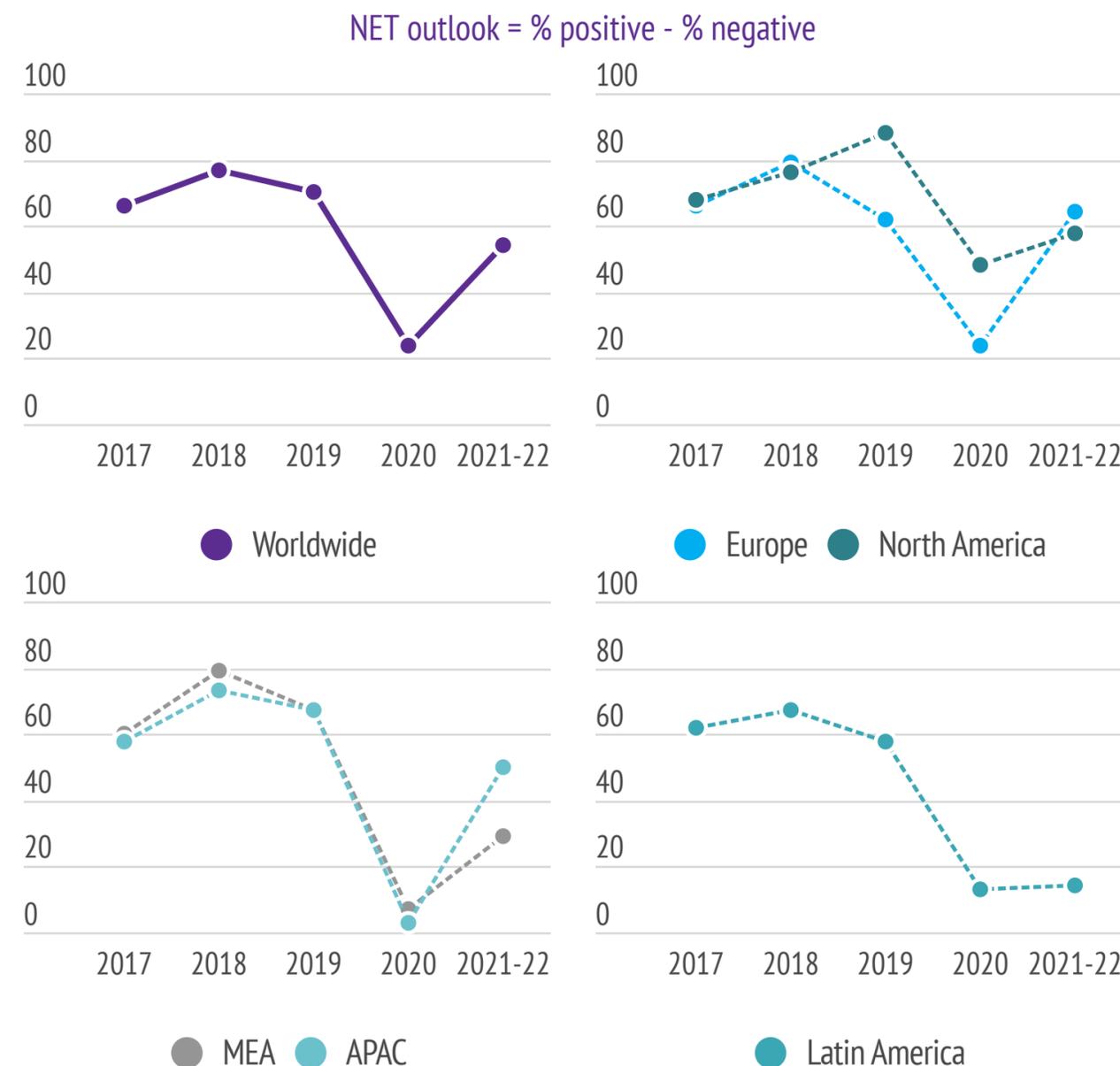
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Business environment across the world

The business environment outlook by media technology buyers was stable until 2019, when COVID hit the world on a macro level, disrupting supply chains in all industries to a different extent, leading to a deterioration of the business environment outlook by media technology users. The business environment outlook has now almost recovered to the pre-pandemic level in most macro-regions.

Europe was affected by the pandemic to a similar extent to other regions but is the only region that has fully recovered to the pre-pandemic level. MEA and APAC regions were less resilient to COVID than other regions, but the APAC region managed to recover quickly. Latin America was strongly affected by COVID and is still struggling to recover.

Business environment outlook by media technology buyers



Source: IABM

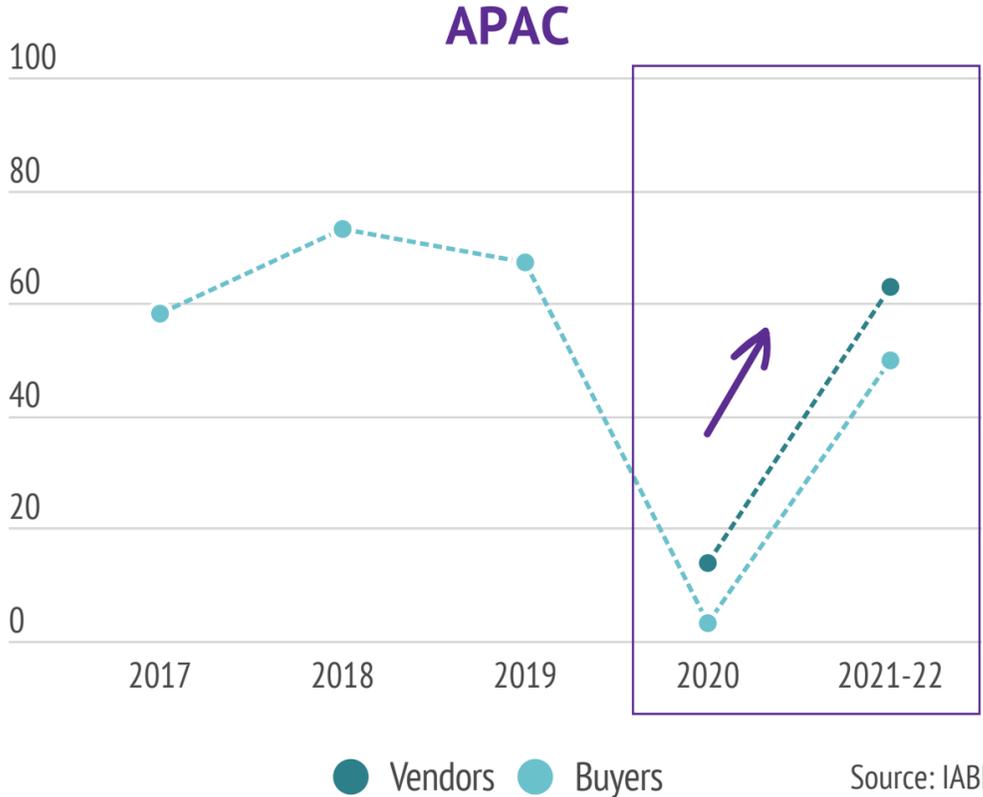
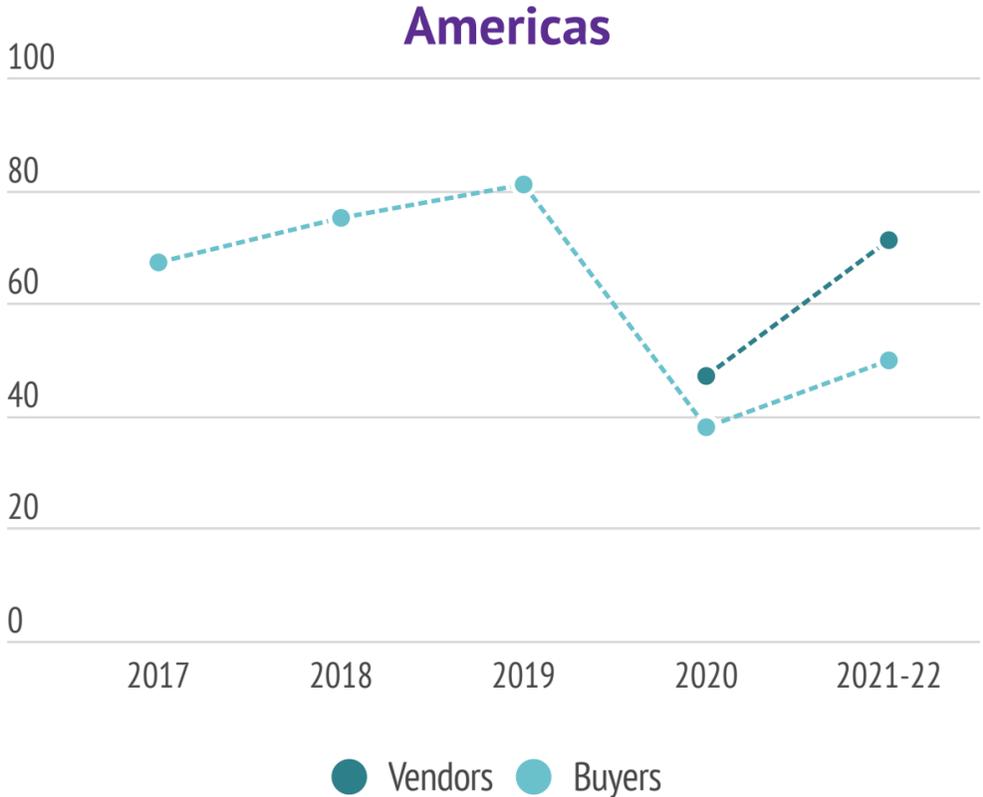
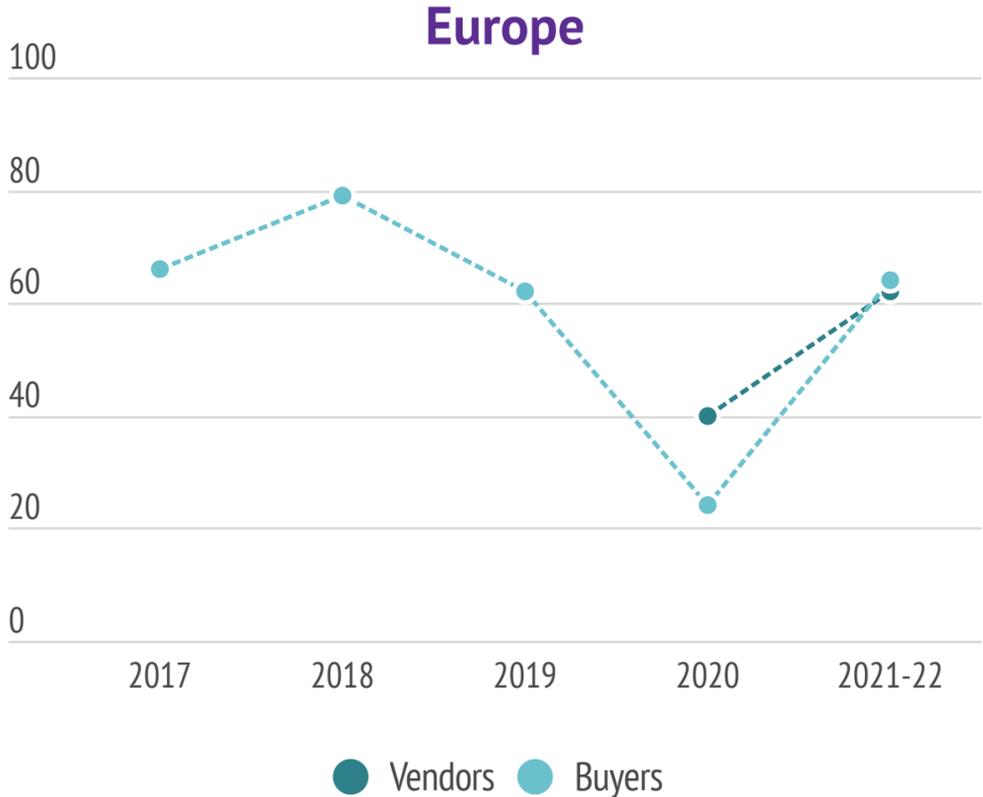
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Business environment across the world

IABM has also been tracking media technology vendors' business environment outlook since 2020, which enables us to compare the dynamics of the two perspectives over the last two years. This highlights the alignment of the business environment outlook by suppliers and users of media technology in the APAC region, both showing a sharp improvement in 2021.

Business environment outlook by media technology buyers and vendors

NET outlook = % positive - % negative



Source: IABM

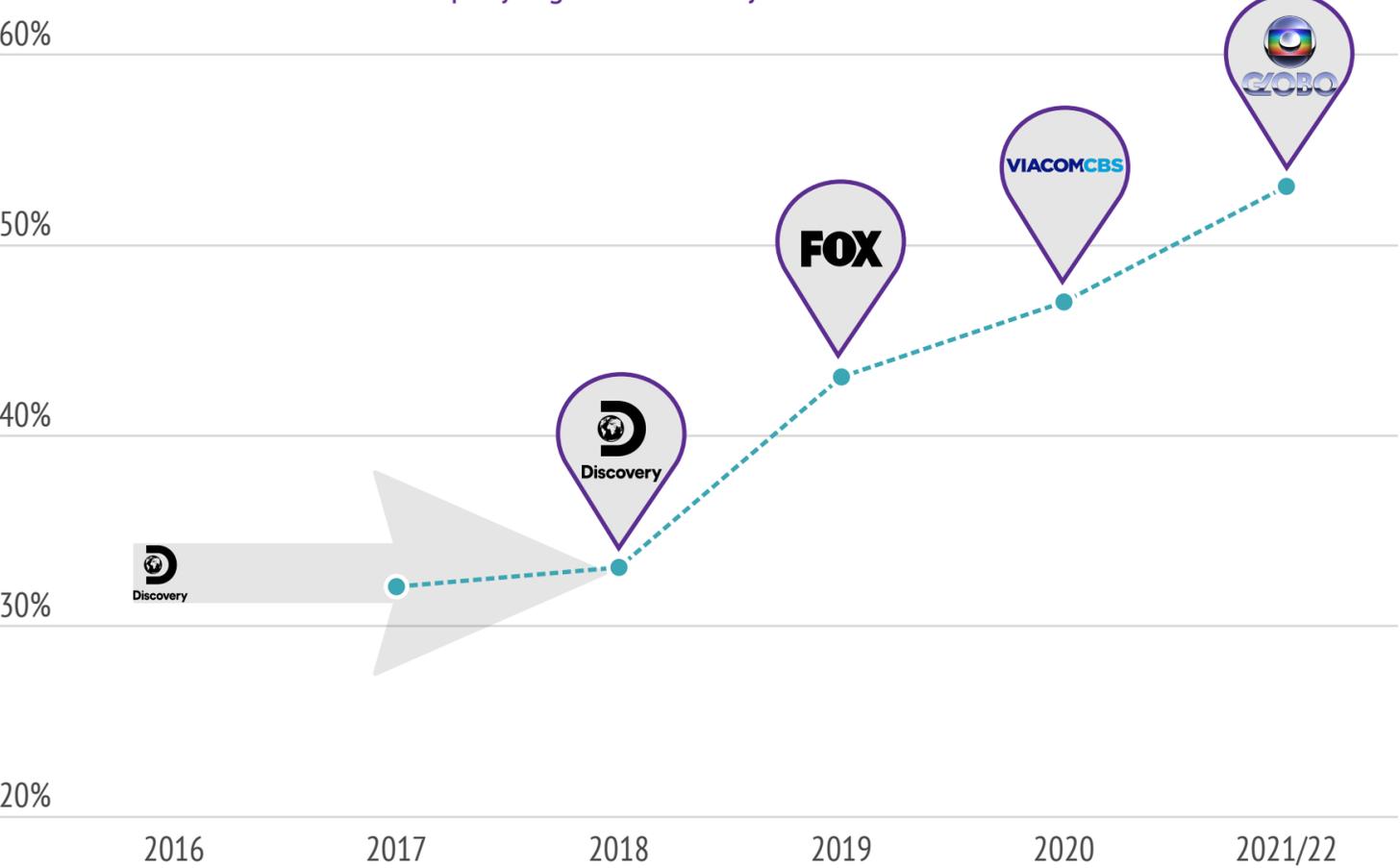
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Cloud adoption by media companies

Cloud adoption by media companies started well before the pandemic. It gained 10 percentage points in 2019 compared with 2018 and another 15% over the last two pandemic years.

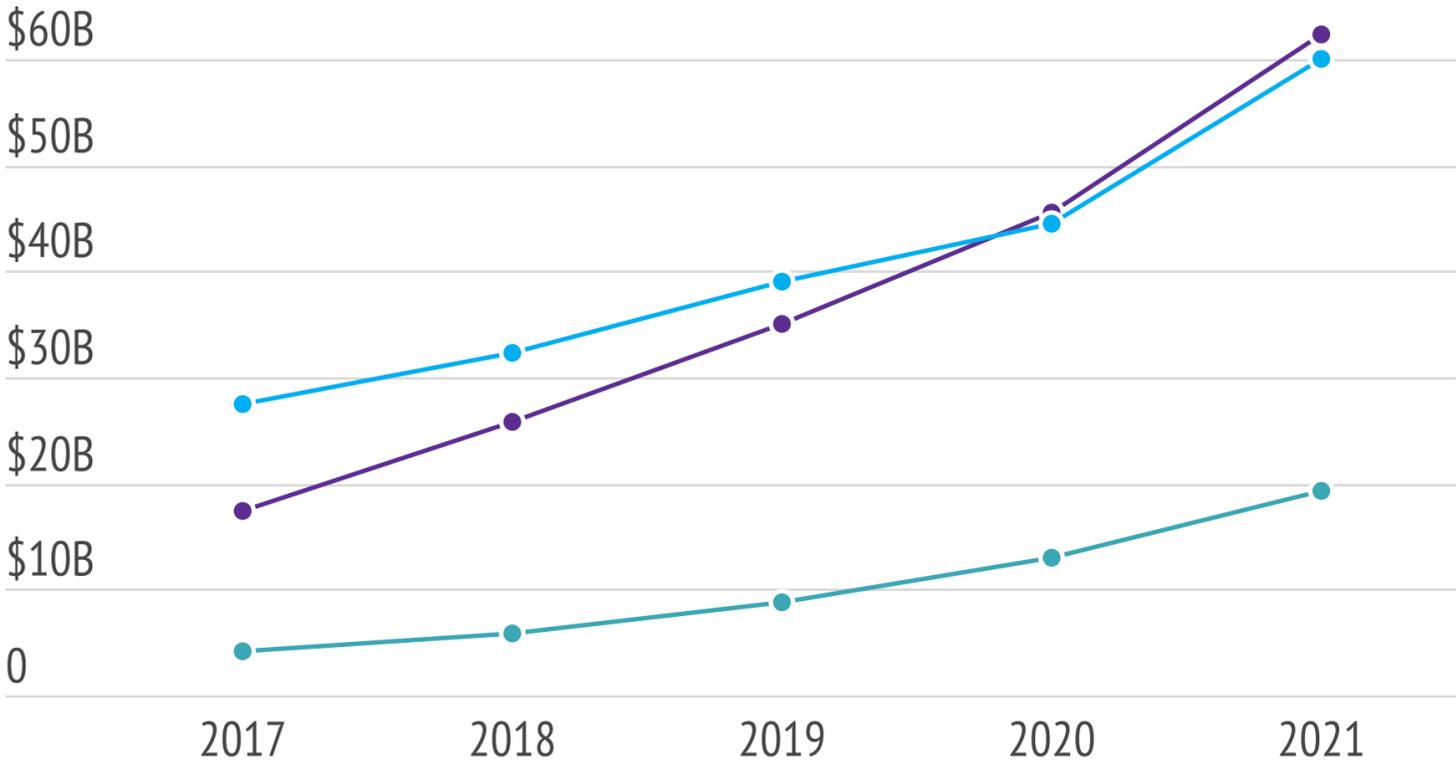
Cloud adoption by media companies

The company logos refer to major cloud transformations



Global revenue of main cloud service providers

● AWS ● Microsoft Azure ● Google Cloud

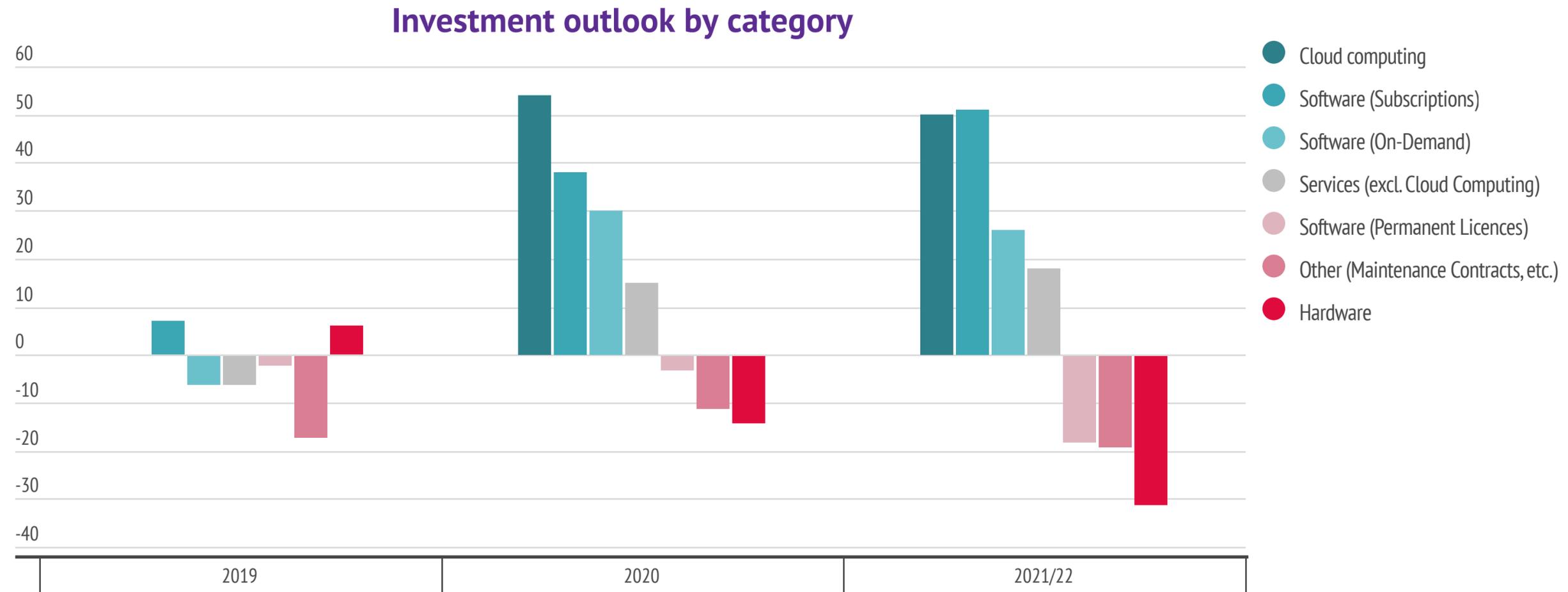


Source: IABM, Company filings

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Cloud adoption by media companies

Physical distancing guidelines imposed by COVID further accelerated the decline in physical tech, resulting in falling revenues for vendors heavily reliant on physical offerings. The pandemic has accelerated investment in SaaS and cloud computing and reduced investment in hardware and permanent licenses software.



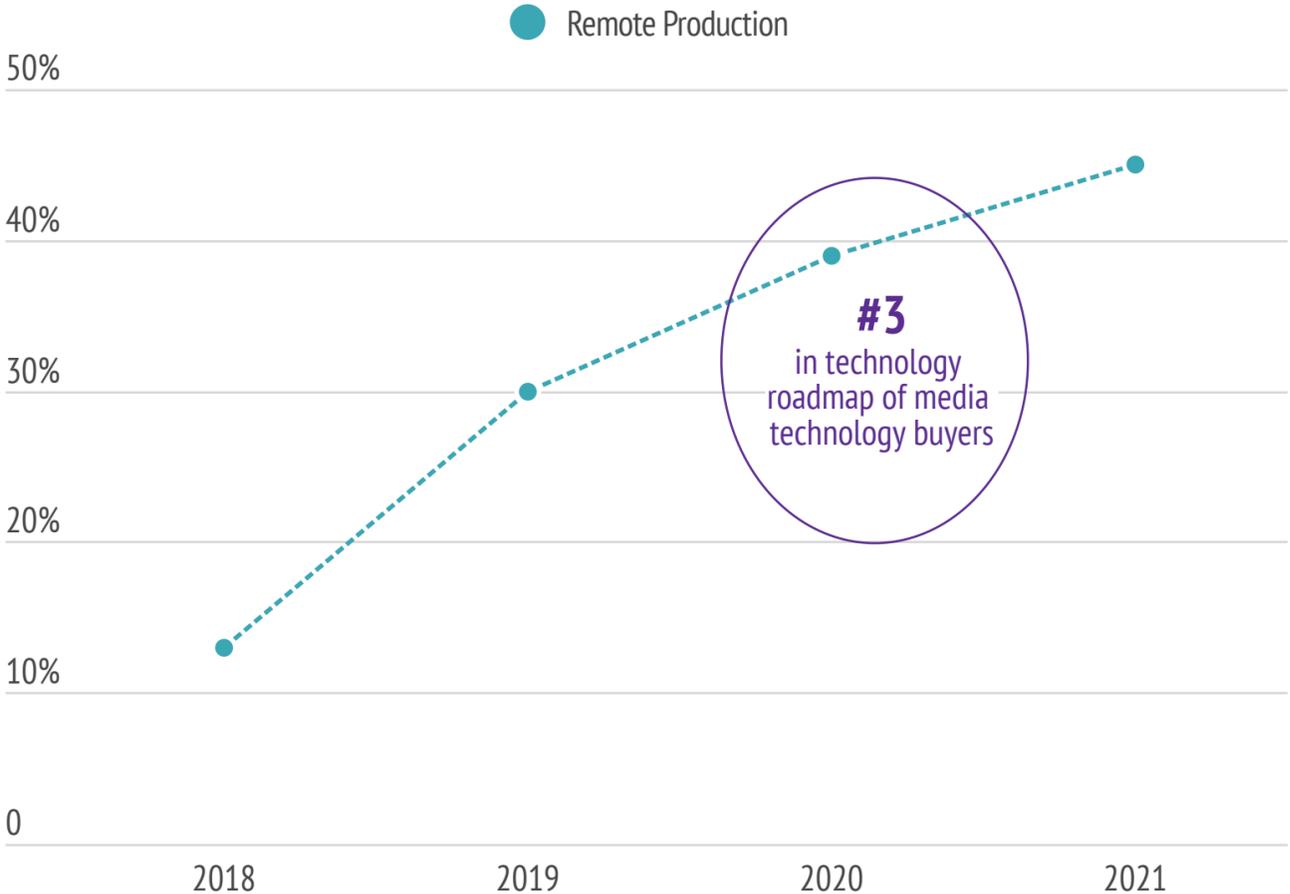
Source: IABM

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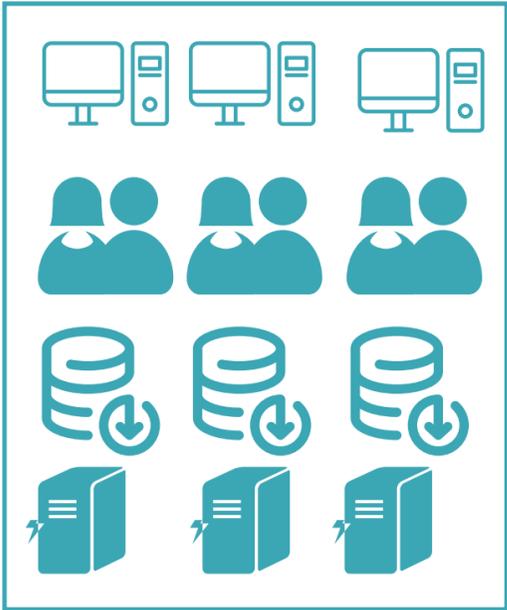
Decentralized remote production

Remote production became the third top technology priority in media companies' technology roadmaps in 2020, driven by COVID. Cloud adoption has enabled the transition to a decentralized remote production model, driving investment in IP connectivity.

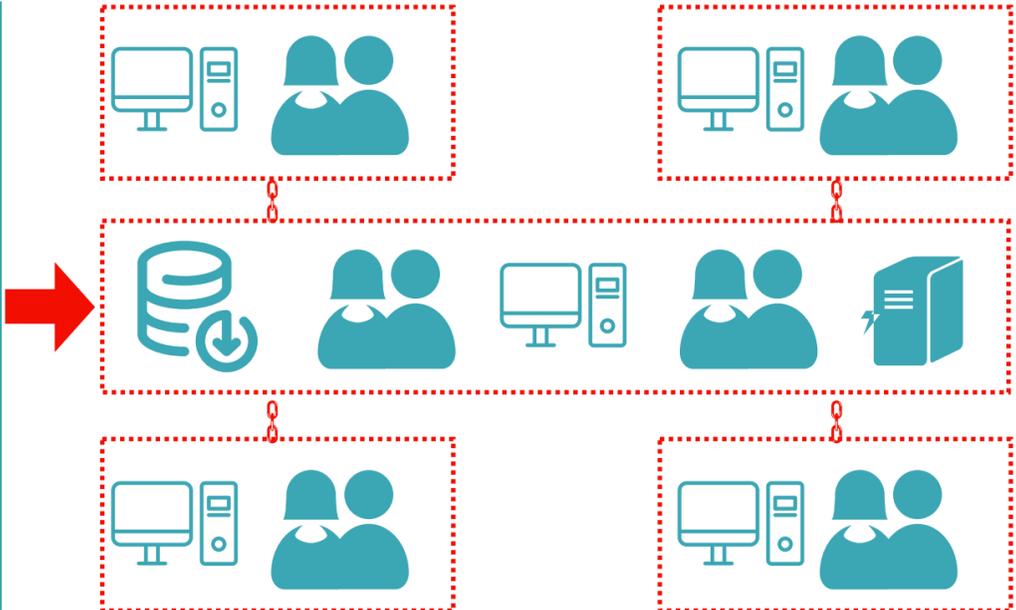
Media/production companies' technology roadmap



Pre-COVID Plans (Centralized Model)



Post-COVID Reality (Decentralized Model)



Source: IABM

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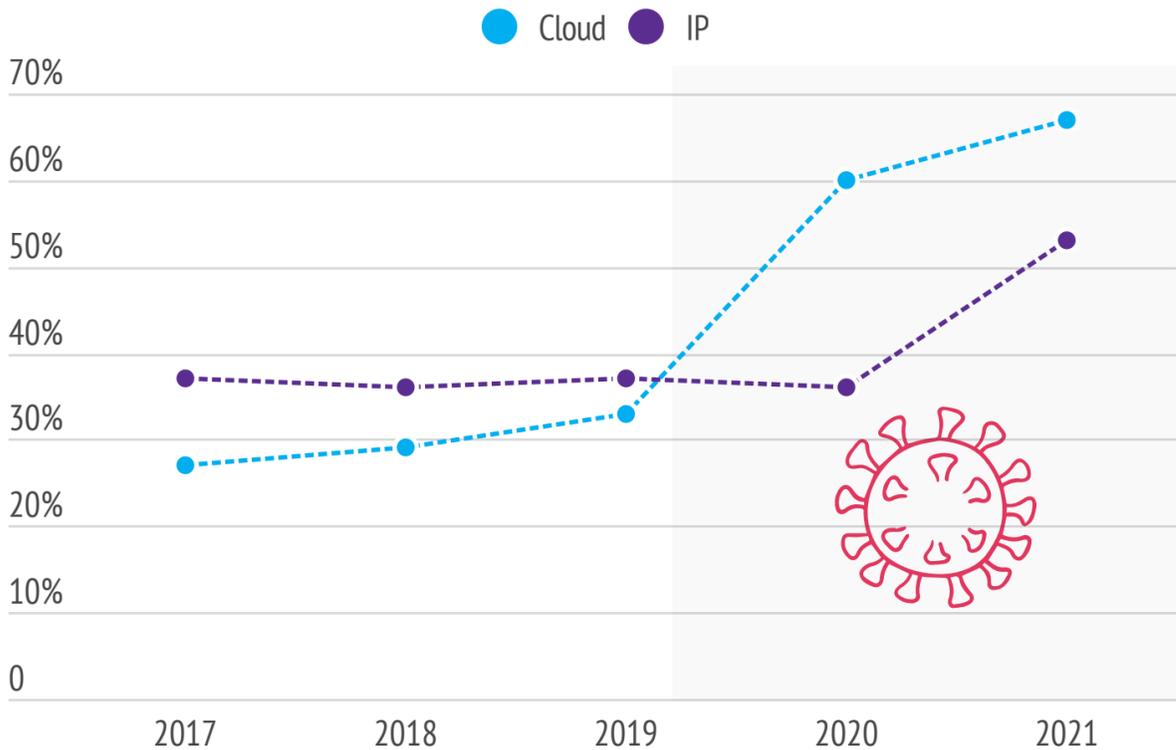
Infrastructure investment

This has profoundly impacted future infrastructure investment, making cloud the top priority in media companies' technology roadmaps, while IP climbed up from sixth to third position. The transition to OTT and streaming platforms started well before the pandemic and was further accelerated by COVID, which is evident from a modest increase in investment outlook in Consume.

COVID impact - Change in 2020 vs. 2019



Media/production companies' technology roadmap



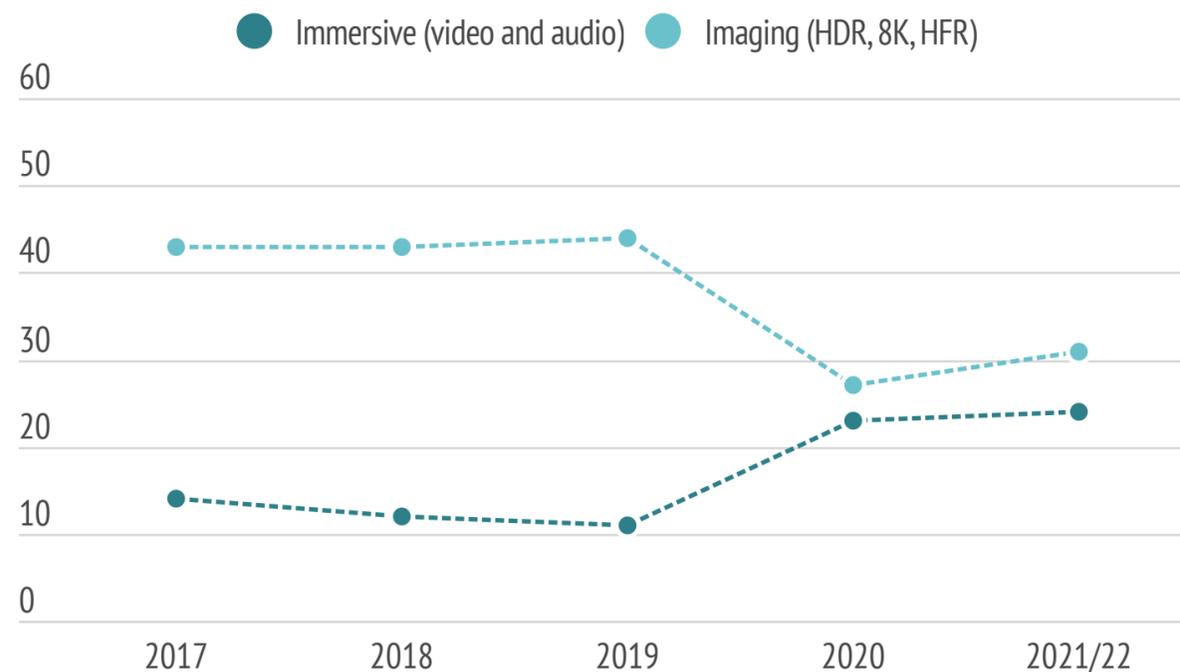
Source: IABM

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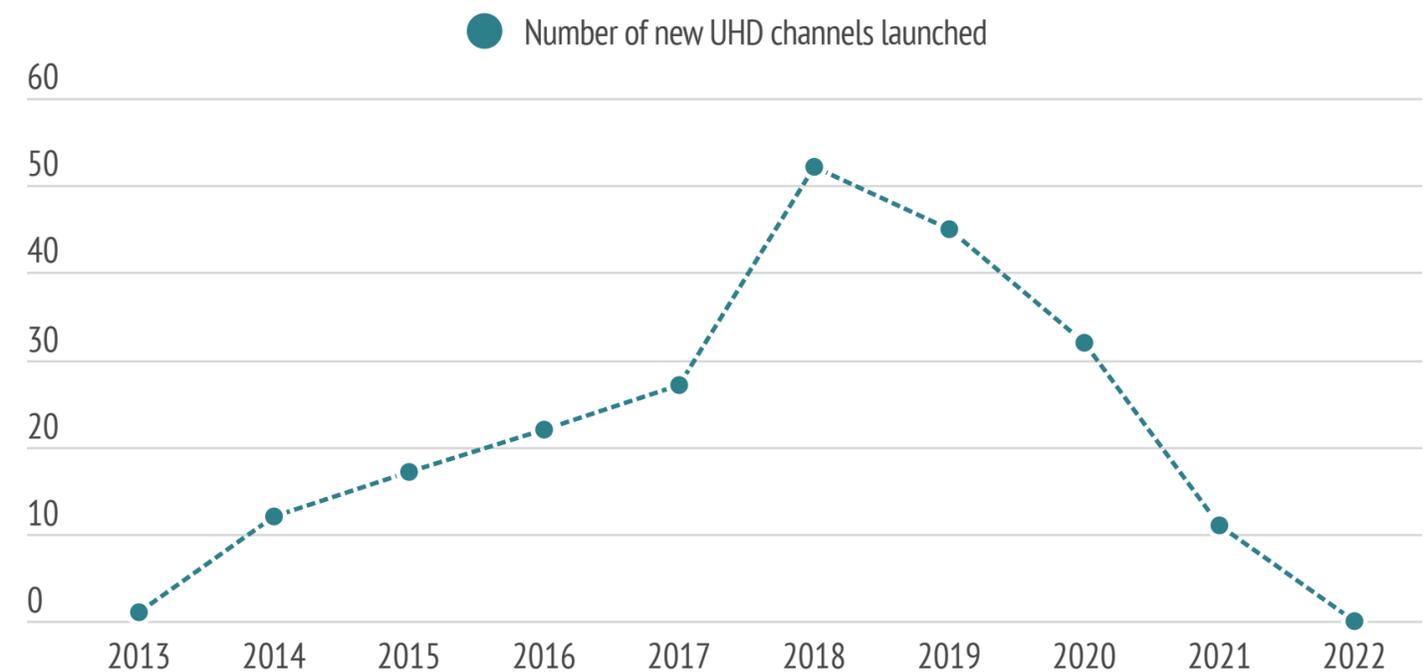
Technology roadmap

The long-lasting trend of UHD adoption by M&E companies has reached maturity. The number of UHD channels launched every year has declined steadily, with no new UHD channels launched in 2022. Instead, viewers' demand for interactivity and immersive experiences is growing. Media and production companies reflect this trend in their technology roadmaps. By leveraging AI/ML and data analytics capabilities, streaming platforms can analyze data collected from viewers and feed it back to them in the form of interactivity.

Media/production companies' technology roadmap



New UHD channels launched every year

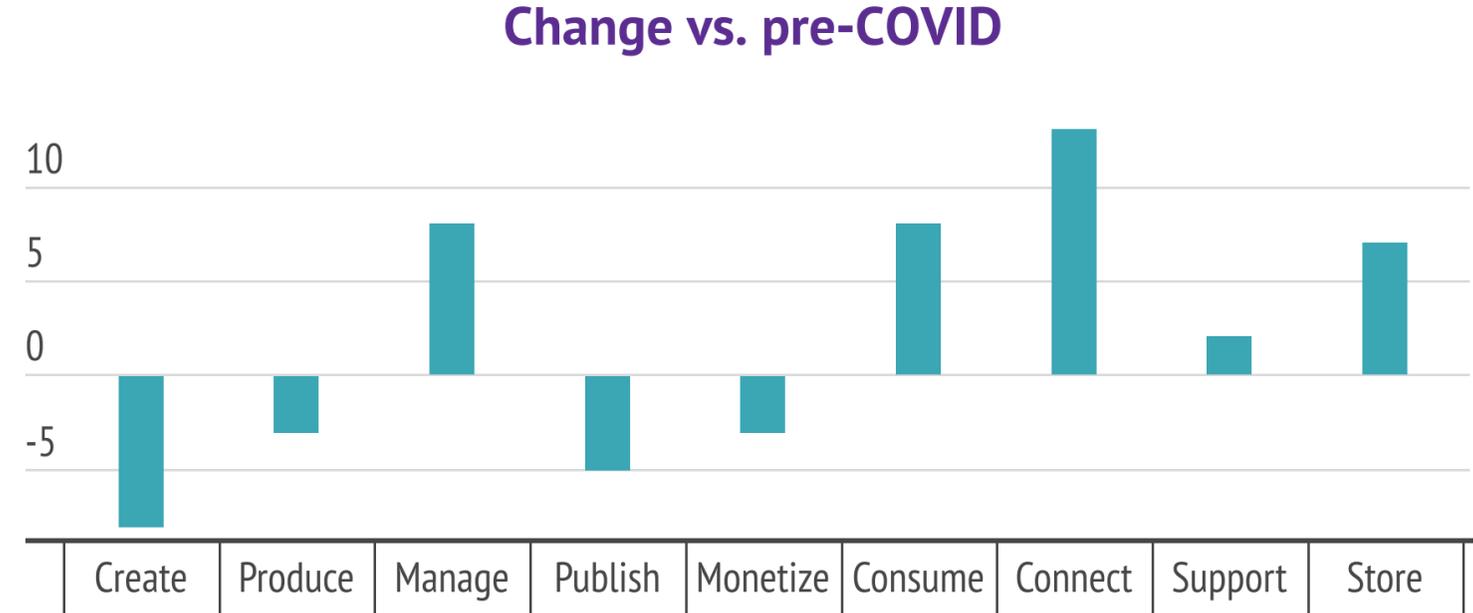
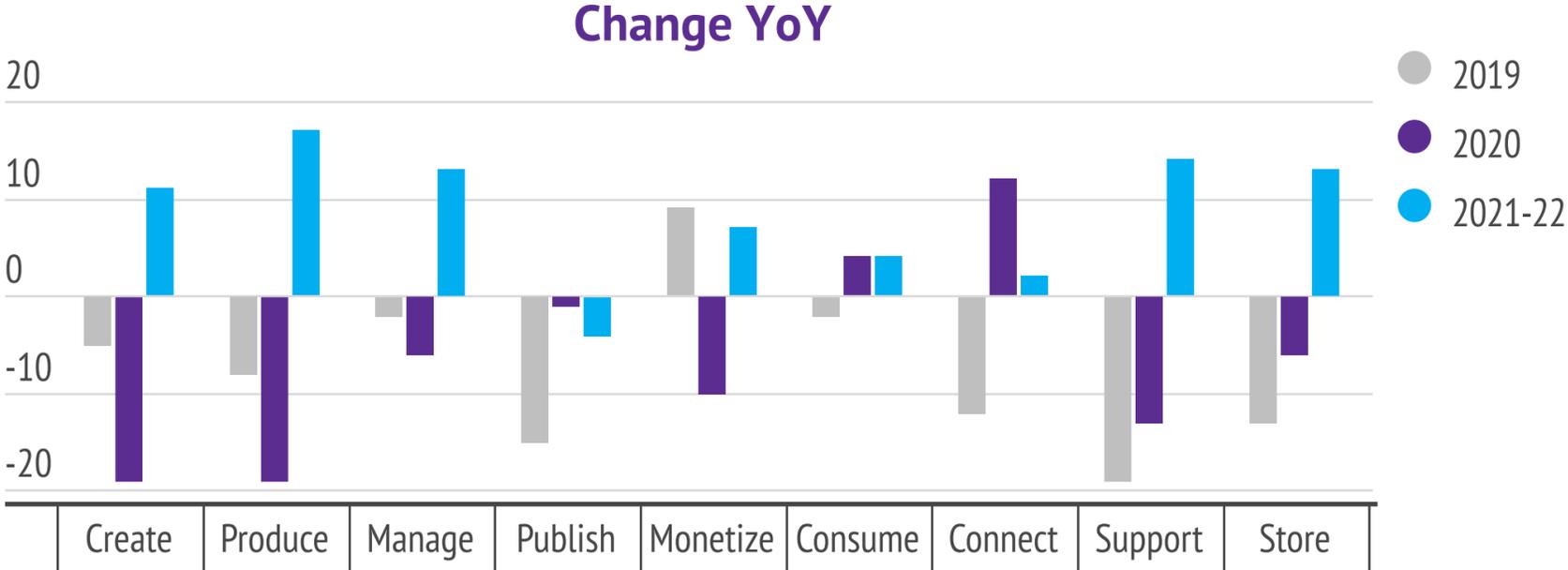


Sources: IABM, UHD Forum

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Content chain

Create and Produce were hit the most by COVID but recovered quickly with the production restart and due to cloud-enabled remote production. Connect was the only segment of the content supply chain that gained from the pandemic and improved its investment outlook in 2020 vs. 2019, particularly in IP transport & connectivity. Cloud is driving new investments in managing and securing cloud infrastructure, resulting in increased investment in Support. The Manage segment of the content supply chain was resilient to COVID due to the increased need for managing archives to fill the content void driven by the cancellation of live events.



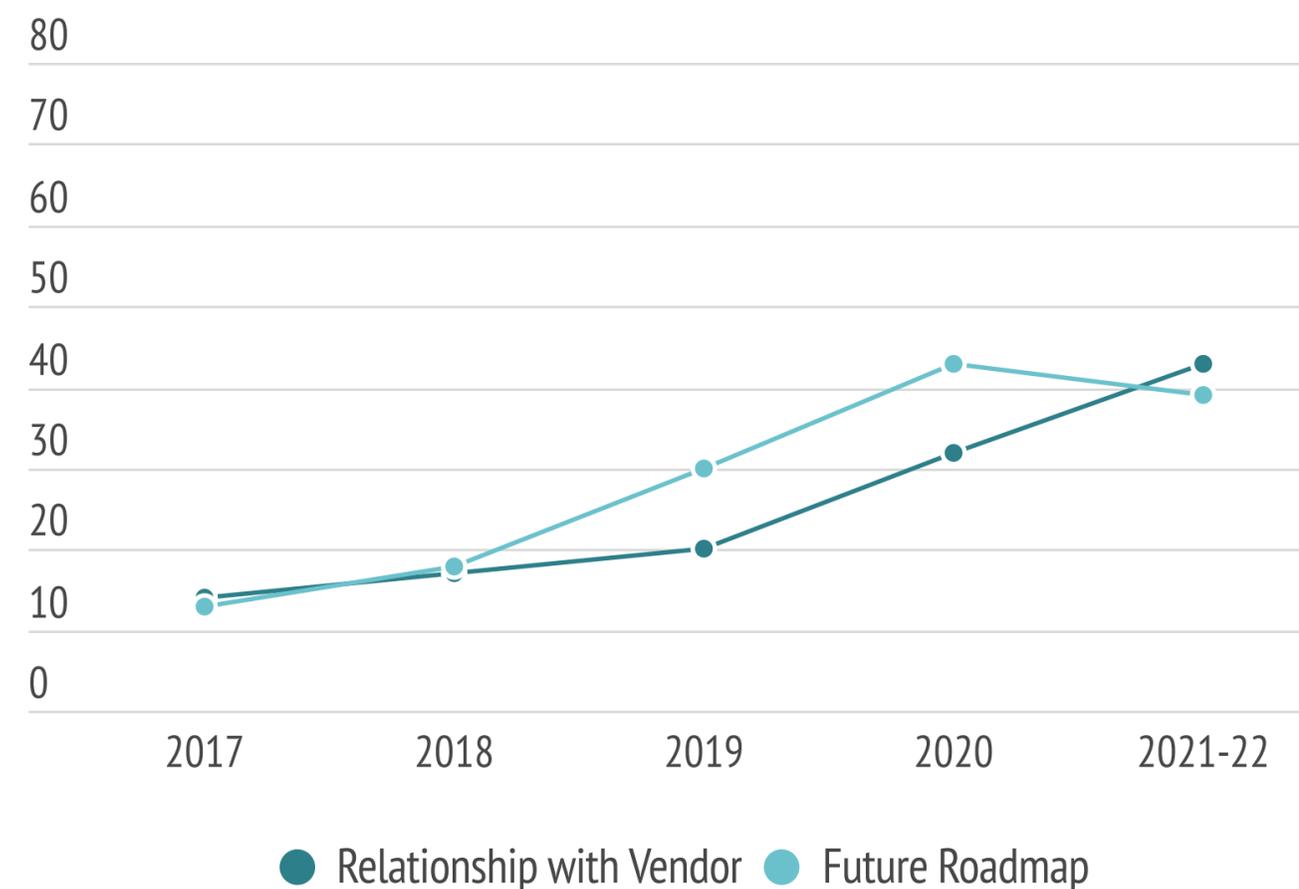
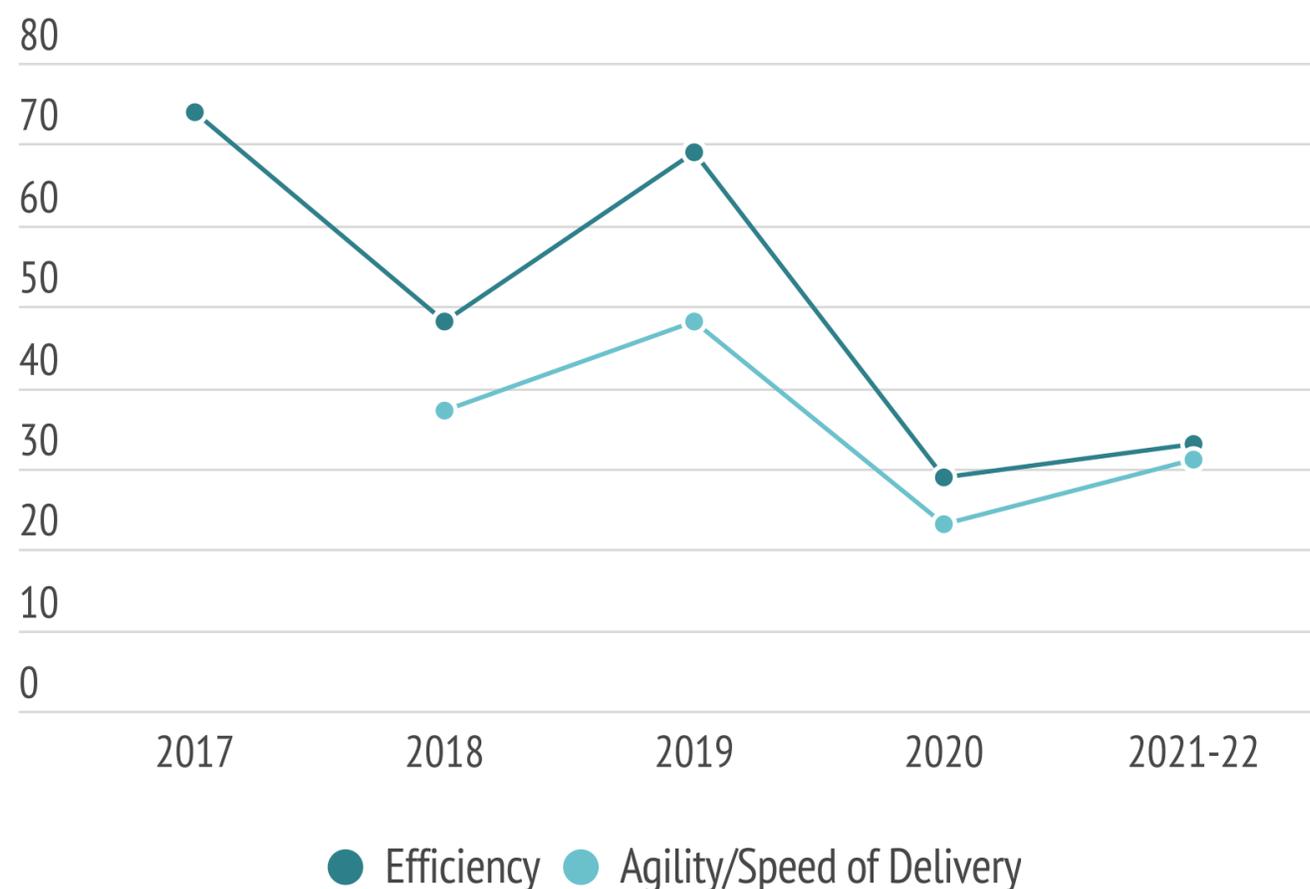
Source: IABM

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Technology purchasing factors

When buying media technology, M&E businesses are increasingly choosing technology more strategically, based on their future roadmap and long-term relationship with technology suppliers, rather than short-term factors, such as efficiency and speed of delivery, which were of higher priority before 2020.

Technology purchasing factors by media companies



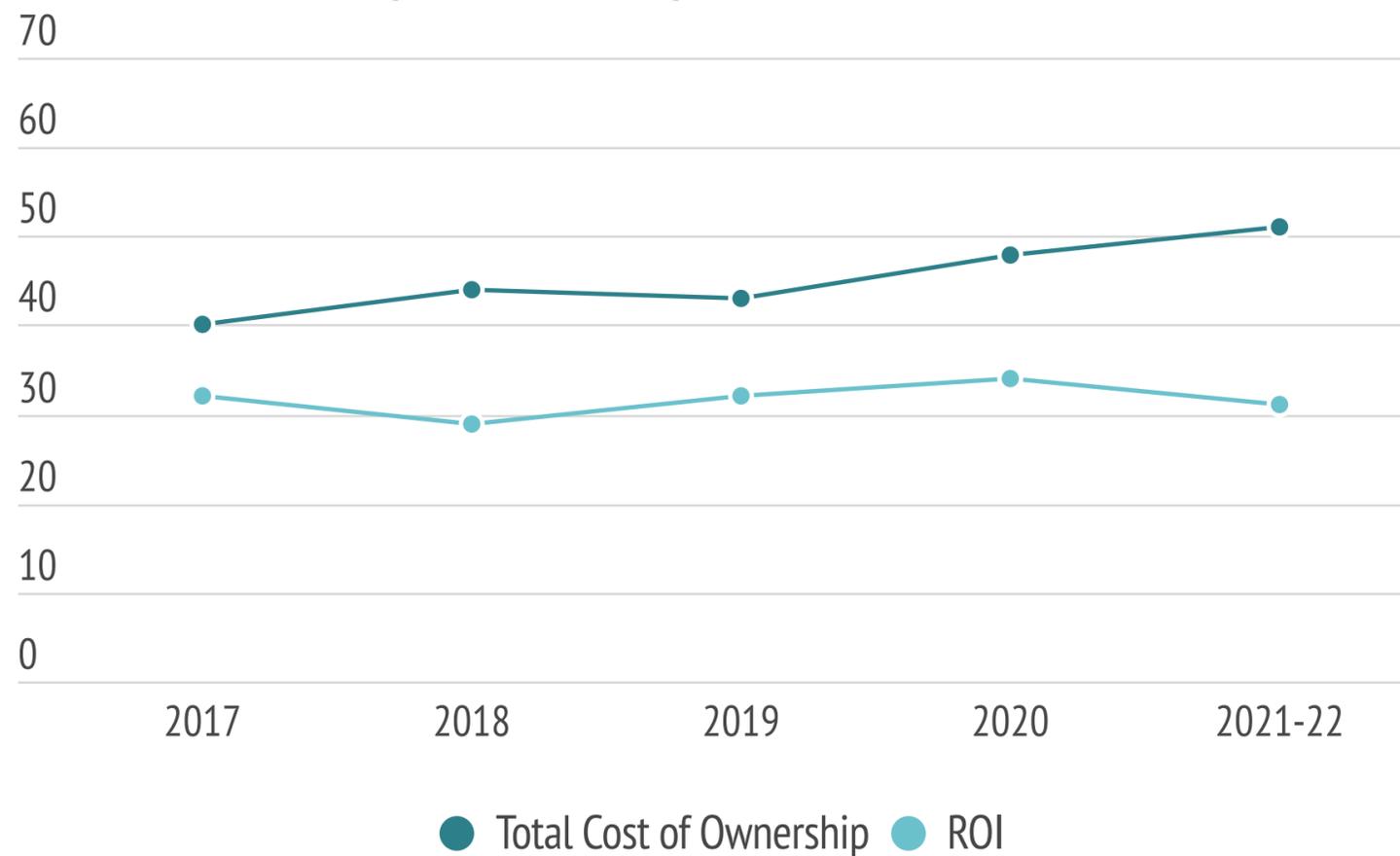
Source: IABM

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Technology purchasing factors

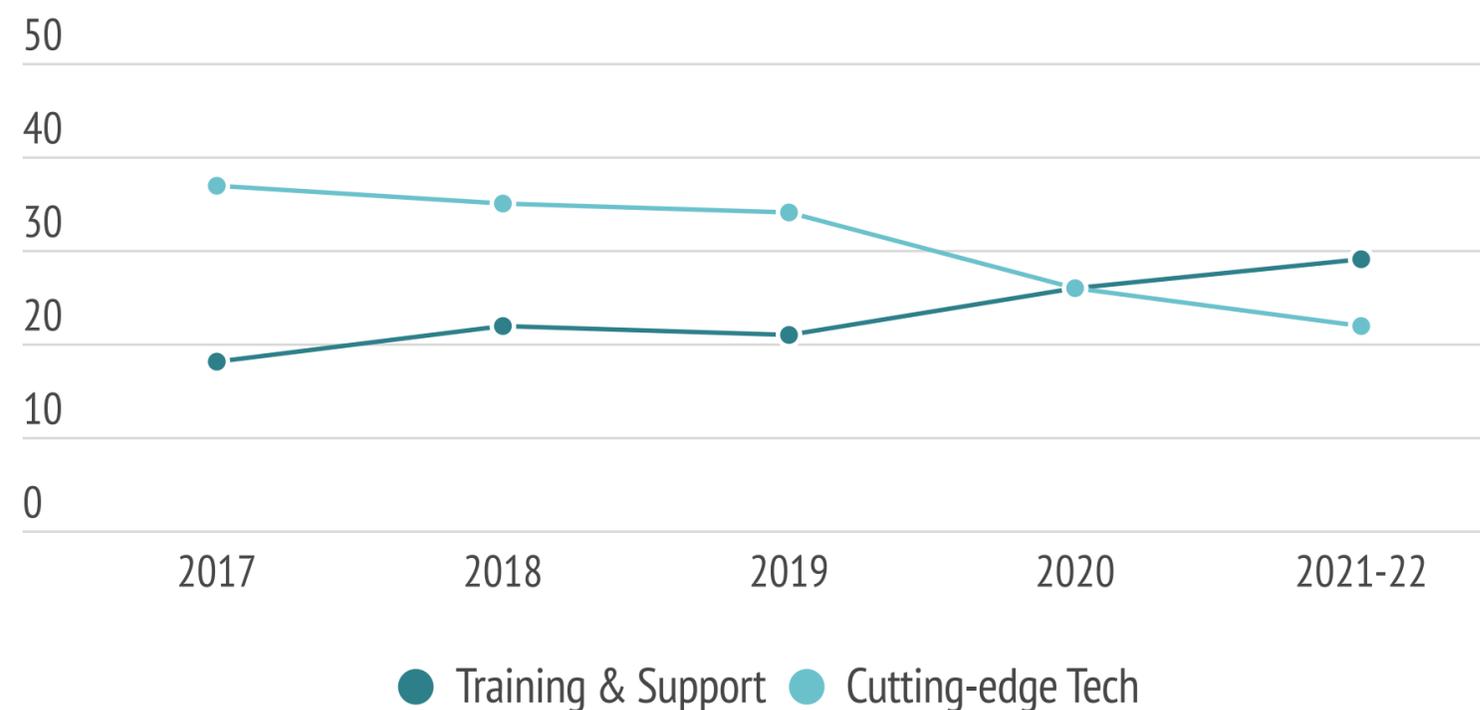
The total cost of ownership is gaining importance, while the importance of ROI as a technology purchasing factor is stable over time.

Technology purchasing factors by media companies



An interesting trend is the declining importance of cutting-edge technology with a simultaneous increase in the importance of training and support. This may underline the importance of talent in supporting innovative technology.

Technology purchasing factors by media companies



Source: IABM

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Takeaways

Business environment



COVID has had an unprecedented impact on the M&E industry. The business environment outlook worsened in all regions, and Latin America has yet to recover. At the same time, Europe is the only region that has recovered to its pre-pandemic level of confidence.

Content Chain



The pandemic is driving investment in Connect, which is the only segment of the content supply chain that benefited from COVID. Create and Produce were affected the most but have managed to recover with the production restart and by leveraging the remote production capabilities of media/production companies.

Technology Investment



With the industry moving to SaaS business models, media technology investment is becoming more strategic, shifting purchasing priorities from ROI and the total cost of ownership to the future roadmap of products & services and relationships with vendors, as software becomes a service but not a product. The pandemic has amplified the importance of remote production, changing its nature from a centralized to a decentralized model enabled by cloud technology. The decentralized nature of remote production drives investment in IP networking and connectivity.

Interactivity & Immersive experiences



The demand for interactivity, better UX, and immersive experiences drives investment in cloud computing, AI/ML, and data analytics. It also requires more storage and bandwidth, increasing investment in content management, infrastructure, and storage.

Source: IABM