



FICCI Knowledge Series 2017

Fast Track India: Digital Building Blocks

OCTOBER 4, 2017, Mumbai, India

Post Event Report

THE 2ND EDITION OF FAST TRACK INDIA



DIGITAL BUILDING BLOCKS

Digital revolution continues to gain significance in every sector of India. The Media & Entertainment sector has evolved to a great extent with the emergence of new digital technologies and content distribution models. In the last two years, India has witnessed the launch of several OTT platforms

including global players such as Netflix & Amazon Prime thus, challenging conventional content models. While a few traditional content businesses have successfully embraced digital transformation, many are still trying to cope with the evident change digital has brought not only in M&E business models but also in consumer viewing habits.

Innovate or Perish seems to be the mantra for every player in this dynamic sector that still reels under the constant challenge of overcoming infrastructure and regulatory challenges in addition to successful monetizing and protection of copyright.

FICCI along with Los Angeles India Film Council organized a Knowledge Series as Fast Track India: Digital Building Blocks focusing on evolution of content strategies from creation to monetization, the need for organizations to have a digital DNA in order to remain relevant today, and the impact of evolving digital infrastructure on content consumption patterns and the rise of online piracy – threats and remedies. This is the second Fast Track series in continuation with the first series that was concluded in July, 2016.

This half a day seminar focused on the strategy to start and function a digital company, talked about digital infrastructure to boost digital content consumption and the issue of content protection in the digital space. The FICCI LAIFC KPMG report titled “The Digital journey – How OTT platforms can remain on demand ready” was launched at the inaugural. The report highlighted that the era of on-demand content has reached a tipping point with consumption becoming on-demand across mobile screens and going 'mass' - particularly on the back of pan India 4G roll outs by telecom operators.

The eminent speakers spoke at the forum included Vijay Singh, CEO, Fox Star Studios, India; Ashish Kulkarni, Chairman, FICCI Animation, Visual Effects, Gaming & Comics(AVGC) Forum; Saurabh Doshi, Head – Media Partnerships, Facebook; Stephen Jenner, VP Communications Asia Pacific, MPA; Jamie Kenney, Business Head, BARC; Blaise Fernandes, President & CEO, The Indian Music Industry; Nachiket Pantvaidya, CEO, ALT Digital Media Entertainment Ltd. ; Ajay Chacko, Co-founder, Arre, Akash Banerji, Head- Marketing, Partnerships & Licensing Voot, Hiren Gada, Director, Shemaroo Entertainment Ltd. Aamod Gupte, General Counsel, Eros International, Anju Jain, Assistant Regional Counsel, Disney India, Thomas George, Senior Vice President, Head-Litigation, IP & Regulatory, Viacom 18; Girish Menon, Partner, Deal Advisory, KPMG India; Rajkumar Akella, Managing Director, Theatrical, India ComScore India & Executive Member - Governing Council, TFCC; Tuhin Menon, President, Culture Machine, Sagar Gokhale, COO, Qyuki Digital Media.





INAUGURAL ADDRESS BY ASHISH KULKARNI, CHAIRMAN, FICCI AVGC FORUM

It has been a fantastic year for the Digital content creators. Especially because of the emergence of several OTT players, the market has phenomenally grown and we have seen unleashing of the Digital India policy. We have also seen large international players coming in and Indian players becoming much larger.

At the same time, we are always looking at how last mile connectivity, the data usage pattern and the whole video consumption patterns are changing in this country drastically. We are emerging to be one of the fastest growing countries in this regard.

Although we need to strengthen many things that we are going to discuss today, mostly about how digital content consumption companies can have a strategy right from creation of content to monetization. There are a large number of surveys that are happening these days. We have many people looking at what happened when we had TV, or what is happening when we have digital content consumption on entirely different patterns.

A lot of people are challenged because of the piracy and it has become a very serious threat for all the OTT players/platforms. With lack of regulation in the whole system it is going to impact our markets and revenues and at the same time, it deters the content creators' ability to create more content or even the investors to put more money into creation of this content. So, the counter to all the online piracy threats needs to be discussed and made sure that we work closely with the government to see that most of our platforms are secured and the content itself is secured. This is necessary to make sure that the content creators are able to monetize that content in the right way.

It is important that the whole ecosystem that is getting created should stay for a longer period of time because it gives opportunity for a lot of entrepreneurs to actually exploit their content and make their platforms accessible from anywhere in the country and the world. As majority of consumption reports are showing that the regional consumption is pretty great, it needs to be deliberated whether we have good last mile connectivity and bandwidth and what needs to be done to boost it.



SPECIAL ADDRESS – VIJAY SINGH, CEO, FOX STAR STUDIOS INDIA



Digital transformation that is now at play for the media & entertainment sector is actually unstoppable & irreversible and that's what makes this sector exciting.

In this industry, past is not the predictor for the future. The learnings of the past may be relevant, however, the solutions for the future are going to be very different than the solution we had in the past. This is because changes at play that impacts the media & entertainment sector are of such a large societal, demographical & technological nature that none as individuals or companies can impact it.

The industry has seen another remarkable change, with the technology is making & democratizing content; the control that was there with media companies & aggregators is actually shifting in the hands of the consumers. Hence, these disruptive changes make the industry believe that solution for these disruptions or the solutions that one should be going for is going to be different.

Other than pornography, probably the Media & Entertainment is the sector that actually gets hit first by any big change. Look what happened to the music industry 25 years back or look at any part of your business. The M&E industry has always been at the front end of technological change

and this makes it much more interesting despite the big challenges.

Given the fact that the transformation in M&E is unstoppable, there are 4 things we need to be equipped with to be able to handle such challenges in the future. The four building block of Media & Entertainment are:

- **Companies must be open to radical reinvention**

If one is not open to radical changes & reinventions, they'll not be relevant and will not have a sustainable business model. The best example & great analogy for the Media & Entertainment industry who has been able to sustain all these years, got through numerous changes in the industry is Madonna.

The world of entertainment in India doesn't begin & ends in Bombay, the country's growth is coming from the regions where lies bigger & untapped opportunities. Regional content is being far more path breaking that pushing the envelope & they are building the kind of brand loyalty that they have in a customer base is a lot more that you are seeing in Hindi.

30 years back she burst into the screen & who would've thought that she'd get a window beyond the 15 min. 30 years on and she still remains relevant and why? Because she constantly reinvented herself.

Therefore, as businesses one has to keep reinventing themselves to be relevant.

■ **Content Creation has to be at the Core**

Organizations need to keep content creation at the core and it is essential that it is the key competence that they should build.

It is essential for an organization to determine their primary role as to whether they are an aggregator, or a content creator or both. In the film business, there are no easy answers. That is why creation of content & monetization of content has got to be a bit of portfolio game, one never know which content would break out and which not. So like one would handle a portfolio of stock & equity, one needs to look upon their content creation as a bit of a portfolio. However, a strong logic & rationale is required for what you create.

The other thing is, there need to be clarity about your target audience. Who are you creating this content for? Are you creating this content for urban audience in India? Are you creating it for millennials? The clarity of your target audience would help know what kind of economics you need to work in given there are challenges of marketing & distribution that has now become severe & expensive.

Average cost of content in OTT is twice that of TV. How are you going to monetize it twice the level of TV & unless we answer the question at some stage will hit the road block. This is not to try to be pessimistic, but these are the kind of real questions that we have to find answers to.

■ **Get your Business model right**

It is very glamorous to talk about content. It's important but then there is a business of entertainment and I think I can tell you that many of my colleague sitting here have also worked outside of entertainment & media. My personal experience is that cracking the media & entertainment sector is a lot more different than any FMCG business. It is hard to make money in this business but if you can get your business model right, you can then be a long time player in the industry.

■ **Business is going to be about right people**

The problem in our country is that we have very few educational institution that are developing formal courses around media & entertainment.

THE 'DIGITAL FIRST' JOURNEY: HOW OTT PLATFORMS CAN BECOME “ON-DEMAND READY”

Excerpts from the report released

- The advent of 4G has provided wings to the digital video consumption. Digital advertising grew by 28 per cent in 2016 & is expected to grow at a CAGR of 30.8 per cent until 2021, while mobile ads would grow at a CAGR of 50.9 per cent.
- The key themes that emerged in the past year are as follows:
 - ❖ Growth in 4G – Average data usage per month rose from 148 MB in March 2016 to 1 GB in March 2017.
 - ❖ Growth in rural internet – 34% of all internet users from rural
 - ❖ Growing Video traffic – Almost 50% of the data traffic comes from video
 - ❖ Government's 'Digital India' initiative – 25,000 Wi-Fi hotspots planned & INR 100bn allocated for BharatNet
- As consumption dynamic has exhibited fundamental changes, following developments were recorded over the past year:
 - ❖ Regional content on the rise
 - ❖ Niche to mass consumption
 - ❖ Live streaming an emerging genre
 - ❖ Long form content gaining traction
 - ❖ Increasing investment in original content
 - ❖ Evolving monetization models
- Challenges that persists in the sector:
 - ❖ Digital piracy – Piracy is rampant in the digital space, with there being a need of robust frameworks & policies to combat the same
 - ❖ Digital Ad Fraud – Mobile advertising click fraud is 2.4 times higher in India than the global benchmarks, and stands at around 31 percent
 - ❖ Measurability – There is a lack of third party measurement systems & advertisers are wary of self-reporting of measurements by platforms



- ❖ Brand Safety – The concept of brand safety is still at a nascent stage in India, however companies are creating algorithms to monitor content across platforms before hosting ads next to it.
- Finding the right balance between market share & economics is critical. Customer & market share acquisition becoming paramount amidst growing digital viewership. Players are required to invest in compelling content & distribution to drive customer engagement. However, current monetization mechanics driven by AVOD make such investment difficult. The OTT space requires a long gestation period to make returns commensurate with the investments.
- Developing a digital vision forms the basis of digital transformation that rests on 4 key pillars:
 - ❖ Digital first and innovation focused mind-set
 - ❖ Integration across organizational DNA
 - ❖ Data Analytics
 - ❖ Data Protection and IP security
 - ❖ Further, leadership involvement is critical for a seamless transformation. Key consideration for digital implementation are:
 - i. Leadership involvement for seamless collaboration between functions and groups
 - ii. Planning to avoid multiple versions of truths
 - iii. A unified execution of digital initiatives across the organization and proper adoption via a continuous program and governance structure to make the change stick
 - iv. Expectations need to be defined by identifying measurable KPIs
 - v. Technology pivot balancing scalability & flexibility with customer centricity

ROADMAP TO BECOME A DIGITAL COMPANY



The rapid pace of digital consumption has not only transformed the Media and Entertainment ecosystem, but has also compelled organizations to re-imagine their business models. Right from creation, delivery and monetization of content, technology plays a critical role in ensuring that organizations deliver products and services to consumers in the most efficient manner possible. The panel focused on the value chain of a Digital company and what it takes to build a robust digital company, in addition to key success factors and challenges to create a sustainable future-ready digital business.

Few key takeaways of the panel discussion is as follows:

Digital: From Mass to Niche

Digital is the new normal and consumers are changing their consumption behavior. We are seeing that the content providers and distributors are responding and reacting to this change. As consumers' demands are evolving, organizations are changing their strategies to respond to the change. In the digital era, programming is being crafted for the individual as the consumption is becoming more and more personalized. It is important for the organizations to realize the shift that are taking place to digital. There is going to be lots of demand for regional content with more and more penetration of smart phones.

Monetization is yet to be figured

Monetization is still evolving and is sub optimal at this point of time. For the traditional companies, it is slightly difficult to programme but easier to monetize, and it is the other way round for the digital companies. This is because of lots of cross subsidization platforms exist for traditional media. Monetization is equally important and "digital first" to be leveraged to be viable.

Digital is growing much more than TV. However, it does not reflect in advertisement spend of the advertisers. So, advertisers should believe that the ROI is in the digital markets. To be viable in business, monetization needs to catch up with eyeballs. There is space for both advertisement revenue and subscription revenue in the digital market which is big enough to support both.

Lack of investment expanding the demand-supply gap

The investment in digital content is very less than the demand for content by telcos. So, there is a huge demand supply mismatch. Unless there is not a large investment coming, the industry will not become an industry in itself. So, there is a great need of scaling up exponentially and take a big leap for the Indian content industry.

To attract VCs, we need to scale up the business. Currently, there is not enough upfront investment taking place, hence, the moves have to be made by the players in the business itself to attract VCs and Private Equity firms.

Analytics

Analytics is very much important to make decisions on market and price points. The beauty of digital medium is that it is an addressable medium unlike TV. It helps to combine consumer analytics with business analytics to make a model more efficient to work with. BARC's rating system for digital players would help in better monetization of digital content.

The move over from Traditional to Digital

It is very less likely that the traditional player could create a very strong digital outfit because the DNA is not the same. That's why, more and more acquisitions are taking place in the space. Digital requires a very different mindset. It is about planning your strategy and then getting your voices right and then growing it. It takes a lot of consistency. That is what take your brand forward. In TV, it is about variety, but in digital, it is about specialty. So, the DNA can't be changed, it could be acquired.

DIGITAL INFRASTRUCTURE TRANSFORMING CONTENT CONSUMPTION



The Indian Government's initiative "Digital India" envisions India as a digitally empowered society and knowledge economy. In the last 18 months, the launch of 4G services by leading telecom operators, cutting edge technological advancements in the device ecosystem, as well as strategies by industry's leading organizations to promote data uptake has led to changes in the digital ecosystem. The consumer across all demographics is more digitally savvy than ever seeking compelling content and a personalized experience across content viewing platforms. The proliferation of 4G- ready cost effective phones has not only changed, but has also enhanced the consumer experience. Panelists deliberated on the business strategies in a rapidly changing digital environment in the country and evolving content consumption patterns.

Few key takeaways of the panel discussion is as follows:

Telcos leading the game

The whole infrastructure and ecosystem around connectivity is being driven by telcos and they are doing a fantastic job by bringing the whole revolution around data but broadly there are three more aspects that people don't realize are:

1. Pure connectivity efforts which are being driven by some of the non-telcos companies like Google, Facebook etc.
2. Infusing infrastructure together as ecosystem
3. Giving tools and battering the platform for that infrastructure consumption

Bettering the infrastructure to enhance digital connectivity

For bettering the infrastructure, if one opens up the designs for network architecture for telecom and create global design then the cost really comes down. From the business standpoint, one of the key decision points that OTT businesses had to take is about exactly the entire play between subscription business and advertising business.

The movement towards subscription business

Currently, there are enough and more trends in the market moving in the right direction that seems to fuse really well for the subscription businesses. The movement one moves towards the subscription business, one will really feel the right kind of content being created for the right kind of consumer and not necessary being constraint and restrained by creating content only for the lowest common denominator.

Digital Inclusion

True digital and internet revolution cannot happen on the back of merely catering to the English speaking audiences. Currently rural set of consumers are occupying 30-35% of the internet universe but from the pure population size contributes 70%. In this country there are 40-50% of OTT users who are increasingly trying and watching vernacular content.

The initiative taken by Government of India as National Optical Fibre Network is still under way. There is no massive robust level of work that has happened which possibly could have connected 1.5 lakh gram panchayats and really made the dream of making every piece of content reaching out to every piece of audience in this country a reality.

Measuring Digital

India's digital ecosystem is more advertising driven. As infrastructure grows, digital content consumption will grow and that makes measuring this landscape important. Currently, everyone is speaking a different language when it comes to defining measurement. BARC India's EKAM measurement will provide consistency and comparability to advertisers and publishers. Like in television, our transparent cross platform measurement will help the industry grow and show true ROI.



ONLINE CONTENT PROTECTION IN A DIGITAL ECONOMY



As OTT continues to create a variety of content and viewing options than ever before, online piracy continues to thrive. Piracy continues to negatively impact the industry with losses to the tune of INR 180 billion per annum, accompanied by a loss of 60,000 jobs every year. The M&E industry needs to view the problem with a new lens. Stakeholders discussed strategies to protect their works on the Internet, which remains untamed for online content.

One of the main question which the panel tried to address during the course of discussion was how effective the legal regulatory and enforcement mechanism is in India in terms of enabling the rights owner and content provider to be able to protect their intellectual property rights.

Dealing with online piracy in India, from civil and criminal law perspective

John doe orders are procured for any of the top movie or TV content one to two weeks prior to the release. It helps getting higher notch than not getting John does. The reality is that every movie gets pirated but John doe gives 15 per cent additional coverage. The law exists, but it does not give ample remedy. Even the courts have diverse opinion on the way forward.

We can take efficient tactical actions to prevent immediate impact on the content piracy, but we don't have sustenance on this. There is no predictability on how the courts are going to react. Co-operation with ISPs works well sometimes.

Criminal law should work as a deterrent effect on piracy but the catch is that the source or the person has to be identified. Criminal law is ineffective in the absence of this.

On immediate releases which are live from the theatrical window, John doe gives immediate relief. For the films which are in the library, or on the catalogue, there need to have efficacious combination of take-downs, criminal actions if there is a way to locate the servers on which they are hosted. Locating servers are a big challenge as most of them are out of the legal jurisdiction of the country.

The ISPs are reluctant to take action on take down notices without a court order or John doe. This is the real challenge faced by the IP owners. Courts in India are pushing for regulatory body for take-down actions. The DIPP is also supportive on this.

Misuse of safe harbor clause is also a challenge. Data on the effect of piracy on the economy is very important tool for sensitization of public against piracy. Delaying piracy would give benefits to the content owners.

As most of the servers hosting the infringing websites are outside India, MoUs between the governments are required for co-operation. Co-operation from facebook, whatsapp, google, apple, Microsoft are required.

Global best practices for content protection

Globally, there is a shift towards the will for better protect content because all the stakeholders in the digital ecosystem have started feeling the pain of piracy. Governments have started to understand the value of digital content. There are various players in the entire ecosystem involved in producing content and getting it to the consumers and that can involve some parties as payment processes. The advertising community sometimes feel that the ads are appearing on the illegitimate sites and the brands are not happy that their valuable money is going to the wrong people.

So, most promising types of content protection initiatives are seeing the involvement of number of stakeholders and number of collaborations. It really helps if the entire ecosystem is saying the same thing with reason and logic.

One of the major global initiatives recently is ACE i.e. Alliance for Creativity and Entertainment. This is the alliance between the major content right holders in the industry in the world and also the Netflix and Amazon.

Successful initiative in Asia is site blocking which is becoming the norm whether with court order or administrative site blocking. As per the reports from the countries that have used site blockings, traffic to those sites have been reduced to 90 per cent and traffic to other pirate sites are also reduced. Also, it has been experienced an uptake in the legal online services.

Ways and means being adopted by pirates and preventive measures

As there are three major stakeholders in the content pipeline, i.e. producer, digital integrator (distributor), and cinema

theatre; leak could happen at every level. So, strict security mechanism to be placed to prevent piracy at every stage. One way is to watermark each individual digital integrator's copy. After that, it is to be ensured that each digital integrator has the security mechanism in place which throws watermark every time the movie is exhibited. So, at every point of time if a camcording takes place, it will be ascertained what time and date the movie is recorded and at which cinema theatre. But support from the cinema theatre and a technology to identify the offender is necessary. Unless this is adopted by all the cinema exhibitors to plug the leak, there is not going to be the stoppage of the leak.

Choosing the right vendor for post protection is also crucial to stop piracy. Also, enactment of the new Cinematograph bill which has anti camcording provisions would be helpful with proper enforcement mechanism in place.

Piracy exists if there is a consumer for it. So, we need to change the mindset. If consumption dies, piracy will go down. So, awareness should be brought at the school level. A 360 degree approach and working with the advertisers and consumers is very much vital to curb piracy of content.

Online piracy in the OTT sphere

The real challenge in the OTT sphere is that it is based on app. There are apps which are not on the play store or android store. They are shared and which have the entire content. So, taking the app down is a real challenge which is shared by one user to another. This challenge is substantially huge for piracy of OTT contents.

Wish-list on changes to be made in the Indian legal and enforcement framework

- Extended collaboration between government and industry stakeholders
- Statutory amendment to Sec 69A of the IT Act which makes site blocking for copyright infringement and allow CERT to issue orders to take down websites for copyright infringement.
- Nodal agency on the aegis of DIPP, with representation from Dept. of IT and I&B who has the regular routine to look at such infringing websites and issue orders for takedown of such websites.
- More private-public partnerships
- Saying no to piracy yourself as consumer
- Negotiating with Advertising Standards Council of India (ASCI) to kill the funding of rogue websites.
- Public message and frontline data on piracy to be published by the government on the impact of piracy on the economy.
- Greater cooperation and collaboration between stakeholders and the governments
- Sensitization of public and enforcement agencies



FAST TRACK IN NEWS

url : <https://www.adgully.com/m-e-industry-needs-to-focus-on-innovation-disruption-say-digital-experts-24443.html>



M&E industry needs to focus on innovation & disruption, say digital experts

by Gita
OCT 05, 2017

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Digital revolution continues to gain significance in every sector of India. The Media & Entertainment sector has evolved rapidly over the last year with the emergence of new digital technologies and content distribution models. The 2nd edition of FICCI Knowledge series in association with LA India Film Council (LAIFC) was held on October 4 in Mumbai. The 2017 Fast track India Conference focused on building out a digital company, the impact of evolving digital infrastructure on content consumption and rise in online piracy.

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Media

The 2017 Fast Track India Conference Under FICCI Knowledge Series

Business of Cinema 4 October 2017



The 2nd edition of FICCI Knowledge series in association with LA India Film Council (LAIFC) was held on 4th October in Mumbai. The 2017 Fast track India Conference focused on building out a digital company, the impact of evolving digital infrastructure on content consumption and rise in online piracy.

People who attended the event were Mr. Vijay Singh, CEO, Fox Star Studios and Mr. Gishu Menon, Partner and Co-Head Media and Entertainment, KPMG India and others who were part of various panels through out the day.

Vijay Singh spoke about the power of digital platforms in Media and Entertainment sector. He emphasized on the need to be open to radical re-invention, content creation, getting business model right and reaching to the right audience.

A panel discussion on 'Roadmap to Digital Company' was moderated by Mr. Neha Panatier, Partner - Management Consulting, KPMG India and the panelists included Mr. Ajay Chokro, Co-founder, Anir Mr. Suresh Prasad, CEO, Culture Machine Mr. Sagar Gokhale, CDO, Gyrfi Digital Media and Mr. Rishabh Pantakalya, CEO, ALT Digital Media Entertainment Ltd.

The panel focused on the value chain of a Digital company and what it takes to build a robust digital company, in addition to key success factors and challenges to create a sustainable future-ready digital business.



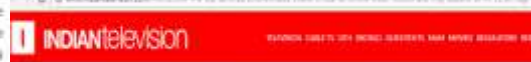
Digital transformation at fast track India

October 4, 2017



Collection Chart	Week 1	Week 2
Box Office	1	2
Weekend Box	1	2
Weekend Box	1	2
Weekend Box	1	2

Source: Box Office India. For the top 10 movies (Weekend Box Office) - Source: Box Office India. For the top 10 movies (Weekend Box Office) - Source: Box Office India.



Differentiated brand critical as online video, mobile ads may expand at 40-51 pc CAGR by '21: KPMG-FICCI

05 Oct 2017 09:54 AM IST | indian-television.com



MUMBAI: The Over the top (OTT) video consumption in India has rapidly evolved over the last year, given the advancements in digital infrastructure and efforts by platforms to create compelling content for consumers at price points which provide value.



2017 FAST TRACK INDIA CONFERENCE UNDER FICCI KNOWLEDGE SERIES



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