

Blockchain: Ushering The Next Generation Of M&E

BLOG



Overview

The media & entertainment industry is undergoing a shift with increasing number of viewers migrating from the 'linear' broadcast services to over-the-top (OTT) services including Netflix, HBO Go and Roku, which are based on subscription driven AOD (audio on demand) and VOD (video on demand) models. Customers prefer OTT services for a variety of reasons, particularly because of the flexibility in pricing and wide range of viewing options. The demand and consumption of content has been on an exponential rise in recent years. Viewers are demanding more content and to address this requirement, media companies are producing more titles on a regular basis.

What does this Indicate?

Fragmentation in the media and entertainment (M&E) landscape has had a profound impact on media consumption. It has also resulted in a shift of power, away from M&E companies. It's consumers who now decide what they watch, and where and when they want to watch it.

OTT services providers, with range of offerings including original and licensed content are literally in the middle of 'content wars'. There is a mad rush, by both OTT players and linear broadcasters to produce a humongous amount of intriguing content that improves customer stickiness and enables them to garner the lion's share of the market.

There are several challenges that these OTT and linear broadcasters face that includes imposition of heavy penalties for breach of contract terms or illegal distribution of content. A few recent examples from the M&E industry are cited below.

01

Netflix and Relativity Media

In 2018, Netflix sued Relativity Media for millions of dollars for breach of contract. It had filed a complaint against Relativity Media, accusing the studio of violating terms of its multiyear contract to provide exclusive content to the streaming service.

Netflix claimed that five Relativity films licensed exclusively to Netflix wound up on competing services, including Amazon and Starz, in breach of the exclusivity agreement. Relativity claimed that happened inadvertently. In terms of claim/ refunds, Netflix was seeking

Refund of \$9.6m for the fees it paid for the exclusive distribution rights to three films
\$2.9m rebate on two other films that Relativity licensed to Starz, allegedly in violation of its Netflix agreement
\$5m for each title that Relativity failed to deliver to Netflix

02

Spotify & Wixen Music Publishing

In December 2017, Spotify settled a \$1.6 billion lawsuit filed by music publisher Wixen Music Publishing. The publisher, which represented artists like Tom Petty, Missy Elliot, Stevie Nicks and Neil Young, alleged copyright infringement, saying that Spotify was using tens of thousands of songs without a proper license.

What should M&E companies do to avoid these pitfalls and emerge as market leaders?

With the industry readying itself for disruption, it calls for a re-engineering of existing systems and processes by embracing emerging technologies like Blockchain, AI, Machine Learning and others. The intended objective for both the linear broadcasters and OTT players is to enhance their scale of operations to stay relevant, produce quality content and promote usability while overcoming the friction points. Significant increase in content creation and distribution poses opportunities & challenges for M&E players in areas of:

- Contracts
- Rights management
- Payments – Royalty & others
- Content localization
- Decentralizing content distribution networks (CDNs)

M&E companies that are successful in addressing friction points mentioned above will emerge as clear market leaders

How can Blockchain aid the M&E industry in the issue?

Blockchain will help M&E companies integrate smart contracts and distributed ledgers into the existing systems to ensure winning collaboration between various stakeholders – actors, producers, distributors, content distributors and end consumers.

M&E companies need not wait for blockchain consortiums (do-it-for-me) to come into existence industry wide. They can create their own chains (do-it-yourself) within their micro and macro ecosystems to provide a completely new experience to stake holders and also address unfulfilled and underserved needs.

Tech Mahindra's bCRMS, a plug and play blockchain platform built on Hyperledger Fabric protocol, helps M&E companies to create such collaborative and immutable own chains, under one interface to avoid:

- Contract breaches and payment of resultant penalties
- Rights infringement as content is streamed globally across various distribution channels and consumption points and
- Disputes related to royalty payments

bCRMS orchestrates the entire media content life cycle workflows across preproduction, post-production and distribution phases by enabling automated contracts, track & trace of content and accurate royalty payment computation and distribution.

Salient Features of bCRMS:

1. Contract Management

The solution helps media companies address key challenges in contract management space including complexities associated with manual contract creation, cumbersome validations against terms & conditions and resultant disputes.

bCRMS helps address these pain points to:

- Create and manage multi-level and regional contracts between media house and talent, fulfillment partners and distribution partners
- Ensure stakeholders agree on contractual terms using immutable smart contracts
- Settle disputes, if any, basis the agreed smart contracts

2. Track & Trace

Another challenge that needs to be addressed is the lack of visibility of content as it moves across the value chain. It becomes paramount to address this challenge as it leads to huge revenue losses due to illegal content distribution. Revenue lost to online piracy will nearly double between 2016 and 2022 to hit at least \$51.6 billion, according to 2017's Online TV Piracy Forecasts report. Additionally, lack of evidence of content pilferage/ leakage for initiating legal action against violators means that these crimes go unaddressed. There is a pressing need for a mechanism to track & trace the media content usage across entire content value chain.

bCRMS helps to address these pain points by:

- Track and trace content rights distribution
- Provide an immutable audit trail to track IP rights
- Prevent piracy and unauthorised content distribution through encryption, watermarking and content hashing

The central watermarking system creates a hash of the watermark at every stage and puts it on blockchain helping to create a 'unique' identity of that piece of content. Comparing this hash value with the genesis hash completes the authenticity check and helps to identify the source of leakage, as the case may be

3. Royalty Management

Royalty payment related disputes not only lead to financial losses but also loss of reputation for the media houses. Several leading media houses have been caught up in the middle of these disputes. The bCRMS platform helps media and production houses to address these situations by proactively avoiding royalty disputes with talent and fulfilment partners by:

- Tracking revenue and royalty payments
- Tracking and auditing inward and outward flow of payments

SUMMARY

In essence creating your own Blockchain through bCRMS platform helps M&E players to collaborate effectively to enhance revenues, preempt contracts or rights infringement and focus on redefining end customer's content consumption experience. Use your chain to power 'me channels' for end customers.

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