



A GUIDE TO CREATE AND EXPAND OTT VIDEO SERVICES FOR SPORTS

Build revenue-driving, subscription-based, live and on-demand sports streaming services in the cloud.

White paper

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UNDERSTAND **TODAY'S OTT MARKET**

Over-the-top (OTT) services offer many benefits when serving audiences with the content they crave. Media organizations around the world have already adopted digital strategies in response to the changing nature of consumption. We've seen many establish direct-to-consumer (DTC) streaming services in order to meet growing user demand.

This trend is expected to continue. According to Allied Market Research, the global OTT market is projected to grow to US\$332.5 billion by 2025, representing a 16.7 per cent increase since 2018. Yet some of the major questions that companies must answer hinge on when and how to integrate a streaming service into their business model.

Although delivering sought-after content is a critical factor, a key consideration for any OTT service provider remains: What is the necessary technological infrastructure and what are the operational capabilities needed to maintain a quality and reliable streaming service at scale?

This whitepaper aims to demonstrate how end-to-end cloud-based solutions can help an OTT service provider achieve the perfect balance for maximum ROI. It all starts with how you process content with increased efficiency and how you facilitate the provision and customization of live and video-on-demand (VOD) programming.

LEVERAGE THE **SPORT'S OTT REVOLUTION**

In response to changing consumption patterns and rising demand for personalized experiences, more and more rights holders and content distributors are building out new digital offerings. Overall, we see them moving away from traditional B2B business models to deliver programming direct to the consumer.

The result is that the sports OTT market is now awash with a multitude of new platforms and services, and several new industry players. We have both new and known operators ranging from sports properties, such as clubs, leagues and governing bodies, to legacy media organizations, technology and telecoms companies, and sports-only streaming services such as DAZN or FloSports.

Although business models and distribution strategies differ across platforms, there is one unifying factor: consumers want to access content on their terms.

In the US, there is a rapid spread of OTT services and so-called 'skinny bundles'. This is a direct consequence of the 'cord-cutting' phenomenon that has contributed to declining US pay-TV subscription numbers in recent years. This shift in consumption has also served to further fragment the sports rights marketplace, with new market players challenging established media companies for rights to the biggest properties.

Similar trends are being seen elsewhere, including major markets like the UK, Germany, Spain and Australia. But this is nothing new. Advancements in worldwide connectivity and the ongoing development of streaming technology have accelerated the shift away from broadcast TV towards digital platforms. In turn, this has generated new opportunities for distributors of sports content to reach audiences around the world.

How media companies are adapting

US entertainment network NBCUniversal has outlined plans to integrate sports content into its new ad-supported OTT service called Peacock, including coverage from the Tokyo 2020 Olympic Games and the Premier League, English soccer's top-flight.

As part of Disney's investment into streaming, the US media company has also announced it will bundle content from its ESPN+ and Hulu streaming services into its Disney+ OTT platform. This serves as another example of how legacy media organizations are adapting to changing consumer demand by developing new digital offerings.

Likewise, the 2018 launch of Kayo Sports, Foxtel's multi-sports streaming service in Australia, saw live content combined with original

and on-demand programming to provide a richer viewer experience. As a result, Kayo's paid subscriber-base grew to more than 400,000 a year after its inception.

In Europe, French pay-TV network Canal+ has launched separate digital channels dedicated to the Premier League and the Top 14, French rugby union's top-flight, via its MyCanal streaming service. The channel is also available to Canal+ Sport subscribers at no additional cost. In a move designed to offer customers payment options similar to streaming models, UK pay-TV network BT Sport has also launched a UK£25 monthly pass that gives viewers access to content without the need to subscribe to an annual contract. The package is available via the broadcaster's mobile apps and other connected devices.

MEET **CONSUMER DEMANDS**

Consumer behavior and preferences vary greatly around the world, and one of the best capabilities that OTT brings to the table is personalization. OTT provides the ability to create digital experiences that cater to multiple users individually. In a streaming market dominated by established players like Netflix and Amazon Prime Video, the success of any new OTT service relies not only on the quality and breadth of its content, but also how well it caters to the preferences of the individual user.

A recent survey carried out by Quantum Market Research found that 96 per cent of British soccer fans are willing to pay more for a subscription OTT service that provides a personalized experience. But greater

customization isn't the only factor driving adoption; quality of service is paramount. As the global streaming market has matured in recent years tech-savvy consumers have come to expect services that:

- Are accessible anywhere, at any time, and on any device;
- Combine high quality streaming with low latency;
- Offer a mix of live and VOD content;
- Integrate interactive features and flexible pricing options.

OTT service adoption*

NETFLIX

158.3m
subscribers

Disney+

25m
subscribers

hulu

26.8m
subscribers

ESPN+

>3.5m
subscribers

hotstar

300m
monthly users

DAZN

8m
in 9 markets

prime video

>100m
subscribers

Kayo

400,000
subscribers

* Reported figures as of January 2020.

Overcome barriers to expansion

Rising consumer demand has brought on new challenges for content distributors. While growing the subscriber base is the ultimate objective, there are a few hurdles to overcome.

To meet these strict demands, D2C services are enlisting the help of providers that offer video processing and delivery solutions to integrate live and on-demand content into a flexible service.

Successful scaling for an OTT service relates to multiple factors:

- **Balancing the costs** associated with maintaining service quality and reliability;
- **Investing in compelling content** across multiple events;
- **Reducing the impact of latency** and buffering.



SIMPLIFY VIDEO PROCESSING AND DELIVERY TO FOSTER GROWTH

Providing a high-quality service that meets heightened consumer expectations can be simple. Working with video processing and delivery solutions providers that streamline the entire process from design to launch will keep the service competitive in an increasingly crowded sports streaming market. An end-to-end solution is an attractive option to ensure an accelerated time-to-market and still maintain the highest video quality that sports content requires. These factors are fundamental. However, the launch is only the first step.

To ensure the overall success the service, OTT platforms must be able to manage peak user demand during coverage of live events. It requires operational workflows that are robust and flexible.

Flexibility and reliability in an OTT streaming platform are especially important for sports content,

which stands apart from other forms of streamed entertainment. Sports are predominantly **consumed live**, with **audience numbers fluctuating** throughout the course of a given event. Issues like latency and picture quality take on increased significance in the live context.

An OTT service running in the cloud provides that sought after flexibility to process and deliver video at scale. SaaS models leverage the cloud and allow content owners and distributors to avoid installing and managing infrastructures that are costly and complex. There are many examples today of how the OTT SaaS model for video processing and delivery in the sports space can offer a turn-key solution that adapts to different business objectives. The major advantage is being able to launch a flexible and profitable a D2C video service with a world-wide reach on every screen in a matter of days.

By way of an example, Harmonic has one of the market's leading video processing and delivery platforms that currently powers more than 42,000 channels worldwide. These cloud-native streaming platforms enable smarter, faster, simpler operations. Platforms like Harmonic's can enable rights holders to leverage their content with a cost-efficient model that fosters business growth:

- **Smarter:** Adopting end-to-end SaaS technology helps improve the efficiency of a video streaming service, increasing flexibility around media processing and delivery while reducing maintenance costs associated with hardware infrastructure.
- **Faster:** Leveraging cloud services and optimizing the media processing chain, including ingest, encoding and delivery, accelerates the time it takes to get content to market. The cloud also enables service providers to spin up and spin down operations when needed, and without purchasing any technical infrastructures.
- **Simpler:** Providing customers with a complete ecosystem ensures agility. Platforms like Harmonic's VOS[®]360 can integrate seamlessly with an existing content management system, an external media scheduler, or a digital rights management platform. Advanced features can be added on the fly and the entire offering is based on pay-per-usage for the ultimate flexibility.

VOS[®] 360 LIVE STREAMING PLATFORM

CASE STUDY

It's not just about talk. Take for example the fastest growing entertainment network in Indonesia that uses Harmonic's VOS360 Live Streaming Platform to deliver 14 OTT channels, ten of which are dedicated to live sports.

The network secured rights to the Premier League in a bid to capture a larger audience. Unexpected peaks in viewership were among its major challenges. To securely scale, the rights holder turned to Harmonic.



The decision paid dividends. When the network experienced issues with a source feed, which was causing high latency and degraded video quality, Harmonic recommended a different teleport service provider and quickly solved the issue.

As a result, the company successfully delivered Premier League matches to more than 100,000 simultaneous viewers and can now scale rapidly for high-demand live events with high service availability and guaranteed uptime.

OPTIMIZE THE SERVICE

Streamlining delivery workflows in the cloud is vital to ensuring that resources are optimized. This simplification also brings clear commercial benefits. Monetization is the end-game and OTT platforms can create several new revenue-generating opportunities for increased ROI beyond typical subscription-based models.

Some of the cost benefits of cloud-based OTT delivery include:

- **Ad-supported thematic OTT channels** that super-serve users with content based on their actual preferences. User data gathered from apps and platforms facilitates targeted advertising for partner brands, and the creation of branded content that is best aligned to the consumer's individual viewing behavior and interests.
- **The conversion of on-demand video** from a live production helps to build out a catalogue of premium content post-event, available either on pay-per-view (PPV) or for distribution to third-party broadcasters.
- **Efficient video compression** allows for more users to watch a digital video at a higher quality, and therefore reduces costs associated with the delivery of video to large audiences.
- **An ability to spin up and spin down** operations at a click of a button rules out the need to deploy expensive production suites. This saves on the operational costs when producing content from multiple sporting events concurrently.
- **Increasing the integrity of the service** reduces the likelihood of a security breach and operational downtime, keeping the platform live for an improved user experience and saves on operational losses related to hardware malfunctions.

CASE STUDY

Viewers seek memorable experiences. One major US racing organization sought to leverage their official app to provide fans with exhilarating live content, without expanding the budget. This includes traffic to two live video streams from selected vehicle cockpits during each race, in addition to live audio streams from every pit crew on the track.

Harmonic's VOS®360 Live Streaming Platform simplified the launch, and the addition of live streams. Last season they attracted more than 10,000 users during the opening race alone.

Video is served at scale in superior quality and with low latency, even at peak consumption hours. A straightforward, pay-for-usage pricing model enables the organization to spin up and spin down operations on the fly, and simply turn the service off during the season break.

With this model, the organization has been able to drive down its operational costs for race day events and dedicate more time to creating unique experiences that capture larger audiences and generate more engagement on the app.



UNIFY THE VALUE CHAIN

Cloud-based video solutions present many operational and commercial benefits that go beyond simplified deployment and maintenance. A cloud-based SaaS for video streaming can also unify the wider value chain.

Though all rights holders have a core customer base, their business model may not have the required compatible infrastructure or content management workflows to scale their operation to serve audiences in different markets. As highlighted previously, this can prove to be a barrier for content distributors with ambitions to expand their reach and output.

Another way for rights holders to overcome this is by targeting audiences in overseas markets and partnering with third-party distributors. To ensure

content is localized and targeted towards relevant audiences, the ideal distribution partner would need to be able to customize its delivery of live and VOD content to individual subscribers and have the capacity to do so quickly.

Adopting a cloud-based solution unifies the delivery to affiliates and distribution partners. That also provides a means of purchasing more sports content and maintaining the same quality of the service, even while expanding the service offering and capabilities.

Rights holder's using this delivery model then have more options to distribute content to multiple markets, increase reach and meet increased consumption and viewing demands without worrying about how to scale.



THE NEXT **STEPS TO SUCCESS**

Integrating sports coverage into an OTT service presents multiple advantages, including the ability to garner more subscribers and expand the platform's live content offering. Yet in cases where D2C content distributors do not have the capacity or the confidence to scale the service to meet increased consumption, expanding the operation's content portfolio might not be a viable option.

As consumers continue to cut the cord and instead adopt OTT platforms, sports properties and their rights partners must expand and diversify their D2C offerings to attract users. Although it may be tempting to build a custom infrastructure to provide a subscription-based, or ad-supported streaming service, a SaaS can be a more cost-efficient. SaaS providers today can allow you to serve audiences with the quality and reliability required for live content like sports with reduced latency at peak viewing times.

By opting to handle content with an end-to-end cloud-based solution, content distributors widen

their monetization scope. They can then customize and monetize content based on individual user preferences and still maintain the highest standards of delivery. In doing so, streaming services can align their content workflows to develop thematic content channels without sacrificing the speed and quality of experience that consumers have come to expect.

To streamline this process, SaaS-supported solutions, such as those developed by Harmonic, simplify video processing and delivery and fully leverage the cloud. It saves on time and money that can be invested in the consumer experience and put to better use for more revenue driving initiatives. Given the rate that audiences are turning to streaming media and the commercial opportunities it presents, flexibility to distribute content with ease is paramount to leverage OTT services for sports content. It would seem that these same services continue to fragment the sports rights market and yet also, paradoxically, create new growth opportunities in the industry.

SMARTER.
FASTER.
SIMPLER.



GET IN **TOUCH WITH HARMONIC**

Harmonic is the leading provider for media processing and delivery platforms. Monetize live and VOD content on every screen with streamlined workflows that optimize your services and accelerate your time to market. By leveraging the flexibility of our cloud-native software you can deliver ultra-high-quality broadcast and OTT video from source to screen.

Our platforms are built to scale with complete cloud compatibility, so your business can stay agile and grow. Harmonic has developed advanced playout capabilities that give you absolute control of your content to meet the most demanding and complex video delivery requirements with unrivalled efficiency.

Today, Harmonic powers millions of simultaneous streams, thousands of live OTT channels and countless video on demand requests for delivery worldwide.

GET STARTED