

MONETISING OTT

Hansen CCB



THE OTT OPPORTUNITY.

Over-the-top (OTT) has become a major part of the media playing field. The continued rise of new OTT players has put severe pressure on existing operators to mitigate an increasing trend of cord-cutting and cord-shaving.

The main mechanism's existing operators have is their continued access to a broad range of content and the ability to add OTT into their arsenal.

A further challenge that operators are having to deal with is the fact that younger generations, such as millennials have grown up with mobile devices becoming "cord-nevers", this is a key market demographic which is simply too important to ignore.



Audiences demand better content, better experience and higher satisfaction, which OTT can deliver. To address this threat, existing operators must embrace OTT and the new business models it represents.

The billing system plays a significant role in this transition as existing billing systems are often inadequate for the new models that are required and can be a hinderance to the effective monetisation of OTT.

OTT CONTENT DELIVERY.

With the rising customer expectations, it is vital for operators to deliver superior-quality content and experience. There are various ways operators can get content for OTT distribution.

If they are an existing broadcaster, they already have contracts with the content providers which allows them to distribute the same content using different platforms. In those cases, the operator may decide to offer hybrid bundles for broadcast and OTT. Many existing broadcasters follow this model which puts pressure on the billing system to offer the ability to bundle OTT and Broadcast content.

OTT operators can also create their own content which allows operators to tailor content to their target market, for example Apple TV+. While in-house content production is an expensive proposition and requires deep pockets, there is potential for niche content and niche markets. Alternatively, operators can decide to partner with other OTT providers. This is particularly attractive with the new wave of direct-to-consumer offerings like Disney+, HBO Max and EPL. Existing operators have customer bases and payment ecosystems that make this a viable and attractive opportunity for both parties.

In many cases, operators will follow a mix of those content strategies to grow retention and revenue.





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Monetising OTT content can be done in various ways.

- Advertisement-based – In the AVOD model the operator's revenue generation is primarily via advertising. This model usually requires the customer to register to view free content in exchange for advertisements to be served to the targeted customer. Although advertising is outside the realm of the billing system, the system still registers the customer and allows for campaign marketing and upsell possibilities to TVOD and SVOD models.
- Subscription-based – SVOD is the main model within the OTT space with operators like Netflix and HBO-Max following this model. Typically, subscription is a prepaid-based recurring model.
- Transaction-based – TVOD has two flavors: rent and purchase. In the rental model customers can watch a movie or event for a certain period of time. When the customer purchases the content, they own the content and can watch it as often as they want. Both rent and purchase are typically done with real-time payments.

Business Model Changes

The OTT model is quite different from traditional broadcast models. Long-term contracts with post-paid billing is replaced by month-to-month subscriptions. It's fast-moving and requires operators to have a rapid time-to-market, ability to make quick changes in product lineup and pricing, as well as provide flexible offers.

The broadcast model is a 'walled garden' where the operator controls the entire eco system. Installing and managing set top boxes is an important part of the operator's business and comes at great cost – especially when the set top boxes are subsidised. OTT allows the bring-your-own-device (BYOD) model which reduces customer acquisition costs dramatically. It therefore allows for free trial periods and easy upgrade paths to TVOD/SVOD. On the flipside, the customer expects no contractual commitments and can easily move to other OTT vendors, so retention is key. A positive customer experience and high satisfaction are crucial for long-term loyalty, and seamless, error-free billing plays a vital role in achieving both.

BYOD and the lack of contracts makes prepaid the predominant billing model for OTT. Monthly, or even shorter-term subscriptions are required, with automatic billing/payments the norm.

Physical information about the customer (like address and phone number) is not really required and therefore often limited; if there is an email and payment method, the customer can be serviced. The billing system must be able to identify the customer with that limited information.



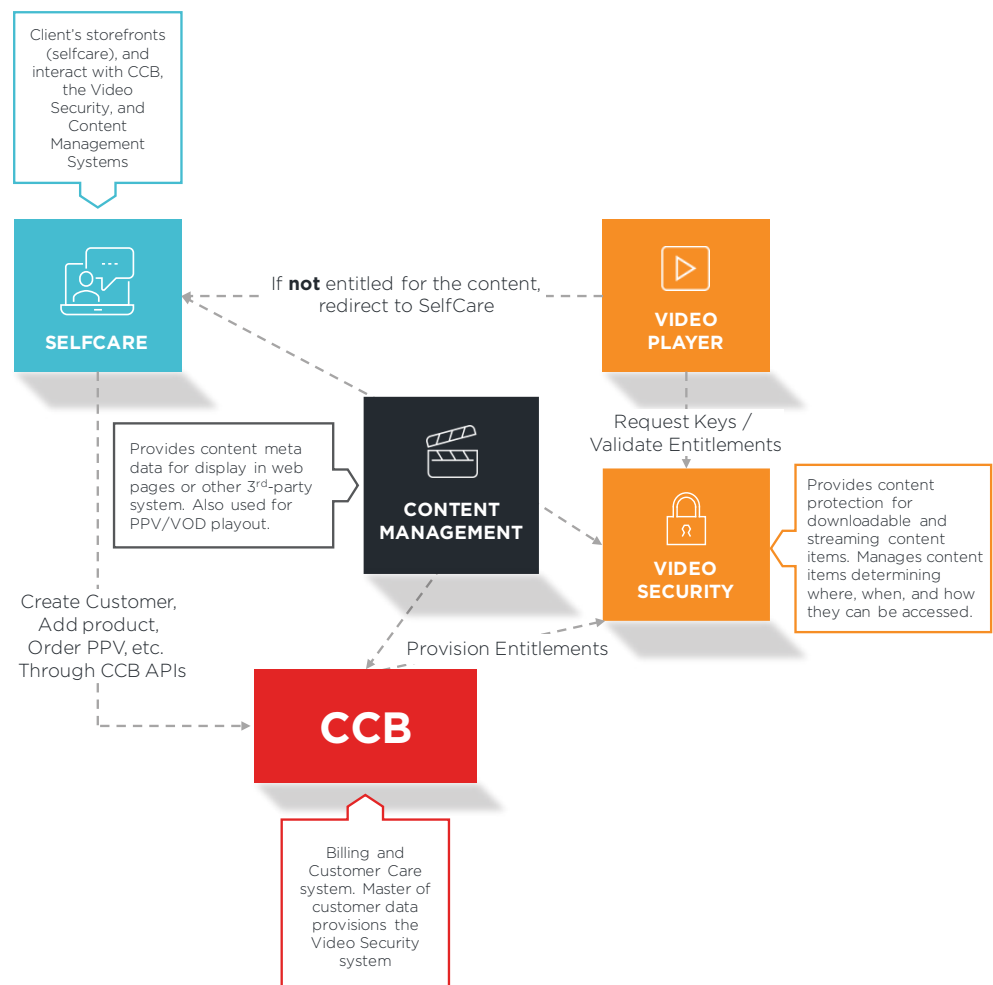
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Hansen CCB and OTT

Hansen CCB is the ideal best of breed billing system to address the specifics for OTT and ensures businesses maximise subscriber acquisition and retention and increase market share. Benefits include:

- Prepaid and postpaid models that support SVOD (subscription, short-term subscription, wallet) and TVOD (Rental and Purchase/ Electronic Sell Through) models
- Rich promotion/offer/trial functionality – campaign management
- Go to market flexibility enabled by the simple setup of new products for OTT-only; Broadcast-only and Hybrid models
- Support for multiple usernames which can be used to integrate to various OTT partners
- Ability to limit OTT to specific devices by MAC address
- Hybrid models for Broadcast & OTT on a single bill, or separate bills



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- Multi-screen/Simulcast provisioning ability
- Support for a-la-carte products
- Bundling of OTT, Broadcast, Hybrid
- Focus on customer retention through loyalty and data warehouse
- Customer-centric, without the need for an address
- Automatic Payment integration
- Multi-currency, multi-tax for cross-border sales within a single setup

Besides the billing system, the OTT eco-system comprises of many other critical systems: DRM (Digital Rights Management), content management, recommendation engines, customer front ends (self-care and players), data warehousing, partner systems, etc. Business processes require an efficient integration between these technology systems to optimise operations. Hansen's CCB provides an integration framework to seamlessly integrate partners and rich APIs to handle the front-end and other integration demands.

ABOUT HANSEN TECHNOLOGIES.

Hansen Technologies (ASX:HSN), powers the world's most successful utilities, telecommunications and pay-TV operators. Hansen's proven and scalable solutions, as well as its innovative and flexible offerings, enable over 550 customers to deliver cost-effective, end-to-end business initiatives to improve their customers' experience.

Hansen Technologies has offices throughout the world including the Americas, APAC, Europe and South Africa servicing customers in over 80 countries.

For more information, visit www.hansencx.com

Talk to us about maximising your business goals.
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