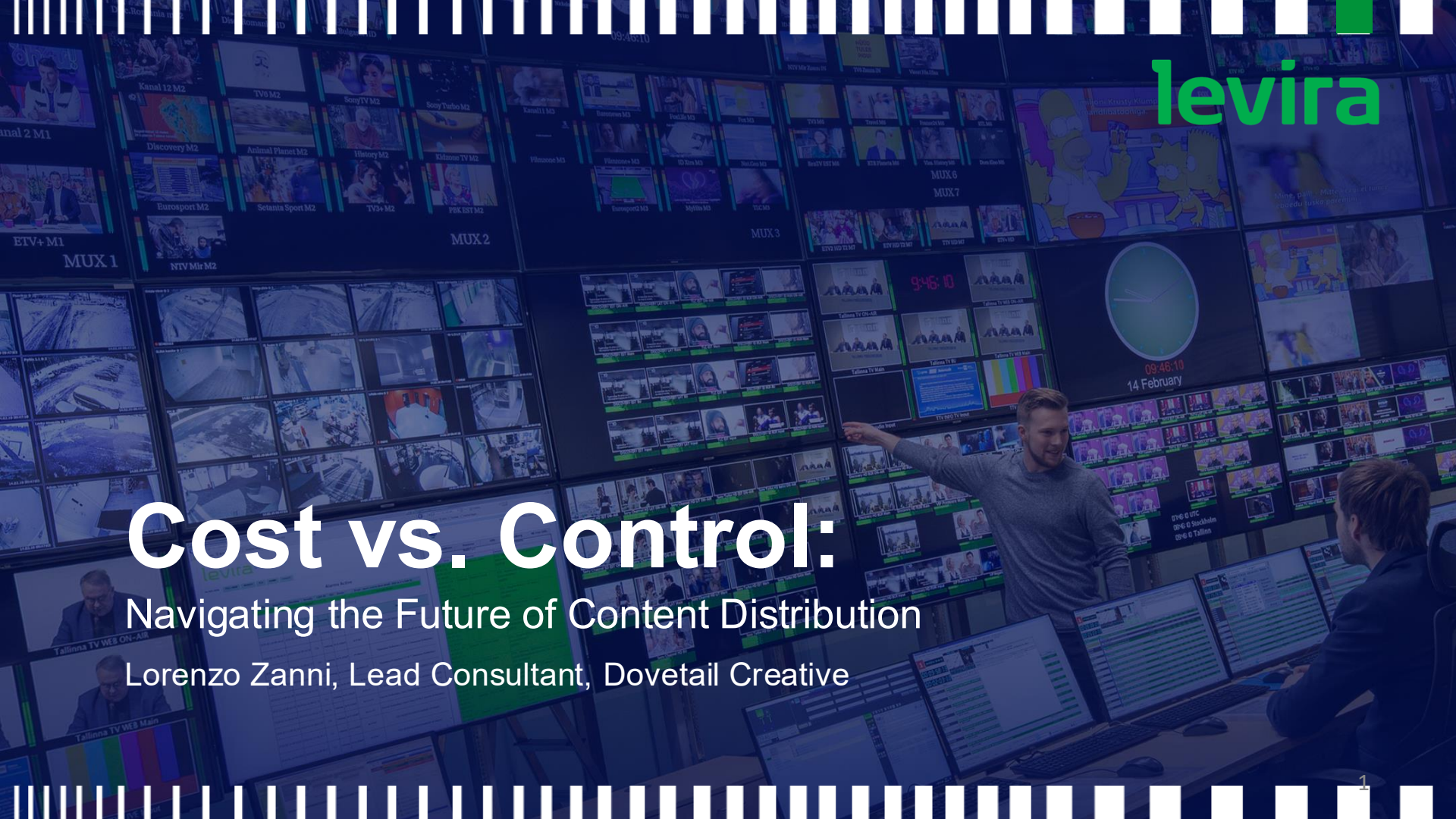


Cost vs. Control:

Navigating the Future of Content Distribution

Lorenzo Zanni, Lead Consultant, Dovetail Creative

Agenda

- Analysis of Sourcing Trends in Broadcast & Media (15 mins)
- Interactive Insight Panel (45 mins)

Key Sourcing Drivers, Simplified

	In	Out
Cost	Higher	Lower
Control	Higher	Lower

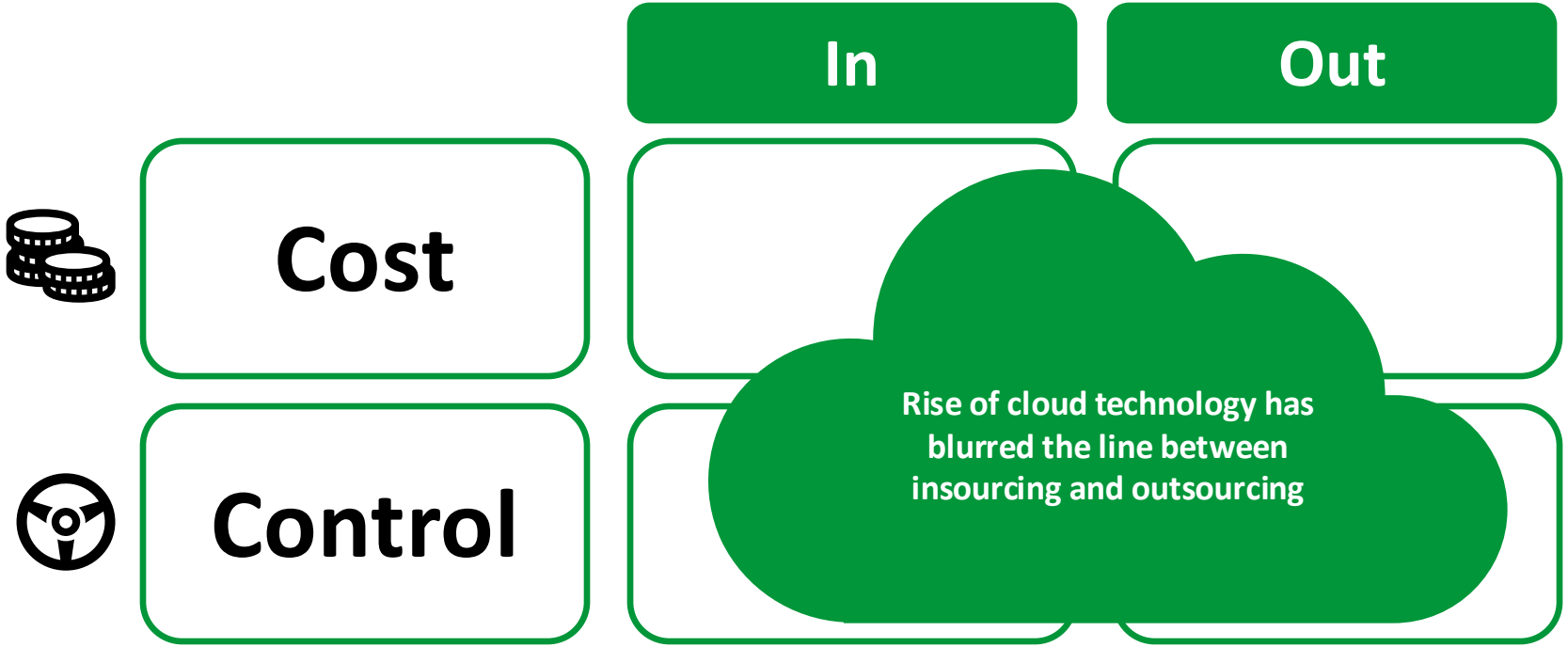
Key Sourcing Drivers: Commonly Held View

	In	Out
Cost	+ CAPEX Rigid Maintenance	-CAPEX Flexible No Maintenance
Control	Customization +Responsive Alignment	Dependency -Responsive Miscommunication

Key Sourcing Drivers: Contrarian View

	In	Out
Cost	Long-term ROI from investment and control can outweigh outsourcing costs	Hidden costs of outsourcing (e.g., knowledge transfer) can erode savings
Control	Internal politics, skills gaps and resource constraints can erode control	Access to specialized expertise and talent can improve control of innovation

Key Sourcing Drivers: Clouded View



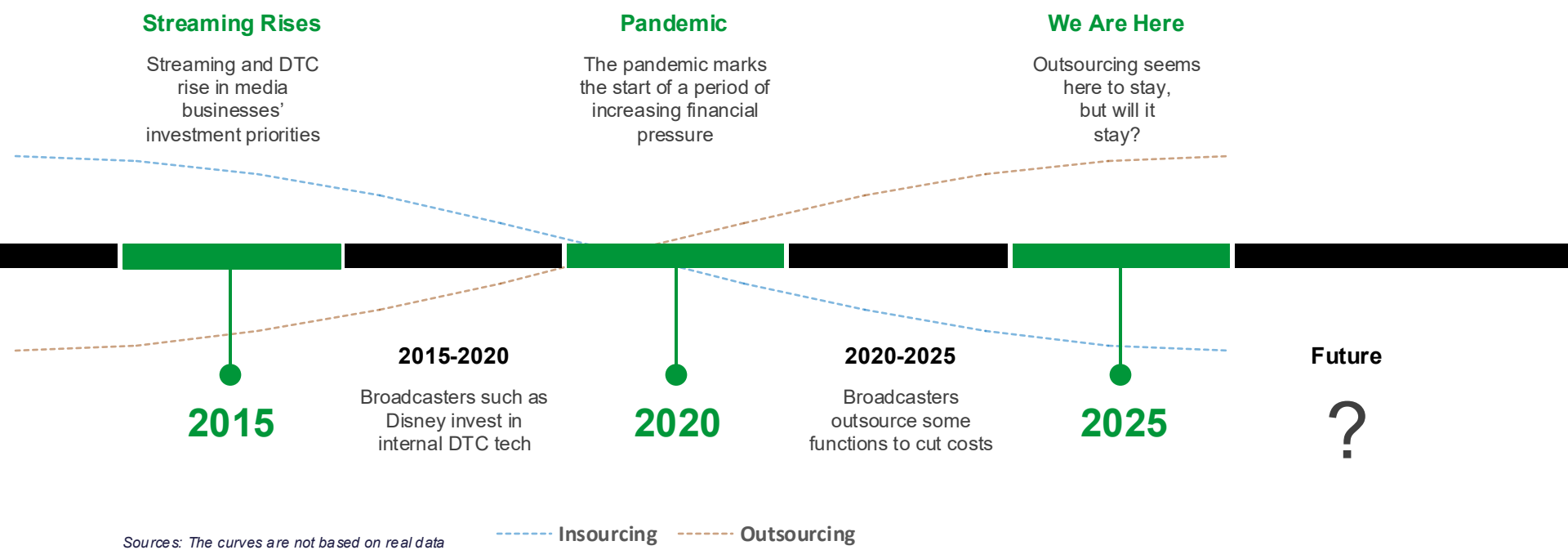
A Historical Tension

- Insourcing and outsourcing in broadcast and media have been in tension for many years. A short review of the last 10 years shows that they experience cycles:

- **2015-2020 (Insourcing Cycle)**: Rise of streaming and direct-to-consumer (DTC) models pushes (larger) media companies to control strategic technology, including content distribution (e.g., Disney/BAMTech deal to internalize DTC technology).

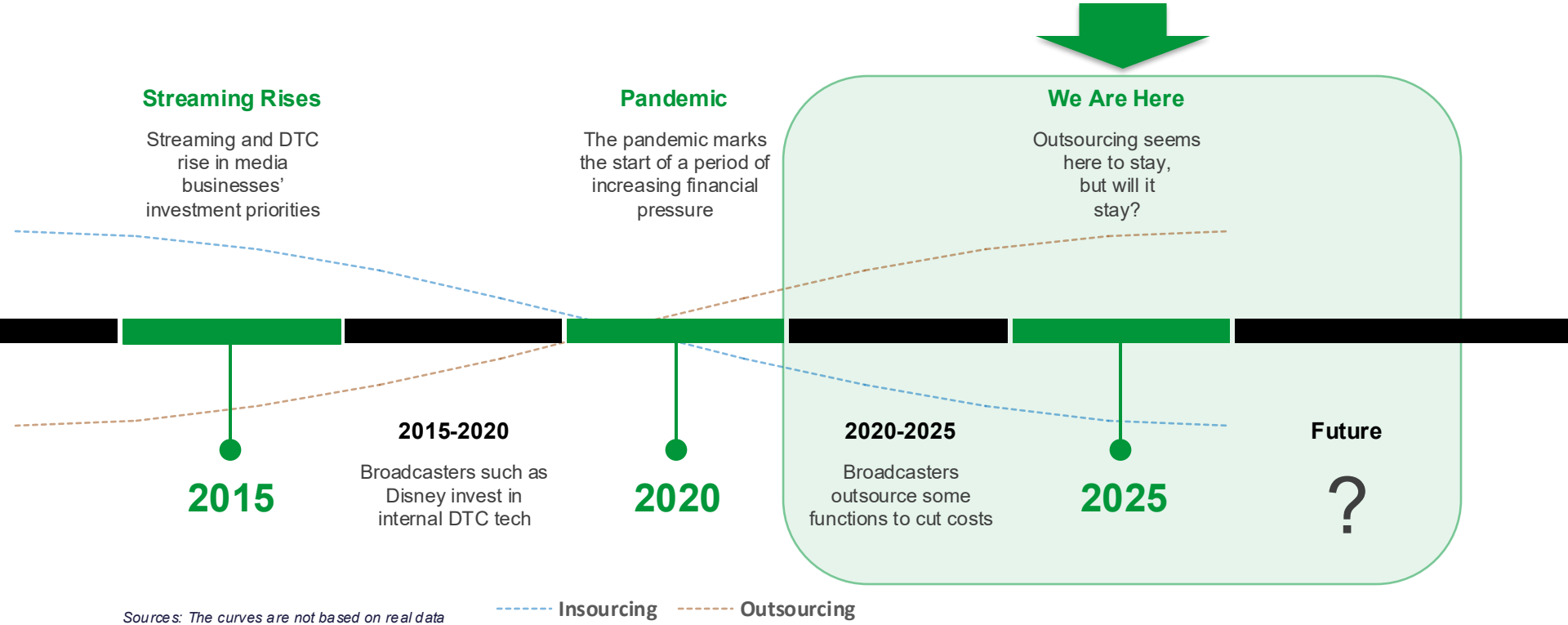
- **2020-2025 (Outsourcing Cycle)**: Post-pandemic financial pressure on broadcast and streaming sectors forces media businesses to cut costs, including outsourcing key technology functions to managed service providers.

A Historical Tension



Sources: The curves are not based on real data

A Historical Tension

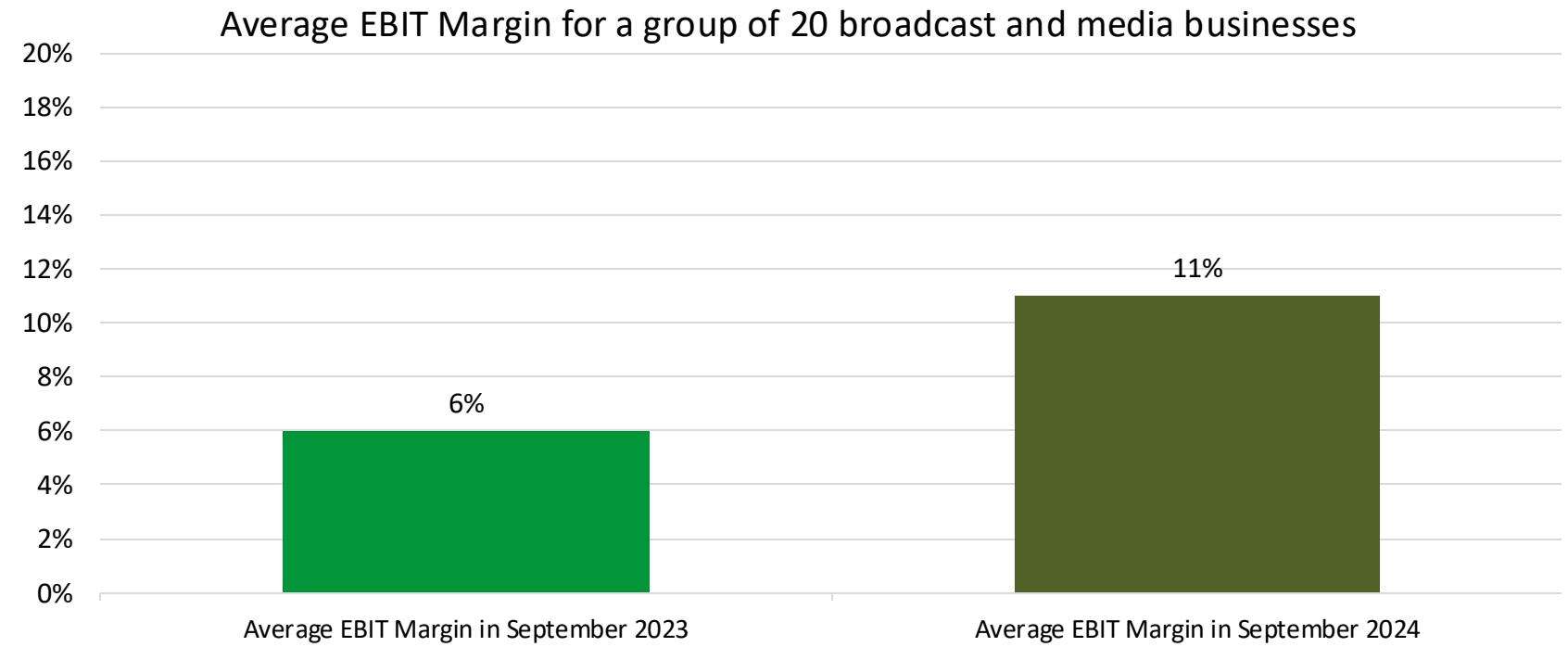


Sources: The curves are not based on real data

Recent Financial Pressure

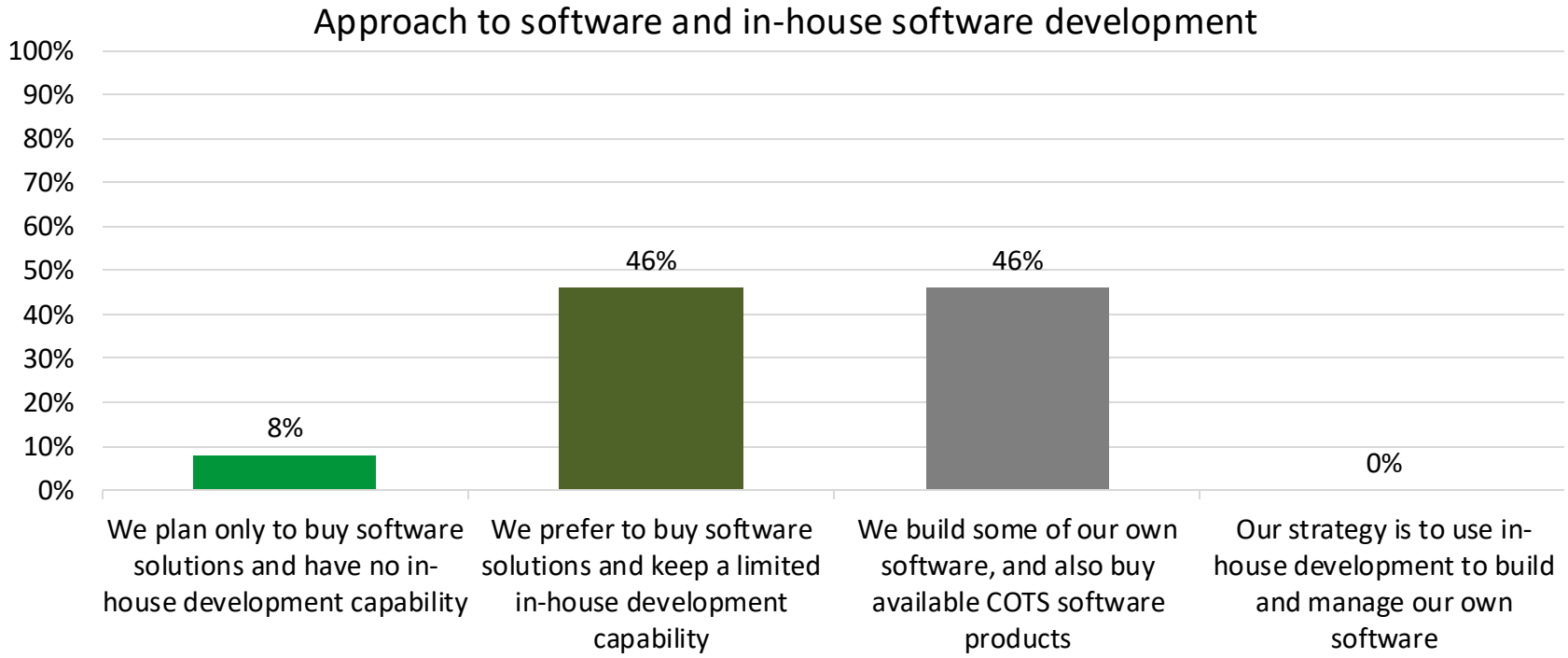
- Broadcast and media organizations implemented several measures to cut costs and improve profits between 2023 and 2025, including:
- **Business**: Subscription price hikes, password-sharing, ad-supported offerings.
- **Content**: Spending reduction, rationalization, exclusive content, weekly releases.
- **Technology**: Spending reduction, rise of AI, outsourcing.

2023-2024 Profit Margins



Sources: Analysis of Yahoo Finance data

Software Sourcing in Broadcast and Media



Sources: DPP

Case Study: Channel 4

- Strategic shift announced in January 2024
- 18% headcount reduction
- Digital-first content and technology strategy
- Streaming moves from in-house to outsourcing

Sources: BroadcastTech

> *We're a relatively small player, and to win in this tricky market, we need to be a little ruthless on what consumers really want from us and where they are happy to have more of a basic level of service… If we move to a platform-based model, that functionality [user profiles] already exists and therefore it's more of a configuration and customisation job*

Grace Boswood
Technology & Distribution Director
Channel 4

Size Still Matters

Larger media companies still have incentive to invest in internal technology for differentiation

Smaller media companies are now focusing more on the core and outsourcing the non-essential

Sources: BroadcastTech

*We're **a relatively small player**, and to win in this tricky market, we need to be a little ruthless on what consumers really want from us and where they are happy to have more of a basic level of service… If we move to a platform-based model, that functionality [user profiles] already exists and therefore it's more of a configuration and customisation job*

Grace Boswood
Technology & Distribution Director
Channel 4

The Future

- Size will still be a factor in technology sourcing decisions.
- Cloud will continue to blur the line between insourcing and outsourcing.
- The focus and drivers of insourcing and outsourcing may become more niche.
- AI will be key to lowering/optimizing costs of distribution and achieving differentiation.
- Talent will be another key differentiator.

levira
Thank you!!!
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