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Cost vs. Control:

Navigating the Future of Content Distribution

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Agenda

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

Key Sourcing Drivers, Simplified



Cost

In

Higher

Out

Lower



Control

Higher

Lower

Key Sourcing Drivers: Commonly Held View



Cost

In
+ CAPEX
Rigid
Maintenance

Out
-CAPEX
Flexible
No Maintenance



Control

In
Customization
+Responsive
Alignment

Out
Dependency
-Responsive
Miscommunication

Key Sourcing Drivers: Contrarian View



Cost

In

Long-term ROI from investment and control can outweigh outsourcing costs

Out

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



Cost



Control

In

Out

Rise of cloud technology has blurred the line between insourcing and outsourcing

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

Streaming Rises

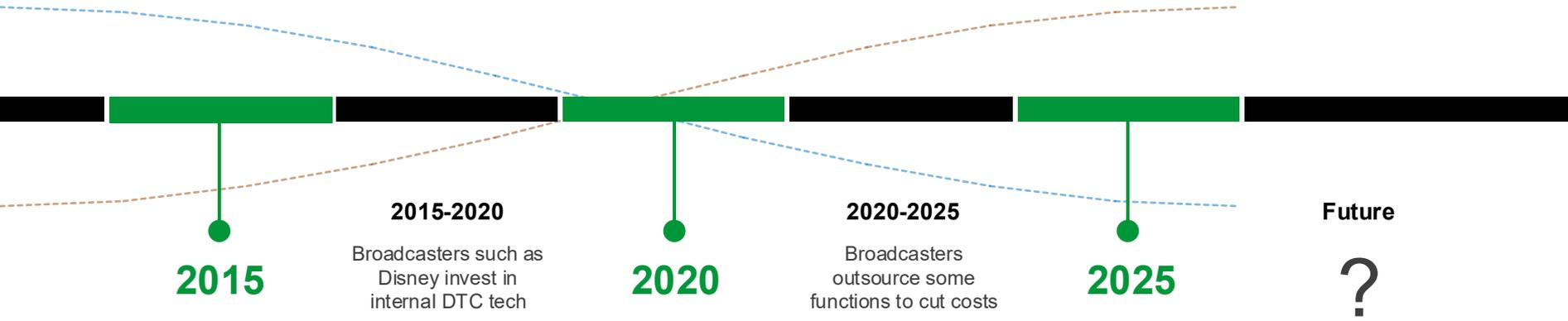
Streaming and DTC rise in media businesses' investment priorities

Pandemic

The pandemic marks the start of a period of increasing financial pressure

We Are Here

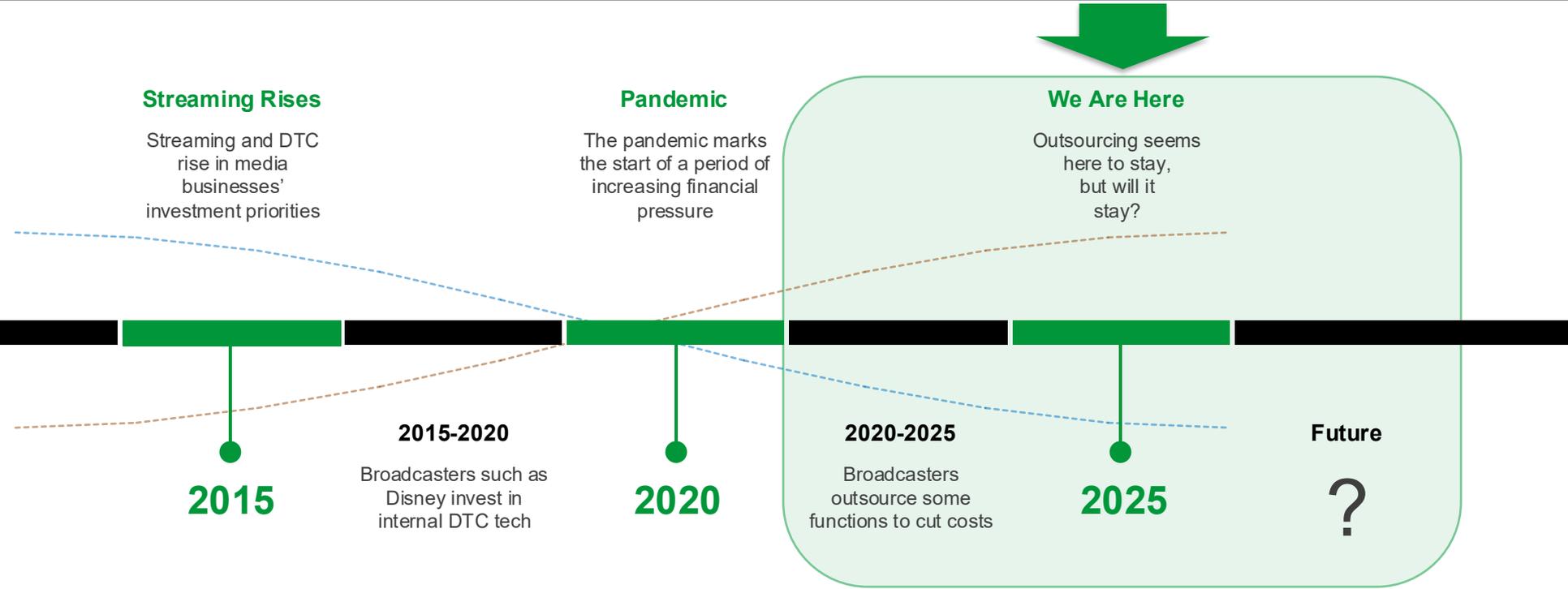
Outsourcing seems here to stay, but will it stay?



Sources: The curves are not based on real data

--- Insourcing --- Outsourcing

A Historical Tension

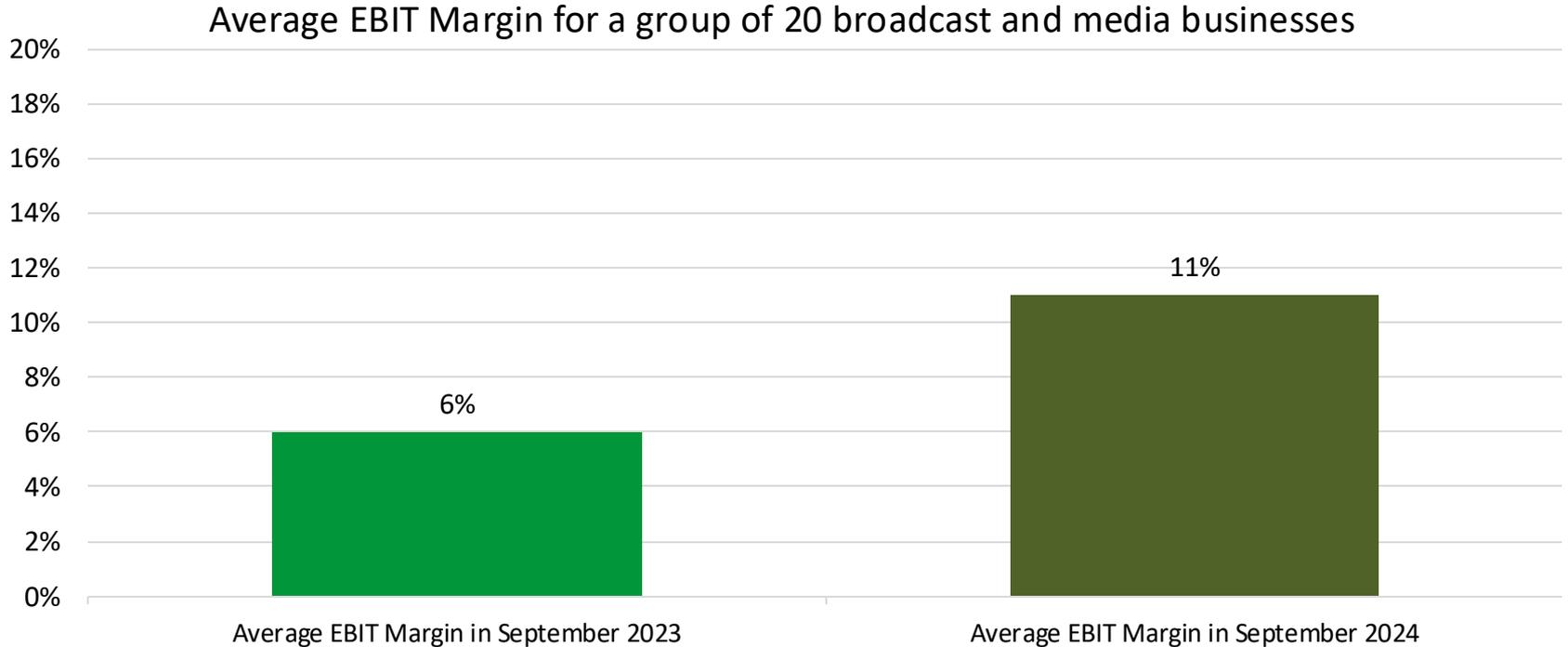


Sources: The curves are not based on real data

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.

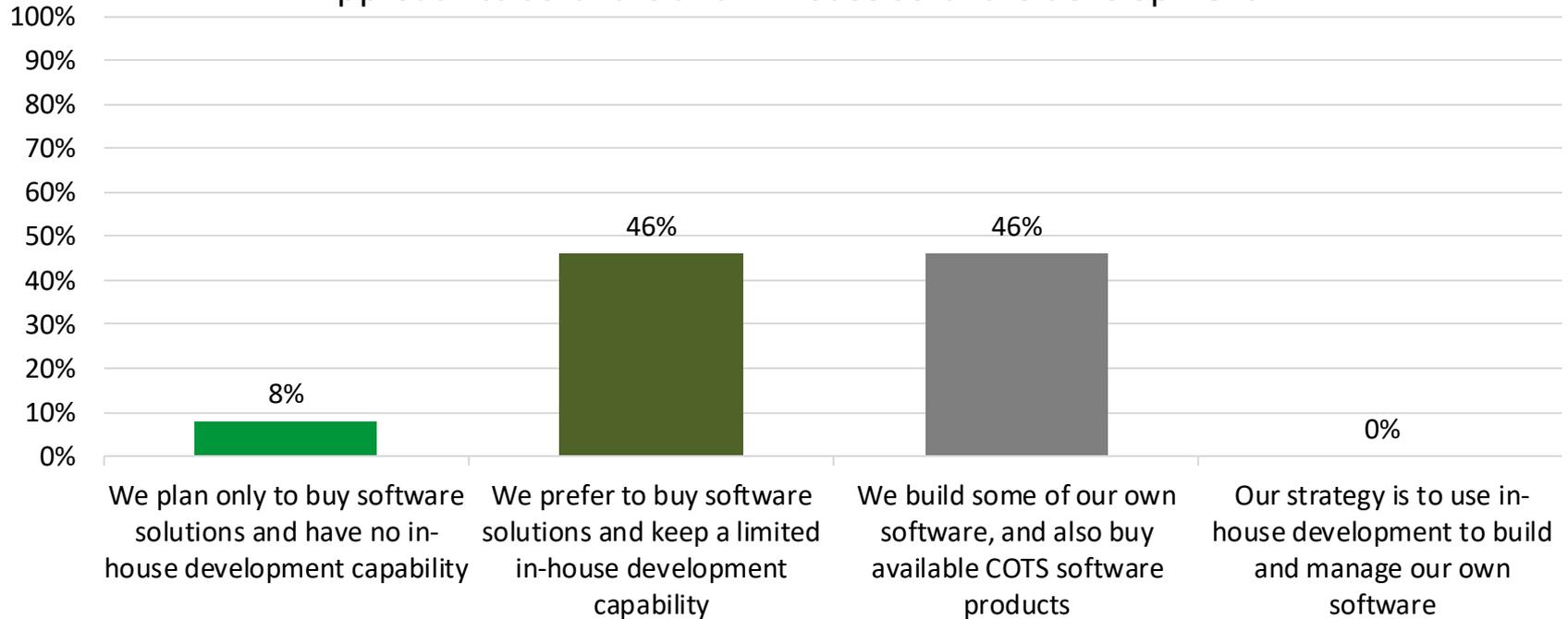
2023-2024 Profit Margins



Sources: Analysis of Yahoo Finance data

Software Sourcing in Broadcast and Media

Approach to software and in-house software development



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



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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.

A large control room with a wall of monitors displaying various TV channels and a central clock. The monitors show a grid of channels including Kanal 12 M2, TV8 M2, Sony TV M2, Sony Turbo M2, Kanal 1 M2, Business M2, Forbes M2, The M2, TV3 M2, Travel M2, Travel M2, The M2, Discovery M2, Animal Planet M2, History M2, Eldorado TV M2, Vilacore M3, Vilacore M3, The M2, The M2, Sony TV M2, The M2, The M2, The M2, Eurosport M2, Setanta Sport M2, TV3+ M2, FOX EST M2, ETV+ M1, MUX 1, NTV Mir M2, MUX 2, MUX 3, MUX 6, MUX 7, and a large clock showing 09:46:10 on 14 February. The room is dimly lit with blue ambient lighting.

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Thank you!!!

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