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The IABM Buying Trends Report biannually tracks financial performance and trends in the media sector. The purpose of this report is to enable IABM member companies to track their customers’ performance and keep up with emerging trends in media technology demand.

Report Methodology

The information analyzed in this report is derived from both quantitative and qualitative research carried out by IABM. The primary evidence used in this report is:

- **Quantitative Evidence**: Public and private financial data of media companies gathered and analyzed by IABM
- **Qualitative Evidence**: Survey evidence on technology buying trends and issues gathered and analyzed by IABM

We produce indices and statistics based on this primary evidence. These can be divided into two pools:

- **“The IABM Buying Trends Index”**: a biannual tracker of sales and profits in the media sector. This information is mostly used in the first section of the report
- **“The IABM Buying Trends Survey”**: a biannual survey of trends and opinions in the media sector. This information is mostly used in sections 2-7.

We use both these pools of information as well as a variety of secondary sources – including interviews, news, announcements, earnings calls, technology material etc. – to provide users with a comprehensive account of the status of the demand-side of the media technology market.

More information about the report’s methodology – including index and survey demographics – can be found in the Appendix of this report.

Report Content

The analysis is undertaken by the IABM Business Intelligence team. The contents of this report, which focus on the performance and technology buying trends of media companies, are the following:

- Financial Performance
- Business Sentiment
- Revenue Sources
- Media Technology Investment
- IT Technology
- Collaboration
- Outlook

Users can view the highlights of this report in the Executive Summary section of the study.

Report Consumption

This study can be downloaded as PDF or viewed as an interactive report on the IABM website – we suggest users to view the interactive report as it enables them to drill down into the data. The PDF version of the report is instead more suited to offline reading.

While IABM members have free access to the report, non-members are charged for accessing it.
Executive Summary

This section includes the main highlights of this report accompanied by the most relevant data visualizations. Key findings this report are as follows:

Financial Performance
- Sales growth declined from the 9% reported last year to 3%
- Profit growth improved from the -7% reported last year to -0.3%
- Pay-TV operators continued to fare better than Media Networks

Business Sentiment
- Confidence is at a record-high despite increased competitive pressures
- 78% of respondents said they are positive about the business environment
- Production and post-production companies reported the highest confidence

Revenue Sources
- 44% of end-users derive at least 61% of their revenues from traditional broadcast operations
- Most respondents anticipate their revenues shifting from traditional to new media operations
- Pay-TV operators remain bullish about the outlook for their revenues in the next 2-3 years

IT Technology
- The majority of end-user media technology Capex budgets is being spent with IT companies
- Investment in building internal capabilities for technology development continues to increase
- 72% of organizations said cyber security is a top priority

Media Technology Adoption
- The outlook for UHD spending significantly improved – 14% have launched UHD offerings
- IP and cloud adoption remain strong as end-users streamline their operations
- AI and blockchain remain emerging technologies despite their high potential

Collaboration
- 98% of end-users said that interoperability is important
- On average, over half of end-users (53%) are unfamiliar with interoperability initiatives
- The interoperability initiatives with highest participation are AIMS, FIMS and JT-NM

Media Technology Investment
- Efficiency remains the most important driver of product purchase
- Multi-platform content delivery remains the most important strategic priority
- Most end-users (58%) are set to increase their spending on media technology
These results show that the demand side of the industry continues to go through a radical shift, with changing revenue models influencing the trends in media technology investment.

Revenue growth in the media sector worsened while profits improved compared to the figures reported a year ago. The traditional business models of this industry – advertising and subscriptions – continue to be under the competitive pressure of new media. However, our data shows that this is influencing the advertising business model more markedly than Pay-TV’s.

The continued pressure on financials did not influence optimism on the demand-side. Despite the enormous changes affecting the industry, buyers remain confident that they can successfully counter increased competition by relying on their core strengths.

Multi-platform content delivery continues to be the main priority driving media companies’ technology purchasing strategy. With stretched budgets and shortened timescales, the workings of media companies are starting to resemble those of a factory, where efficiency and speed are paramount.

Changing priorities have translated into a shift in technology spending that prioritizes Opex over Capex. Our data demonstrates that, although general media technology spending is growing, Capex spending is down. Media companies are requiring their suppliers to move to new business models centered on the flexible provision of software. However, demand for more traditional products such as cameras and editing tools is also strong showing that not everything will succumb to software and IT.

The shift in technology spending is prompting end-users to adopt a variety of emerging technologies to streamline their supply-chains for the multi-platform world. While IP and cloud adoption are already strong, promising technologies such as AI and blockchain remain emerging trends according to our data. With regards to immersive formats, 2018 may bring more UHD spending to support coverage of important sporting events. VR spending is likely to remain subdued although there have been improvements compared to our previous surveys.

Our data shows that IT technology already makes up more than half the Capex budget that end-users dedicate to media technology. This transition to IT though presents them with some challenges, including cyber security and interoperability.

Although technology priorities have shifted to new paradigms, technology continues to be at the center of media businesses’ strategies going forward. This is highlighted by several of our findings, including media companies’ increased propensity to build technology in-house, which is achieved through software development investment and/or targeted acquisitions.

Suppliers are going through a profound business transformation to stay relevant to their customers.
Financial Performance

This section includes an analysis of sales and profit growth in the broadcast and media sector. The data used in this section is derived from the biannual analysis of broadcast and media businesses’ accounts by the IABM Business Intelligence team – “The IABM Buying Trends Index”. The latest analysis was carried out up to the end of December 2017 and includes 189 companies with aggregate sales amounting to US$334.6bn.

Sales & Profit Growth

Recent company filings show that the total value of year-on-year sales in the broadcast and media market has increased by 3% - at fixed exchange rates (more details available in the Appendix of this report). The total value of sales in the market was $334.6bn – about seven times the value of the supply-side technology industry, as reported by the latest IABM DC Global Market Valuation & Strategy Report.

Sales growth decreased by six percentage points from the 9% reported last year. A lack of major events in 2017 and a general decline in advertising revenues were behind this worsening in the sales growth rate. Despite this slowdown, end-users continue to grow revenues.

Profit growth improved from the -7% reported a year ago to -0.3%. End-users’ continued focus on efficiency has played a role in improving profit growth. In fact, in 2017, many organizations continued to implement cost-cutting initiatives which also involved a gradual shift in technology spending. However, end-users’ profitability remains under pressure – illustrated by several companies’ situations. This is particularly true for some media networks, as we will show later in this section. The total value of profits in the market was $56.5bn – this shows that, at a macro level, the industry’s operating margin is about 17%.

Overall, the majority of the industry remains profitable (89%) with the rest being in loss in the last 24 months – this is lower than the 93% reported a year ago.
The profit margin distribution shows that the percentage of companies in loss has increased compared to our last survey – from 7% to 11%. Also, the percentage of companies making between 0% and 20% increased from 52% to 64% while the percentage of organizations making higher profit margins (>20%) decreased from 48% to 36%.

This shows that, although average profit growth has improved, the distribution of profits in the sample points to diminishing returns in the broadcast and media. The improvement in the average profit growth may therefore have been driven by a few companies outperforming the general market.

A look at company size shows interesting results with regards to sales and profits (these were broken down by different revenue groups).

As opposed to last year, the data does not show a sizable, positive correlation between size and revenue growth. With regards to profits, this correlation breaks down as companies making between $500m and $1bn report a higher profit rate than multi-billion broadcast and media companies. However, companies with turnovers less than $500m continue to fare worse, continuing to show a negative profit growth rate. While size still matters, it may not have mattered as much as some thought it would.

The next part of this section examines sales and profit growth in the two segments analyzed in this report.
Company Segmentation

We have divided the end-user side of the market into two segments (more details on the Appendix of this report):

- **Media Networks**: this category includes broadcast and premium networks, television stations and broadcast station operators. This category’s primary revenue source is generally advertising although some companies may rely on other relevant sources such as content licensing and re-transmission fees.

- **Pay-TV Operators**: this category includes cable, satellite, IPTV. This category’s primary revenue source is generally subscription fees.

Media Networks represent 75% of revenues in the sample while Pay-TV Operators represent the remaining 25%.

Revenue and profit growth performance at Media Networks resembled the trend experienced by the overall market. Revenues grew by 2%, down from 10% in 2016 while profits declined less markedly than last year – by 1%.

Looking at selected commercial broadcasters’ advertising revenues shows that these have slowed down in 2017 due to the absence of major sporting events. This, coupled with the increased competition from native digital players, has contributed to stifle advertising performance for most in 2017. In developed regions, Media Networks that have adapted to shifting viewing habits by investing in new media businesses continued to fare better than digital laggards. In developing regions, the situation changes from country to country, although some markets were more vulnerable to advertising declines (e.g. Brazil).

Despite the competitive threat posed by online streaming, Pay-TV Operators continue to fare better – they grew both revenues and profits by 6%. This is however down from last year, when they grew revenues by 8% and profits by 9%.

Pay-TV continues to be a lucrative business although the pressure of cord-cutting influenced the growth rate experienced by some of these organizations. Pay-TV operators in developed regions have also invested in new media businesses (e.g. “skinny bundles”). Managing the balance between these businesses and legacy revenues remains the major challenge for them. Pay-TV outlook in developing regions remains rosy, particularly as economic growth improved during 2017.

Readers can view the historical data at [www.theiabm.org/buying-trends-reports-iabm/](http://www.theiabm.org/buying-trends-reports-iabm/) of this report.
Geographical Segmentation

We have divided the end-user side of the market into three macro-regions (more details on the Appendix of this report):

- **Americas**: including both North and South America
- **EMEA**: including Europe, the Middle East and Africa
- **Asia-Pacific**

The geographical segmentation shows minor differences between EMEA and Americas. Media companies based in EMEA grew revenues by 3%, down from 5% last year, and experienced a profit decline of 0.3%, down from a 1% growth last year. In Americas, sales growth declined from 11% to 3% while profit growth improved from -10% to 0.3%. Taken together, these two regions show a low revenue growth rate and – relatively – flat profits. Performance drivers in these regions were also similar: increased competition from online streaming and declining advertising revenues impaired sales while cost-cutting measures contributed to improved profit performance.

The situation in Asia-Pacific was different. While revenues still grew by 3%, profits declined by 10%. Revenue growth was flat compared to the previous year while profit growth worsened from the 3% reported for 2016. Negative figures were reported particularly in the most technologically developed markets such as South Korea and Australia but also in developing countries such as Malaysia. Performance drivers in this region varied from country to country.

Readers can view the historical data at [www.thiabm.org/buying-trends-reports-iabm/](http://www.thiabm.org/buying-trends-reports-iabm/) of this report.
The data used hereafter is derived from a biannual IABM survey of trends and opinions of senior decision makers at end-user companies – the “The IABM Buying Trends Survey”. The latest survey was carried out between February and March 2018, receiving 274 responses.

<table>
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<tr>
<th>Latest Buying Trends Index</th>
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<tr>
<td><strong>Survey Period</strong></td>
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<td>February 2018 – March 2018</td>
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This section looks at business sentiment in the media industry.

On an overall basis, the percentage of respondents who said they were “quite positive” or “very positive” about the business environment over the next 2-3 years was 78%, up from 77% and 74% in our IBC 2017 and NAB Show 2017 surveys respectively.

The percentage of respondents reporting negative confidence was only 3% with 19% feeling neutral about the market outlook.

Confidence is at a record-high, matching the previous record value reported at IBC 2016. End-users continue to be positive about the market outlook despite increased competitive pressures from new media. Confidence indicators continue to be in stark contrast with financial performance, which points to declining sales and flat profits for most media organizations.

From a geographical perspective there were no notable differences, with sentiment being consistent across different regions.

From an organization type perspective, production and post/production companies reported the highest confidence, followed by broadcasters and SIs.
The anecdotal feedback from respondents revealed some interesting insights.

Generally, the optimistic outlook is accompanied by an increasing awareness that the media industry is changing at a fast pace. Some US-specific comments focus on the state of terrestrial broadcasting – and developments with regards to ATSC 3.0. There were generally less political remarks compared to our NAB Show 2017 survey.

Below is some of the most relevant anecdotal feedback provided by broadcast and media technology customers explaining their outlook:

“*We see the next five years as transitional for terrestrial broadcasting with a blending of traditional and broadband delivery of content.*” Broadcast

“*The consumer is faced with too many choices whether SVOD, FVOD or traditional. There will be a landslide of consolidation.*” Pay-TV Operator

“*We are publicly funded in a state making deep budget cuts.*” Broadcaster

“*We are very interested in the roll out of ATSC 3.0. We are also very interested in IP based studio infrastructure.*” Broadcaster
**Revenue Sources**

This section looks at the broadcast and media industry’s revenue sources and business models. The data presented in this section should be read in conjunction with the figures reported in the first section on financial performance. As video becomes available on multiple platforms, broadcast and media industry players are trying to manage the delicate balance between linear and new media (“digital”) revenues – with the latter being notoriously less profitable than the former. This section discusses how this balance is evolving as well as the state of traditional industry business models.

**Digital Vs Broadcast: Current & Future Revenue Sources of Media Technology Buyers**

Respondents were asked what percentage of their revenue this year will be derived from traditional broadcast operations versus new media activities such as web, mobile, streaming, multi-platform content delivery etc.

![Chart 8: What percentage of REVENUE THIS YEAR will be derived from traditional broadcast operations versus new activities such as web, mobile, streaming multi-platform content delivery etc.](chart)

On a global basis, new activities such as multi-platform content delivery are already key revenue drivers for many types of end-users. This is not surprising: a plethora of consumer research studies have demonstrated how viewing habits have shifted to new platforms. Expectations have risen greatly as consumers now demand to watch video on a variety of connected devices when they want and where they want.

Across all end-user respondents to our NAB Show 2018 study, 22% reported that the vast majority of their revenue (more than 80%) is from traditional broadcast operations. This is down from 27% and 30% in our IBC 2017 and NAB Show 2017 surveys respectively.

Overall, 44% of research participants said they derive at least 61% of their revenue from traditional broadcast operations, relatively stable compared to previous surveys.
The percentage of end-users deriving more than 60% from new media activities was 37%, down from previous surveys. 18% said that they derive 41-60% of their revenues from traditional broadcast operations.

To understand how broadcast and media technology customers believe their revenue will evolve, respondents were also asked what percentage of their revenue in 2-3 years will be derived from traditional broadcast operations versus new activities such as web, mobile, streaming, multi-platform content delivery etc.

These results show that most respondents anticipate a shift in their revenue away from traditional broadcast operations in favor of monetizing content over alternative delivery platforms. There is an interesting shift to the middle [41-60% of revenues] compared to previous surveys with a decrease at both the extreme sides of the distribution. A rising number of organisations therefore expect to derive revenue from a mixture of new media and broadcast operations in the future.

From an organization perspective, both broadcasters and production/post companies already derive – on average – the majority of their revenues from new media operations (56% and 68% respectively). Both the categories of respondents expect these percentages to rise over the next 2-3 years (to 61% and 72% respectively).
Broadcast Business Models: Outlook for Advertising, Subscriptions and Government Funding

Broadcasters’ primary revenue sources have historically been advertising, subscriptions and government funding. The prevalence of a certain revenue source at broadcast organizations is generally linked to a specific business model. For instance, advertising is generally the primary revenue source for free-to-air commercial broadcasters while subscriptions are primarily relied upon by Pay-TV operators.

The primary revenue source for the majority of the sample is “advertising” (38%), followed by “government funding” (25%) and “subscriptions” (10%). 27% answered “other” to this question. Only broadcasters were asked to respond to this question.

The question analysed below is the outlook of respondents on their primary revenue sources in the next 2-3 years. Only broadcasters were asked to respond to this question.

The infographic shows that Pay-TV operators continue to be bullish about the outlook for their revenues in the next 2-3 years – both the “increase” and “decline” percentages are higher for them than for commercial broadcasters. As opposed to previous surveys, government-funded broadcasters are more positive about the outlook for their revenues. Commercial broadcasters remain more balanced in their views.
Factors Influencing the Purchase of Media Technology Products

In order to understand which factors influence the purchasing priorities of broadcast technology buyers, respondents were asked to rank the importance of a variety of factors on a scale of 1-10, with 10 being the most important and 1 being the least important. The results are shown below:

"Best fit for functional requirements" continues to be the most important factor affecting end-users’ purchasing behavior. This is indicative of a preference for products and solutions that most closely match the specified need.

The #2 most important factor affecting broadcast and media purchasing is "service and support from vendor", with 60% of respondents rating it as very important.

The #3 most important factor is "ease of integration", showing that end-users value a technology that can be easily integrated to their existing infrastructures.

As opposed to previous NAB Show surveys, "purchase price" dropped to #4 place. It is striking to see "purchase price" being only in fourth position, as it has often been rated in the top three factors. This indicates that, in this period of change, end-users may be more concerned about support from suppliers and the ability to fit and integrate technologies with their existing infrastructures, on which they have heavily invested in the past. The transition to IP and virtualized infrastructures may have played a role in increasing the importance of these factors relative to price concerns.
“Reputation of vendor” continues to play an important role in some customers’ decision-making – particularly smaller buyers who often do not have time to properly research a wide range of products before making a purchase decision.

Factors #6 and #7 are “reference sites/recommendations from existing users” and “vendor product development roadmap”. It is surprising to see “vendor product development roadmap” at #7 as anecdotal feedback highlights that this may be important for some buyers. In fact, particularly with regards to IP standards support, a clear roadmap by vendors may play an important role in end-users’ purchasing decisions.

Strategic Drivers of Media Technology Purchase

Media technology purchasing decisions are driven by a complex mix of factors. An understanding of this may help vendors to present their products in a way that better resonates with their customers.

Research participants were asked to select at least three important factors that driver the purchases of media technology.

Respondents cited “makes us more efficient/saves money” more often than any other factor as the “most important” driver of product purchase. This has been cited as the most important driver of product choice in every NAB Show and IBC survey since we began asking this question several years ago. The percentage importance of this factor has slightly dropped compared to previous editions of this survey as “total cost of ownership” has gained ground – it remains the #2 most important factor.

“After sales service and support” was ranked as the third most important factor, surpassing “interoperable with other products” (#4) compared to the previous edition of this survey. This may reflect the success of recent interoperability initiatives and progress on standards.

It is worth highlighting that “cutting-edge technology”, a factor ranked in the top 3 for a long time, is now only the #6 most important factor behind “vendor’s understanding of our specific needs/requirements”. This reflects a shift in media technology behavior. Vendors’ capacity to solve end-users’ problems and maximize their operational efficiency is deemed as more important than the technology behind it.

The bottom three factors cited by respondents were “reputation of vendor”, “availability of training” and “vendor roadmap”.

Readers can view the indexed data at www.theiabm.org/buying-trends-reports-iabm/.
Media Technology Purchasing Priorities

Having established what’s important to buyers as they make purchasing decisions, it’s useful to understand how the business strategy of the customer drives media technology purchasing. To determine this, respondents were asked to select at least three important priorities in their broadcast and media technology purchasing strategy.

We asked respondents to select their most important priorities. Readers can view the ranking and indexed data on the online version of this report.

Topping the list of the projects considered “most important” to NAB Show 2018 survey respondents was “multi-platform content delivery”, which was cited more times than any other project as the most important strategic priority for broadcast and media technology buyers. Media technology end-users continue to prioritize multi-platform delivery initiatives as audiences’ viewing preferences shift to new mediums. This has been a primary priority for end-users for quite some time now.

“4K/UHD production/delivery” was cited again as the #2 most important factor, surpassing “IP infrastructure” in this list, which was cited as the #4 most important factor – “Media asset management” was the #3 most cited factor.

4K/UHD production/delivery continues to be in the top three priorities for media technology end-users. Most of them have already opted for investing in 4K/UHD production technology. Although most broadcasters that shoot content in 4K/UHD deliver it to viewers in HD, 2018 may be a pivotal year for the technology as a plethora of sporting events such as the upcoming FIFA World Cup in Russia pushes end-users to launch 4K/UHD initiatives. Despite the finalization of SMPTE 2110, IP infrastructure dropped from second to fourth position in this ranking compared to the IBC 2017 survey results. However, a look at the findings for just broadcasters shows that this is now the first most important priority for them.

“Social media broadcasting” and “cloud-computing/cloud-based services” were cited as the #5 and #6 most important priorities. Social media broadcasting has increased in importance compared to the IBC 2017 survey as end-users continue to leverage social media platforms to engage with audiences in new ways. “Cyber security” was rated #7 on this list.

“Big data analytics and AI” was cited as the #8 most important priority – behind “cyber-security”. AI’s importance has significantly grown compared to previous editions of this survey – it was third from the
bottom in our NAB Show 2017 survey. Despite the rising importance of AI in media technology purchasing strategy, we will see later in this report how just a minority of end-users are implementing it at the moment.

“VR production/delivery” also jumped significantly in this list – from #13 to #9. This may have been driven by VR initiatives launched in North America during 2017.

“Back-office systems” and “Upgrading operations to HDTV” were cited as the #10 and #11 most important priorities. The declining importance of HD for end-users is correlated with an increased maturity of this technology in North America. The focus now has moved onto UHD.

The bottom three priorities were “News operations”, “programmatic advertising” and “analog switch-off”.

### Media Technology Demand

After establishing what are buyers’ most important technology priorities, we look at how media technology demand is evolving. Buyers spend on average 26% of their revenues on broadcast and media technology; this percentage varies across different buyer categories – readers can have a look at our online version at www.theiabm.org/buying-trends-reports-iabm/ for more detail on this.

Most buyers plan to increase their media technology budget in the next twelve months, indicating a continued general increase in demand for media technology.

A majority of end-users (58%) are set to increase their spending on media technology with only 9% predicting a drop. 33% of respondents predict that demand at their organizations will remain the same in the next twelve months. This is consistent with our IBC 2017 survey results, showing that demand is growing across different regional markets.

End-users are not diminishing their investment in broadcast and media technology but rather shifting it to new products and services necessary to make their infrastructure more agile and efficient – this topic is explored in more detail later in this report. In fact, Capex spend by end-users is decreasing as they increasingly invest in Opex – the move to the cloud and on-demand resource provisioning models is consistent with this. According to www.theiabm.org/nabshow-report/, average Capex over revenues (%) at media companies has slightly decreased from 3.1% in 2015 to 2.7% in 2017.
This is a relevant trend for suppliers, which are transitioning their businesses to more flexible licensing models.

The company type breakdown shows that 58% of broadcasters predict that demand for media technology in the next twelve months will increase – vs 13% predicting a decrease. 68% of production/post-production companies expect to increase spending.

A look at the company size of respondents shows that the largest organizations (headcount > 10,000 employees) are those more likely to reduce demand for broadcast and media technology in the next twelve months – this is consistent with the previous edition of this survey.

We have divided investment areas by workflow category to understand where investment is going.

The results show that “production” is overwhelmingly the most important investment area for end-users in the next twelve months. This is followed by “content management” and “post-production”.

Unsurprisingly, the product category set to spend more on “post-production” is the production/post-production industry.

Broadcasters’ projected spend in the next twelve months is concentrated on three main areas: “production”, “content management” and “content distribution”.

This question was not asked of system integrators.

In terms of product demand, the results are consistent with the main investment areas just outlined.

As production remains the top investment priority for end-users, it is no surprise that “system cameras” and “camcorders” are the #1 and #3 most in demand products. “Workflow/asset management” was the #2 most in demand category chosen by respondents, consistent with “content management” being an important area of investment. “Ingest/transcoding/streaming” was the #4 most important category.

End-users continue to invest heavily in the traditional product categories that won’t be replaced by software along with content management and ingest/transcoding/streaming solutions to streamline asset management preparation for multi-platform content delivery – which remains one of the top technology priorities.
Chart 17: Of the products / solutions that you plan to purchase over the next 12 months, which is the most important priority?

- System cameras (studio / location)
- Workflow / asset management products
- Camcorders
- Video editing tools
- Ingest / transcoding / streaming products
- Production switches
- Routing & networking products (IP)
- Camera support & accessories
- Camera lenses
- High-performance storage products
- Production servers
- Signal processing / interfacing / modular products
- Audio editing tools
- Audio mixers & consoles
- Transmitters
- Library & storage management systems
- Integrated playout (Channel in a Box) products
- Graphic & branding products
- Playout automation products
- Test & measurement products
- Playout / transmission servers
- Transmission & contribution encoders
- Video transport
- Routing & networking products (baseband & hybrid)
- Microphones & microphone systems
- Intercom / talkback
Media Technology Purchasing Preferences

There is a huge number of vendors in the broadcast technology sector and the vendor community is highly fragmented. This leads to the question of whether customers prefer to buy from large integrated organizations, or from small, specialized vendors. There are obvious advantages that come with the scale of large companies. In contrast, small companies often argue that their more nimble, focused approach results in superior products. This has led to an ongoing debate within the broadcast industry about whether it’s better to buy so called “best-of-breed” solutions from a variety of suppliers, or to purchase a complete solution from a single vendor.

In order to understand the procurement preferences of customers, respondents were asked whether they preferred to buy from a “one stop shop” or from “best-of-breed” suppliers.

In an era when vendor consolidation is on the rise, it’s interesting to note that where possible, the majority of traditional broadcast technology buyers still prefer to evaluate and purchase so called “best-of-breed” solutions from multiple vendors. However, from a historical perspective, the percentage of customers saying that they prefer “best-of-breed” has decreased compared to recent editions of this survey. In fact, this percentage was 64% in this survey compared to 66% in the NAB Show 2017 survey and 68% in the NAB Show 2016 survey. The percentage of end-users saying that they prefer a “one stop shop” solution has instead significantly increased to 32% from 23% in the NAB Show 2017 survey and 19% in the NAB Show 2016 survey. The percentage of research participants responding “don’t know” to this question was 4%, lower than in previous surveys.

Anecdotal feedback shows that some customers are evaluating their preferences at every purchase. Although “best-of-breed” remains the norm for most customers, its dominance is being questioned by some end-users as their infrastructures transition from bespoke broadcast to generic IT technology.
It’s important for IABM members to understand the channel preference of technology buyers because creating and maintaining a global sales network is extremely time-consuming and expensive.

**Approach to Technology Purchasing**

The purchasing strategy of the technology user has significant implications for the way media technology vendors should plan and implement their sales execution strategies. In order to better understand this issue, respondents were asked how they typically purchase media technology products and services.
Overall, 34% of NAB Show 2018 survey participants reported that the majority of purchasing decisions are made collaboratively by the team. This is flat compared to our NAB Show 2017 survey and down compared to our IBC 2017 survey. 35% reported that, despite a collaborative evaluation, the final decision is made by one person and 28% said that one-two people are in charge of making all the purchases.

39% of broadcasters polled prior to NAB Show 2018 said that they preferred buying broadcast and media technology products as a team with 46% saying that products were evaluated by the team but one or two people make the final decision. This shows how broadcasters remain more democratic than the overall sample.

These results are consistent with past findings, showing that North American end-users adopt a less democratic approach to media technology purchasing decision-making than their counterparts elsewhere in the world.

The results of this question are extremely relevant for sales staff in media technology supplier organizations. In fact, targeting the right people within customers’ organizations remains key to winning a sale. Despite collaborative evaluation, most end-users said that the final decisions are made by one or two decision-makers.

**Key Decision Makers**

Having established that customer purchasing strategies may differ by organization type and geography, we asked research participants what person/department is the most important decision maker in the evaluation and purchase of media technology products.

On an overall basis, respondents to our NAB Show 2018 survey said that the two most important decision makers today are senior management and engineering. Keep in mind that many senior managers at broadcast and media technology customers are also engineers.

35% of respondents said that the most important decision-maker is senior management while 32% said that it is engineering. The importance of engineering grew compared to previous editions of this survey.
while the importance of IT declined. This may indicate an increased blending between the two departments, with engineering moving from hardware to software engineering.

Decision-making at broadcasters remains the most engineering-oriented, with 51% of respondents reporting that engineering is the most important decision maker in their organization today – this is also up from previous editions of this survey.

Decision-making at system integrators is more uniformly distributed between engineering and senior management (46% vs 40%) while at production/post-production companies, senior management continues to be much more important than engineering (59% vs 14%).

Most broadcast customers today are in the midst of simultaneous changes to both their technology and business strategies. With technology increasingly shifting towards IT-oriented platforms and business models evolving to take advantage of new opportunities such as multi-platform content delivery, social TV and targeted advertising, the profile of the key technology decision maker may also be changing. Although this survey shows an increased importance for engineering, this may mask a radical change happening in engineering departments, which are becoming more focused on generic IT – rather than broadcast – technology.

With regards to the next 2-3 years, end-users discount the importance of engineering and other departments in buying decisions while expecting the operations department to become increasingly relevant (16%).
IT Technology

This section looks at the impact of IT technology on the broadcast and media industry. As broadcast and media infrastructures have increasingly come to rely on generic IT technology, a number of trends and challenges have emerged.

Capex Spend with “Traditional Broadcast Suppliers” Versus “Traditional IT Vendors”

With the increasing amount of IT being deployed in the broadcast and media industry, it is natural to wonder what percentage of technology Capex is being spent with “traditional broadcast vendors” versus “traditional IT vendors”.

End-users moving their infrastructures from an SDI-centric to an IP-centric environment are buying an increasing amount of general-purpose (or COTS) equipment rather than the dedicated hardware that used to dominate broadcast operations. The move to cloud-based services is also giving end-users the opportunity to rent compute or storage resources from large public cloud vendors such as AWS, Microsoft or Google.

IP and virtualization are all part of a wider shift away from traditional broadcast technology – which is statically designed for a permanent use-case – to software-defined technology – which can be dynamically designed for variable use cases through software upgrades.

On an overall basis, NAB Show survey respondents said that 48% of their capital budget dedicated to broadcast and media technology is spent with traditional broadcast suppliers, down from 53% in our NAB Show 2017 survey and up from 46% in our IBC 2017 survey.

This implies that slightly more than a half (52%) of end-user broadcast technology budgets are spent with “non-traditional” suppliers of broadcast technology.

Among broadcasters, the percentage of technology Capex spent on engineering and operations with traditional broadcast suppliers is much higher (53%) – however, this percentage is decreasing compared to previous editions of this survey. It is worth noting that compared to other broadcast and media technology end-users, broadcasters have spent millions on their infrastructures and have a higher incentive to wait before getting rid of their legacy equipment.
These results clearly demonstrate that despite most traditional broadcast vendors rapidly adopting and deploying IT-oriented systems, end-users are already spending a significant share of their overall broadcast and media technology budgets with IT companies.

It appears that over the next several years an increasing percentage of broadcast and media technology Capex, about 52%, will be captured by IT vendors rather than traditional broadcast technology suppliers. This is flat compared to the current figure.

Broadcasters who responded to our NAB Show 2018 survey predict that their technology Capex spent with traditional broadcast vendors will decrease to 52% in the next few years.

As mentioned in a previous section, Capex spend by end-users is however decreasing as they increasingly favor Opex – the move to the cloud and on-demand resource provisioning model is consistent with this. According to www.theiabm.org/nabshow-report/, average Capex over revenues (%) at media companies has slightly decreased from 3.1% in 2015 to 2.7% in 2017.
Leading IT Technology Vendors in Broadcast and Media

The previous section showed that majority of end-users’ broadcast and media technology Capex budget (54%) is already going to IT vendors. This section looks at the who the major IT technology vendors are.

The chart shows that the top three IT technology vendors remain Cisco, Microsoft and HP. The #4 and #5 most cited vendors were Dell/EMC and IBM.

These provide a variety of broadcast and media technology products and services such as IT switches, storage, cyber security and business intelligence solutions. For these vendors, broadcast and media is one of the many industries they serve. Their size and R&D spending is way higher than the traditional broadcast and media technology industry and this has been attractive for many end-users – e.g. Huawei spent $14bn dollars on R&D alone in 2017, over 25% of the total value of the broadcast and media technology industry in that year according to IABM DC data.

The “other” category selected by some respondents included other major vendors such as Apple and Amazon.

Internal Software Development

End-users are increasingly investing in building internal capabilities for technology development. They are doing this to build custom solutions – consistent with the findings reported in the previous section – and overcome interoperability issues with their technology infrastructures. To build professional media technology solutions, they are increasingly making use of a growing library of open tools. This is well captured by one respondent’s comment:
“What we can’t configure or customize without compromise, we will be building”

This is a relevant trend for media technology suppliers, who might see a progressive decline in revenues as a result of increased end-user spending on in-house technology development. According to our data, most end-users (51%) plan to increase their software development investment in the next 2-3 years.

46% said that it will stay the same while only 3% said that it will decline. This is indicative of a growing demand for software developers at media organizations – this was consistent across different customer categories such as broadcasters and production/post-production companies.

The increased propensity to build media technology solutions in-house is reinforced by the fact that, on average, end-users develop 37% of the products/services they need internally – Vs 63% they source from external parties such as suppliers and managed service providers. This is up from 35% in our IBC 2017 survey, indicating the growing importance of this trend.

Broadcasters build 33% of the solutions they need in-house while production/post-production companies develop 36% of products/services internally. This finding shows how end-users are already developing a high percentage of solutions in-house and this is a trend on the rise. Suppliers should make sure they address end-users’ requirements and adopt an open approach – which looks at their customer’s whole supply chain – when doing business with them.
The rise of microservices, a method of developing software as a suite of separate, independent services, is associated with this trend too. In fact, one possible use case of microservices is gluing together separate technology solutions to improve workflows. For example, ITV is doing this to achieve greater interoperability of operations. According to our data, microservices are still an emerging trend in the media industry, with only 12% of end-users having adopted a microservices approach to software development.

61% said that they were likely to adopt microservices while 27% said that they were unlikely to do so, demonstrating that most end-users plan to adopt microservices. Some of the benefits of a microservices approach to developing technology solutions include increased resilience, flexibility and scale of operations compared to traditional monolithic and service-oriented architecture (SOA) approaches. In fact, microservices are often being deployed in cloud-based environments – a focus on cloud technology is presented in the next section.

Cyber Security

With video delivery moving to internet distribution and infrastructures migrating to IP and the cloud, broadcast and media organizations are becoming increasingly concerned about the threat of cyber-attacks. According to our data, cyber security continues to be correlated with organization size (number of employees).
Most organizations with less than 500 employees have not experienced any cyber-attacks in the last three years while organizations with more than 500 have. For organizations greater than 10,000 employees the “yes” percentage skyrocketed to 83%. This shows that the problem is highly significant for large organizations.

Overall, 24% of end-users have experienced a cyber-attack in the last three years. Breaking the numbers down further reveals that 41% of broadcasters have experienced an attack in the last three years while only 7% of production/post-production companies have been hit.

These results show that cyber security is indeed a problem for many customers, particularly larger ones. The growing threat of cyber-attacks is one of the factors affecting their purchasing behavior for broadcast and media technology likely to be vulnerable to hacks.

72% of end-user organizations said that cyber security is a “very high” or “quite high” priority in their organizations’ technology strategy with 21% saying it is not. Consistent with the previous section, the higher the number of employees, the greater the percentage of companies saying that cyber security is a high priority. It is not surprising that cyber security is currently at the top of the technology agenda.

Cyber security is not just a powerful firewall but also a set of protocols to uphold within an organization. Broadcast and media organizations need to promote a strong culture on cyber security in order to effectively fend off hackers. Suppliers should adhere to standards to make sure their products pass end-users’ tests.
Media Technology Adoption

This section looks at the factors that drive and impact how a customer decides to adopt next-generation technologies such as UHD, cloud-based technology and AI.

UHD

In the first part of this section we asked respondents about the transition to UHD.

When?
The first question we asked respondents was what their likely timeline is for the launch of UHD offerings. This question was only asked to broadcasters.

UHD technology is already widely utilized in production but UHD offerings by end-users remain few. Although UHD offerings are gradually increasing, it is not yet a mainstream delivery format. In fact, an increasing number of broadcasters shoot content in UHD and then deliver it to viewers in HD. For Pay-TV broadcasters, UHD remains a premium differentiator to attract new subscribers. The results are shown below:

The results highlight that an increasing number of end-users have already launched or plan to launch UHD initiatives – 14% have already launched compared to 9% in the previous survey. Although UHD adoption has been lower than expected, these results show a significant rise compared to our previous IBC 2017 survey – broadcasters planning to launch some sort of UHD offering in the next three years increased from 37% to 47%. Those with no plan to launch declined from 31% to 23%.

Premium Pay-TV operators are already offering UHD channels, which will continue to be driven by the need for differentiation. However, competing OTT platforms (Netflix and Amazon) also offer support for UHD content. It remains uncertain if the higher resolution format will be adopted by commercial broadcasters as extra income by selling advertising inventory in UHD is limited. The return on investment remains a cause for concern for many broadcasters.
Media Technology Adoption

From a geographical perspective, significant investment in UHD has been mostly by broadcasters in developed Asian countries such as Japan and South Korea. The occurrence of several sporting events in 2018, including the FIFA World Cup, may stimulate end-users in different regions to launch UHD initiatives.

What?
We asked respondents which types of UHD formats they have launched or are interested in. The results are shown below:

HD + enhancements leads at 48%, however this is lower than the 55% in the last survey. This is closely followed by 4K + enhancements at 42% and 4K at 36%. None of the respondents are interested in 8K, down from 4% and the same with ‘none of the above’, down from 6%.

Although there has been a decline in HD + enhancements, end-users remain more interested in combining enhancements such as HDR and HFR with HD rather than with 4K. Also, they are less interested in investing in 4K only. This shows that “better pixels” may be more important than “more pixels” for them.

We also asked end-users what enhancements they are interested in or have launched.

Chart 32: Which of the following UHD formats is your organization interested in/has launched?

HD + enhancements (eg HDR, WCG, HFR), 4K + Enhancements (eg HDR, WCG, HFR), 4K, 8K, None of the above

Chart 33: Which of the following enhancements is your organization interested in/has launched?

HDR, WCG, HFR
A very high percentage of respondents chose HDR (92%), confirming that end-users are highly interested in the new format. WCG and HFR have declined in popularity.

How?
The transition to UHD delivery presents many challenges from a technical perspective. With the arrival of UHD content, end-users need higher data rates to enable transfer and delivery of the higher resolution format. Therefore, if they are to move their operations to UHD, they need to make substantial investments to replace their existing infrastructures and “fill the data rate gap”. There are different options available to them:

- Upgrading their infrastructure to 12Gbps SDI
- Upgrading their infrastructure to Quad 3Gbps SDI
- Transitioning to a Hybrid SDI-IP environment
- Transitioning to an IP-centric environment

Broadcasters could upgrade their operations to 12G although 12G equipment and applications still carry a significant cost premium compared to 1.5/3G alternatives. Quad 3G implementations entail the splitting of UHD signals over four coax cables and are not considered an ideal approach by the majority of technical experts. However, both 12G and Quad 3G implementations are preferred by some due to the benefit of backwards compatibility with current SDI workflows.

Alternatively, broadcasters could move to a Hybrid IP-SDI or IP-centric environment where video signals are carried over Ethernet cables. This would be ideal from a technical perspective although the move to IP-based infrastructures is hindered by many constraints such as the cost premium over SDI installations, backwards compatibility with current SDI workflows as well as interoperability and security concerns.

The chart below shows the results from respondents with only technical roles within their organizations.

![Chart 34: Which of the following technology infrastructures does/has your organization plan to deploy/deployed for UHD content?](chart)

IP remains the most preferred technology infrastructure to deploy for UHD content at 34%, up from 32%. This is closely followed by Hybrid SDI-IP at 31%, a significant increase from 20% in the last survey. This indicates that broadcasters planning to transition to UHD have increased certainty about the technology infrastructures that will be deployed. For the first time, most broadcasters said they prefer IP and hybrid SDI-IP deployments for UHD content – this was associated with the decline of the “don’t know” percentage, from 41% to 21%.

14% of respondents said they prefer 12G SDI and Quad 3G SDI deployments.
Compression

Considered by some to be the ideal compression standard for delivery of UHD content, HEVC brings the benefit of 50% efficiency gains compared to MPEG-4 but its adoption by broadcasters is still hindered by cost considerations, licensing issues and technical complexities. Broadcasters that want to move to HEVC delivery would also have to fully upgrade their existing delivery networks, including viewers’ set-top boxes.

We asked respondents to this survey which media delivery compression standard they plan to deploy for UHD content. The results are shown below:

Most research participants chose HEVC as their favourite compression standard for UHD delivery, 48% up from the 39% reported in the last survey. These results – which account only for responses by technical professionals – show that the efficiency gains of HEVC are necessary to deliver UHD.

The chart below shows percentage usage of major compression standards for media delivery:

As mentioned earlier, HEVC adoption has been slow despite the higher level of efficiency guaranteed by this standard. 41% of respondents said that HEVC usage in their organizations is “low” or “very low” with 21% saying that they do not use the standard. Only 20% said that their usage of HEVC is “high” or “very high”. As
opposed to this, 70% of end-users said that MPEG-4 usage within their organizations is “high” or “very high”. At NAB Show 2018, there was much talk about a new alternative compression standard – AV1 – which was touted as offering a viable open-source alternative to HEVC. We will monitor its progress in future editions of this report.

**IP**

The transition to IP has been in the minds of most media technology executives in recent years. This transition entails the use of generic IT equipment and agreed interoperability standards for moving data in a packet switched environment. IP technology within broadcast infrastructures provides clear benefits to end-users’ operations, including increased agility and efficiency. IP take-up started off slower than expected, largely due to the uncertainty over IP standards and reluctance to disrupt existing SDI operations. End-users that have remaining useful life for their HD-SDI and 3G SDI operations have weaker incentives to overhaul their current infrastructures.

However, the publication of the new SMPTE family of standards, SMPTE ST 2110, has gained consensus in the industry, which should provide momentum for the adoption of IP. SMPTE ST 2110 addresses some shortcomings of its predecessor, SMPTE 2022, particularly in regard to live production. The core elements of the suite – ST 2110 Parts 10, 20, 21 and 30 – were published in December 2017.

The adoption of IP has been focused on less complex use cases such as non-live production. In live production, IP has been adopted by large broadcast end-users – some of these recent cases are outlined below:

- In 2017, Broadcasting Center Europe (BCE) went live with end-to-end IP infrastructure at RTL Group’s new 36,000 square feet Luxembourg headquarters
- In 2017, Canal+ used the Cisco IP Fabric for Media solution to run live production over IP with integration and support for broadcast ecosystem partners
- In 2016, NBC’s Telemundo started building a $250m, 475,000 square foot state-of-the-art IP facility in Miami, Florida which was completed early this year

Although SMPTE ST 2110 will undoubtedly provide some assurance to end-users, the complexity of the transition from SDI to IP remains a significant challenge. This complexity reinforces the weak incentive for end-users that have remaining useful life for HD-SDI and 3G SDI operations.

We asked broadcast end-users how likely they were to move their operations from SDI to IP in the next 2-3 years.

![](chart37.png)
27% said that they were already using IP today with 64% reporting that they were likely to deploy IP in the next 2-3 years. Only 9% said that they were unlikely to move to IP in the foreseeable future.

These results show that the transition to IP is very much underway at broadcast organizations.

**VR**

VR is about creating an interactive virtual world (full 360 degree) for its users through the use of headsets. It is often confused with Augmented Reality (AR). AR is about creating an interactive blending of virtual and real life for users by superimposing graphical content into the video – it does not necessarily rely on any ad-hoc viewing equipment.

We asked respondents to this survey if they are likely to launch any VR video offerings in the next few years. VR is at its early stages in broadcasting but it is nevertheless useful to track its adoption. The results are shown below:

![Chart 36: How likely are you to launch some sort of VR video offering in the next 2-3 years?](chart)

7% of respondents said that they have already launched some sort of VR video offering, a decline from 10% in our IBC 2017 survey. There is a decline in likely adopters, from 53% in the previous survey to 48%. There is an increase in respondents who said that they are "unlikely" or "not at all likely", from 38% to 45% in this survey.

While there has been some excitement about this technology, VR does not seem to be a top priority for end-users, which is evident from the results.

VR technology for content acquisition and production is already available but is priced at a premium compared to other formats – even UHD. Consumer awareness remains low, while headset prices are very high – the total investment for a consumer surpasses $1,000 for a high-end experience.

Moreover, production of content in VR remains challenging from a creative perspective. The main focus of VR has been live sports, which offers consumers an alternative to real live event experiences. NBC Universal offered 50 hours of VR broadcast of the Winter Games in Pyeongchang. A recent example of a non-sports related initiative, is the launch of a two-part VR news documentary by the BBC exploring the water politics of the river Nile.

More importantly, VR technology requires a clear business model for consistent investment by end-users. We asked end-users that have already launched VR video offerings how they are planning to monetize them. The results are shown below:
47% of research participants responded "don’t know" or "we are not planning to monetize it" to this question, up from 41% in the previous survey. "Advertising" remains the most popular choice at 28%. VR advertising inventory – as opposed to UHD advertising inventory – could potentially be charged at a premium to advertisers due to its immersive and memorable nature.

This is indicative of a potential lack of revenue potential for VR if clear business models for content monetization are not established. In fact, the most common business model for end-users that have launched offerings so far is free broadcast on a third-party app. An exception to this was the deal between NextVR and NBA Digital signed at the end of 2016 to broadcast one game a week in VR, which was charged through a subscription model.

Cloud

The take-up of cloud technology in the media & entertainment industry in recent years has significantly increased. Cloud technology has the potential to provide immense savings as it allows end-users to flexibly calibrate capacity on the basis of demand. Also, the cloud is the optimal response to the requirement for increased flexibility – it gives end-users the possibility to launch new services “on the fly”.

Cloud-based products with media and entertainment applications continue to be of growing interest to end-users, given the benefits of this technology. Since we started asking this question, we have observed an upward trend towards adopting cloud-based media products. Some media workflows such as post-production and content storage and distribution are already moving into the cloud although, for others e.g. playout, broadcasters still seem reluctant to transition to cloud-based workflows.

We asked end-users how likely they are to deploy some sort of cloud-based technology in their organizations in the next 2-3 years. The results are shown below:
25% said that they are already deploying some sort of cloud-based technology in their organizations. This is a significant decline from 37% in our IBC 2017 survey. 59% of respondents said that they are “very likely” or “somewhat likely” to deploy some sort of cloud-based technology in the next 2-3 years – up from 55% and 54% in both our IBC 2017 and NAB Show 2017 surveys respectively. 16% said that they are “unlikely” or “not at all likely” to do so – an increase from 8% in the IBC 2017 survey.

Among broadcasters, 26% have already deployed cloud-based technology with 56% saying that they are “likely” or “very likely” to adopt it.

Historical analysis of the data shows a significant increase in the adoption of cloud technology from 19% in the IBC 2014 survey. The percentage of likely adopters has also continued to increase while the percentage of unlikely adopters has declined. Geographically, the last five surveys (including the current one) show a disparity in cloud adoption between Europe and America-based respondents – with Europe showing higher percentages of adoption. Nevertheless, the adoption of cloud-based technology in the media and entertainment business has reached an advanced stage and continues to grow.

The following question asked end-users how much of their operations are already virtualized – this question was only asked to end-users that have already deployed cloud-based solutions.
Media Technology Adoption

A significant number of end-users have some part of their operations virtualized. 34% have more than 60% of their operations virtualized with 37% of end-users having between 21-60% of their operations virtualized. Some organizations will only virtualize a certain proportion of their operations, whereas others follow a gradual approach to virtualization.

As cloud adoption continues, there are many things to consider when virtualizing operations, including cyber security – a huge area of focus for broadcasters.

In the next question, we asked respondents who have already adopted the cloud or are likely to do so in the next few years their preferred deployment strategy for the adoption of cloud-based technology.

The question covers three different models of cloud deployment [Public, Private and Hybrid]. A brief explanation of these models is given below:

- **Public cloud deployments** guarantee more flexibility at the expense of less control for customization to suit industry-specific needs. Public cloud deployments are more suited to applications that have intermittent and unpredictable usage – dynamic or “bursty” workloads. A public cloud environment is owned and managed by a third-party provider, such as AWS or Google Cloud, who is also responsible for the maintenance and security of the cloud environment. The economies of scale enjoyed by public cloud providers allow them to achieve high technology utilization rates that would not be achievable by single media organizations. This has allowed public cloud providers to continually reduce their prices in recent years – the public cloud market is very competitive.

- **Private cloud deployments** are less flexible compared to public cloud deployments but guarantee the user greater control to suit its industry-specific needs. Private cloud deployments are more suited to applications that have regular and predictable usage – although it is very difficult to establish at which usage point a private cloud can be more cost effective than a public cloud. A private cloud is owned by the media organization although its daily management can be carried out by an external provider. If this is not the case, all management, maintenance and updating of data centers need to be managed by the organization. The private cloud may reside “on-premise” or “off-premise” depending on the organization’s preferences. The hosted data is generally protected by a firewall.

- **Hybrid cloud deployments** are made up of both private and public cloud environments utilized for different applications. For example, a broadcaster may retain control of the distribution of its valuable content by hosting video transport technology on a private cloud while utilizing the public environment for less sensitive applications.
26% of respondents said that they prefer hybrid cloud deployments down from 29%, with 19% saying that they prefer the public cloud. 55% said that they prefer private cloud deployments – 31% and 24% said that they prefer “off-premise” and “on-premise” private cloud deployments respectively.

Most end-users seem more inclined to make use of private or hybrid cloud deployments, arguably to safeguard sensitive applications and retain control of the underlying infrastructure. The number of end-users inclined towards private cloud has increased to over half of respondents from 50% previously.

End-users were asked the specific categories of broadcast and media workflows where they were likely to deploy cloud-based technology. The results are shown below:

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<thead>
<tr>
<th>Category</th>
<th>0%</th>
<th>10%</th>
<th>20%</th>
<th>30%</th>
<th>40%</th>
<th>50%</th>
<th>60%</th>
<th>70%</th>
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<tbody>
<tr>
<td>Delivery (e.g. file transfer, signal transfer)</td>
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<td>Content Management (e.g. ingest, encoding, workflow orchestration, compliance)</td>
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<td>Content Distribution &amp; Publishing (e.g. linear playout, encryption, VOD/OTT publication)</td>
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<tr>
<td>Post-Production (e.g. editing, dubbing, graphics)</td>
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<tr>
<td>Monetization (e.g. rights management, advertising, sales/traffic, syndication)</td>
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Delivery was the most popular for likely deployment of cloud technology (64%). Content Management was second most popular at 46%, closely followed by Post-Production (45%) and Content Distribution and Publishing (45%). Monetization remained in bottom place at 25%.

The results emphasize the point made before – end-users are more inclined to move certain workflows to the cloud while less inclined with others. Cloud-based services enables end-users to significantly reduce time-to-market while utilizing resources on-demand to boost revenues.

Cloud technology can be effectively applied to media file delivery to transport content anywhere, while in post-production workflows cloud enables increased collaboration between editors and opportunities for remote working.

A brief list of recent applications of cloud technology in broadcast and media is given below:

- Phantom Sun, a post-production company, is based on the concept of “pop-up” post-production – the concept uses “pop-up” remote editing technology while utilizing cloud technology which allows greater collaboration between teams and eliminates the need for expensive rooms.
- Hulu, the streaming video service, used AWS cloud services to support the launch of its OTT live TV service, including the addition of 50 new live channels.
- IBM is bringing its new Watson-powered cognitive services to its Cloud Video technology, which is designed to allow media organizations to drive deeper into data-rich insights for video content and audiences, providing the opportunity to deliver differentiated, personalized viewing experiences for consumers.
AI

Artificial Intelligence (AI) technology can be defined as intelligent technology capable of replicating human learning and problem-solving skills. We asked respondents if they were likely to deploy some sort of AI technology in their organizations in the next 2-3 years. The results are shown below:

2% of respondents said that they have already deployed some sort of AI technology, down from 8%. The percentage of likely adopters has slightly increased from 56% to 58%. A look at the size of respondents also shows that larger organizations are much more likely to adopt the technology.

Although AI has been a major interest for end-users as they increasingly recognize the benefits, it is still at an early stage of adoption, with a high percentage of likely adopters in the next few years. The results of this survey compared to the previous one highlight that a higher percentage of European-based end-users have deployed AI technology compared to American-based end-users.

There are some challenges involved in implementing AI technology. One of the major ones is the amount of data available, or lack of in some cases, to generate significant insights using AI to drive more informed decision-making. For organizations that do not have a direct-to-consumer relationship, deploying AI technology is hindered by the lack of data on consumers. There are also cultural challenges involved with deploying AI, similar to the transition to IP, which may require additional investment in training and development of skills that are essential in the management of AI.

In 2017, offerings from suppliers incorporated machine learning applications in broadcast and media workflows, largely focusing on content management, including speech recognition, machine translation and metadata auto-tagging. Other important applications include ad sales recommendations for commercial broadcasters, network management efficiency for Pay-TV operators and recommendation engines to drive personalized UI experiences for online subscription services – Netflix claims that AI technology saves the company $1bn a year.

End-users were asked the specific categories of broadcast and media workflows where they were likely to deploy AI technology. The results are shown below:
Post-Production was the most popular for likely deployment of AI (49%), going from bottom place in the last survey to first place. Content Management (43%) and Content Distribution and Publishing (43%) came in at joint second place. Monetization is at the bottom with only 22% of end-users likely to deploy AI technology in this category.

AI can be effectively applied to production/post-production through the automation of routine/repetitive tasks, while directing time and resources to more innovative, creative opportunities. Also, metadata can be generated from production/post-production workflows that can be later used throughout the content supply chain. Although there have been a few use cases of AI in production/post-production, it is still at an early stage due to the relative immaturity of some technology available today. The potential to save time and money in these processes while opening opportunities to leverage an increasing amount of content is a significant driver for AI adoption.

Most use cases of AI are in content management systems to automate routine tasks such as metadata tagging, image recognition and speech to text. Particularly with regards to metadata tagging, end-users find this of extreme strategic importance to build up an increasingly granular database of their content – and compete with new players such as Netflix and Amazon, which have data at the heart of their strategies. Moreover, insights derived from content management systems can also drive monetization workflows. AI adoption is relatively more mature in this area.

Content distribution is another popular area of application with end-users planning to leverage the potential of AI to eliminate the “heavy-lifting” needed to distribute content on an increasing number of platforms.

The adoption of AI goes along with the search for increased operational efficiency which has driven broadcast and media technology procurement in recent years. A natural consequence of AI adoption is the increased automation of routine tasks by media companies to eradicate internal inefficiencies and better monetize their viewership. This trend is part of an ongoing transformational process to become a true “media factory”.

**OTT**

In recent years, we have witnessed the outstanding take-up of OTT among viewers. We asked end-users whether they offer OTT services or are planning to do so in the future. The results are shown in the chart below:
88% of end-users already provide OTT offering/s to customers or plan to do so in the foreseeable future, an increase from 67%. 12% do not offer OTT services and do not plan to in the future. OTT offering/s continue to grow due to the changing dynamics of the industry, driven by changes in viewing habits.

The increasing demand for content on new mediums has fueled the growth of OTT platforms. OTT platforms are service providers in the business of managing OTT offerings for media organizations.

Media organizations have the option to either outsource the management and delivery of OTT offerings or build an internal OTT platform. An in-house OTT platform gives end-users control over the delivery of their content but also presents the challenge of integrating linear and non-linear workflows as well as the need to make substantial investments in technologies they may not be fully "comfortable" with. In addition to integrating linear and non-linear workflows, an effective OTT platform will require infrastructure capable of delivering video over different distribution mediums and devices. For some end-users the straightforward option is to outsource OTT delivery especially in the absence of sufficient investment and capabilities to build an internal OTT platform.

Arguably, in the case of media technology customers that are not pure media organizations, outsourcing is the most sensible choice.

End-users responded to what their preferred solution for the provision of OTT offerings is. The results are shown below:
43% of research participants said that they prefer building an internal OTT platform with 48% saying they prefer outsourcing to an external OTT service provider. This is a slight change to what we have observed in previous surveys, as American preferences usually seem inclined towards outsourcing while European preferences are inclined towards in-house solutions. In our NAB 2017 survey, 36% said that they prefer building an internal OTT platform compared to 43% in this survey.

The “Build vs Buy” choice is a difficult one and, as mentioned earlier, clearly depends on the nature of the organization.

For broadcasters, building an internal OTT platform is mission-critical as their viewers’ preferences shift to new mediums. It makes sense for them to build an OTT platform as they will eventually have to transition to an infrastructure capable of delivering both linear and non-linear offerings. However, most broadcasters are still not familiar with streaming technology and tend to replicate traditional broadcast workflows in non-linear delivery of media.

When faced with the decision on outsourcing OTT delivery or building an internal OTT platform, media organizations evaluate various features on the basis of which they make their build or buy decisions. Respondents were asked to rank the importance of a variety of features on a scale of 1-10, with 10 being the most important and 1 being the least important.

The results are shown below:

The two most important features when building/choosing an OTT platform are “support for live streaming” (#1) and “multi-device coverage” (#2). These are closely followed by “quality of service/delivery” (#3), “social media integration” (#4) and “advanced analytics/reporting capabilities” (#5).

The bottom two features were “advanced advertising capabilities” and “multi-model support”.

In our IBC 2017 survey, “multi-device coverage” was #1 while coming in at #2 for American respondents.

The #1 most important feature for respondents was “support for live streaming”. This comes as no surprise as support for live streaming over OTT is not as straightforward as on-demand streaming. Also, as technology improves, consumers have higher expectations when viewing content and patience continues to wear thin with low quality streaming. Live streaming constitutes an important medium for sports rights’
holders that aim at fully monetizing the value of their investments. The #3 most important feature, “quality of service”, shows that end-users remain focused on quality, particularly for live content.

Consumers are increasingly using a range of devices to view content, which is highlighted with “multi-device coverage being the #2 most important feature for end-users. OTT technology providers must ensure that their technology has the capability to reach mobile and non-mobile devices, which requires different video formats. The proliferation of connected mobile devices, connected TVs, streaming devices etc. poses the challenge for media companies to support all of them in an intuitive and cost-effective fashion.

It is important to note that “social media integration” – which was ranked as the #4 most important feature by respondents – is certainly a key characteristic for builders/ buyers of OTT platforms. Broadcasters are increasingly making use of social media platforms such as Facebook, Twitter and Snapchat to reach young audiences.

Subscription models for OTT streaming are largely preferred over commercial alternatives, which is evident with the positions of “multi-model support” and “advanced advertising capabilities” in the ranking. The benefits of commercial OTT are certainly being hindered by the surge in ad-blocking software on consumers’ connected devices. Also, one of the main reasons behind consumers’ choosing to watch video on OTT platforms such as Netflix is to avoid watching advertising. For example, in June 2016, AllFlicks conducted a survey on Reddit according to which 74% of Netflix subscribers would rather cancel their subscriptions than see advertising on the platform.

Blockchain

Blockchain, the technology behind cryptocurrencies, can be defined as a digital, immutable and decentralized ledger that chronologically records transactions in near real-time. We asked respondents if they were likely to deploy some sort of blockchain technology in their organizations in the next 2-3 years. The results are shown below:

1% of respondents said that they have already deployed blockchain technology. 32% said that they are likely to do so in the next few years. 38% said that they are “unlikely” or “not at all likely” to adopt blockchain technology. It will be interesting to observe the changes in these results in coming years.
Blockchain technology has recently been in the spotlight due to its exciting potential in a number of industries, including broadcast and media. Although some media organizations have already invested in the technology, it can be considered as a truly emerging technology in this sector as end-users have just started to get familiar with it.

So far, the investment has mostly focused on the potential application of blockchain technology in advertising. In advertising, the decentralized and immutable nature of blockchain makes it an enabler of trust within a private network of advertising buyers and sellers. This allows advertisers to share their data to benefit from more effective targeting, thus boosting advertising monetization.

Other popular use cases of blockchain include conditional access, rights management and content monetization.

Despite the potential and attractiveness of blockchain, the technology is still at early stages of experimentation among media companies. Nonetheless, the potential applications of blockchain are set to prompt continued investment in it.
Collaboration

The results of this survey show that end-users continue to prefer evaluating multiple suppliers to create “best-of-breed” solutions rather than purchasing complete systems from end-to-end suppliers.

As mentioned earlier, “best of breed” solutions including equipment from multiple suppliers presents the challenge of interoperability of different technologies. Earlier in this report, we stressed how interoperability between different technologies is an important consideration for broadcast and media technology customers when making purchasing decisions. According to Avid Technology, the cost associated with making technologies “talk to each other” is equal to about 25% of the total solution cost. The lack of interoperability also represents a major constraint preventing end-users from making important technology transitions; interoperability concerns have been slowing down end-users’ adoption of IP technology. Interoperability is important not just for IP but also in other areas such as cyber security and programmatic advertising.

Some interoperability initiatives have made notable progress but it remains important for the industry to continue to increase collaboration – both between vendors and between vendors and end-users.

IABM believes that collaboration within the broadcast and media industry is needed to make sure that the best technologies are adopted by customers and to enhance the prospects of the sector. To this end, the ICG Endorsement Program was designed to encourage collaboration across a wide range of industry issues and opportunities, from best practice to standardization and interoperability. More information about this can be found on www.theiabm.org/technology/ICG.

This section aims to assess the value of technology interoperability for broadcast and media technology customers as well as their awareness of the most relevant interoperability initiatives.

Importance of Interoperability

We first asked respondents how important interoperability between systems is for them when evaluating products for their organizations’ next generation media technology infrastructures.

The results are shown in the chart below:

Chart 50: How Important is Interoperability between system when evaluating products for your organisation’s next generation media technology infrastructure?

- Very important
- Important
- Moderately important
- Not important
- Not at all important

NAB 2018
IBC 2017
81% of respondents said that interoperability is “very important” or “important”; 17% said that it is “moderately important” with 2% saying it is “not important”. This survey shows a convergence of attitudes regarding the importance of interoperability between American-based end-users and their European counterparts.

Looking at different end-user categories, interoperability is most important among broadcasters (100%) and production/post-production companies (93%).

These results show that interoperability is indeed a concern for 98% of end-users making decisions on broadcast and media technology purchasing. Although in previous surveys, American-based end-users seemed less concerned about interoperability than their European counterparts, these results show how the percentage of American-based end-users that think interoperability is important has caught up with Europe. This is indicative of the need for increased collaboration.

Awareness of Interoperability Initiatives

Despite the importance of interoperability, many end-users are still not familiar with interoperability initiatives. Increasing awareness and activism with regards to interoperability initiatives are necessary as end-users need to collaborate with vendors and service providers in defining common standards and practices for next-generation technology infrastructures. As highlighted in the previous section, this is key to maintaining “best-of-breed” solutions and the adoption of new technologies such as IP. Most of the recent interoperability initiatives aim at defining standards for IP video although others focus on different areas of media production and delivery.

Many end-users are demanding interoperable solutions, expecting suppliers to adopt an open approach to product interoperability. Many recent initiatives such as AIMS have tried to include end-users in the definition of common standards (in the case of AIMS, the objective is supporting common standards for IP video). End-user members of AIMS include important broadcasters such as 21st Century Fox, NBC Universal, Globo Comunicacao and ProSiebenSat.

In this chapter, we asked end-users how familiar they are with various interoperability initiatives.

The interoperability initiatives mentioned in the question were the following:

- FIMS (Framework for Interoperable Media Services)
- AMWA (Advanced Media Workflow Association)
- Sony NMI (Network Media Interface)
- JT-NM (Joint Taskforce on Networked Media)
- AVnu Alliance (established to certify A VB)
- AIMS (Alliance for IP Media Solutions)
- ASPEN (Adaptive Sample Picture Encapsulation)
- IMF (Interoperable Master Format)
- DPP (Digital Production Partnership)
- IABM ICG (Industry Collaborative Groups)
- VSF (Video Services Forum)

Respondents had four options to choose from:

- I/ My company is an active participant
- Used to participate but no longer do
- Know about but we are not a participant
- Unfamiliar with this initiative

In the chart below, we have provided the average awareness across initiatives comparing responses of our current survey with responses of our previous survey (NAB 2017).
Strikingly, over half of end-users (53%) are, on average, unfamiliar with interoperability initiatives. 36% know about some interoperability initiatives but are not participants while 5% used to participate but no longer do. Only a scant 6% say that their companies are active participants. The chart below shows the results by interoperability initiative.

The second chart shows that the interoperability initiatives boasting the highest end-user participation are AIMS, FIMS and JT-NM. However, the active share of respondents for these initiatives remains low at 12%, 7% and 7% respectively. AIMS has continued to successfully grow its members going from 70 members in 2017 to 96 members currently, with a number of important broadcasters as members.
DPP, like AIMS, has many end-user members such as Sky, BT and Time Warner – DPP was founded by three UK broadcasters (ITV, BBC and Channel 4). Although DPP is one of the most recognized interoperability initiatives, the percentage of respondents that are active participants has significantly declined to 4% – placing DPP in second last place from first place in our last survey at 11%. Nevertheless, towards the end of 2017, DPP entered a formal partnership with the European Broadcasting Union (EBU) to drive the development and adoption of open technical standards and ensure interoperability across the media industry.

In our previous IBC 2017 survey, DPP had overtaken AIMS as the most recognized interoperability initiative, while in this survey the opposite has happened – AIMS has overtaken DPP and taken first place as the most recognized interoperability initiative and the initiative with most active participants. The recent work that AIMS has undertaken may have played a role in this, including work on IP interoperability and support of SMPTE. AIMS has recently entered a partnership with the North American Broadcasters Association (NABA) to work together and share insights about the technology roadmap for IP.

Other interoperability initiatives such as ASPEN and VSF have lost ground in recent years.

These results show that increasing collaboration between the supplier and end-user communities should be sought in order to facilitate the transition of broadcast and media technology customers’ infrastructures to next-generation technologies.
Outlook

These results show that the demand side of the industry continues to go through a radical shift, with changing revenue models influencing the trends in media technology investment.

Revenue growth in the media sector worsened while profits improved compared to the figures reported a year ago – however, profits are still declining, albeit slightly. With regards to revenues, the impact of declining advertising sales, coupled with the viewers’ continued migration to new platforms, was a significant driver of performance. Although profits generally improved, our profit margins analysis revealed that there’s much more behind the overall market figures. More companies went from profit to loss while a significant number of companies moved to lower margin groups – margins declined only slightly on average. Size continues to be an important driver of performance, albeit less markedly than in the last report. Companies with higher turnover are generally still performing much better than smaller media organizations. It is therefore not surprising that many companies in this industry are looking for scale.

The traditional business models of this industry – advertising and subscriptions – continue to be under the competitive pressure of new media, including online video platforms and digital advertising behemoths such as Google and Facebook. However, our data shows that this is influencing the advertising business model (i.e. Media Networks) more than Pay-TV. The lack of major sporting and political events in 2017 undoubtedly contributed to have an impact on revenues and profits at Media Networks.

Which of the following best describes your organization’s outlook for the overall business environment over the next 2-3 years?

[Graph showing sales and profit growth, last 12 months]
Outlook

There were not major geographical differences in our data with regards to revenues – all regions grew revenues by 3%. However, while developed regions such as EMEA and Americas reported relatively flat profits, Asia-Pacific’s profitability growth decreased from 3% to -10%. The worsening of profits in APAC was driven by the negative performance reported by media companies in more developed countries in the region.

The continued pressure on financials did not influence optimism on the demand-side. In fact, 78% of respondents to our IBC Show 2018 survey reported a positive outlook for the business environment – this was relatively consistent across different buyer categories. This is in stark contrast with the situation on the supply-side, where negative financial performance indeed had an impact on suppliers’ confidence. Despite the enormous change affecting the industry, buyers remain confident that they can turn increased competition in their favor, relying on their strengths.

This positive sentiment is reinforced by the positive outlook for advertising, subscription and government revenues. However, the shift to new media revenues [i.e. multi-platform content delivery] continues, with both broadcasters and production/post-production companies predicting an increased reliance on these for the future. Media companies will therefore have to continue to manage the delicate balance between new media and legacy (broadcast) revenues, which is linked to their financial performance.

Multi-platform content delivery continues to be the main technology priority driving media companies’ technology purchasing strategy. With stretched budgets and shortened timescales, the workings of media companies are starting to resemble those of a factory, where efficiency and speed are paramount. In fact, efficiency remains the main strategic driver of technology purchase for buyers. But it’s not just about efficiency – media companies also continue to look for solutions that fit their current infrastructures and workflows, which is an important factor when looking at the adoption of emerging technologies in the industry. With regards to this, it is important that solutions take into consideration end-users’ content supply chains, from start to finish, when developing technologies.

Thinking about your broadcast and media technology purchasing strategy, please select your top priorities

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Changing priorities have translated into a shift in technology spending, often highlighted by IABM research, that prioritizes Opex over Capex. Our data demonstrates that, although general media technology spending is growing to enable end-users to transition to next-generation infrastructures, Capex spending is down according to an analysis published by IABM ahead of NAB Show 2018. Media companies are requiring their suppliers to move to new business models centered on the flexible provision of software.
Modern media supply chains are characterized by a high reliance on IT technology to connect operations. Our data shows how IT technology already makes up more than half the Capex budget that end-users dedicate to media technology. This reliance on IT, which has grown in recent years, presents media companies with some challenges. One challenge is cyber security, which is increasingly taking center stage in the media industry. Almost a quarter of end-users told us that they have suffered at least one attack in the last three years. Although this is lower than previous surveys, it still shows how the threat is relevant to buyers – most of them report that cyber security is a top priority in media technology spending. Another challenge is interoperability. With regards to this, end-users are increasingly developing technologies in-house to suit their custom needs – most of them still report a preference for best-of-breed solutions. Although buyers are still looking for the dedication, support and flexibility provided by specialist suppliers, 98% of technology users demand interoperable solutions. On average, 37% of the solutions that end-users need are built in house. Most of them also plan to increase their software development investment in the next year.

The move to next-generation infrastructures also requires end-users – like suppliers – to go through a difficult cultural transition. Although engineering remains the most important department when it comes to buying media technology, it is increasingly becoming a mixture of broadcast and IT knowledge. Also, our data shows an increased importance of operations in future decision-making to make organizations more responsive to supply-chain disruptions. This cultural shift should also not be underestimated when looking at the adoption of emerging technologies in the industry.
Outlook

Demand for products such as workflow management tools and ingest/transcoding/streaming technologies is increasing as media companies streamline their supply-chains for the multi-platform worlds – these products are increasingly provided as software and in the cloud. However, demand for more traditional products such as cameras and editing tools – these are significant revenue sources for the industry - is also strong showing that not everything will succumb to software and IT. In fact, production remains the most important focus of media technology spending.

Our analysis of technology adoption has various implications, which are reinforced by the data on technology priorities cited earlier. The outlook for UHD has significantly improved as buyers look at launching higher resolution channels ahead of big sporting events such as the upcoming FIFA World Cup. UHD means HD + HDR rather than 4K offerings only – the former is cheaper to deploy using existing technology infrastructures. The adoption of UHD is linked to other technologies. One is HEVC, which is by far the most preferred standard for UHD delivery. The other one is IP, which has become the most preferred infrastructure for handling UHD content. As we often highlight in our reports, increased adoption of IP technology is correlated with a rise in UHD spending, as demonstrated by this data.

IP adoption is strong according to our tracker: 27% of end-users are already transitioning to IP technology while 64% plan to do so in the next 2-3 years. Undoubtedly, the recent publication of SMPTE ST 2110 has played a role in shaping these results. While IP adoption is on the rise, end-users will still have to manage the complexities related to running media operations in an IP environment. As current infrastructures’ useful lives wane, the incentive to migrate to IP-based technology will become stronger. This is important news for many media technology suppliers, which have dedicated their recent R&D efforts to developing IP-based solutions.

Cloud adoption is also strong although recent data shows that it is flat compared to previous surveys – this is also related to the composition of our sample. The cloud represents a fundamental shift for buyers’ infrastructures as it is associated with a transition to an on-demand resource provisioning model. This preference for flexible resource provisioning is something we are hearing more and more in our interviews with buyers. With regards to deployment, buyers continue to prefer private and hybrid cloud models, showing that they might not fully migrate to the public cloud anytime soon. According to the feedback we received, buyers are migrating workflows to the public cloud when it makes sense to do so – top of the list was delivery workflows. When thinking about cloud adoption in a certain segment of the industry, one has necessarily also to think about the characteristics of demand in that segment.
The cloud, which has enabled media companies to harvest an increasing amount of data, has also laid a path for AI to penetrate the industry. Media companies are turning to AI to automate operations and personalize the consumer experience. However, AI adoption remains at an early stage – only 2% of end-users have adopted it. This may be related to the challenges of deploying AI-based systems. To make effective use of AI tools, media organizations need to be able to use large amounts of data. Therefore, media companies need to deploy technologies and implement strategies to gather data at scale – as they move to the cloud and establish direct to consumer connections, they’ll be able to gather more data on operations and audiences. According to our data, most buyers plan to apply AI to post-production – surprisingly, content management was only second in the ranking this time.

While VR adoption has improved – particularly in sports broadcasting – VR is not a priority for end-users. Many factors are still preventing end-users from launching VR offerings. These include a slow consumer adoption of headsets, the technical complexities related to producing VR content and a continued lack of monetization models. Compared to previous surveys, there’s however been an improvement with regards to monetization plans – although about 47% of respondents still do not have plans or do not know how to monetize content in the immersive format. VR initiatives should continue in 2018 – particularly with the occurrence of major sporting events – although the business case for VR adoption remains weak when compared to other technologies analyzed in this report.

With regards to OTT technology, it is striking to see that 60% of end-users already provide OTT offerings to their customers, which is up from the 40% reported in our NAB Show 2017 survey. This shows that more media companies are looking for direct-to-consumer connections. Interestingly, as opposed to the 2017 results, most companies now prefer building their OTT platforms in-house. This is in line with the findings on in-house technology developments as well as the recent string of acquisitions seeing media companies taking over OTT technology providers (e.g. Disney buying BAMTech, William Morris Endeavor buying NeuLion). North American respondents also continue to show a preference for live streaming when buying/building an OTT platform. This indicates how sports rights ownership (and monetization) remains a strategic priority in this region.
Blockchain remains an emerging trend in media technology buying – only 1% of companies have adopted it. The main application of this technology so far has been advertising although there are other potential use cases (e.g. rights management, anti-piracy, content monetization etc.)

In conclusion, the industry remains positive about the future despite the increased financial pressure exerted by new media competition. Technology continues to be at the center of media businesses’ strategies going forward. However, technology priorities have shifted to new paradigms that enable end-users to efficiently deliver content to multiple devices and platforms.
Report Methodology

The information analyzed in this report is derived by both quantitative and qualitative research carried out by IABM. The primary evidence used in this report are:

- **Quantitative Evidence**: Public and private financial data of media companies gathered and analyzed by IABM
- **Qualitative Evidence**: Survey evidence on technology buying trends and issues gathered and analyzed by IABM

We produce indices and statistics based on this primary evidence. These can be divided into two pools

- **“The IABM Buying Trends Index”**: a biannual tracker of sales and profits in the media sector. This information is mostly used in the first section of the report
- **“The IABM Buying Trends Survey”**: a biannual survey of trends and opinions in the media sector. This information is mostly used in sections 2-7

We use both these pools of information as well as variety of secondary sources – including interviews, news, announcements, earnings calls, technology material etc. – to provide users with a comprehensive account of the status of the demand-side of the media technology market.

Below, we delve deeper into the methodologies underpinning our report and give users more information on both index and survey demographics.
Appendix

IABM Buying Trends Index

The IABM Buying Trends Index tracks year-on-year change in overall sales and profitability for the broadcast and media sector worldwide by examining the latest reported financial data. Only data from organizations or divisions trading exclusively or almost exclusively in media and broadcasting services are included. It should be noted that this is a wide scope and is not just restricted to the “traditional broadcast” market.

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<th>Latest Buying Trends Index</th>
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<td><strong>Results up to</strong></td>
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<td>End of December 2017</td>
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The End-User Index includes a mix of companies, private and public, small to large, predominantly from North America and Europe. We publish worldwide results, with comments relating to varying trends within EMEA, Americas and Asia-Pacific. Any references to regional trends refer to data from companies based or head-quartered in those continents, and not to regional turnover.

Exchange Rates

The Buying Trends Index aggregate figures are reported in US Dollars. We use a fixed exchange rate model to compute the indices included in this report. However, we also mention relevant differences with figures computed using a variable exchange rate model to report on significant currency headwinds. We believe that a fixed exchange rate model is better suited to reflect operational performance, as it makes our indices unsensitive to year-on-year exchange rate volatility.

The fixed exchange rate model has been constructed using a matrix of over 30 currency exchange rates published by the IMF. We computed – for every currency included in the report – the average exchange rate against the US Dollar for the periods 2015-2016 and 2016-2017 and applied these to the original currency figures depending on the period they belonged to.

Definitions

Indices are based on the aggregation of the latest published 12-month period per company compared to the prior 12-month period.

We report aggregate/sales profit changes, aggregate/sales profit changes by size and the profit margin distribution for the overall market. We also report aggregate/sales profit changes for two company segments and three macro-regions.

Below, we define the two main measures included in this report:

- **Aggregate sales growth**: the sum of sales for all companies compared to the sum for the prior period.
- **Aggregate profit growth**: the sum of operating profit (or loss) before interest and tax for all the companies, compared to the prior year.
IABM Buying Trends Survey

The *IABM Buying Trends Survey* is a biannual survey of trends and opinions of end-users’ senior decision makers. This latest survey was taken between February and March 2018, receiving 274 responses.

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<th>Latest Buying Trends Survey</th>
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<tr>
<td><strong>Survey Period</strong></td>
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<td>February 2018 – March 2018</td>
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**Survey Demographics**

The sample of this survey is made up of 274 responses of which 150 were complete and 124 were partial.

Report users can view the sample’s characteristics at [www.theiabm.org/buying-trends-reports-iabm/](http://www.theiabm.org/buying-trends-reports-iabm/).

Please contact the Business Intelligence team for any questions about the contents or methodology of this report.
IABM is the international trade association for suppliers of broadcast and media technology. IABM facilitates the important networking and interaction between suppliers that shape and define the unique ecosystem of the broadcast and media technology industry.

IABM supports member companies with a comprehensive range of services across market intelligence, training, events, technology, exhibitions, business standards and best practices. We hold the interests of member companies as paramount, and strive to provide strong guidance and support at every level in all geographies.

We understand that in today’s rapidly changing media landscape, our members have never had a greater need for timely, relevant and effective advice and support. IABM’s mission is to be an ever more powerful beacon illuminating the way forward, highly responsive to all our members’ needs and helping them to successfully navigate change and prosper.

Further information about IABM and its activities can be found at www.theiabm.org