

#befutureready

Media and Entertainment Industry Trends

Maximizing Monetization with Hybrid Cloud and Next-Gen Networks

Introduction

“On demand” might best characterize the state of the media and entertainment (M&E) industry. Under pressure to churn out content rapidly and with the highest monetization possible, creatives need to accelerate workflows and control costs. These teams need to streamline workflows running through networks and clouds, where the data and services that are the tools of the trade sit.

Media enterprises such as Apple, Disney and Netflix strive to continually elevate viewer experiences. Long-term competitive advantage demands an infrastructure that flawlessly delivers content over various platforms, has the flexibility to adapt to changing consumer preferences and scalability to reach established and emerging markets.



Even with a Head Start, There's More to the Digital Transformation Story for M&E

M&E enterprises began the digital transformation journey much earlier than some industries. The collaborative nature of production drove cloud and “big pipe” file sharing long before studios, production houses, creatives and post-production services providers were as geographically disparate as they are now. M&E ranked third among eight industries in a 2022 future-ready business benchmark survey by research firm Economist Impact.¹

“Streaming services captured more viewers than cable or broadcast TV.”³

Content distributors also have a technology legacy to build upon. Internet-based content distribution has evolved since 1998, when Akamai launched the first content delivery network (CDN). Revenue from streaming surpassed cable and satellite TV in 2019.² Fast forward to 2022, and we find another first: “Streaming services captured more viewers than cable or broadcast TV.”³ However, more digital transformation is central to the next chapters in the story.

This paper highlights how M&E enterprises can leverage network, cloud, digital platforms and data centers to reach business and technical objectives and further evolve their operational and business models to be future-ready.

US Video Streaming Market Forecast

As of 2022 in \$bn USD

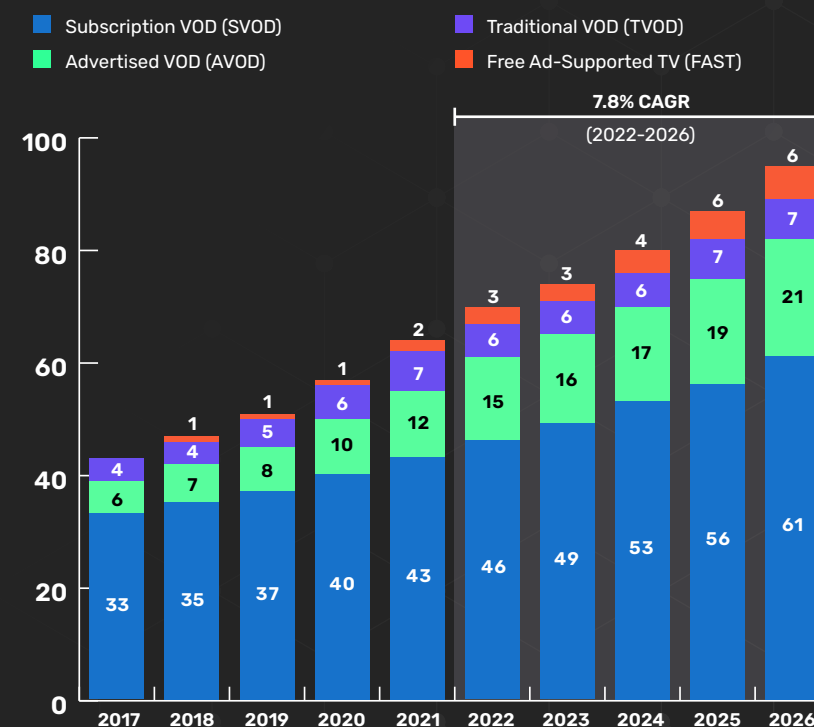


FIGURE 1: The over the top (OTT) market is steadily growing as more consumers turn to streaming.⁴

Business Objectives

Improved asset monetization

Find ways to increase the number of platforms that reach customers and cultivate new markets

Cost reductions

Achieve deeper understanding and optimization of the complex asset development workflow and distribution paradigm

Superior customer acquisition and loyalty

Anticipate pivoting the go-to-market strategy as Gen Z transitions into the primary demographic cohort

Technical Objectives

Adopt/rebalance cloud

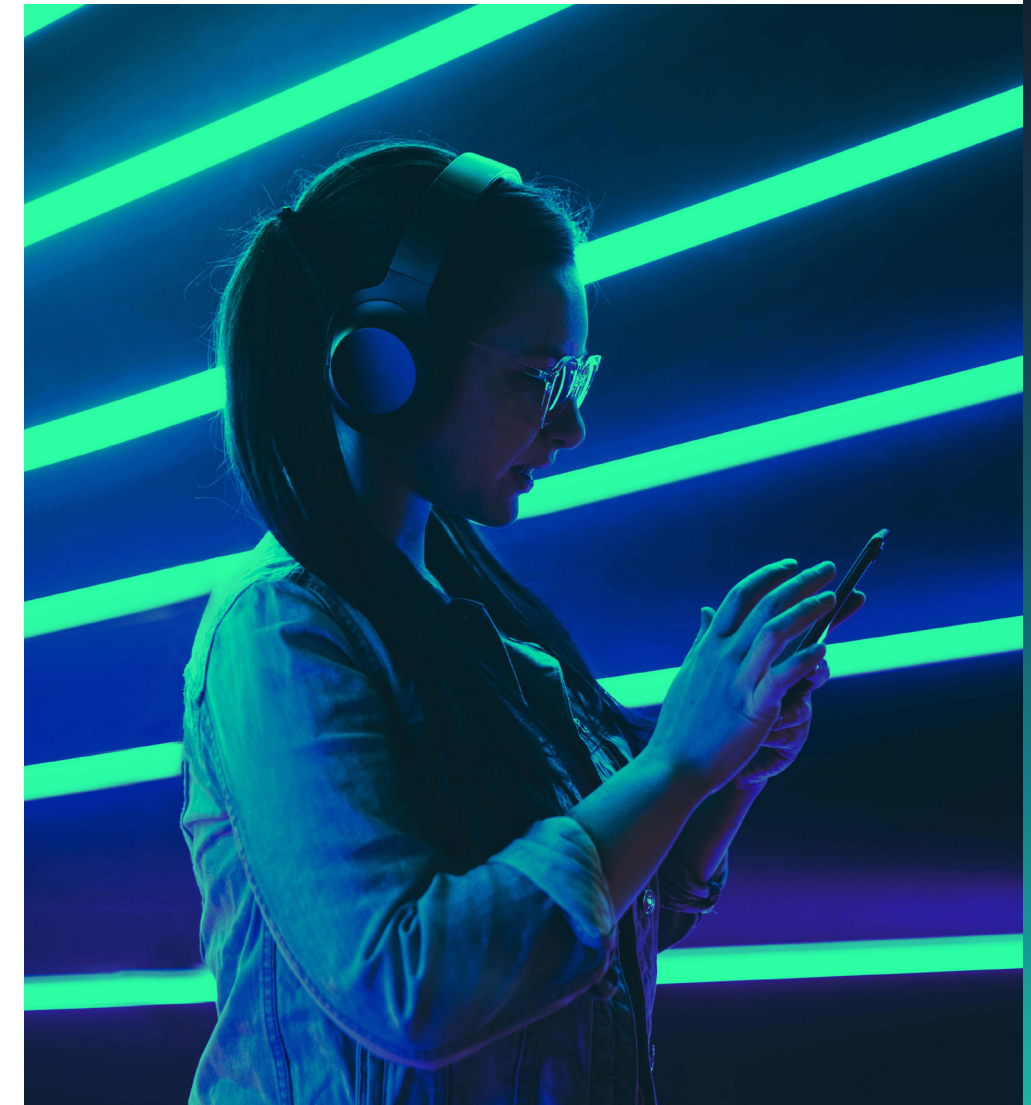
Refine IT infrastructures to determine the best mix of technologies including augmented reality (AR), virtual reality (VR) and mixed reality (MR)

Leverage distributed architecture and edge

Connect myriad disparate stakeholders; enable low-latency experiences, eventually including Metaverse and omniverse

Utilize 5G, 6G, "XG"

Set the stage for low latency, high-capacity data communications, multiple new distribution opportunities and expanded service offerings



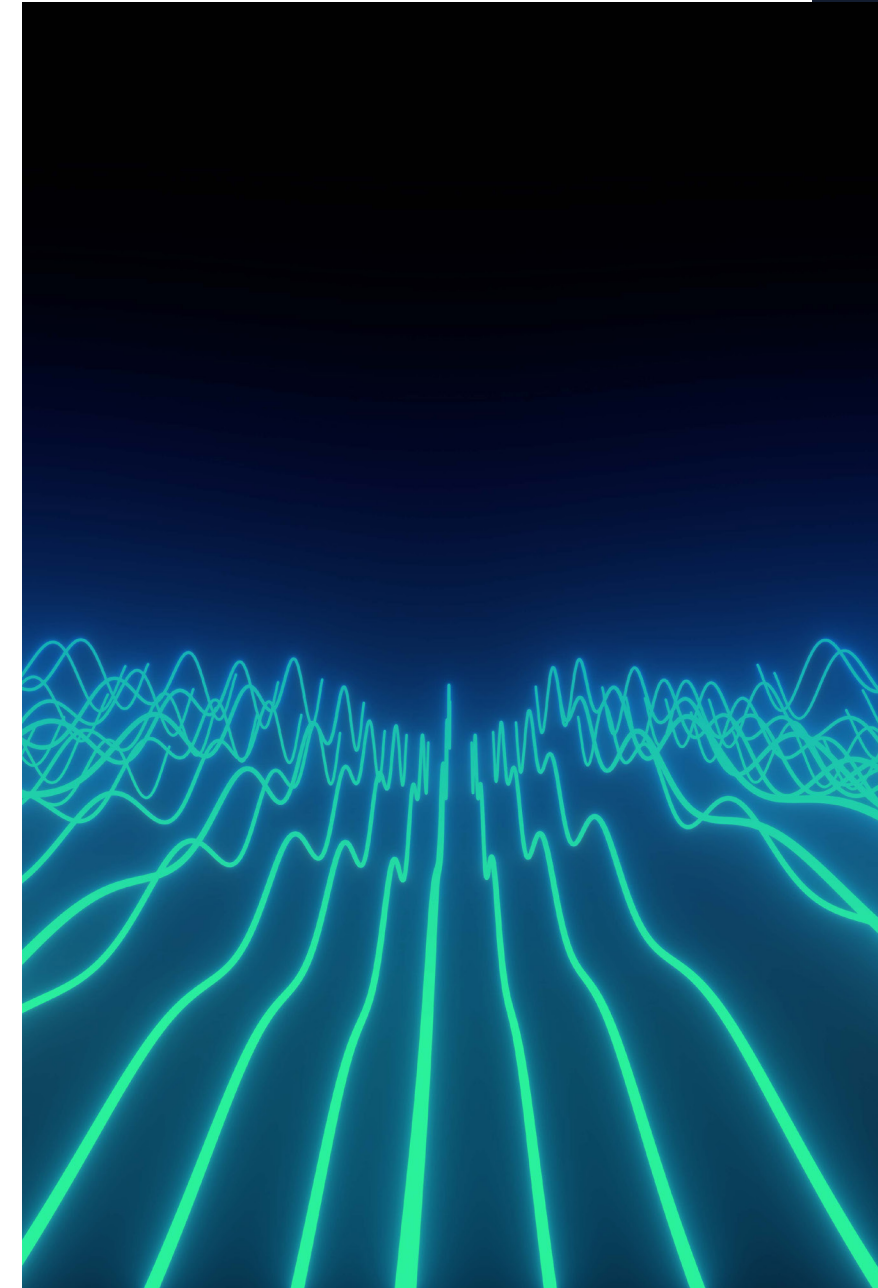
How Colocation Helps M&E Meet Key Business and Technical Objectives

People who work in M&E are creative by nature. Writers and graphic artists bring stories to life in multiple genres. Production teams find ways to work faster. Executives conjure up new revenue opportunities. You can't overlook IT teams. They tap their ingenuity to design and implement networks, clouds and service platforms that can elevate productivity and profits, which keeps everyone else happy.

Storing raw footage, rough cuts and finished products in public clouds using the internet has been the go-to option for M&E. However, public cloud data storage and transfer at the required scale is expensive. Using a private network and private cloud would be more reliable, responsive and secure. This is especially important as content distribution gets more complex, driven by an emerging trend – direct-to-consumer distribution.⁵

Colocation data centers give M&E stakeholders a place to get creative. On the production side of the industry, tech companies such as Frame.io could take advantage of a private cloud to host the services creatives pay them for, such as collaborative video and audio editing or project management, over an ultra-fast, secure network. On the delivery side of the business, colocation data centers serve as a hub for interconnection and private cloud workload placement while offering highly diverse private network connectivity, complementing the internet and public cloud services hosting.

Colocation enables M&E industry entities to respond to changing customer demands and shifting industry economics by providing a hub for interconnection, highly secure data transport and low-latency application performance – evergreen technical objectives that support customer expectations.



Technology Advantages for Media and Entertainment CTOs

M&E enterprises should consider colocation for many reasons, including:

- **Direct cloud onramps drastically speed data transfer.**
- **Inter-market connectivity enables moving assets from one data center to other data centers in lucrative, densely populated regions, then feeding content to CDNs. Furthermore, moving files closer to creatives increases ROI from production services.**
- **Companies can establish a “digital supply chain” that stretches from production entities physically and virtually connected in a data center to consumers and feeds data back for analysis critical to customer experience.**
- **Cybersecurity is improved, helping to overcome the inherent risk when increasing attack vectors.**
- **Rapid, dynamic scalability lets each company in the production process turn services on/off in short order, (reducing costs) and spin-up virtual servers in a matter of minutes. On-demand increase of bandwidth, storage and compute capacity is critical to solving “good problems,” like an influx of work.**
- **Some data center providers offer a software-defined platform – for example the Open Cloud Exchange® (OCX) – taking a great deal of time and effort out of network and cloud management.**



Business Benefits for Media and Entertainment CTOs

M&E enterprises can use these and other technical advantages to reach their encompassing goals: maximum asset monetization and being future-ready.

Let's dig a little deeper into being future-ready, specifically how wireless and wireline network convergence and subsequent low-latency, high-capacity data communication standards will impact M&E.

The Metaverse, which will offer a wealth of opportunities for M&E industry expansion on mobile platforms, is 5G-dependent. The global Metaverse market could approach \$800 billion in 2024, vs. about \$500 billion in 2020, according to Bloomberg Intelligence.⁶ Another research firm, Global Data, estimates that the metaverse industry (for entertainment and social media companies) will grow to \$996.42 billion in 2030.⁷

The future looks promising. That said, there are measurable business advantages to be realized now by moving some or all infrastructure to data centers, including:

- **Shifting from a CapEX to an OpEx model reduces costs for storage and delivery technologies and infrastructures.**
- **Direct public cloud access over native onramps reduces costs for data egress and broadband.**
- **Faster time to market. Being competitive demands producing and distributing original content faster and offering personalized content (especially as digital transformation evolves).**
- **Colocation plays into a cloud-smart strategy in which workloads are distributed according to access requirements, reducing the cost for hosting and broadband fees.**
- **Intellectual property is better protected. A layered, defense-in-depth strategy can be executed by incorporating cybersecurity into the tech stack, and physical security far surpasses typical on-premises data center safeguards.**

- User experience is elevated, which is essential to meeting advertiser expectations and keeping subscribers loyal.
- Colocation data centers are positioned to be regional facilities (between edge and cloud), enabling multiple data sources to be managed at a central location in the future converged infrastructure.

One of the most critical advantages is resiliency. Colocation offers redundancy and network diversity that reduce the possibility of downtime and network disruptions to near zero.

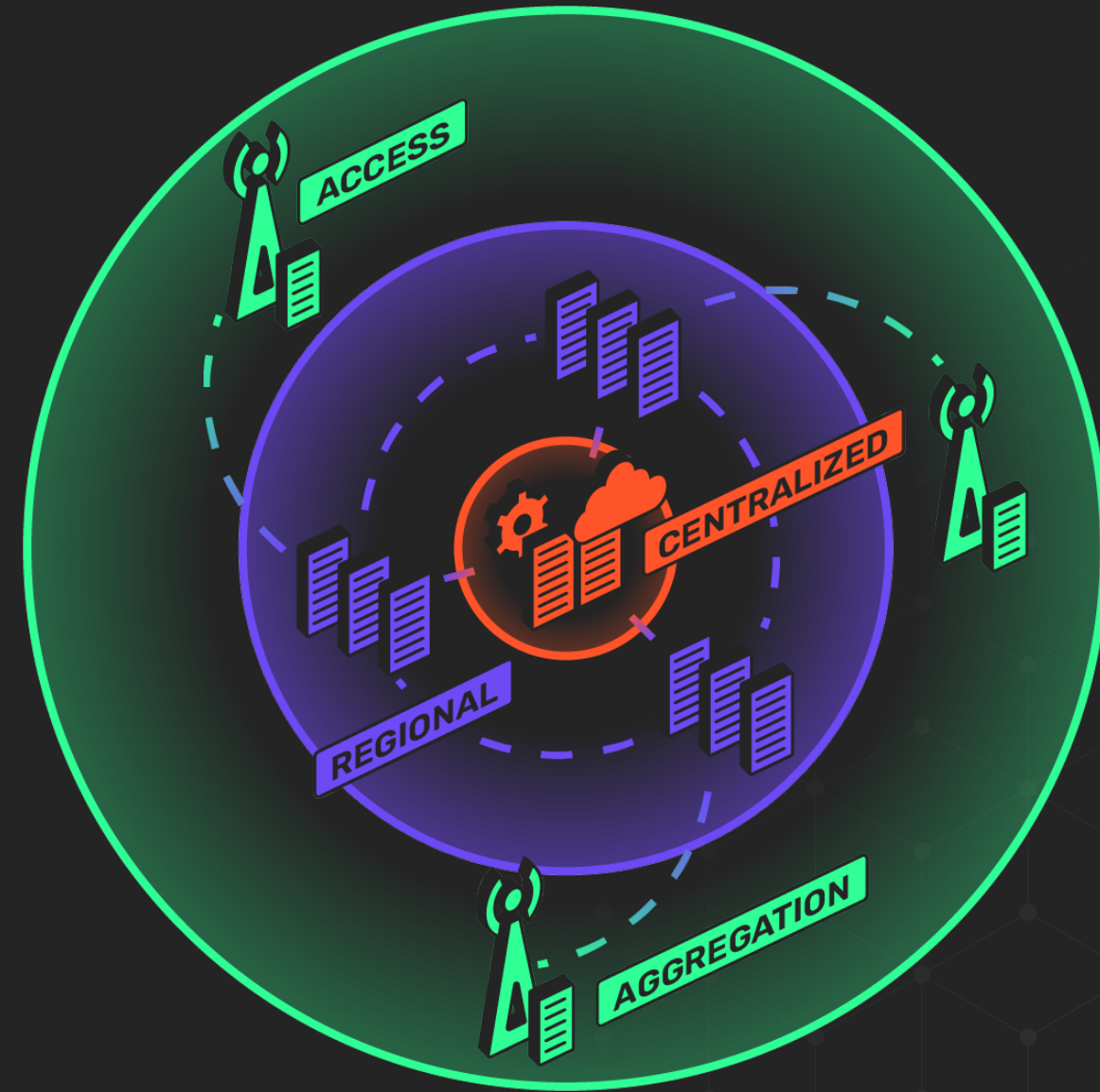


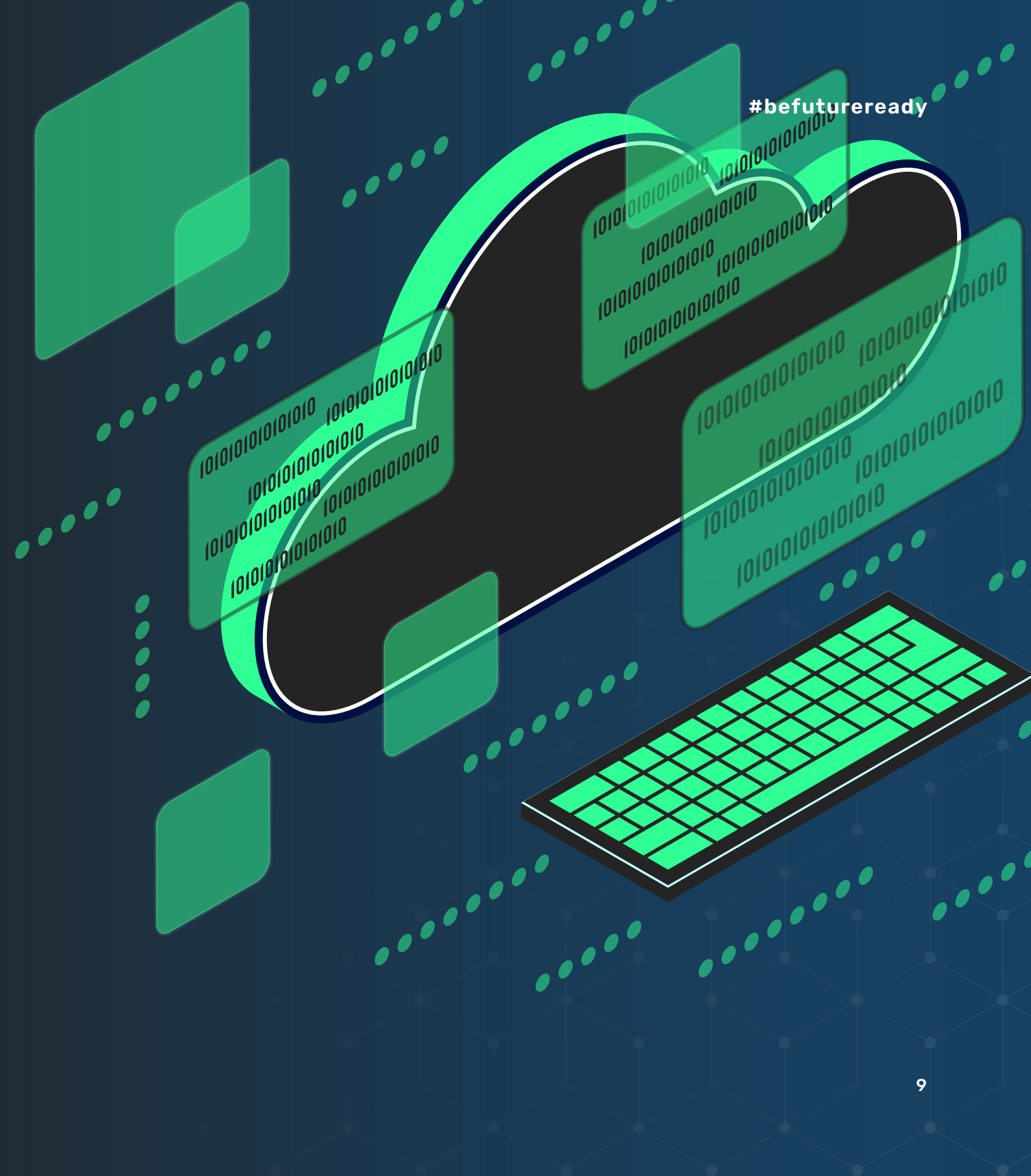
FIGURE 2: A model of the interconnected fabric, tomorrow's infrastructure. The vision includes distributed multi-access edge computing for wireless/latency sensitive applications, data centers near the edges where data is aggregated, regional data centers in high-density population locations, and centralized data centers with direct access to hyperscale cloud providers.

We Can Be A Hub in Your Workflow, Maximizing Monetization

M&E is a highly collaborative industry. CoreSite, with 28 data centers in 10 key markets and a digital ecosystem of 775+ network, cloud and IT service providers, is ideally positioned to foster the collaboration M&E creatives and IT teams need to optimize monetization and be future-ready.

SPEAK WITH AN EXPERT

1. Future-ready Business Benchmark, Economist Impact, 2022
2. More Americans Now Pay For Streaming Services Than Cable TV, Forbes, 2019
3. Streaming outperforms both cable and broadcast TV for the first time ever, NPR, 2022
4. Entertainment & Media Outlook 2022-2026, PwC, 2022
5. What are the five trends to watch in media and entertainment in 2022?, EY (Ernst & Young Global Limited, 2022
6. Metaverse may be \$800 billion market, next tech platform, Bloomberg Professional Services, 2021
7. Metaverse Market Size, Share, Trends, Analysis and Forecasts By Vertical, GlobalData, 2022



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About CoreSite, An American Tower Company

CoreSite, an American Tower Corporation subsidiary, provides hybrid IT solutions that empower enterprises, cloud, network, and IT service providers to monetize and future-proof their digital business. Our highly interconnected data center campuses offer a native digital supply chain featuring direct cloud onramps to enable our customers to build customized hybrid IT infrastructure and accelerate digital transformation. For more than 20 years, CoreSite's team of technical experts have partnered with customers to optimize operations, elevate customer experience, dynamically scale, and leverage data to gain competitive edge.