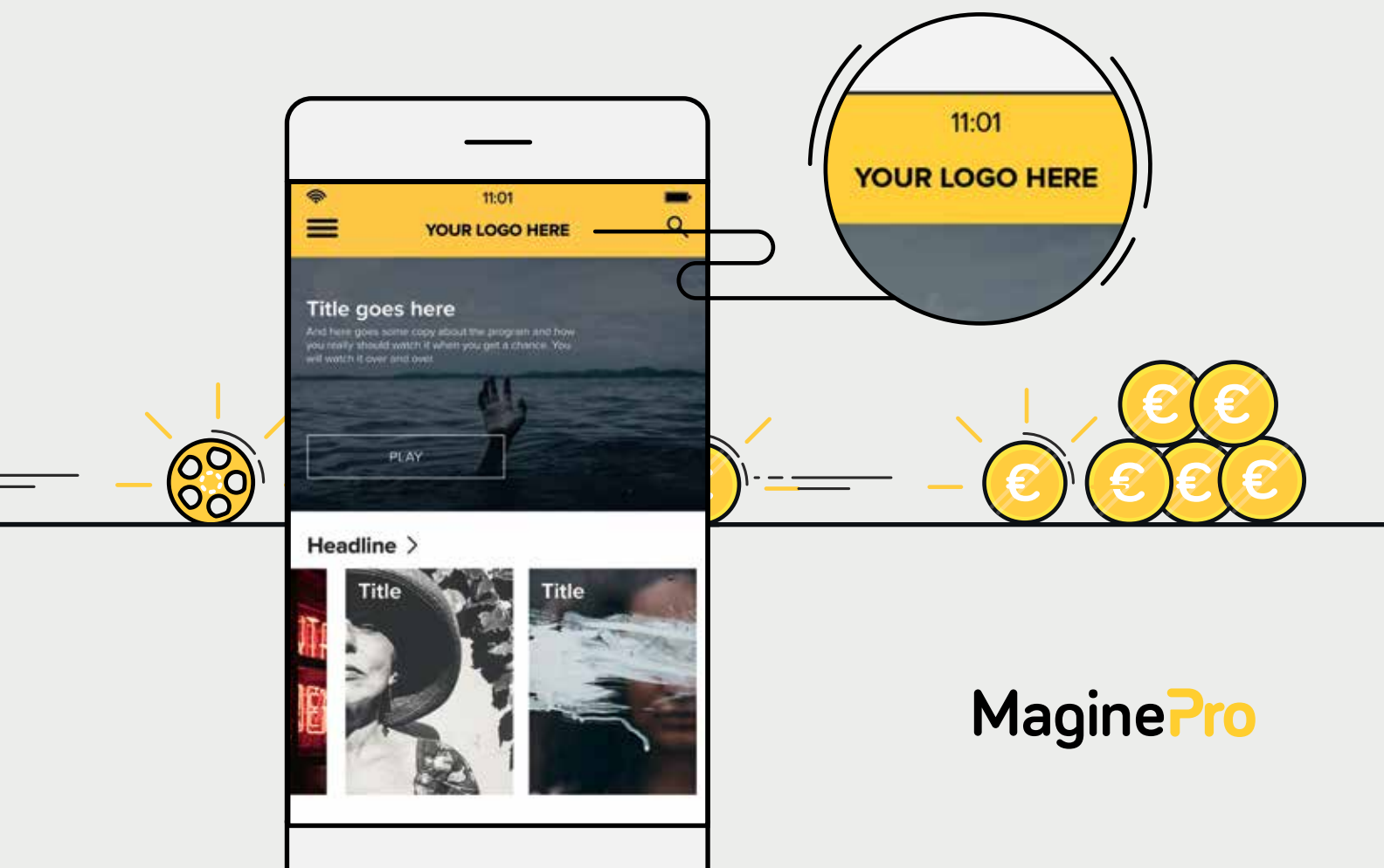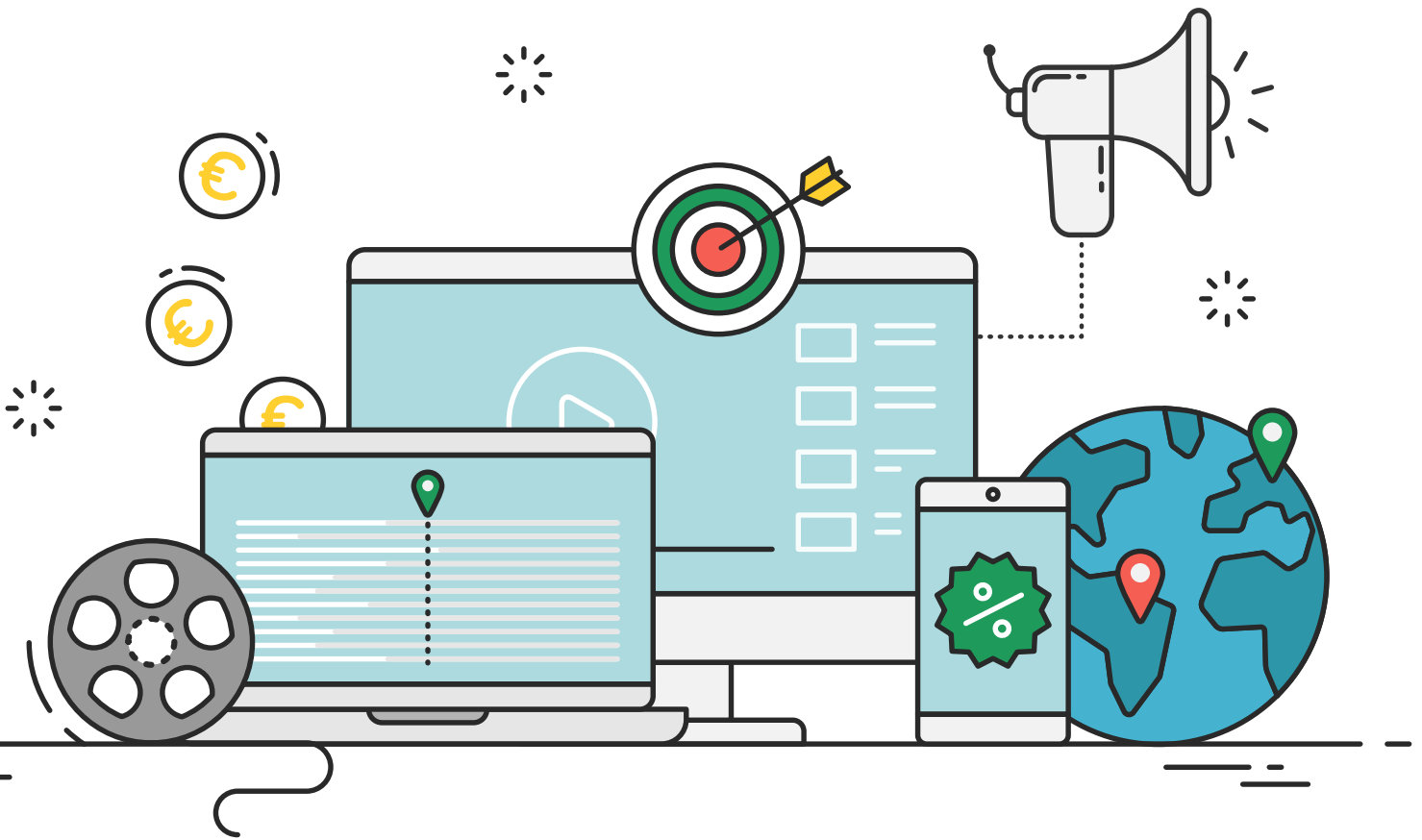# Turn your content into cash

HOW TO BUILD A PROFITABLE OTT BUSINESS

MaginePro

Intro

The OTT market has grown considerably in recent years. OTT is now considered a mainstream delivery platform alongside traditional broadcast and pay TV. Competition is fierce though and the battle hardens for subscriber wallet share and viewing time every day.

For those looking to launch their own OTT business, it can seem overwhelming but you don't have to square up to the likes of Netflix or Amazon Prime to get a good piece of the proverbial pie. At Magine Pro, we believe there's still plenty of room in this growing market for services that set themselves apart from the mainstream competition.

In this paper, we dive into the opportunities for those looking to bypass distributor meetings and monetize their content independently. Get stuck in to find out why we think niche services are the way forward, the best content types for your business, and which monetization models make the most sense for new OTT service entrants.

Content

Stand out in the crowd

OTT services can dazzle new users with all the latest features and functionality, but without quality content, there's no guarantee they will stick around or return. Content really is critical to the success of an OTT service.

In fact, the consumer appetite for high-quality content is increasing, and we're starting to see users sign up to more than just one OTT service. This segment of the market is still growing, so there's plenty of room for new OTT entrants that want to attract viewers who are not fully satisfied by just one service. At Magine Pro we believe niche services, which offer quality content that appeals to particular user interests, are the way forward.

Niche Services

Niche services can help you stand out in the crowd and enable you to focus on smaller segments of the market, which are typically more loyal and often lead to higher margins.

Marketing can also be much more effective, as instead of taking a broad approach and hoping something sticks, you're able to target a well-defined audience with a specific message. We've seen this work particularly well with our own partners, **Passionflix** which provides

exclusive and original romantic content and **True Royalty**, an SVOD service dedicated to premium royalty related content.

Original content & strategy

Digital TV Europe's recent annual survey revealed 62.9% of respondents agreed, original content that's not available elsewhere is the most compelling reason to sign up to an OTT service. Followed by being able to watch content inside and outside of the home.

Original content doesn't necessarily mean you need independently produced content though. Original content can also be secured through rights agreements. Explore markets that are often overlooked, such as local or regional content for expats and

62.9%

of the DTVE survey respondents agree that original content that's not available elsewhere is the most compelling reason to sign up to an OTT service
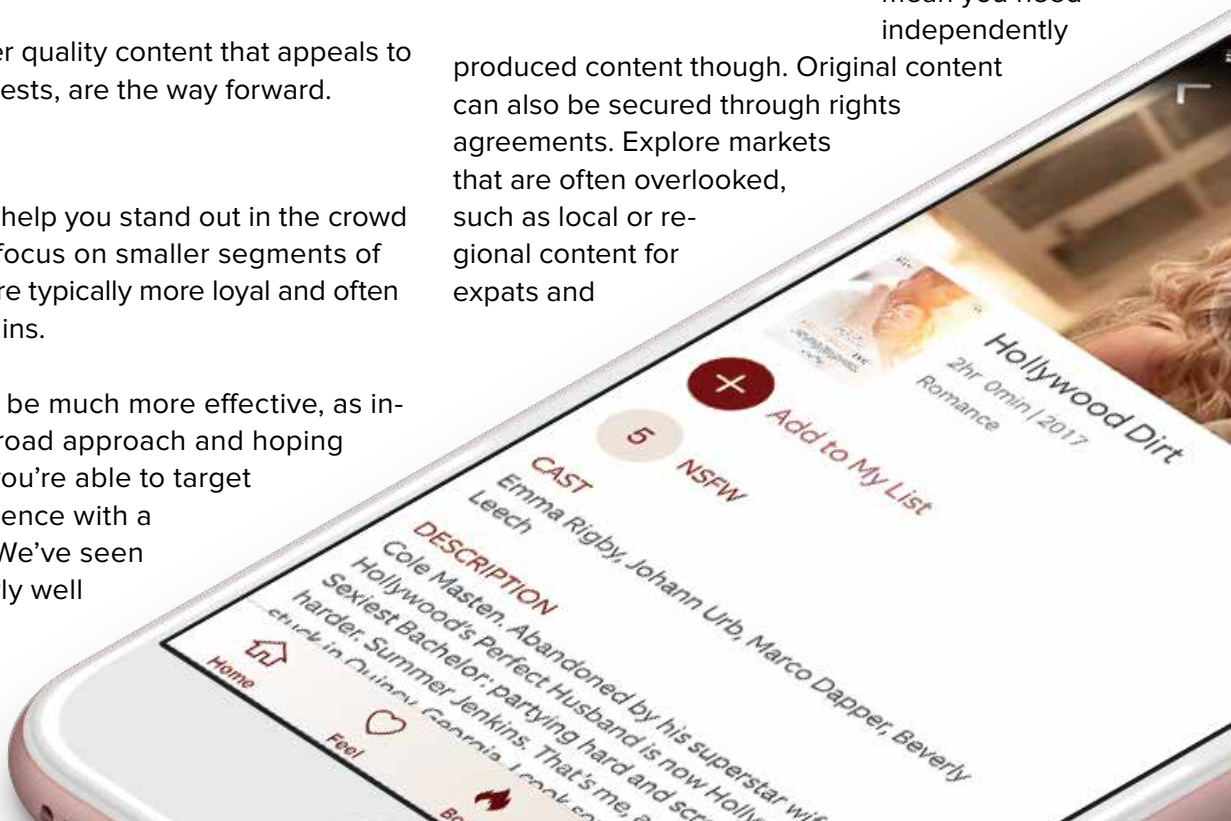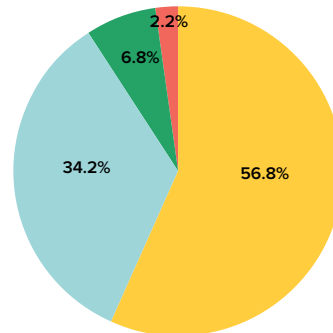
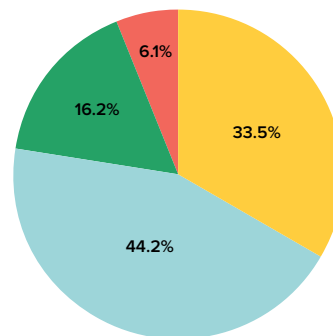## What are the most compelling reasons to sign up for an OTT TV service?
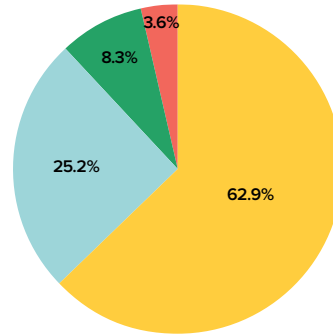
Original content that is not available elsewhere

- 3.6%
- 8.3%
- 25.2%
- 62.9%

Availability outside and inside the home and on multiple devices

- 2.2%
- 6.8%
- 34.2%
- 56.8%

A user interface and content discovery experience superior to that of free and pay TV

- 6.1%
- 16.2%
- 44.2%
- 33.5%

The ability to share content via social networks

- 13.3%
- 36.3%
- 31%
- 19.4%

The availability of advanced features such as virtual reality and 360° content

- 18.3%
- 30.6%
- 33.8%
- 17.3%

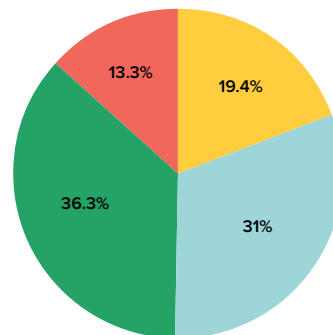niche sports content that's not being widely distributed.

The type of content you invest in for your OTT service is dependant on your strategy. Identifying your audience and evaluating the market is essential. We advise putting together a clear content strategy that includes regularly adding new and unique content to your service. This not only encourages user engagement but also reduces churn, as frequent updates and changes give users a reason to return and discover more.
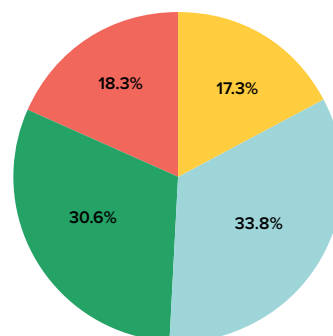
Our SVOD partner Passionflix offers niche and original romantic content to global audiences

1 = Very important
2 = Moderately important
3 = Not very important
4 = Not at all important

Hero your content

OTT services have long been associated with the delivery of on-demand content. But that's not say OTT isn't well suited to delivering linear TV or live events also. In fact, in recent years we've seen more broadcasters and operators expanding into the OTT market, offering their customers TV Everywhere solutions that seamlessly combine linear TV channels with on-demand content.

The demand for OTT services that cater for live events is also growing. Distributing live feeds through OTT was previously complex and unstable. However, improvements in technology mean OTT services are now perfectly suited to broadcast great quality live events, such as sports, to audiences globally.

At Magine Pro we build OTT services that cater to all types of video content, including services that combine video-on-demand with linear TV and live. We focus on building OTT services that make it easy for viewers to discover great content.

Our partners can independently curate their OTT services via the Magine Pro Console and hero select content or create unique categories. The end user can also create a personal list of their favourite linear channels, add live content to their watchlist to enjoy later, and explore catch-up and VOD in curated category modules.

Magine Pro solutions enable you to monetize and seamlessly deliver your live, linear and VOD content to viewers anywhere in the world and on any device.
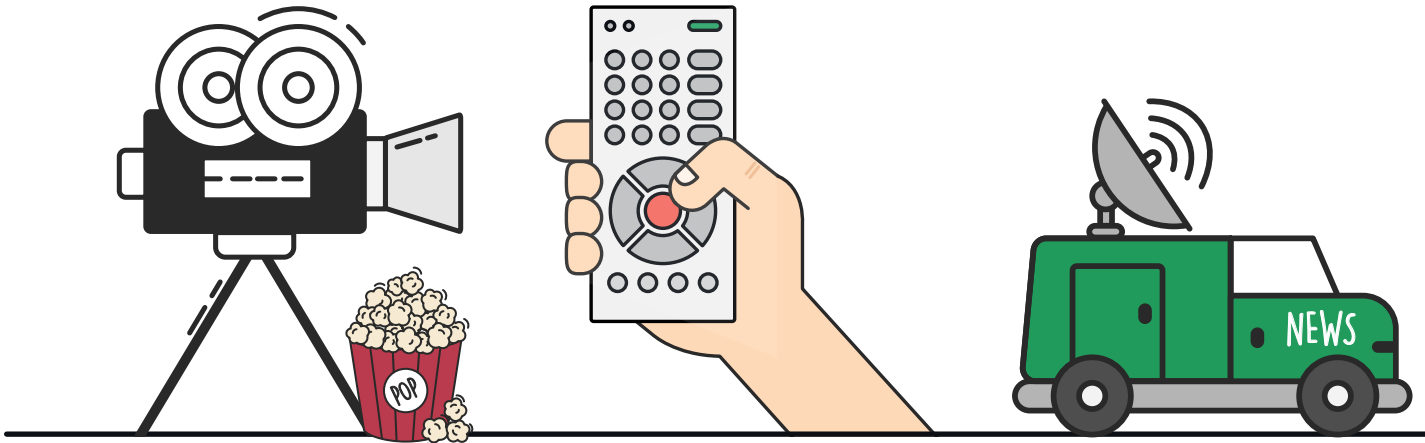
VOD

VOD (Video On Demand) is all about convenience. Viewers are not confined to a schedule, they can create their own.

VOD also gives viewers the freedom to browse a library and watch content that appeals to them whenever they want, wherever they want and as often as they want.

LINEAR TV

Linear TV caters to the prime time, which also the viewer's down time of the day.

With OTT, viewers don't have to miss a show as they can watch on the go and keep up with the social conversation. In a scheduled environment viewers are also more likely to watch content they wouldn't have to otherwise thought about.

LIVE EVENTS

Viewers want to watch **live events**, such as sports and news, as they happen and be part of the social conversation.

With advancements in OTT, viewers are now able to access great quality live broadcasts, wherever they are and on any device.

THE MAGINE PRO CONSOLE

Our extensive web-based management tool, the Magine Pro Console, enables our partners to independently curate and manage their own OTT services. They get full control over how their VOD, linear and live content is presented to the viewer.

Partners can ingest VOD content directly into their services via the Console and live edit the start page, content categories and assets metadata. Our Premium service operators can also manage their user accounts, payments, ads and subscription packages. The Console also provides comprehensive insights into user behaviour, service usage, and operational analytics.
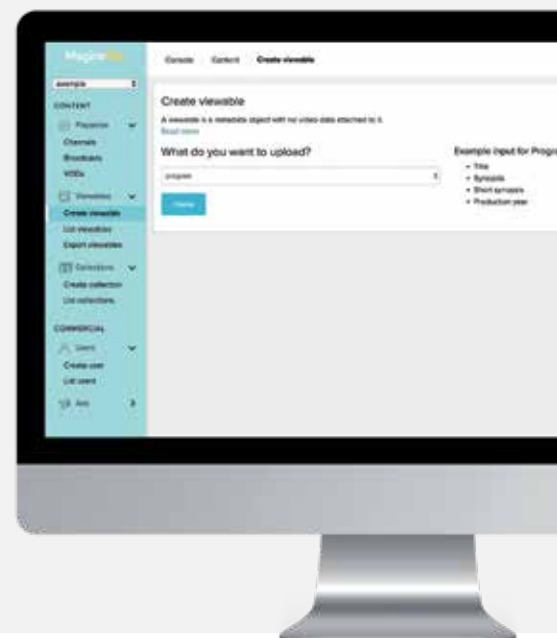
Monetize with the right model

The three main business models applied to OTT are known as SVOD, TVOD, and AVOD. And although they all share video-on-demand in their acronyms, they aren't exclusive to VOD as they apply equally to linear TV and live. Choosing the right monetization model for your service is essential. It's dependant on the type of content you offer, your audience and business strategy.

Subscription

Subscription Video-On-Demand (SVOD) is often the go to-monetization model for new OTT entrants, as it ensures a steady recurring revenue and has a lock-in effect on users.

In fact, Digital TV Europe's annual survey reported SVOD as being the top choice of business model for OTT services, with over 53.2% of respondents agreeing it was the most promising.

53.2%

agree SVOD is the most promising business model for OTT services

SVOD also makes it possible to receive parts of your monthly revenue with no relating costs. Data collected from our partner SVOD services show that only 60 to 70% of paying subscribers are active monthly users, meaning that four out of ten paying subscribers never accessed the OTT service in a given month.

Although short-term this could be considered free revenue, the long-term risk is that those non-active users will eventually churn and opt-out of the service altogether. The premise of getting revenue with no associated support or streaming costs might sound alluring but to achieve real long-term success, the objective should always be to strive for engaged rather than inactive subscribers. This is one reason why regularly updating your service with new content is essential.

Magine Pro's subscription supported services are particularly well suited to VOD and/or linear content.
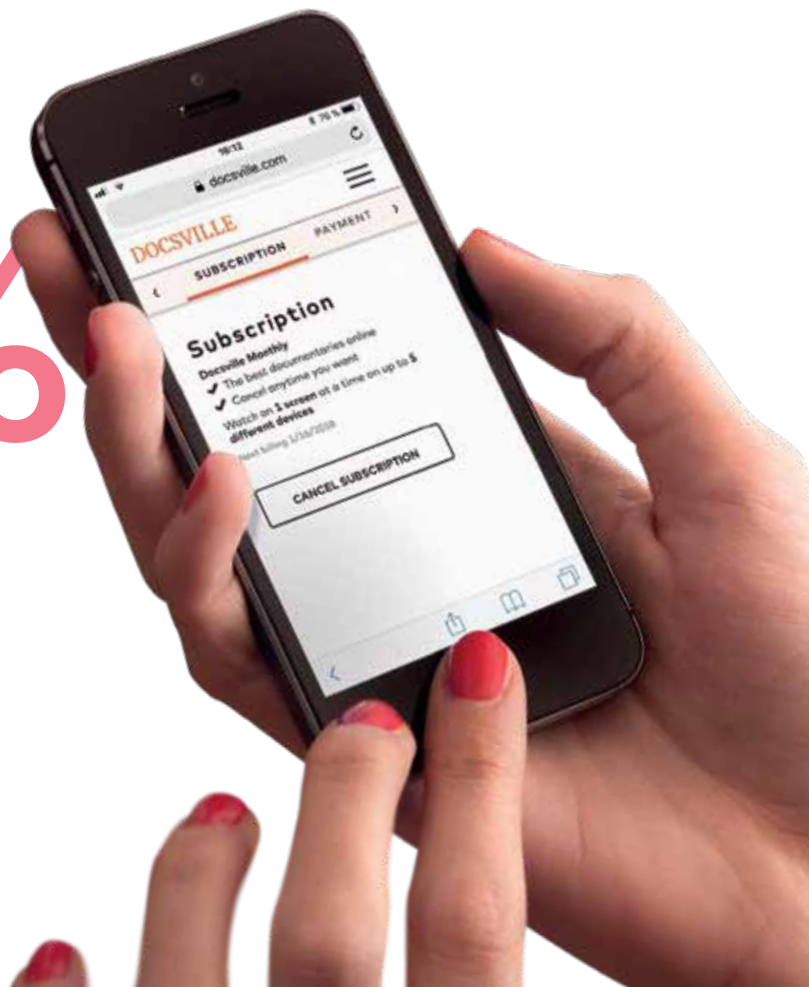
They are also flexible and enable you to control the frequency of your customer subscription plan.

Billing intervals can also be adjusted to suit your OTT business needs, including:

- 24-HOUR DAY PASSES
- 3 DAY PASSES
- MONTHLY SUBSCRIPTIONS
- ANNUAL SUBSCRIPTIONS
- FLEXIBLE SUBSCRIPTION FOR ANY TIME INTERVAL

Transactional

Transactional (TVOD) supported video services enable you to charge a one-time payment per view on live events, channels, series or movies, either as a digital rental or electronic sell-through (EST). It is the definition of on-demand. Users pay a one-time fee to watch the content they want with no long-term commitments.

TVOD also offers service operators better revenue opportunities for new and on-demand content. In particular live events, such as sport, and popular movies or series that have a short relevancy window.

As even small viewing fees on this type of content can add up to a considerable amount when marketed to the right audience.

Unlike SVOD however, it can be difficult to acquire and retain users on a purely TVOD platform. Customer acquisition and retention will need to be a priority for TVOD service operators. Finding ways to encourage users to stay in the service after they have already paid and watched content is challenging.

Keeping your service regularly updated with new on-demand content, and offering promotions and discounts is one way to work around this. Keep in mind though that unlike SVOD, users are less likely to try new or niche content in a TVOD service if they have to pay each time.

Magine's own consumer service, **Plejmo** operates a TVOD model. They also offer EST, enabling their users to own a digital copy of the movies they choose. EST works particularly well with premium content that is made available shortly after the theatrical window, as users are willing to pay more to watch new releases that have not long been on the big screen.
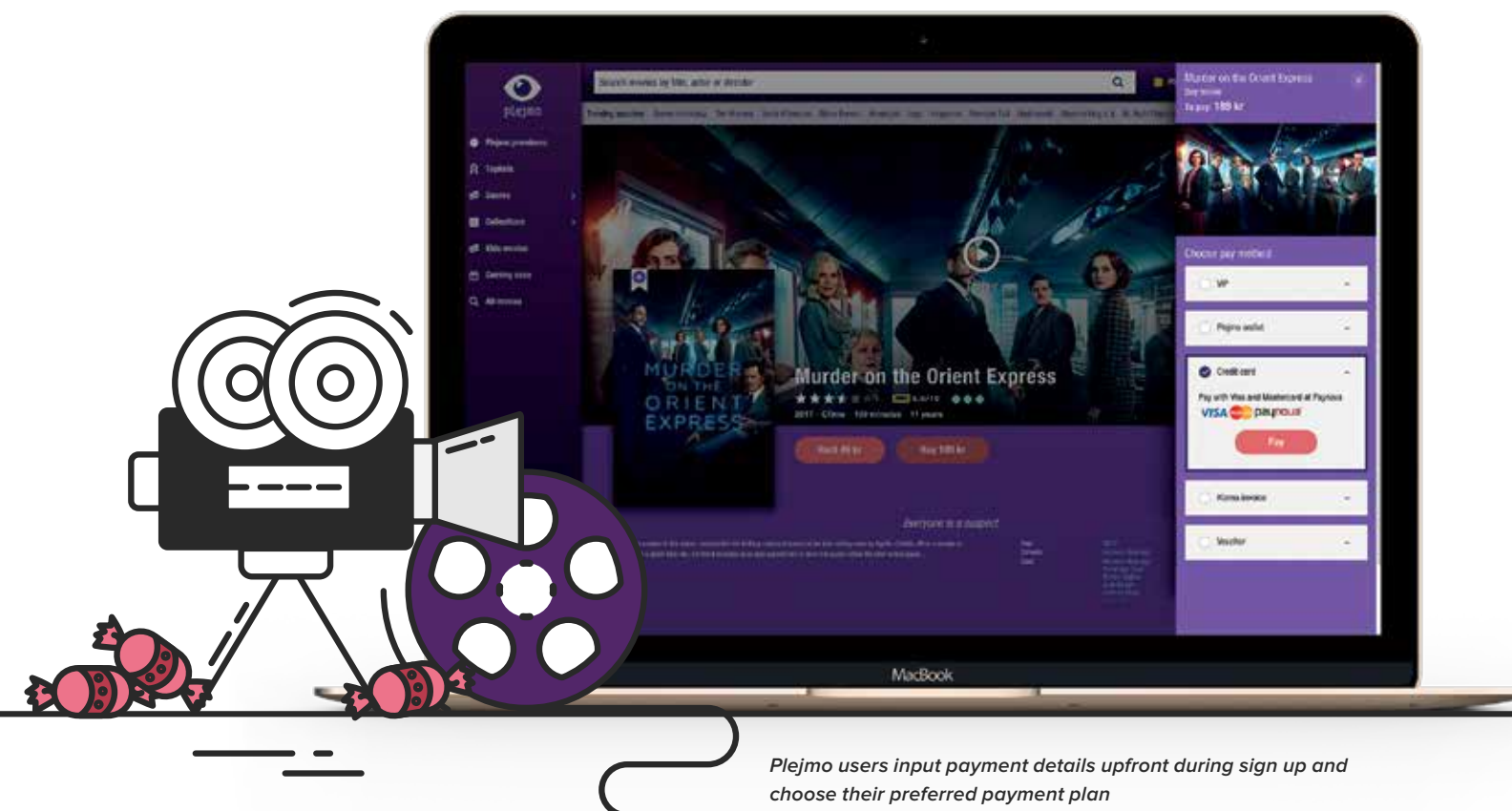
Plejmo users input payment details upfront during sign up and choose their preferred payment plan
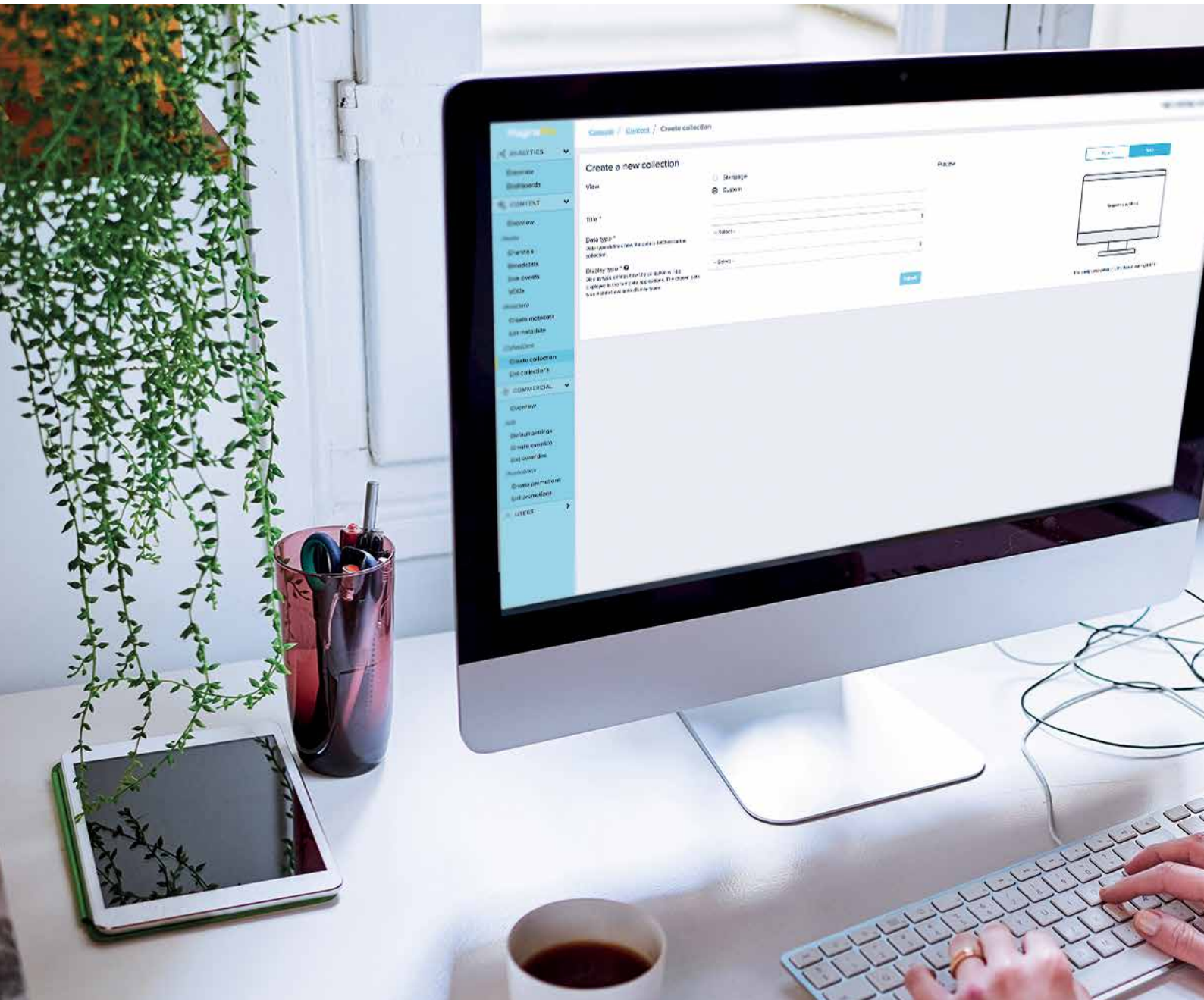
Advertising

Monetizing through advertising (AVOD), enables you to offer free content to users that are hesitant to pay a subscription or transaction fee. In this model the advertisers pay, not the viewers, which means it's easier for service providers to acquire users.

In general, AVOD works best for linear TV and SVOD services, as there are more opportunities to place video advertisements in a stream over live. However, for AVOD to be truly successful, you need a large audience to generate significant views and advertising impressions. Because of this, AVOD-only monetization models are better suited to short-form content that has mass audience appeal. YouTube being a good example.

At Magine Pro we believe AVOD works best as complementary strategy to an SVOD or TVOD model.

We support and enable the following ad insertions:

- PRE ROLL ADS
- INTERVAL ADS
- POST ROLL ADS

Our partners can independently insert and manage MP4 video ads through the Magine Pro Console via VAST tags. We support VAST 3, VAST 4 protocols and VPAID. Alternatively, they can manage their targeted ad campaigns through integrated ad-server SpotX, which also enables them to sell ad inventory through direct deal ads and programmatic ads.

WHICH MODEL IS *RIGHT FOR YOU?*

Subscription
- ✔ Best for VOD and linear TV services
- ✔ Steady recurring revenue
- ✔ High user retention
- ✘ Small subscriber numbers = low return

Transactional
- ✔ Best for live events and VOD
- ✔ Better revenue opportunities for popular & new on-demand content
- ✔ Value for money experience for users
- ✘ Low user retention

Advertising
- ✔ Best for linear TV and VOD
- ✔ Easy to acquire users
- ✔ Split revenue opportunities with advertisers
- ✘ Only works successfully on a large scale

Hybrid

At Magine Pro, we believe the secret to a successful OTT business lies in a business model that combines SVOD, TVOD, and AVOD whenever possible. A hybrid model is designed to maximize content monetization opportunities.

AVOD, for example, works particularly well when combined with SVOD or TVOD as it ensures no money is left on the table. An ad-supported freemium model will help you attract and onboard new users. And as you're monetizing through ads, you can convert them to paying subscribers through upsell activities, increasing your average revenue per user (ARPU) and the customer lifetime value.

We offer SVOD, TVOD, and AVOD business models, either separately or combined in all our OTT services.

SVOD

TVOD

YOUR OTT BUSINESS

AVOD
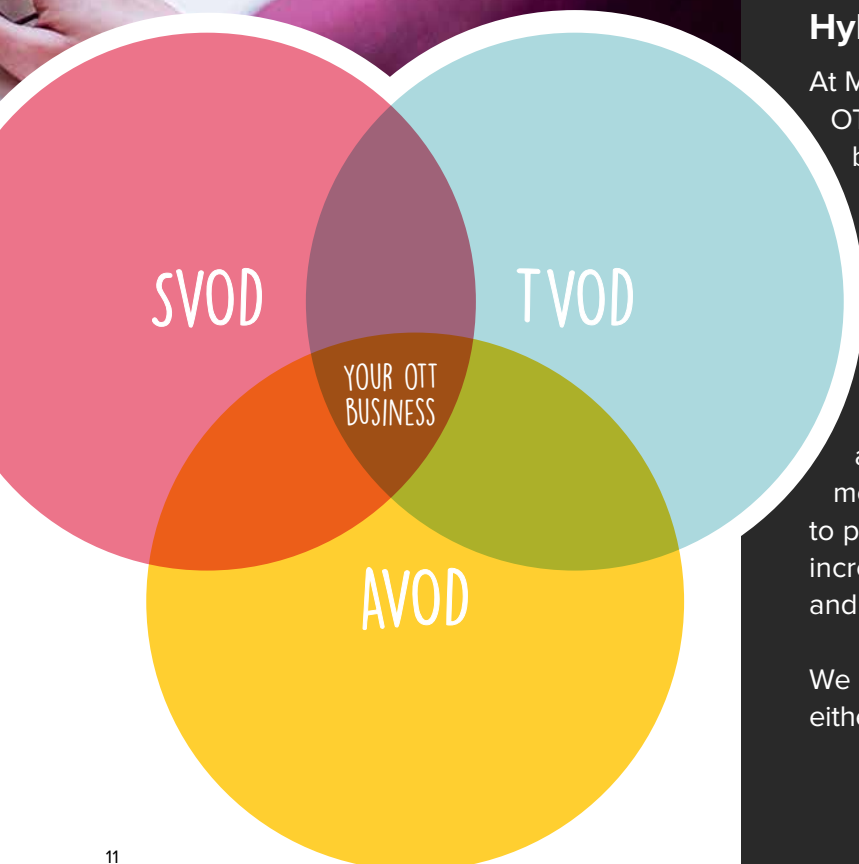
Conquer the globe & cash in

There are no limitations to distribution with OTT, provided you have the correct content rights in place. And a lot of the barriers OTT previously faced are crumbling.

In recent years, in fact, we've seen increased investment and coverage of fixed and mobile infrastructure. Consumer data buckets are getting bigger and data even cheaper. Expansion of LTE networks and 5G roll-out will also expand the availability of data connections in existing and new markets for OTT streaming.

This is particularly important for those considering launching their own OTT service as data shows consumers are now spending more time watching video content on their mobile devices than ever before. Our own internal data reports that 70-80% of streaming takes place through web clients, smartphones, and tablets. For this reason, we recommend all new OTT service entrants focus on rolling out web services alongside iOS and Android apps in the first phase.

Regardless of where or what devices subscribers choose to watch on though, the user experience should be seamless.

To avoid churn, your subscribers need to be able to enjoy high-quality streams anywhere in the world without buffering or downtime issues.

And local payment solutions that enable users to pay fees easily are also essential, particularly if you're operating a global service, and especially in emerging markets.

70-80%

of streaming takes place through web clients, smartphones, and tablets

Payment solutions

We work with with the secure payment platform, **Adyen**, which streamlines the entire payment process. Adyen enables our partners to charge their users for subscriptions or transactions in local currency anywhere in the world. Our partners also get instant access to their revenue as payments are transferred directly from Adyen into their business accounts.

The Magine Pro platform is also pre-integrated to **SpotX ad server**, which allows our partners who operate AVOD models to generate ad revenue by direct deal and programmatic ads.

In-app purchases via the Apple and Google Play stores are also supported, enabling our partners to offer their users quick package upgrades and purchases when using the apps.

Magine Pro OTT Solutions

There's a Magine Pro solution for every business. We provide all the tech, tools and insight you need to build and launch a successful OTT service.

Magine Pro OTT platforms can be tailored to your brand and offer audiences around the world seamless user experiences on all devices, including web, iOS, Android and more.
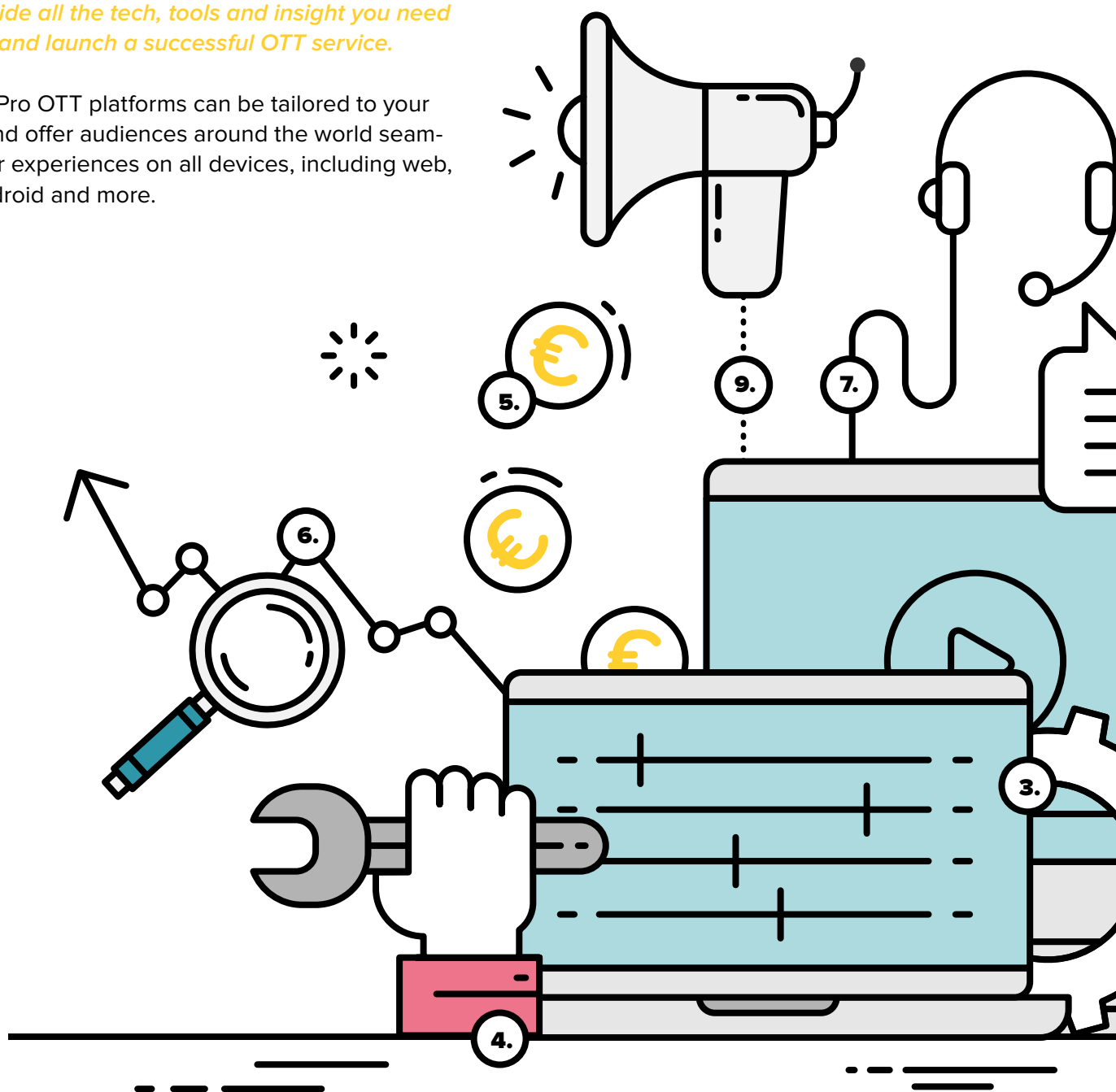
1. Live, VOD & Linear ingestion

We securely ingest content from anywhere and deliver it everywhere

2. Content Security & Rights Enforcement

Your content is in safe hands, we provide robust DRM

3. The Magine Pro Console

Manage your content and curate your service using our CMS

4. Full End-to-End Support

We offer a range of support to ensure your service succeeds

5. Monetization Models

Successfully monetize your content and implement models that work for you, including SVOD, TVOD & AVOD

6. Data Insights

Access to all of the important user and service data to manage churn and make smart business decisions fast

7. Customer Support

We can take care of your customers with 1st, 2nd and 3rd line support systems
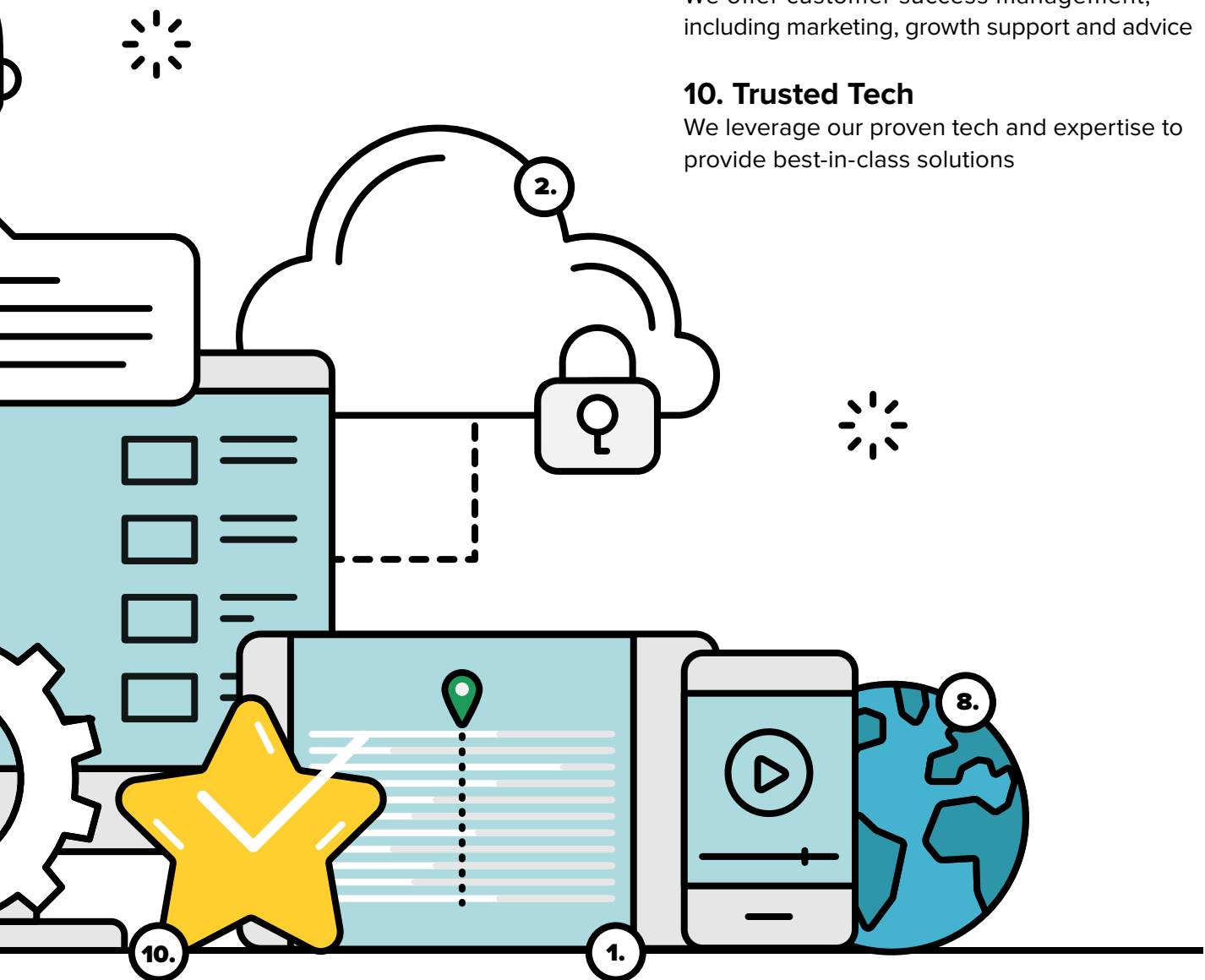
8. Global Distribution

Sell video directly to your target audience in any market

9. Marketing & Sales Support

We offer customer success management, including marketing, growth support and advice

10. Trusted Tech

We leverage our proven tech and expertise to provide best-in-class solutions

Pioneer
Get your OTT business off the ground

Want to trial your OTT business plan? Or are you looking to professionally showcase your content at important sales and investor meetings on a branded video service? Magine Pro's proof-of-concept Pioneer service can help you do just that.

Our Pioneer service is available on multiple devices and is so quick and easy set up, no tech experts needed. You'll be up and running and ready to make an impression within a few hours.

What's more, it's easy to upgrade to our Premium service at any time, enabling you to go direct-to-consumer in global markets.

- BRANDED MULTISCREEN SOLUTION AVAILABLE ON WEB, IOS AND ANDROID
- UPLOAD UP TO 100 HOURS OF VOD CONTENT OR 1 LINEAR SD CHANNEL
- INCLUDES 20 VIP USER ACCOUNTS
- UNLIMITED STREAMING
- FAQ SERVICE SUPPORT
- 2ND & 3RD LINE CUSTOMER SUPPORT
- ACCESS TO THE MAGINE PRO CONSOLE
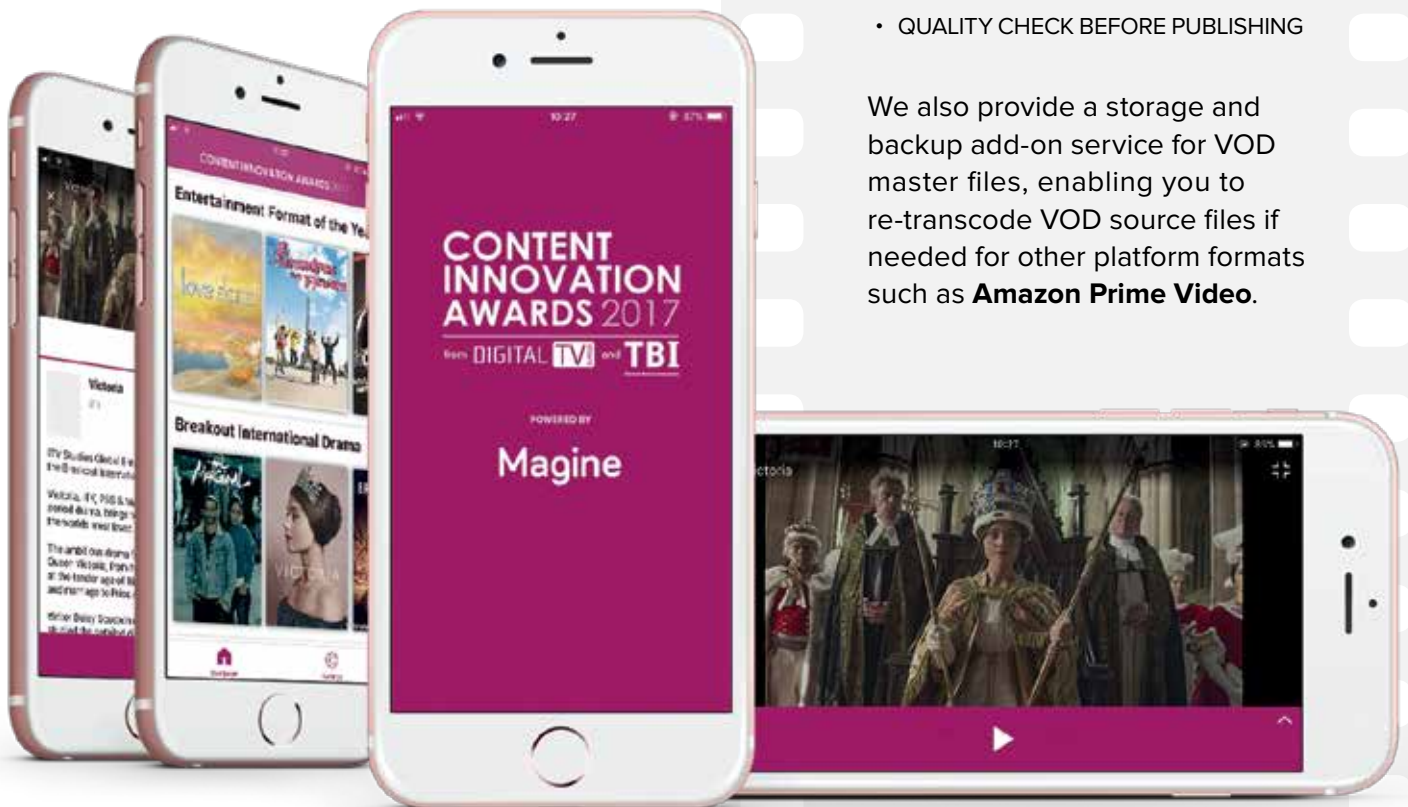
Create a Magine Pro Pioneer service and get your OTT business off the ground
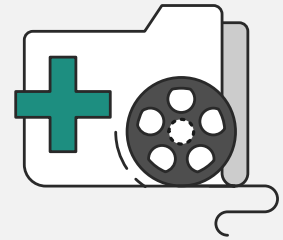
VOD ENCODING & QUALITY ASSURANCE

Magine Pro can also prepare your VOD source files for distribution with our encoding and quality assurance services. Our process ensures your video content is viewable in high-quality on all platforms and devices, including computer, tablet, and mobile.

Services include:
- HIGH SCALE VIDEO TRANSCODING
- SYNCING VIDEO/AUDIO/SUBTITLES
- DUB PROCESSING
- FILE/TAPE/DVD/BLURAY INGEST
- AUTOMATED OR MANUALLY WORK-FLOW
- CREATE AND EDIT METADATA
- QUALITY CHECK BEFORE PUBLISHING

We also provide a storage and backup add-on service for VOD master files, enabling you to re-transcode VOD source files if needed for other platform formats such as **Amazon Prime Video**.

Premium
Monetize your content in global markets

Go direct to consumer and monetize your content in new markets with a professional OTT solution that's tailored entirely to your brand.

Magine Pro's Premium solution is secure and scalable so you can distribute your VOD content, linear channels and live events to global audiences within with a matter of weeks. You can even add additional features and services from our X range for a custom service that really stands out.

Go direct-to-consumer in global markets with a branded Magine Pro Premium service

- BRANDED MULTISCREEN SOLUTION AVAILABLE ON WEB, IOS AND ANDROID
- LIVE EVENTS, SD & HD LINEAR CHANNELS AND VOD (ALL CHARGE PER ASSET)
- UNLIMITED NUMBER OF SUBSCRIBERS
- SUPPORTS TVOD/SVOD/AVOD MONETIZATION MODELS
- DEDICATED PROJECT MANAGER FOR SERVICE SUPPORT
- 2ND & 3RD LINE CUSTOMER SUPPORT
- ACCESS TO THE MAGINE PRO CONSOLE
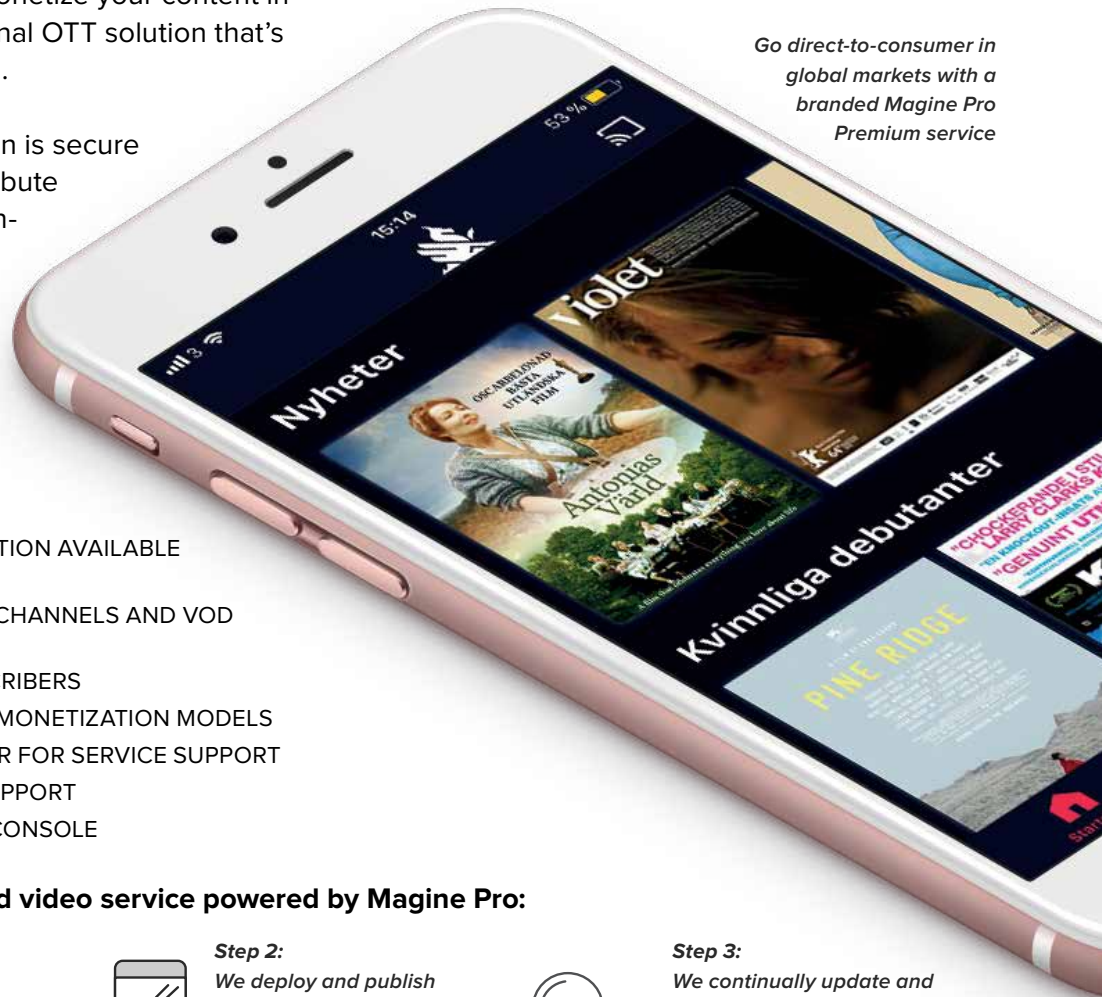
Three steps to a personalised video service powered by Magine Pro:

Step 1:
Provide your logos, colour scheme and design elements

Step 2:
We deploy and publish your web service and branded native apps to app stores

Step 3:
We continually update and deploy new versions of your web service and apps to app stores

Looking for more?

You can boost your Premium service with advanced add-on features and services at any time. Perfect if you're looking for something a little more custom.

Our Premium X add-on services and features include:

- ADDITIONAL DEVICES SUCH AS SMART TVS, SET TOP-BOXES AND DONGLES
- DEDICATED PROJECT AND ACCOUNT MANAGER
- ACTIVE 1ST LINE CUSTOMER SUPPORT VIA PHONE OR EMAIL
- CUSTOMER SUCCESS MANAGEMENT, INCLUDING MARKETING, GROWTH SUPPORT AND ADVICE

And much more

True Royalty customised their Premium service with X add-on features and expanded onto more devices

About us

We're not just another tech provider, Magine Pro build thriving OTT businesses.

Based in Sweden, we create live, linear TV and Video-On-Demand streaming services that are cost-efficient and scalable. Our proof-of-concept **Pioneer** platforms are a great launching pad for those looking to showcase their content on a branded service. And when you're ready to grow, we'll grow with you. Our **Premium** service will take you direct to consumer, so you can launch in global markets, monetize your content and distribute to audiences around the world.

Our experience in the consumer market means we can provide you with all the tech, tools and insight you need to launch a successful video service and grow sustainably. We offer everything from the technical platform to fully managed end-to-end OTT solutions.

## Ingestion & playout of
150+
linear channels

Magine has over seven years experience operating successful consumer services. We now leverage our technology, experience and data to provide our OTT partners with truly tried and tested video streaming solutions. Head over to the **maginepro.com** to find out more about our partners.

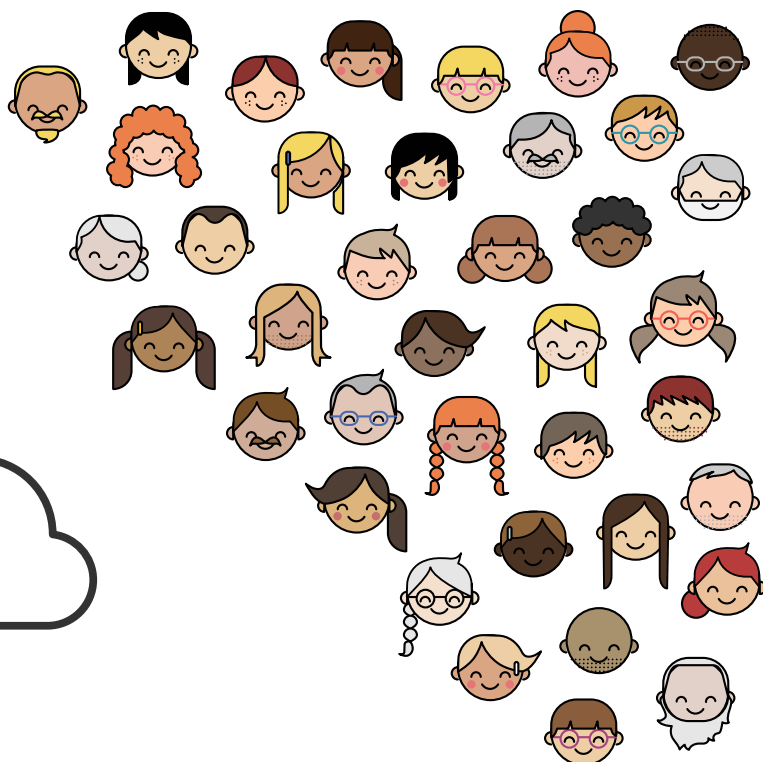DOCSVILLE   FlixOlé   Draken Film   True Royalty   plejmo   sappa   beIN   PASSIONFLIX   MagineTV
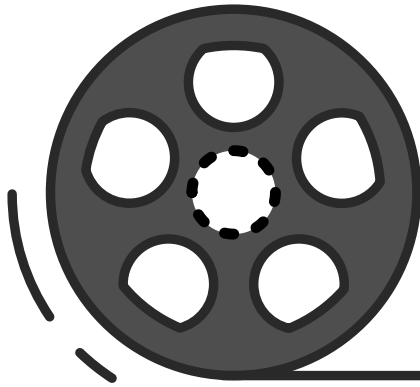
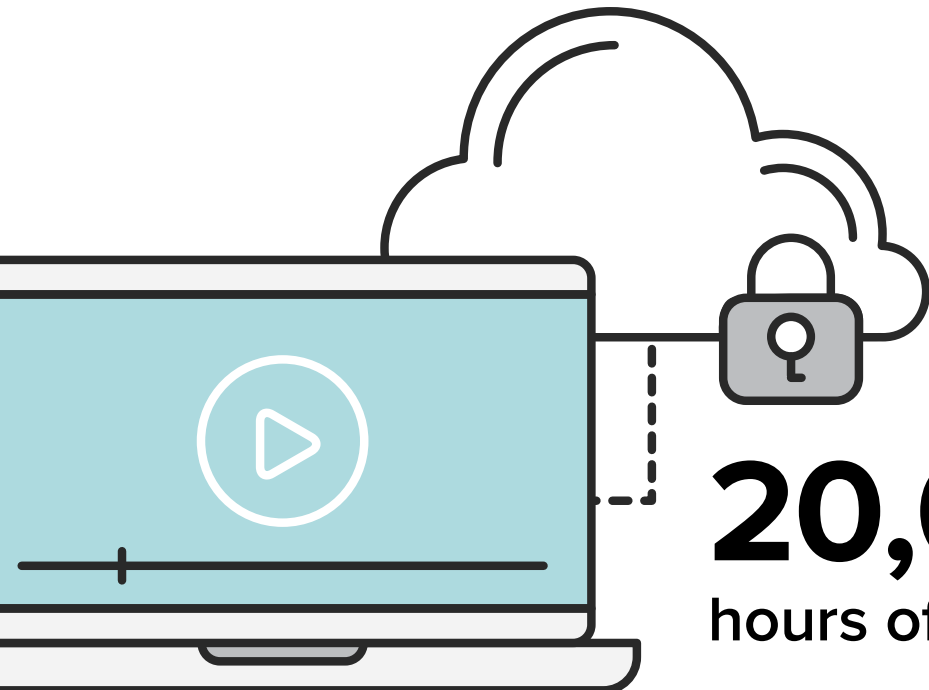# 4,000,000
hours of VOD & live content streamed per month
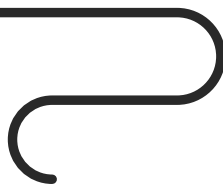
Serving over
1,000,000

Over 150+ countries

users

20,000+
hours of VOD content

MaginePro