

What's next for SVOD and AVOD, and what will drive the growth?

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UNLOCKING
VALUE

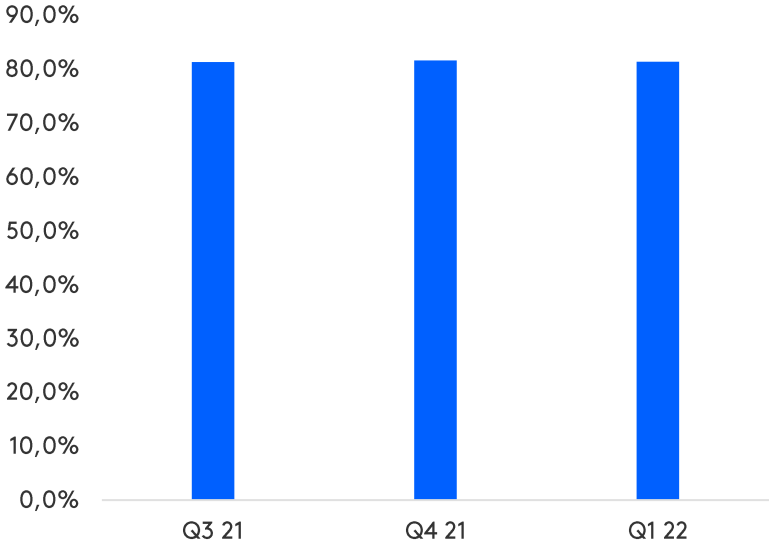
The World Audiences Summit **2022**

Key themes for
AVOD/SVOD providers
to consider

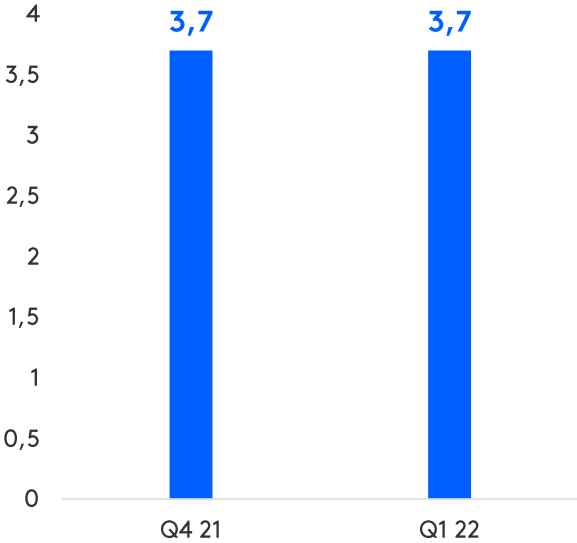


The problem is saturation

% of US households that have a subscription video on demand service



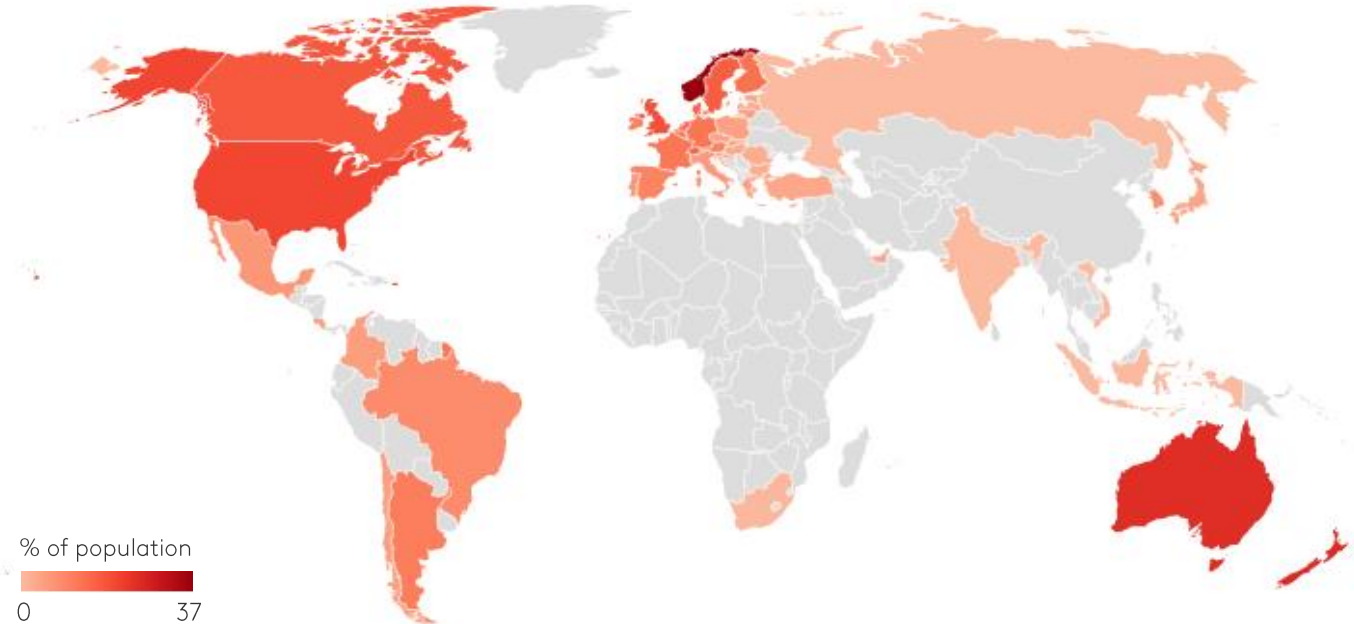
Average number of paid subscriptions per US household



Addressable market more limited than you think



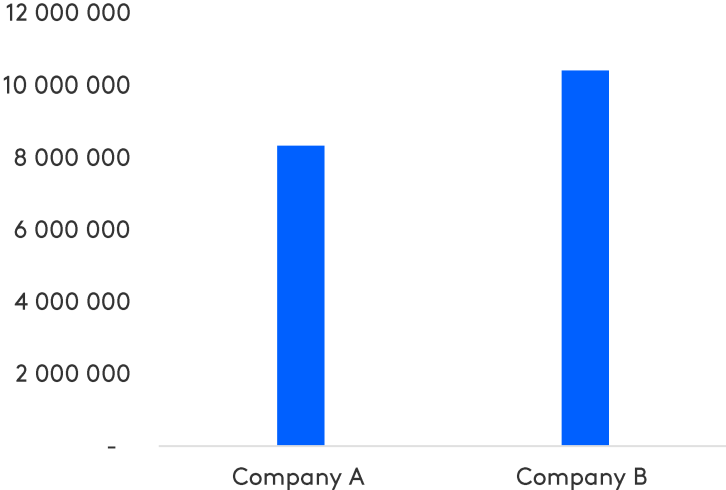
% of population with a Netflix subscription



% of population
0 37

The balancing act – Subscriptions and ARPU

Subscribers needed to reach \$1 billion revenues per annum at \$10 ARPU per month (Company A) vs \$8 per month (Company B)



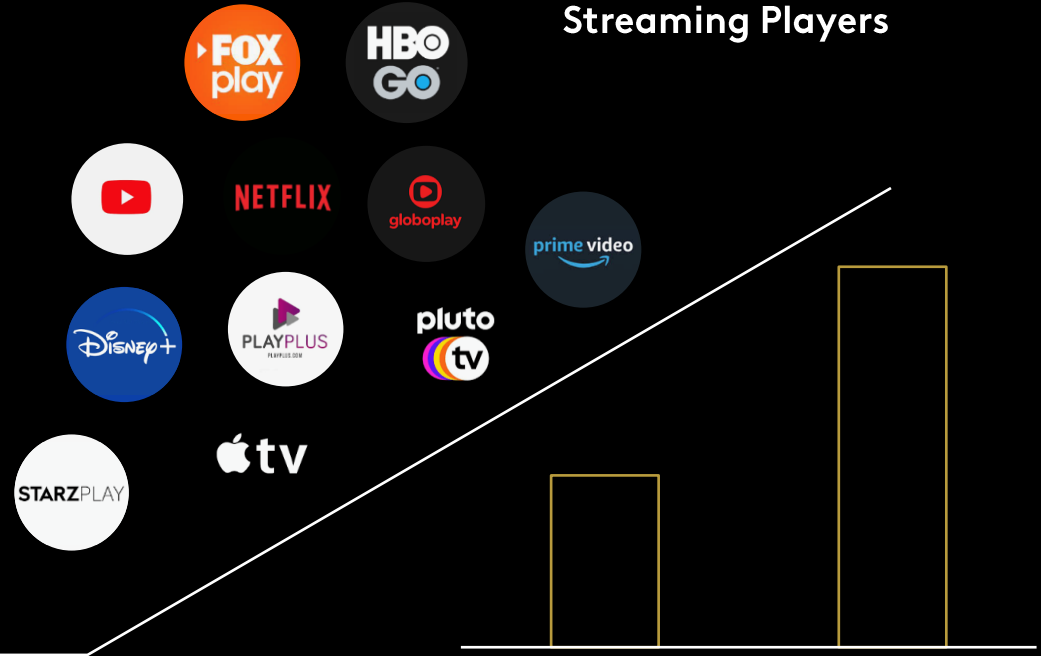
To invest in order to exist

Advertising Investment from Top Video Streaming Players

Investment growth was

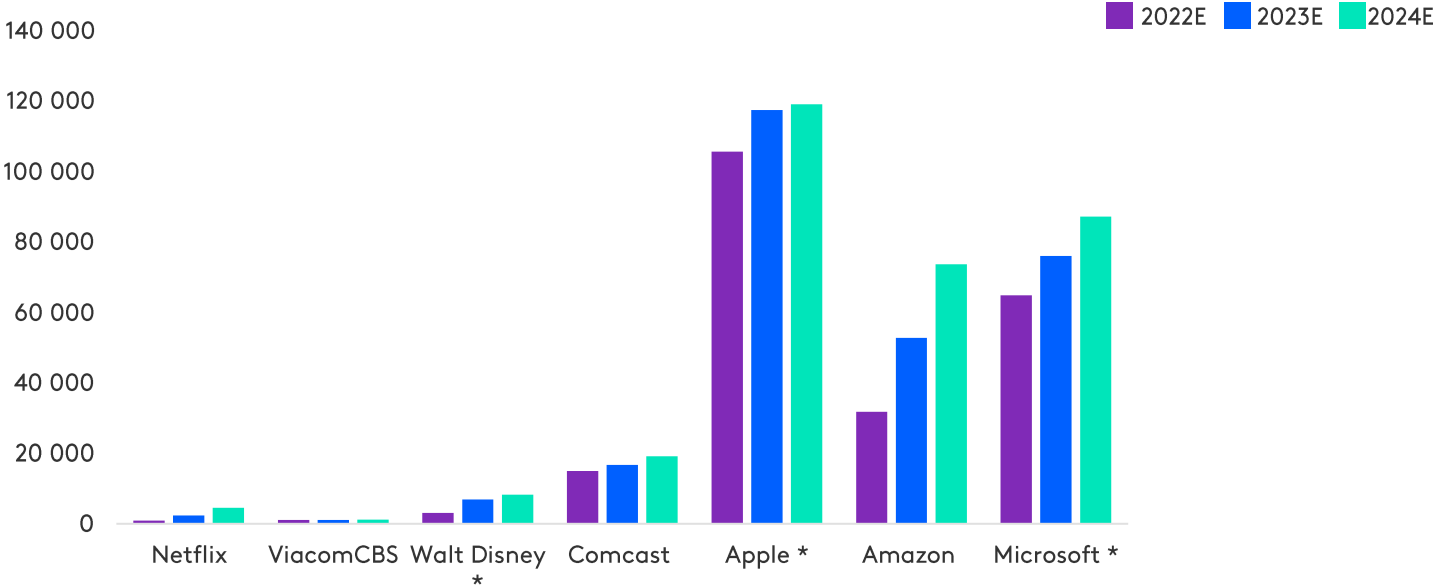
243%

Between 2019 and 2021.



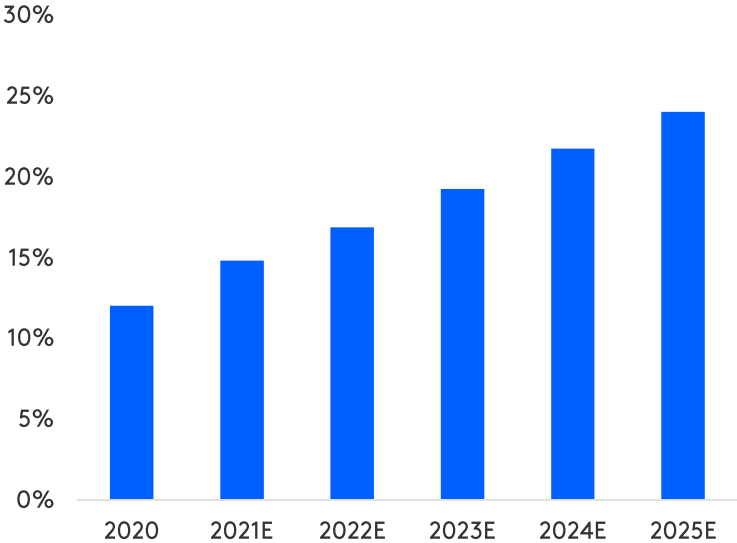
Cash is king/queen – are the tech giants best placed to win?

Analyst consensus Free Cash Flow generation (\$m), streaming companies 2022 - 2024E *

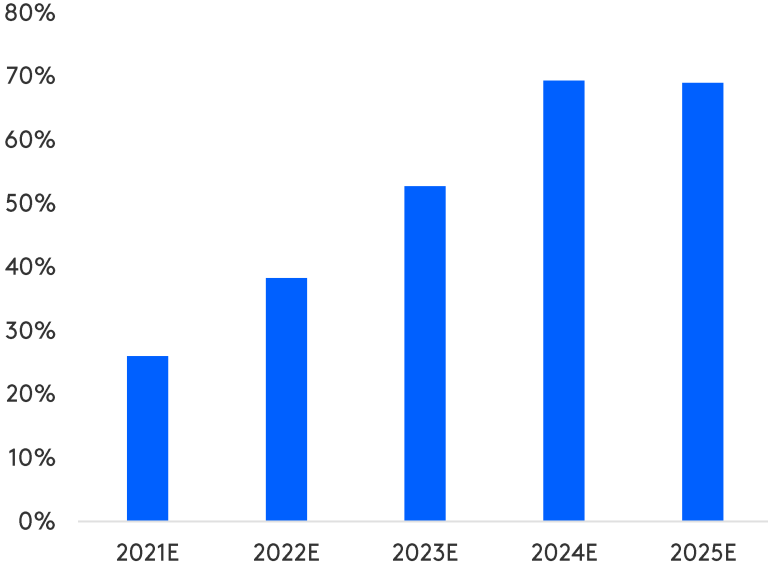


AVOD (BVOD) critical for broadcasters

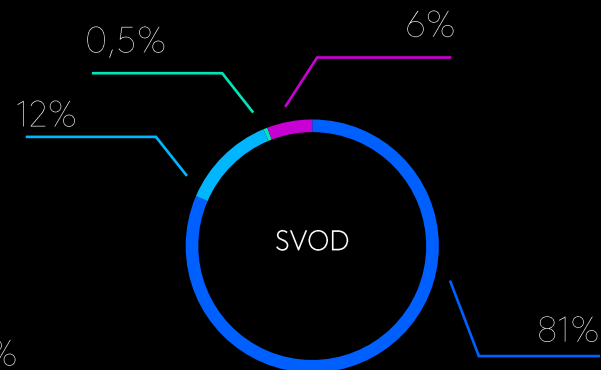
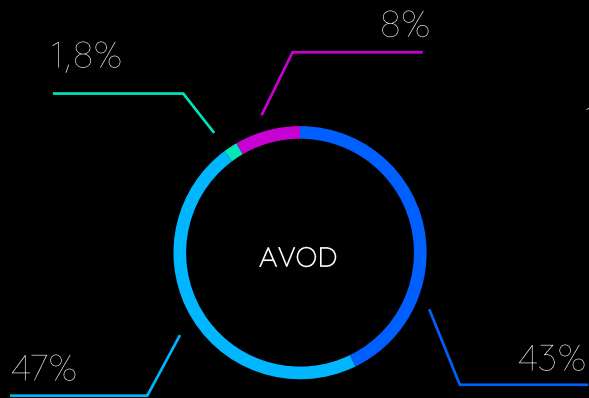
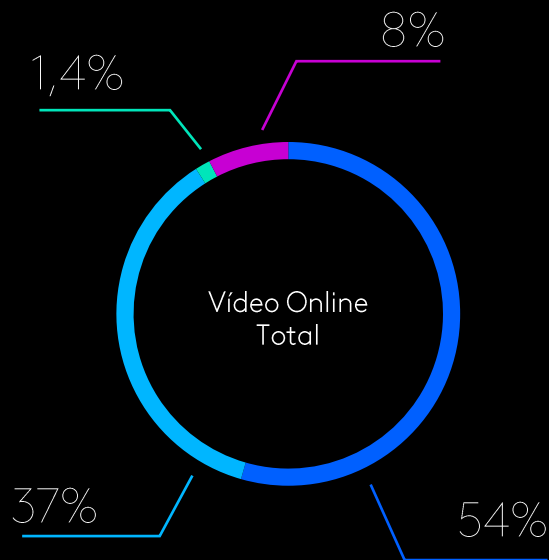
AVOD (BVOD) as % of Total UK Broadcasters Ad Revenues 2020 – 2025E



AVOD (BVOD) as % of overall UK Broadcasters Ad Revenue growth 2021E – 2025E



Watching time per device



TV/CTV



Smartphone

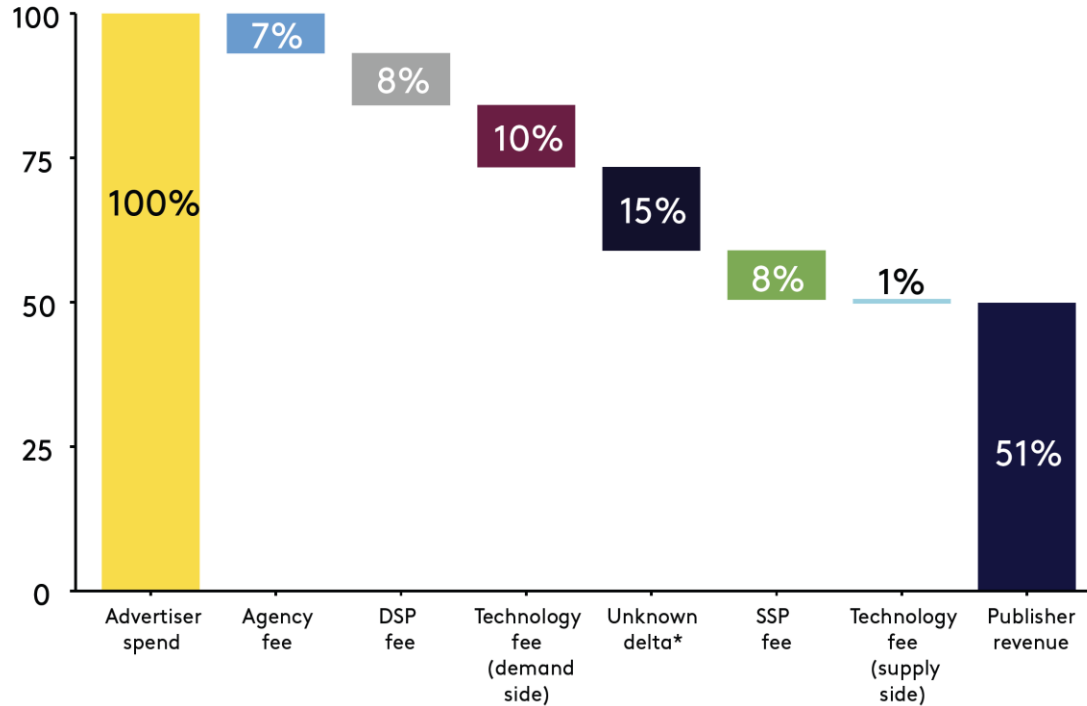


Tablet



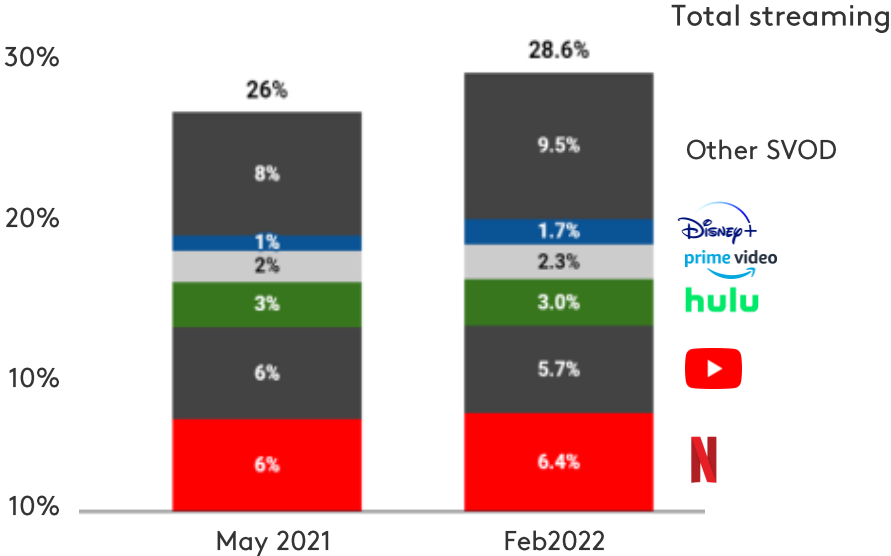
Computer

Broadcasters will need to make sure there is no value leakage



Advertising may not save the SVOD players but may help

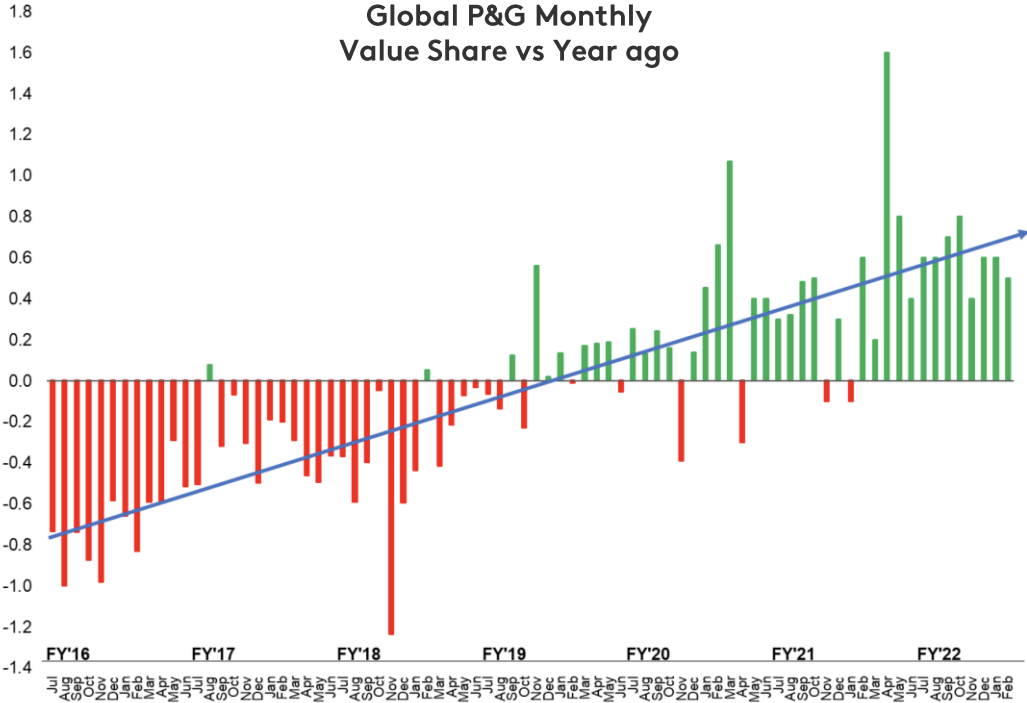
Share of Total US TV Time May 21 vs Feb 22



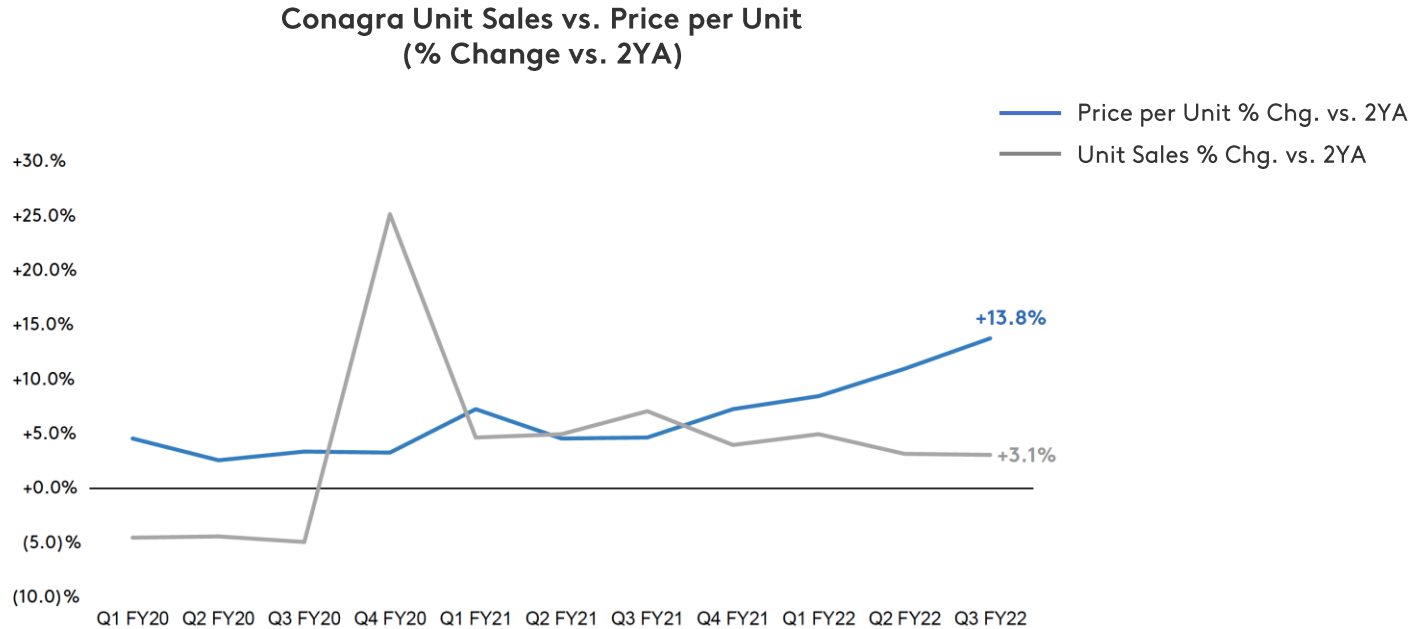
An aerial photograph of London at sunset, with a warm orange and yellow glow. The River Thames flows through the city, with the London Eye Ferris wheel prominently featured in the center. Several yellow lines are drawn across the image, connecting various landmarks and buildings, suggesting a network or structural relationship. The text "Why advertising may be in a structural upswing" is overlaid on the left side of the image.

Why advertising may be
in a structural upswing

Advertising seen increasingly as an investment, not a cost

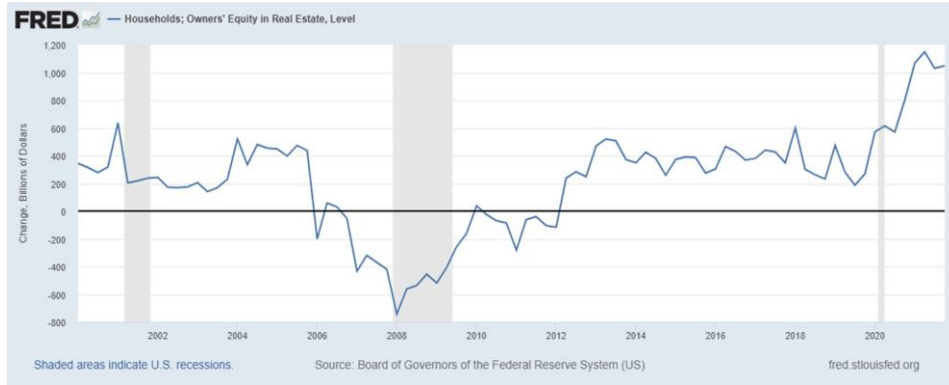


Historical price elasticities may be breaking down



Households have plenty of wealth

US homeowners' equity 2000–2022



Bank of America KPIs 2021 vs 2019

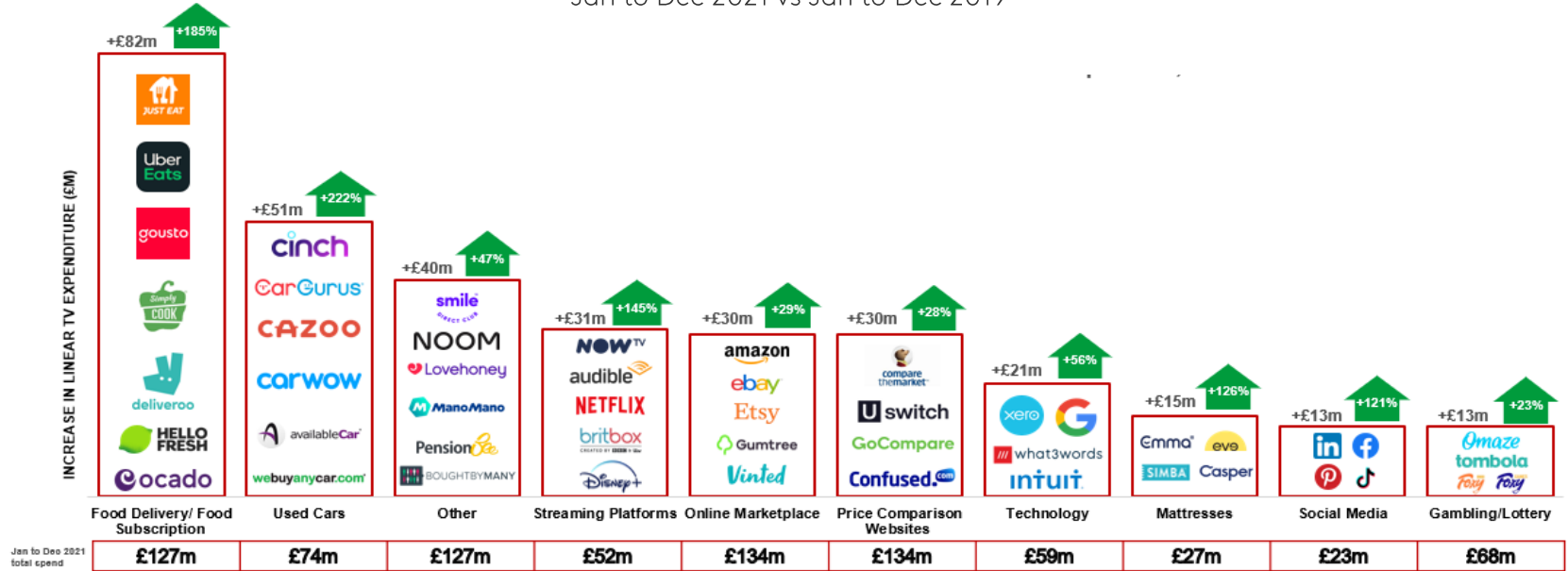
	2021	vs. 2019
Net New Consumer Checking Accounts	901K	+64%
Average Consumer Checking Account Balance	\$10.4K	+37%
New Consumer Investment Accounts	525K	+24%
Total Preferred Rewards Enrolled Clients ¹	9.3MM	+31%
Consumer and Small Business Digital Sales (units)	5.6MM	+45%
Total Erica Interactions	427MM	+476%
AUM Net Flows ²	\$73B	+173%
GWIM Net Loan Flows	\$22B	+87%
GTS ³ FX ⁴	Volume: 19MM Value: \$277B	+86% +30%
CashPro® App Payment Approvals ⁴	Volume: 8MM Value: \$384B	+239% +140%
Commercial Committed Exposure	\$1,131B	+6%
Investment Banking Fee Market Share ⁵	6.4%	+35 bps
Global Markets Average Assets	\$786B	+16%
Equities Sales & Trading Revenues (incl. DVA)	\$6.4B	+43%

¹As of November, 2021. Includes clients in Consumer, Small Business and Global Wealth and Investment Management (GWIM).
²AUM stands for Assets Under Management. Represents Consumer and GWIM AUM flow.
³GTS stands for Global Transaction Services.
⁴Volume represents number of transactions; value represents national dollars.
⁵As per Dealogic data for the respective periods; includes self-led and asset-backed securities and mortgage-backed securities.



Growth in online businesses fuelling ad spend

Increase in linear TV expenditure Jan to Dec 2021 vs Jan to Dec 2019

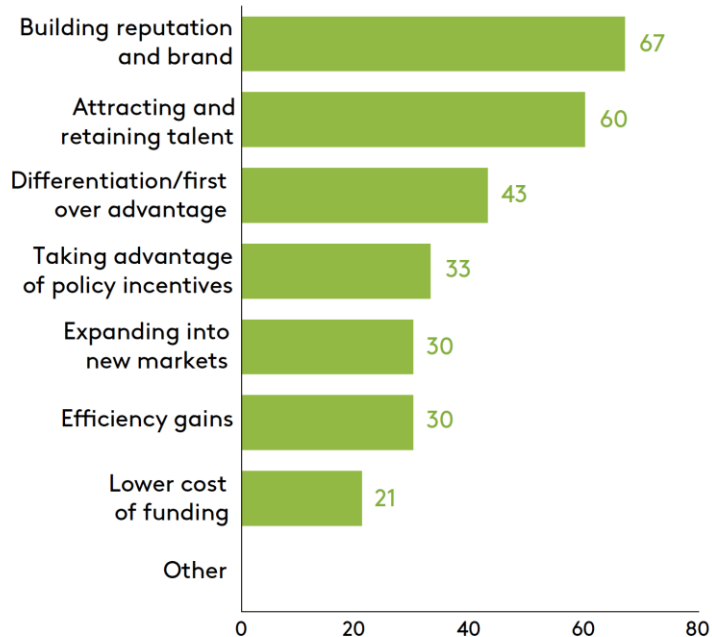


ESG will drive investment

How do CFOs see the benefit from ESG?

Weighted average ratings on a scale of 0-100 where 0 stands for no benefit and 100 stands for the biggest possible benefit for the CFO's own firm from the transition to a low-carbon economy

Key Benefits from Transition

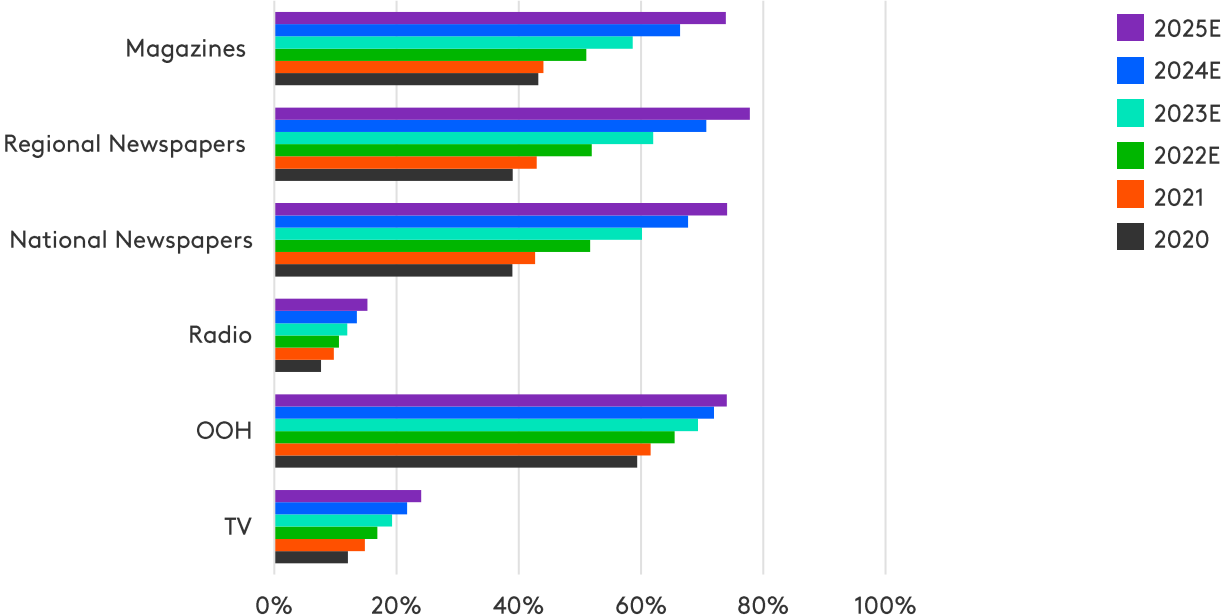


The importance of measurement



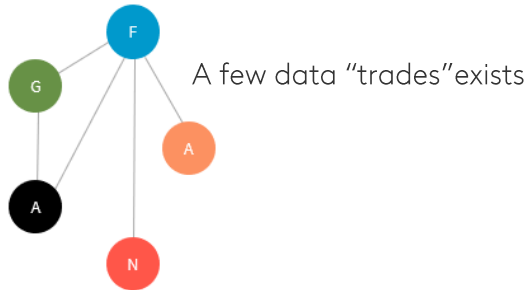
Traditional media boundaries becoming obsolete

% of UK advertising revenues from digital by platform 2020 - 2025E

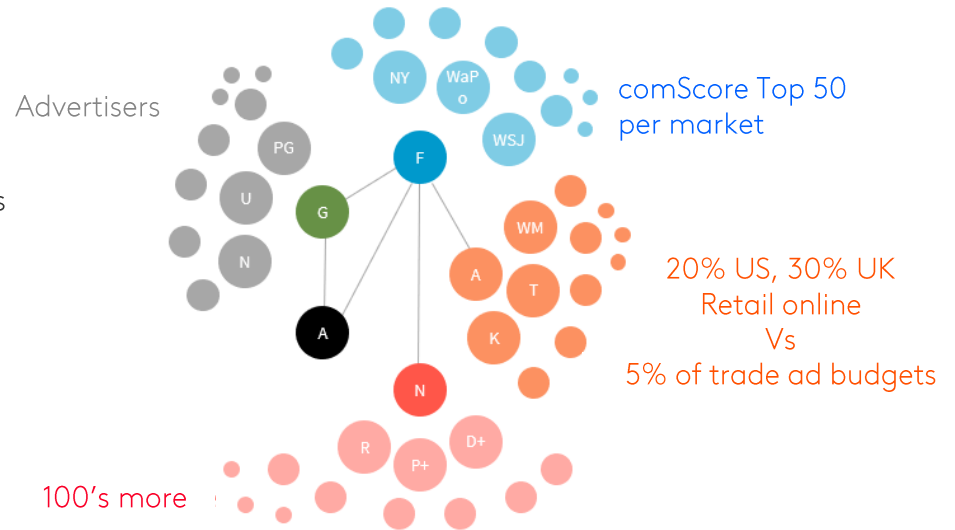


The rise of multiple walled gardens will drive the need for common measurement standards

Old World Order (FAANG)

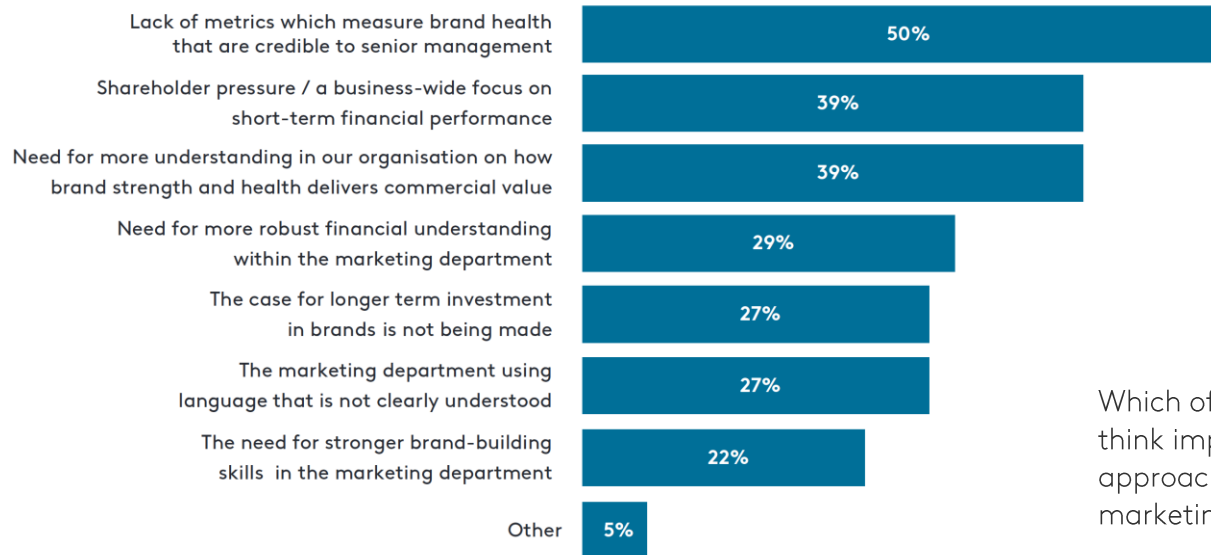


New Ricardian World Order



Better measurement should persuade boards to spend...

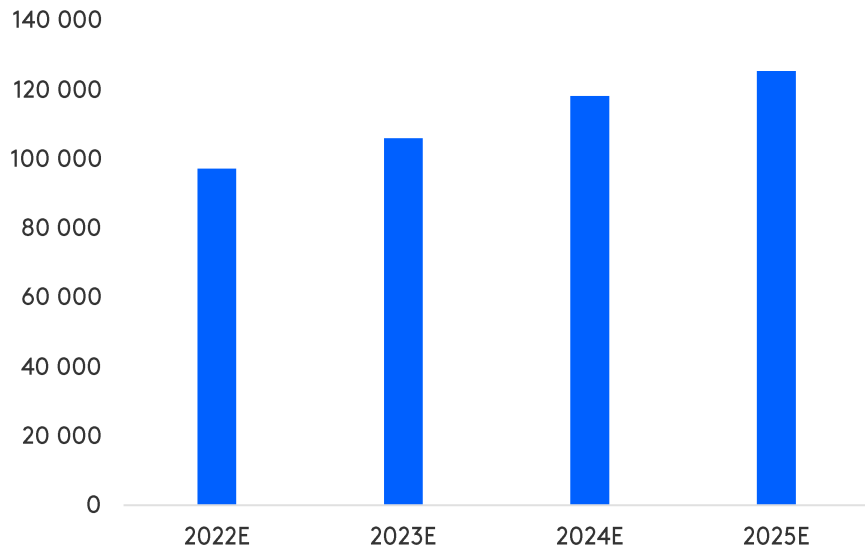
Lack of credible brand health metrics and lack of understanding of its value are impeding a better short/long-term balance



Which of the following do you think impedes a balanced approach to short- and long-term marketing activity?

...and reduce the huge levels of shareholder value loss

Total wasted global online advertising spending
by advertisers 2022E – 2025E (\$ Million)

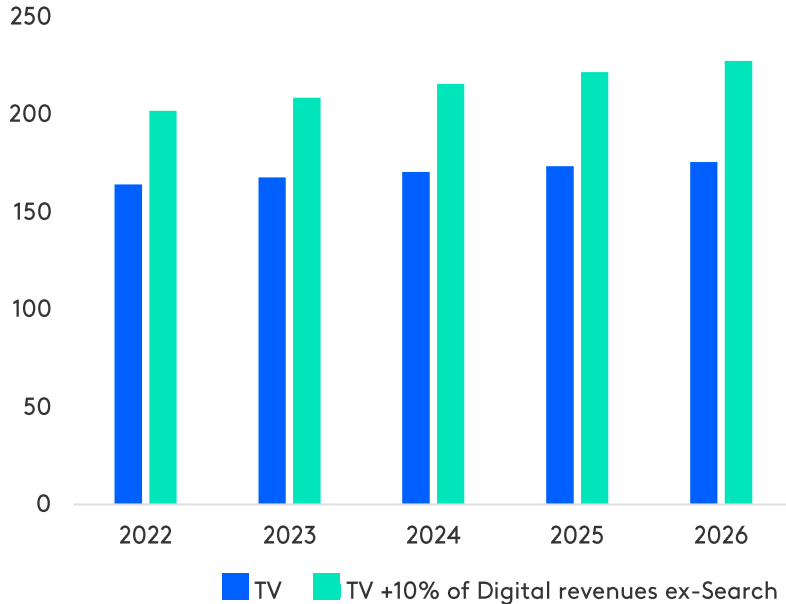


Total global loss of
shareholder value from
wasted advertising
spending 2022E to 2025E
= \$2.25 Trillion*

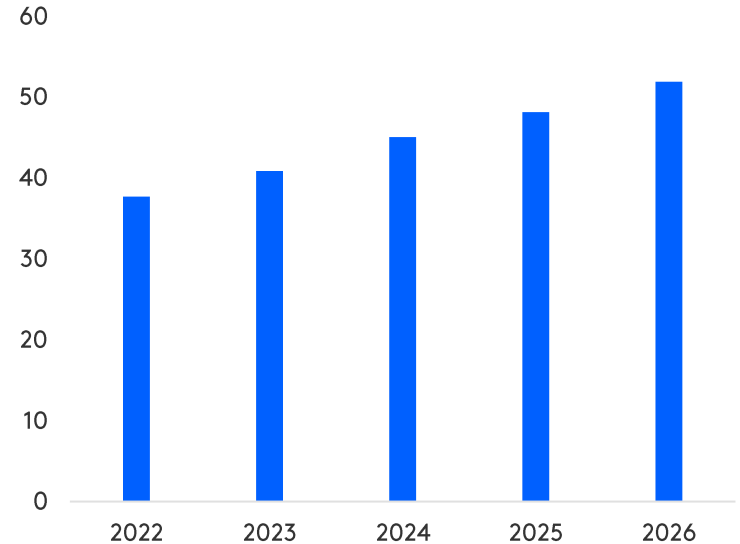
* Calculated using DCF
of wasted advertising spending

The prize: the capture of digital dollars

Group M Global TV Revenues (ex-US political) vs Scenario (TV + 10% of Digital Ad revenues ex-Search) (\$bn)



Uplift from capture of 10% of Digital ad revenues ex-Search (\$bn)



Questions to
ask yourself



Are you normal?



Are you right?

Application examples

Security and monitoring	<ul style="list-style-type: none">• Emergency response	<ul style="list-style-type: none">• Vehicle security• RFID identification	<ul style="list-style-type: none">• Streaming video surveillance• Vehicle tracking
Transportation	<ul style="list-style-type: none">• Basic voice	<ul style="list-style-type: none">• Automatic crash notification• Public transportation navigation	<ul style="list-style-type: none">• Smart traffic flow/infrastructure• Real-time vehicle monitoring and control
Location-based services	<ul style="list-style-type: none">• Maps and basic GPS navigation• 911 functionality	<ul style="list-style-type: none">• Localized, personalized recommendations near location• Mobile check-in	<ul style="list-style-type: none">• High definition, location-based video advertisements• Augmented reality for field technicians
Video/music/gaming	<ul style="list-style-type: none">• Ringtone downloads	<ul style="list-style-type: none">• Video streaming onto smartphone or tablet	<ul style="list-style-type: none">• Multi-device mobile HDTV streaming from cloud-based content locker
Education	<ul style="list-style-type: none">• Collection and transmission of student data	<ul style="list-style-type: none">• eBooks• Game-based learning	<ul style="list-style-type: none">• Immersive gaming• Enhanced immersive interaction education

What about the grey swans ?



A golden ratio diagram (Fibonacci spiral) is shown in the background, consisting of a series of overlapping squares and a spiral line, all in a light yellow color. The spiral starts from a small square in the lower-left quadrant and expands outwards, crossing the text.

Thank you!