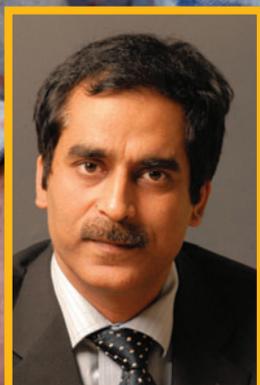


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Digital content space and the problem of plenty

Challenges to publishers and platform providers in pushing digital content to the continent's connected consumers

IT WOULD BE a bit of an understatement to say that the digital content market has grown by leaps and bounds over the years. Indeed, it may be more fitting to say that the digital content landscape has evolved over a period of time.

Now, let's examine both statements—first, a few hard facts and figures. According to the good folks over at Juniper Research, the digital content market was pegged at just under US\$99bn in 2014 and will increase to nearly US\$155bn in 2019, an average annual increase of 9.4 per cent. This magic number, according to the research firm, will be largely achieved by the gaming segment, although the content sector with the strongest growth over the forecast period will be e-publishing.

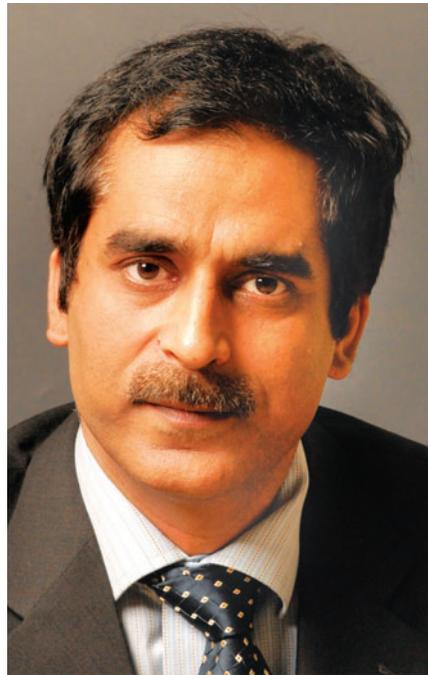
Now, moving onto the oldest and arguably, the best loved component of the digital content space—music. As per Juniper, revenue generated from streamed services will be partially offset by a significant decline in ringback tone revenues, particularly in the Far East and China.

Next, over-the-top (OTT) players are expected to root for and push video-based content. In other words, players like Netflix will continue to expand their footprint across various markets. And, needless to say, these players will focus on enhancing the amount of original content they offer to end users. Going a step further, OTTs are also expected to begin to bid for sporting rights in the longer term, thereby making them even more attractive propositions to customers.

The need of the hour is to create a 'marketplace' to cross the chasm between content publishers and customers.

Industry evolution

Now to tackle the other bit. So far, we've established the fact that the progress made by the digital content industry is nothing short of magnificent. But how has this industry evolved? Well, two major trends come to mind immediately. First, across the digital arena, there has been a gradual transition from the pay-per-download model to subscription. The best example of this shift is in the mobile



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space, where the overwhelming majority of applications (99 per cent, in fact) are now free at the point of download.

Therefore, the majority of application-based revenues (pegged at 88 per cent in 2014) can be traced back to freemium applications, via a combination of one-off purchases for additional items made in-application or through subscriptions. Moreover, there is also a shift from "downloading" to "streaming", which will continue to become more significant, as network operators enhance the coverage of their 4G networks.

In other words (and I cannot overemphasise this), we are living in a world of 24/7 connectivity, where every customer accesses content on their own terms and on the device of their choice. In a nutshell, the way that content is accessed, monetised and delivered has changed significantly. Naturally, this has implications for all stakeholders of this industry and these players are scrambling to ensure they don't get taken by surprise.

Monetising content

So, what are the challenges facing these stakeholders? Well, first and foremost, content

monetisation and payments. Of course, this issue is as old as the hills, but one not likely to dissipate anytime soon. In a nutshell, monetisation and payments are a key focus for companies. The issue is compounded by the fact that a considerable proportion of the world's population is 'unbanked', which implies that service providers ought to find alternative methods for consumers to make payments. Now, a number of options, such as carrier billing, subscriptions and pay-per-video or pay-per-download have been closely examined, but, while all three have their merits, my guess is, this debate will continue for some time to come.

Next up is content discovery and distribution, another oft-debated subject. Now, there is little doubt that there is a surfeit of content up for grabs today. But, the question is (and remains), how does one ensure the subscriber is able to easily discover these offerings? Of course, let's not forget that the content market is very fragmented, which makes it harder for distribution channels to access the right content. Consider the disparity-leading players in the content industry can afford to create dedicated channels for content distribution, but it isn't that simple for small-time artists and independent content creators. How do these players ensure their offerings find their way to the right audience? How do they make money from this? Needless to say, this, in turn, cascades into the age-old issue of piracy.

The new ecosystem

So, while I have outlined the evolution, trends and the various challenges facing the digital content market, the intention wasn't to paint a bleak picture. I would like to conclude by providing an idea of what can be done. And here it is - net, net, the need of the hour is to create a 'marketplace' or a platform to cross the chasm between content publishers and customers. This platform should ideally permit publishers to push all kinds of digital content directly to the customer. In other words, a holistic platform to address a customer's every digital-related need; whilst eliminating (or at least mitigating) the issue of content discovery and delivery can go a long way in simplifying the overall ecosystem. Well, we hope so. ☺