Benedicte Guichard of Cleeng • Michael Lantz of Accedo • Ray DeRenzo of Kinetic

Volume 1

mediander

magazine

CRACKING THE VOD EXPERIENCE

mediander
know more

Dear Friends,

Welcome to Mediander Magazine.

Inside you will find three insight-packed interviews covering the present and future of video delivery with globally-oriented visionaries Benedicte Guichard of Cleeng (Paris), Ray DeRenzo of Kinetic (San Francisco) and CEO Michael Lantz of Accedo (Stockholm).

In addition we have a great piece with or original market research that makes the case for content engagement. In one highlight we found that 86% of respondents are more likely to rent or purchase VOD content after having seen additional information about it.

Further, we have outlined our own solution to maximize engagement and revenue through the Mediander Content Enhancement API. This unique solution promises to influence purchases, keep users on your screen and prime the next purchase. This robust solution is ideal for VOD, OTT and cable providers in particular by providing a wealth of complementary information including a full description of the movie, profiles of the actors and director, related films, additional video content, unique "Connection" trivia and more.

As someone in the exciting and ever-evolving video space, whether it be VOD, OTT or cable, we are certain you will find more than a few valuable and entertaining takeaways in the following pages.

Regards,

Marco Rustici
Director of Marketing and Business Development
Mediander

322 8TH AVENUE 15TH FLOOR NEW YORK, NY 10001

mediander
magazine

Contents

Photo courtesy of: Cleeng

Insider Interview: Benedicte Guichard of Cleeng

By: David Pfister

In this new series of interviews with industry thought leaders, Mediander explores emerging developments in the fast-changing video on demand (VOD) and streaming TV space. For our kickoff, we spoke with Benedicte Guichard of Cleeng, based in Amsterdam, The Netherlands.

Cleeng is a service that streams, monetizes and protects live events for major companies in the U.S. and Europe, and it just recently completed a project with HBO.

Can we start with how Cleeng "got to now," so to speak?

Cleeng is pretty much CEO and founder Gilles Domartini's idea and vision. Gilles and I had known each other originally from working with Packard Bell and NEC. He was so convincing when he explained it to me and the three other founders, that we all signed on.

Back in 2010 there was a lot of discussion about paywalls in the press, and Gilles, after years of building e-commerce platforms for Apple and Philips, came up with a much better solution. Cleeng would allow people to preview an article or video before buying it, and then give access upon purchase. In this way, media houses would allow people access to their websites (and keep their advertising revenues) but still charge for their content. Then Donald Res, our CTO, who had worked for years with Gilles at Philips, joined Cleeng. We finally launched at The Next Web Europe 2011.

We signed significant deals within the online publishing industry, but Cleeng was growing slowly. Then in 2013, we received a phone call from Viaplay, a Scandinavian broadcaster that was looking for a pay-per-view solution for a boxing match. Our solution was already working well for video content, so we enabled Viaplay to charge boxing fans to access the fight live online. Seeing the success of this live event was a true wake-up call for Cleeng, and we realized the potential of live events online, especially for sports. So in 2014 we completely pivoted the company to build the best dedicated e-commerce platform for live video.

I understand you recently worked on a major boxing event with HBO, the WBC and Golden Boy Promotions. That's quite a deal. Tell us about it.

Boxing is the sport that drives the pay-per-view industry, and one of the biggest organizations in the boxing world, Golden Boy Promotions, reached out to us with a challenge: securely handle and market a U.S. mega-fight via online PPV—in one week.

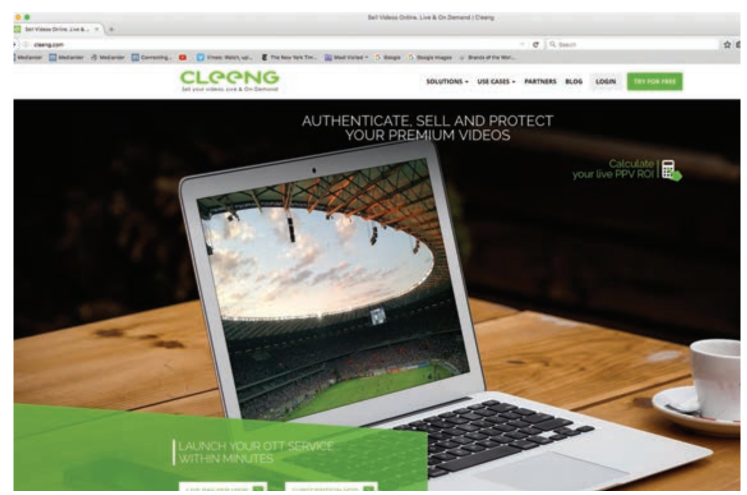
Our team was proud to deliver, on time, a robust landing page capable of hosting 100,000 visitors with a redundant live-streaming infrastructure as backup and the advanced watermarking security to prevent piracy. The fight took place in Las Vegas, and we are in Amsterdam, so unfortunately we could not meet the boxers, but we were all up at 4 a.m. on D-day to watch the fight online. It was a success. We prevented all piracy activity and any revenue loss for the publisher. One thing that surprised us is that we recorded more transactions from mobile devices than from PCs.

Given the unexpected mobile response, how has that informed your initiatives in streaming video?

Our data shows that mobile usage of both live and on-demand video is rising exponentially, and we are doing our best to ensure that video quality on mobile is exceptional. Multi-device accessibility has always been one of our focal points. People love using streaming media devices when they are home, and we are working on strengthening our service in that area. And, based on the feedback of our American audience, we developed our own Cleeng Roku channel, and we even helped a few of our client broadcasters do the same.

Are concerts and music festivals an opportunity for Cleeng?

For sure. Live-streaming of concerts aims to reshape how we consume music. By making it accessible online, musicians and broadcasters can reach larger crowds and grow revenue. In addition to democratizing events, live-streaming has the potential to add an extra dimension for the fans. The mass acceptance of mobile, live-streaming apps and virtual reality means that viewers can get exceptional video content across devices and a completely different experience. This



Screen shot of Cleeng.com.

The Cleeng team in their Amsterdam office.

could include behind-the-scenes video, a 360-degree experience, celebrity interviews and more.

In the U.S., the major festivals like Coachella, Bonnaroo and Made in America are already being streamed online, and fans love it. One of the big positives is that live-streaming does not cannibalize the already existing event business. Instead, the video and live event models are complementary, and we are seeing that both online and offline ticket sales are on the rise. Now the challenge for broadcasters and the event organizers is to find the ideal business and revenue model. Technology drives this business forward, so it's fair to say that the potential is there and up for grabs.

Can you tell us about the business models that you are considering now, and compare that to what your team thinks it will look like in five years?

Currently publishers mainly use pay-per-view, subscriptions and passes to sell their content. Pay-per-view is a proven revenue model for one-off live events, especially within the sports and business (conferences) verticals. Subscriptions and passes work best for clients involved in broadcasting entertainment (movies, music, league-based sports). But we have noticed publishers are becoming more creative in designing flexible packages to attract and nurture loyal viewers. Our business model, for example, is based on a revenue share. We charge a fee per transaction, but we also propose an enterprise license for large publishers that require more flexibility and expect to generate significant revenue all-year-long.

More and more, we think that there will be a need in the future to increase and improve the sale of videos. Our ambition is to become the go-to company for video publishers. Thanks to the expertise we are building, we are positioned to be the leader in content and pricing strategy, conversion-rate improvement and piracy reduction, all of which helps the content owners make the most of their video assets.

Why Engagement Matters:
Cracking the VOD Experience

By: Jeffrey Broesche

Engagement is the holy grail in user experience. Product engineers design for it; business owners strive for it; and users naturally want it. In discussions with owners and executives at cable, OTT, search-and-recommendation and video-streaming companies worldwide, Mediander has found universal agreement on the benefits of user engagement. A more emotionally involved customer is more likely to spend money on products and services. The connection between increased engagement and increased transactions seems like common sense.

In the era of big data and programmatic everything, however, common sense isn't enough; the engagement-transaction link should be documented in research. This is what we thought, but so far we have not been able to find documented proof of our common-sense assumptions within existing syndicated research. Concurrent to the development of the Mediander Experience for the Video on Demand (VOD) market, we conducted our own survey of 300 random respondents through SurveyMonkey. While not the last word on the subject, the results of the survey were certainly in line with our (and, well, everybody's) assumptions. Below are some key takeaways.

- **86 percent of respondents** are more likely to rent or purchase VOD content after having seen additional information about it.
- **85 percent of respondents** are more likely to rent or purchase VOD content after having seen a trailer for it.
- **83 percent of respondents** are more likely to rent or purchase VOD content after having read about it.
- **62 percent of respondents** would like to see an interview about a movie or TV show before making a VOD rental or purchase decision

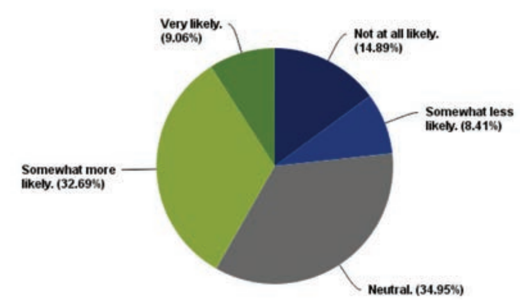
To measure the correlation between engaging content and likelihood of transaction in the pre-movie/TV-show setting, we asked the survey respondents to imagine having access to additional, relevant content as part of their VOD experience. The stats above demonstrate how respondents feel about seeing supplementary information, trailers, textual materials and video interviews prior to viewing a movie or show—all elements in the Mediander Experience package for VOD clients. The presence of the desired content makes VOD transactions more likely. This confirmed our initial beliefs.

Next, we asked respondents to imagine seeing relevant, ancillary information during and after watching a VOD movie or TV show. Forty-two percent of respondents would like to have information about a movie or TV show available to them while watching the content (35 percent are neutral on the idea; 23 percent are negative to it). Similarly, 47 percent of respondents are likely to rent or purchase a movie related to the VOD content they just finished watching (35 percent neutral; 18 percent negative).

In both cases, a plurality of respondents liked the idea of supplementary content. In the post-movie/TV-show setting, respondents thought recommendations of other, related movies or TV shows to watch would be a good addition to their VOD experience.

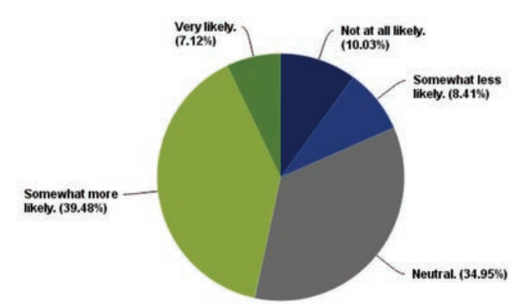
Q5 While watching a movie or TV show, how likely are you to read more about it? (For example, while watching "The Martian," you may read about Matt Damon, space exploration, the planet Mars, etc.)

Answered: 309 Skipped: 0



Q6 After you finish watching a movie or TV show, how likely are you to rent a related movie or TV show (i.e., a movie by the same director, with the same actor, etc.)?

Answered: 309 Skipped: 0

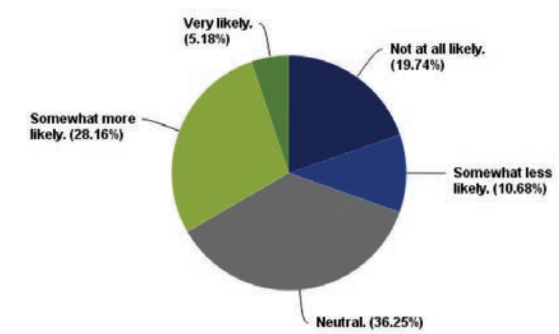


We also asked a question about integrating the sale of related merchandise. Thirty-three percent of respondents are likely to purchase merchandise related to the VOD content they just finished watching (36 percent are neutral on the idea; 31 percent are negative to it). Furthermore, more than two-thirds of our survey's respondents were enthusiastic or neutral about the idea of seeing related merchandise for sale after watching VOD content.

This particular form of engagement points to the opportunity for a type of transaction not imagined by many VOD providers. Our survey indicates that VOD customers may be receptive to related-merchandise sales—a new revenue source for VOD providers.

Q7 After you finish watching a movie or TV show, how likely are you to purchase a related product (i.e., the book that inspired a movie, action figures, etc.)?

Answered: 309 Skipped: 0



Engagement with content, and the experiences we create around that content, is an absolute good—that has been our assumption, and the assumption of many others, for a long time. The results of our survey suggest that there is a positive correlation between user engagement and user transactions. The Mediander Experience aims to increase engagement, so our VOD clients can be the beneficiaries of their users' increased transaction rates.

For people in the content business, how have engagement efforts affected your transactions and customer retention? We'd love to hear your thoughts.

mediander
know more

Photo courtesy of: Ray DeRenzo

Insider Interview: Ray DeRenzo of Kinetic

By: David Pfister

In a world where everyone claims to be a visionary innovator of disruptive technologies, Ray DeRenzo has in fact been there from the beginning. A die-hard San Franciscan and Golden State Warriors fan (before it was cool), DeRenzo came up through mobile, creating SMS solutions with Vodafone (before people knew what a text was) and mobile video with MobiTV (before people could conceive of streaming). He was more recently with Rovi, the video entertainment technology powerhouse, and is currently managing partner of Kinetic Growth & Innovation Services, a Bay-area consulting firm to early-stage clients across a range of sectors, including streaming video. What's more, he's a professor at Hult International Business School and is deeply involved in the personal development initiative for people with criminal histories, Defy Ventures. So if you want to know what's next, look to DeRenzo.

Your firm places an emphasis on design thinking and Lean methodologies. How can these disciplines best be applied to traditional cable companies that may be struggling with the aggressive emergence of OTT competitors like Netflix?

What design thinking is about is putting people at the center of design, and even a cable company can benefit from having a human-centric approach to product development, and Agile complements design thinking. You build substantiation for products, and consumer validation is a key step in that process. So you begin with the prototype, you have people interact with it, you observe what they do and then you refine it. I think we're long past the days of build it and "they" [the consumer] will come. We're at the point where we must have "them" build it with you.

Do you see the cable companies adapting to this modern methodology? Or do you see them stuck in the ways of old media?

The inference here is that all companies are created equally, but I think there are some that are more innovative, and better practitioners of design theory and design thinking. I look at what Xfinity has done in content discovery and I think that's a strong validation that they're ahead of the curve. Others maybe not so much.

As Netflix, Amazon and other tech-forward companies enter the entertainment space, we start to see a clash of cultures between Hollywood and Silicon Valley. What's the single biggest cultural difference between these two worlds?

I love this question, and if we had several hours and a single malt scotch I could probably opine on this topic for a while. The best analogy I can use is that Silicon Valley is like software: It's open-source, it's adaptable, it's scalable and it's authored by 22-year-olds in flip-flops. Hollywood is like hardware: It has long development cycles, it puts form over function and it wants to be in control over the finished product.

I understand you've been in the tech world for a long time and so much has developed since you began. What moments stand out?

I've been in digital media for the past 15 years in some manner, since the early days of mobile internet portals. I was first in digital content over mobile devices and then in video content over wireless networks to connected devices. When I was with MobiTV I spent a great deal of time spanning the gap between technology and content creation. We were streaming content to mobile devices when no one understood what "streaming" meant. We were doing Netflix before Netflix.

So timing is key. Was Mobi too ahead of the curve?

The innovator's dilemma! When I look at what Mobi did from 2005 to 2012, I tell people that we created an entire category of entertainment. There was no such thing as mobile video before then. The technology wasn't there to allow for a compelling user experience. And when MobiTV launched, it was over wireless networks that weren't designed for data, and it was on devices that weren't designed for video. It was junior varsity in terms of quality, but the concept was there. Now fast-forward to today and the experience is amazing. Streaming over wireless networks to your iPad or your smartphone, you're able to watch full-length movies in near HD quality with no buffering or artifacts in the video stream. It is quite remarkable.

Do you see virtual reality as the next big thing, or will it be a flash in the pan?

I think this is the real deal. I was always suspect of 3-D content and 3-D TVs because of how you had to produce content to render a 3-D experience, and also because of cost. But I think VR really could become the next generation of entertainment. Who wouldn't want to be immersed in the action? You'll be seeing what Steph Curry sees when he's shooting a three pointer. Or you will experience a travel destination in 360 degrees, as opposed to just flat images. So, I absolutely believe you'll see VR become more emergent in the mainstream.

On the video personalization and recommendation side—say, with Spideo—have we cracked that code yet?

I believe that you are going to see the next generation in personalization and recommendation technology as well, and it will be touching on the attributes of the content that are deeper than how recommendations are being tendered now. I very much like what Spideo is doing. Historically, the state of the art in recommendations was collaborative filtering. "You would like to watch this because other people liked it." But with Spideo, by using editorial in the content, describing attributes in the content and then explaining the basis for the recommendation, you begin to reach an emotional level. Once you reach emotional connections, that's a pretty powerful approach.

Continued on Page 15

Photo courtesy of: Ray DeRenzo

Mediander Content Enhancement: Maximizing Engagement and Revenue

The Mediander Experience for VOD and OTT content providers enhances movie and TV content before, during and after the viewing experience. Our proprietary technology, based on connection and context, is delivered to the client via our secure and robust API.

The following is a use case, featuring the Bette Davis classic All About Eve, to illustrate how the Mediander API can be implemented on your platform.

Before The Viewing Experience: Influencing the Purchase

In a typical VOD environment, the user encounters sparse information and a poor user experience on their video provider's platform. It just doesn't benefit the consumer. But by clicking on the "More on This Movie" button, the consumer has access to a wealth of complementary information: a full description of the movie, profiles of the actors and the director, and related films. Furthermore, our unique "Connection" text gives users valuable trivia and background information on how the topics are connected, one to the next.

The Mediander Experience also provides the consumer with additional video content about the movie, including the official trailer, clips, behind-the-scenes footage, interviews with the actors, and even high-quality viral fan films. All of these elements combined become a differentiating factor that keeps the consumer on your screen and influences the decision to purchase a movie from you, rather than another content provider.

During The Viewing Experience: Enhancing the Purchase

While watching the movie, the user is also able to call up connected topics by clicking on the "More on This Movie" button to launch profiles of the actors, the director and topics featured in the movie. This is valuable to both consumers and content providers.

Why? Industry research indicates that distracted, second-screen viewing is on the rise. But with the Mediander Experience, rather than google Bette Davis on a second screen while watching the film on the main screen, the consumer stays focused and on a single screen—your screen.

After The Viewing Experience: Engaging and Delighting the User

While the credits are rolling, a button again appears, prompting the user to launch the Mediander Experience for even richer, complementary content: movie descriptions, clips, related films, fan films, awards clips and so on, all further enhanced with our unique “Connection” concept.

This feature has the effect of engaging the user even deeper into your content and influencing yet another purchase decision. As an added benefit, the user walks away from the experience with a positive feeling about your enhanced content offering, leading them to stay on as a long-term customer.

What’s more, this phase can also lead to expanded e-commerce capabilities by linking the consumer to content-related merchandise: books, T-shirts, associated movies and TV shows, and more. This additional element of the experience maximizes potential revenue opportunities.

Photo courtesy of: Accedo

Insider Interview: Michael Lantz of Accedo

By: David Pfister

Accedo CEO and cofounder Michael Lantz is most comfortable when he’s exploring the outer edge of the video experience. Back in 2004, he and partner Fredrik Andersson, SVP of business development, scanned the horizon of emerging internet TV technology and saw an opportunity to challenge the existing market. They came up with Accedo, a video solutions service that would usher in the next generation of the TV experience. In the 12 years since, Accedo has built a list of first-class customers including Netflix, Fox, Sky, Roku, Discovery and Disney.

Always looking ahead, Accedo struck a deal this spring with Brightcove to create a cloud-based turnkey OTT solution, OTT Flow, geared for media companies and content owners. Then, in June, the firm received a capital injection of $10 million from SEB Private Equity and brought in industry legend James Ackerman as chairman. More recently, the fast-growing video service announced plans for a Brazil office, further anchoring its global presence. Accedo is clearly positioned as a go-to video experience provider for now and the future.

You began Accedo all the way back in 2004. What was it that made you want to reinvent the TV experience more than a decade ago?

Back then TV was boring. Everyone was doing the same thing. Everyone was repackaging various TV channels and selling them back to the customer. When internet was released for TV back in 2002 or 2003, it was offering new possibilities of interacting with your TV, but the companies who launched those offerings were still just copying the old-fashioned linear TV packages. So we felt there was room for a company to specialize in the truly interactive experience of TV.

So you were very forward-looking. But so much changes in 12 years. What caught you most by surprise?

We really thought the next evolution of TV would be a living room development with set-top boxes, rather than with mobile phones. What we didn’t foresee was the mobile revolution. At the time, mobile was very much just a feature phone. This was before the smartphone era.

Though we did have mobile in our business plan at the beginning, it was the speed of the change that was surprising. The quality of the networks changed much faster than we thought. Then, in terms of penetration, we had assumed that only the top 10 percent of the market would use premium phones with video on the go, rather than 50–60 percent of the total population, as it is at the moment.

When we finally realized that mobile was going to be one of the key outlets of the premium video, we decided we had to go all-in on mobile. Mobile is now 60–65 percent of our total revenue. It has been a huge growth driver for us over the past five years. Then, the pay TV expertise makes us a bit unique because we compete with mobile specialists who have no experience in the TV ecosystem.

As a founder, at what point did you think, "Wow, this is really going to work!"?

The first time we actually thought this would succeed was in 2007, because that's when we got our first VC funding. We saw the change of growing from a 10-person company to a 25-person company, and that was the first realization that we would be a more permanent fixture. From there we have grown every year, so it has been sort of business as usual, though very rapid. Our primary challenge has been operational scalability.

Accedo is very good in front-end UX and UI across multiple technologies. Meanwhile, there are companies that are very strong in back-end API technology. Is it a mistake to try to compete in both spaces?

I don't think it is a mistake. This ecosystem is so complex, so it's difficult to draw the line and say someone is only a UX company, and someone is only an API company. In order to deliver the UX we need to have certain back-end modules to help deliver those front-end components. Similarly, the companies that have the video distribution modules also have a front-end interface, because they need to make sure that whatever video they are distributing is displayed well. So I think it goes both ways, and I think that's probably the way it will be for the next 3–5 years.

Most markets go through a cycle of best-of-breed vendors, and then suddenly one vendor provides the entire stack

Photo Courtesy of: Accedor

Accedo founders Michael Lantz and Fredrik Andersson.

from back to front. I think we're in the best-of-breed stage, which is great for us because we're a UX-centric company. But I think there will be an end-to-end solution eventually, which is both a threat and an opportunity for us.

Thinking back to your mobile experience related to speed and penetration, what are your thoughts on 360-degree video, virtual reality (VR) and other emerging video technology?

I was just writing an article on immersive TV, so it is immediately on my mind. I think the challenges with VR are the same as the challenges with 3D. It changes the underlying use-case of TV so much that it requires an early adopter to really get their head around it. Then, as soon as it's a use-case change, it takes a long time before it becomes mass market.

Photo Courtesy of: Accedor

So I believe it will be 10 years, at least, before any VR will be mass market. We have several of our customers experimenting with VR at the moment because it is such an interesting use-case, and everyone can see that in 10–20 years there will be plenty of opportunities.

But what's interesting with 360 is that it's a poor man's virtual reality, if you know what I mean, because you don't need the consumer devices. So just by using your normal devices, whether that's a smart phone or PC, or set-top box, you can create a more immersive feeling of being on site. So that offers specific challenges in terms of UX, but once consumers get their head around it, it's a beautiful way of adding value, especially with a live event. I strongly believe that there will be a big breakthrough very soon.

Plus, I think monetization-wise, the additional production costs for 360 are not that great a difference, so it is quite cost efficient. The challenge is more on the distribution side, how to get this to low-end devices. VR is a different story, of course, because the production costs are huge, and the distribution costs are very high. So I think 360 is a good first step.

We like to talk about the relationship between engagement and content. What are some of your thoughts on balancing these two critical elements?

I am constantly telling my business customers, normally a digital service provider will spend 60, 70, 80 percent on content, and the remaining on things like technology, customer service and billing. But you have to add some value for the consumer as well.

So if you're spending 70 percent on the content, there's 30 percent that should be spent on user engagement. So, I believe the content will always be the most important part of any service, but what everyone is under-investing in is the user experience. Of course I'm a bit partial in this discussion, but there is plenty of room for improvement among most of our customers and everyone in the market.

There have been so many big content deals reported in the press recently. What is your take on what is happening here?

I am fascinated about this consolidation trend in the tech industry. The Verizon and Yahoo deal is just one example. When we the look at the broader picture of these consolidations, there's this underlying war between the distributors and the content providers. In this model, Verizon is a typical distributor and Yahoo (or many of Yahoo's assets) is a provider. There seems to be a desire to build a new type of company that can address all the consumer needs, and gather all the data that this can provide. I am not convinced that this is the right approach, but I can see that everyone is struggling with what will be the role of the content company in the future.

Insider Interview: Ray DeRenzo of Kinetic (cont'd)

By: David Pfister

(Continued from page 9)

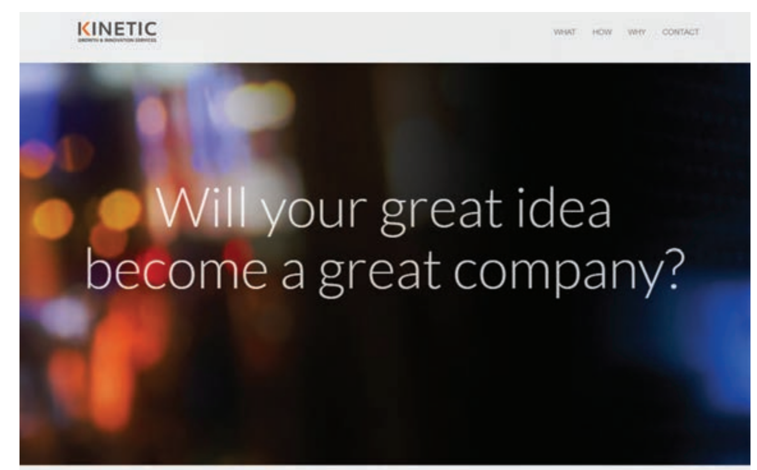
Within the recommendation and personalization space, would you agree that engagement is the holy grail within VOD and OTT?

I will give you a qualified yes. I do think engagement is the holy grail for any video service, but good content is the foundation of engagement. If the content is lacking, it doesn't matter how many tools you have, the deeper engagement just won't happen. So if you have good content and you're a provider, you should look at how to broaden and deepen the viewer experience. How can viewers share thoughts? How do you help them explore new paths to related content? Content should be like the guest in your house, and you engage with it as you would your friend sitting next to you. You should have a conversation with the content. And that makes it a richer experience.

What types of ancillary services would you recommend for content providers to increase engagement and increase differentiation?

I will share with you a piece of advice that was provided to me long ago. If you apply principles of design thinking, if you understand what people are doing five minutes before they use your product and what people are doing five minutes after they use your product, you can then exploit that opportunity by pulling them in earlier and keeping them there longer. It's what happens in those contiguous time frames. So if you understand these behaviors I think you can create a more personal, more relevant and deeper experience for viewers.

Go to YouTube and see what they do: They pop up a bunch of related videos. Though the average length of a video on YouTube is about four minutes, the average length of engagement is about 22 minutes. Why? Because people don't have to search for related content. The related content is right there being presented to them. I don't care if your product is a toothbrush, or a lawn mower, or a movie. If you understand what people are doing before and after they engage with your content, you have the opportunity to build an experience that can extend their engagement with your content.



Mediander Business Services

Mediander partners with content distributors and creators to enhance their end-user experience, increase engagement, retain customers and boost transactions through the use of proprietary algorithms and semantic research technology.

The Mediander Experience
An Ideal Solution for Cable Distributors and VOD Content Providers

How It Works

You decide when to display the Mediander Experience for your customers: before, during or after a download.

- User logs in to your website
- User clicks on the Mediander enhancement app
- Mediander provides added-value content in a pop-up window

This increases customer **engagement**, improves **retention**, reduces **churn**, and boosts **revenue**.

mediander
know more