

OTT Services as disruptor within the broadcasting industry

October 2018





- Netflix was launched in 1997, by Reed Hastings and Marc Randolph
   with a 2.5 Million initial investment
- The initial idea was for Netflix to become the media equivalent to Amazon
- Netflix was a VHS rental business and soon developed a website where subscriber could pay \$20 for unlimited number of DVDs
- The DVDs arrived in the mail in the now iconic red envelopes
- Netflix introduced the streaming services in 2007





- In 2013, House of Cards, the first Netflix produced show premiered, today Netflix has the most beloved shows in the World, including Orange Is the New Black, Bloodline, Stranger things and Master of none
- Netflix has invested +\$ 6 Billion in their on production, Netflix content has grown by 88% in 2018
- Netflix currently has 120 Million subscribers



# hulu

- On October 29, 2007, Hulu.com launched
- It was a joint venture between AOL, Comcast, Facebook, MSN, Myspace and Yahoo
- NBC was one of the first content distributors to join, FOX quickly followed suit
- Hulu launched in USA on March 12, 2008
- Hulu has evolved to a service where a subscriber can watch current episodes of the television shows



# hulu

- Initially, Hulu was segmented into free and paid subscriber, the free plan was limited to subscribers assessing the content on Computers
- In November 2010, Hulu launched the Hulu Plus; the service was offering an expanded content library including full seasons
- In 2016, Hulu rebranded its free content in a joint venture with Yahoo called Yahoo View
- In May 2007, Hulu launched a live television streaming service
- Hulu has more than 23 Million subscribers

### **Trends in the Streaming Industry**



- The Walt Disney Co. is diving into digital as it targets Netflix's domain for streaming services
- This move will be completed by the close of 2019, will leverage Disney's existing media content such as Pixar, Marvel, Disney, Lucasfilm, ESPN and as well as assets planned for the Twenty-First Century Fox deal
- Apple could then move to have streaming be entirely in-app as well.
- The tech giant is also slated to roll out original shows next March.

### **Trends in the Streaming Industry**



- TV and music services are teaming up to offer a more comprehensive streaming experience. Hulu and Spotify, for instance, have teamed up to offer a \$12.99 per month bundled subscription for access to Hulu's Limited Commercials plan and Spotify Premium.
- Industry rivals Philo TV and Pandora are offering a similar deal: You can get three free months of Pandora Premium thrown into the mix with either of Philo TV's two main subscription plans.
- In June 2018, AT & T acquired Time Warner for \$85 Billion



- The video streaming market will eventually be a \$70.5 billion industry by the year 2021
- 80% of customers would prefer watching live videos rather than other social content types
- Live streaming or live videos began life in 2011 with the live streaming app YouNow.
- In 2014, we saw the launch of Snapchat. In 2015, Twitter acquired the live streaming app Periscope which was eventually integrated with the social platform in 2016.

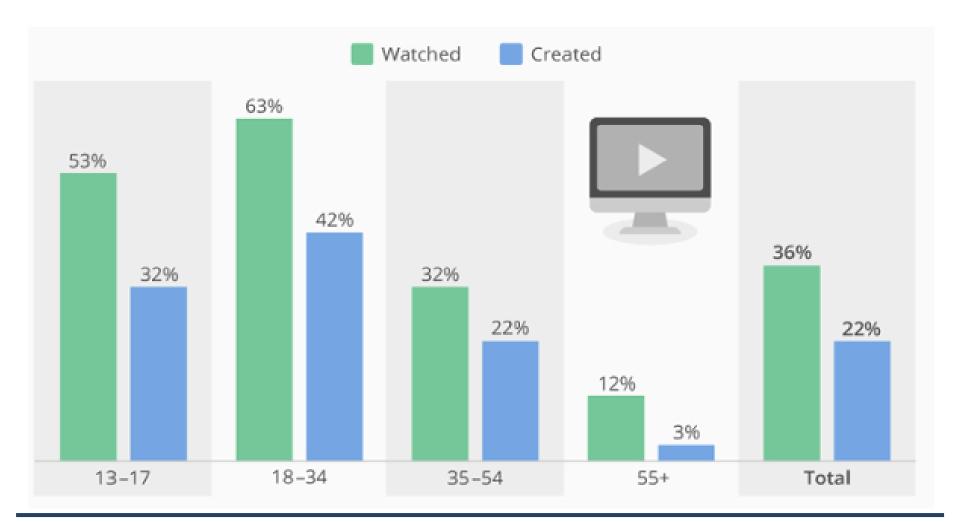


- In April 2016, Facebook launched Facebook Live to all their users.

  Following this YouTube announced live streaming for mobile devices
- In 2018, live streaming is available on YouTube, Facebook, Instagram and Twitter to name a few social platforms

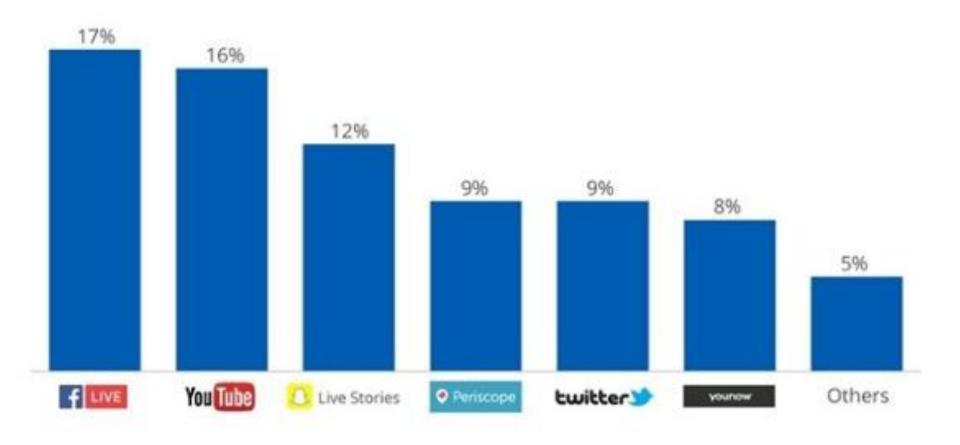


#### Who does live streaming appeal to?





#### The most popular live streaming platforms



## **Multiplayers within the OTT Space**



Provider	Fixed broadband	Fixed telephony	TV/VOD	Mobile broadband	Mobile telephony	Wi-Fi hotspots
Vodacom	xDSL, FTTH/B, LTE	No	No	LTE	Yes	Yes
MTN	xDSL, FTTH/B, LTE	No	SVOD	LTE	Yes	No
Cell C	FTTH/B, LTE	No	SVOD	LTE	Yes	Yes
Telkom	xDSL, FTTH/B, WiMAX, LTE	PSTN	No	LTE	Yes	Yes
Neotel	FTTH/B, WiMAX, LTE	CDMA	No	LTE	No	No
Vumatel	FTTH/B	FTTH/B	No	No	No	No

Source: Ovum

• Key market leaders have implemented convergence strategies over the past two to three years. Cell C was left behind for a while but has recently accelerated its diversification by launching FTTx in 2016 and, in 4Q17, an SVOD service branded as Black.

### **Multiplayers within the OTT Space**



Provider	Fixed broadband	Fixed telephony	TV/VOD	Mobile broadband	Mobile telephony	Wi-Fi hotspots
MultiChoice (DStv)	No	No	DTH, DTT, SVOD	No	No	No
StarSat	No	No	DTH	No	No	No
OpenView HD (OHD)	No	No	DTH	No	No	No
Kwese TV	No	No	SVOD	No	No	No

Source: Ovum

- Naspers-owned Multichoice remains the dominant player in the multichannel TV segement. Starsat has revived its packages but is still targeting entry-level users.
- New entrant Kwese for now is only providing services over the internet as a SVOD platform. In other African countries, the provider has also launched a parallel DTH plaform. In both cases, Kwese's content is strong competition for Multichoice, having secured premium sports content and a partnership wih Netflix.

#### **NETFLIX vs DSTV**



- MultiChoice lost more than 100,000 subscribers in the last financial year and an additional 40,000 in this cycle
- Netflix launched its services in South Africa in January 2016
- DSTV estimates Netflix has between 300,000 to 400,000 subscribers
   in South Africa
- DStv reportedly had 6.6 million subscribers last year
- In June 2018 Naspers reported just under 13,5 million subscriber homes for their video services in sub-Saharan Africa
- MultiChoice is currently pushing for Netflix to be regulated by ICASA



- NBC OTT Services was launched on the
   17th April 2018
- Currently the platform is hosting 6 NBC
   Television Channels & 9 Radio Stations
   and 12 AXP Channels
- The content server of the NBC APP is current installed at the NBC Premises
- The content is streamed via and can be access via CDN at any POP location







- Current the NBC Plus can be assessed on the Mobile App and also on the NBC Plus Set To Box
- Nbc Plus features:
  - ✓ Electronic Program Guide
  - ✓ Secure Access Log-in
  - ✓ Video on Demand
  - √ 72 hours catch services and,
  - ✓ Advertising



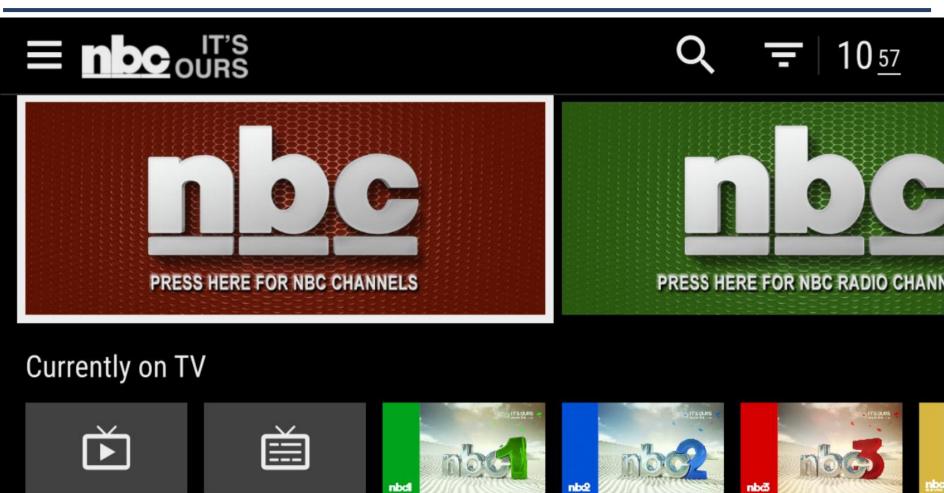


All Channels

TV Guide

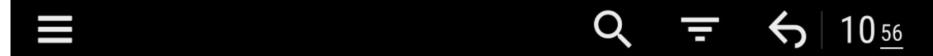


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