

Last week, we attended ACG's NY 'Blurred Lines: The Age of Convergence' conference. Here are five of our top takeaways from the panel, which focused on the Tech, Media and Telecom sector. *Prepared by TresVista Financial Services*

## 5 THINGS YOU MISSED LAST WEEK

### BLURRED LINES: THE AGE OF CONVERGENCE

**1** **Convergence of Tech, Media and Telecom:** The discussion started on whether 'Netflix' is a technology company or a media company. Dating back to December 2012, Netflix had a market cap of \$5bn. Post this the company made an investment of \$100m in February 2013, which led to the greenlight of two new shows namely, 'Orange Is The New Black' and 'House Of Cards.' In December 2013, the market cap rose to a staggering \$22bn. During this short period of one year, there were only 10m new subscribers that joined the Netflix family; this did not lead to the surge in the market cap. *"The 4x increase in market cap had nothing to do with the fact that they had increased subscribers, it was squarely the fact that Netflix had truly converged. They entered into the content creation business in a meaningful way and they began to blur the lines between being a technology company and a media company"*, said Martez Moore of Moore Freres and company.

**2** **Multiple choices for the consumers:** There are a lot of facilities available these days targeting some specific groups of entertainment. Netflix gives a plethora of series to watch, but it does not have the provision for watching sports; Amazon Prime, on the other hand, has its own perks but does not cover the news channels; whereas FuboTV covers all of the above genres but does not provide NBC shows. The real struggle is when it comes to deciding whether to subscribe for all of the above and get their respective services or subscribe for On Demand TV like Spectrum and get everything under one roof. The need of the hour is to get everything the consumers need, under an À La Carte, so that they can get what they want. Christine Frank of Waller Capital Partners says, *"There is a little bit of confusion in the market right now but I think it's going to really get to a point where there's going to be scale players that allow the consumer to do what they want to do, when they want to watch what they want to watch and pay for what they are watching"*

**3** **Power of video in the hands of the consumer:** There is a new wave of user-generated content and people are creating businesses out of their own content which they upload on "YouTube." The expansion of the same can be seen in the other businesses and enterprises, thus making professional video creation a lot more accessible. There is a kind of democratization of being able to make money. The content that few had access, now Facebook, Google and other platforms has enabled people to make and furthermore run their own respective businesses. The issue that these platforms face is whether they monitor these businesses. If they don't, what happens if the content is not acceptable and they end up putting an advertisement on that platform? Christine Frank concludes by saying *"There is a lot of balancing act and a lot of lessons that people are trying to learn along the way."*

**4** **Engagement matters as much as reach:** In the engagement business, the job is to deliver as many eyeballs to advertisers as possible. This is majorly done through television, but it is also done by using the brand in other ways, via the experiences or through digital and social platforms. Michael Armstrong said *"Reach is super important, I don't want to downplay the importance of reach, it will always be important but how you engage your customer to pay attention. Our job is to go from attention to intention whether it is an intention to buy, an intention to spend more time with our products for our partners."*

5

**Gaming companies are the new media companies:** Applications and console games have monetization models and media models. Twitch is a business model of watching people play video games and its content about video games, not even the actual video games. Andrew Rosen emphasized saying, “*Looking ahead, I think gaming companies may in fact be the business model for media companies in the future just because they have a better sales conversion funnel.*” The video leads to an app download, which leads to a player, the player may lead to converting it into downloadable content or add-ons. It is a powerful funnel if done right and can lead to a wide range of other applications which will then bear fruition.

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