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BLOCKCHAIN IN MEDIA
MORE THAN A ONE-HIT WONDER

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Underestimated at first, disruptive technologies (think: the internet, social and cloud) have transformed the media landscape. Blockchain has this same potential. It will redefine how traditional media and platform companies engage with their customers, partners and broader ecosystems.

MEDIA AND PLATFORM COMPANIES

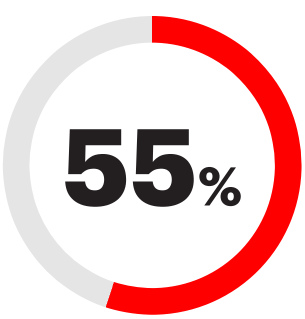
When referring to media and platform companies—media companies include traditional players with established distribution channels such as TV, radio and print like Disney, AT&T's DIRECTV and AT&T's WarnerMedia. Platform companies include leading platform-enabled companies that use a foundational technology to facilitate multi-party interactions like Apple, Facebook and Google.

DON’T JUDGE A BOOK BY ITS COVER

The financial services industry is the undisputed pioneer of blockchain. For many, blockchain is synonymous with Bitcoin, the first and most widespread use of distributed ledger technology. But blockchain is so much more.

Media and platform executives are beginning to take notice. Fifty-five percent of the media and platform executives Accenture Strategy surveyed think blockchain is a top-five priority for their company. As such, industry players are making measured investments in blockchain—36 percent have invested over $1 million, and 83 percent plan to increase investments in the next three years.[1]

Despite this interest and investment, media and platform companies are still in the early stages of seizing blockchain’s potential. These companies can harness blockchain to optimize value chains, facilitate ecosystem-wide efficiencies and support innovative business models. If media and platform companies take full advantage of the power of blockchain, they can capitalize on three major industry trends.



of the media and platform executives Accenture Strategy surveyed think blockchain is a top-five priority for their company.

TREND 1: STRATEGIC CO-OPETITION

IT'S A SMALL WORLD AFTER ALL

The first of these industry trends is strategic co-opetition, which is mutually-beneficial collaboration among competitors. Driven by consumers' insatiable appetite for content, media and platform companies are increasingly collaborating and sharing tangible assets like content and software, and intangible assets like data and customer relationships. Case in point: Comcast, Disney, Fox and WarnerMedia each invested in over-the-top media company Hulu to offer their content directly to consumers.[2]

Most industry players know how important strategic co-opetition has become—44 percent of executives see it as the market trend that will have the highest impact on their business in the next three to five years.[3] Nevertheless, cumbersome processes, financial transaction opacity, piracy and trust gaps make collaboration difficult. But with shared visibility and historical auditability, blockchain-enabled ecosystems allow partners to work together, operating from a single source of truth. These ecosystems offer digital trust models ideal for securing rights, remediating financial transactions, sharing the right data, and optimizing the value chain.

There are many ways that blockchain applies in media and platform ecosystems (see "Media and Platform Ecosystem", page 5). Consider the increase in mergers and acquisitions in this industry. Companies are struggling to manage and share critical data for pre-merger integration efforts. Imagine if both companies stored relevant data in a blockchain-enabled "cleanroom." The companies would have a full audit trail of who accessed what, individual data element control to improve the traditional binary access, and the ability to both segregate and encrypt data to meet tight security requirements. Companies would also be able to prevent copy-and-paste-based leakage through digital object-based content without all the overhead cost (see "Digital Object", page 6).

This visibility that blockchain provides can be viewed as a potential double-edged sword. However, companies that cling to at-risk revenue streams out of fear of cannibalization will lose big. Companies can either embrace the blockchain ecosystem or be disrupted by the competition.

THE MEDIA AND PLATFORM ECOSYSTEM

TRADITIONAL MEDIA COMPANIES

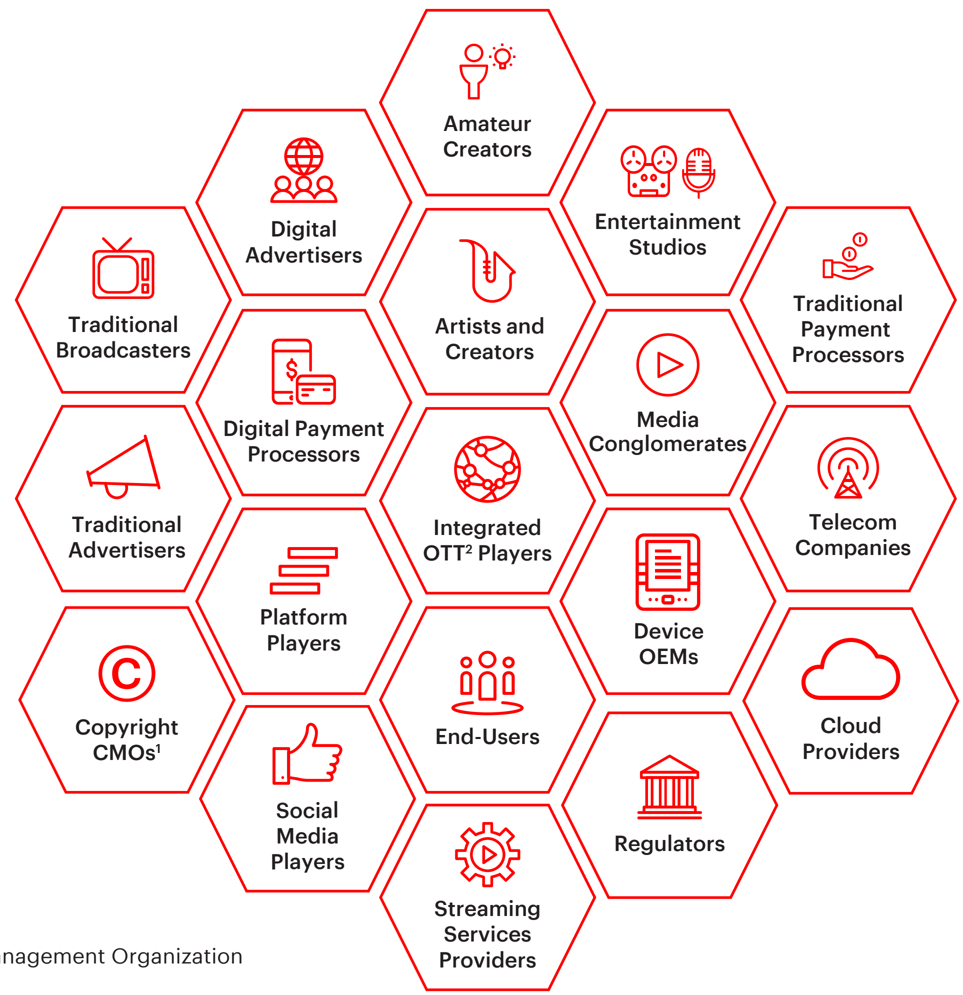
Independent companies that own the end-user experience by **dominating distribution**

"NEW" MEDIA COMPANIES

Technology and platform companies that deliver content **direct-to-consumer**

BLOCKCHAIN-READY MEDIA AND PLATFORM ECOSYSTEM

Multi-faceted ecosystem of traditional and "new" media companies that work together to create a seamless and personalized customer experience



Non-Exhaustive
1: CMO - Collective Management Organization
2: OTT - Over the Top

TREND 2: HYPER-PERSONALIZATION

ONE-ON-ONE WITH EVERYONE

Creating new value for consumers is the second media and platform industry trend that blockchain can address. Today's consumers are hungry for over-the-top streaming services with personalized curation. This demand is fueling the rise of direct-to-consumer (D2C) media. Disney is just one of the media players betting big on D2C. Not only is Disney ending its distribution relationship with Netflix, but also it recently launched a new D2C division to oversee its streaming businesses.[4]

As the industry scrambles to meet evolving consumer demands, segment-of-one targeting has become critical for competitiveness. Only 44 percent of consumers believe online entertainment is tailored to their needs, indicating that traditional targeting based solely on consumer demographics is no longer cutting it.[5]

DIGITAL OBJECT

The math at the core of blockchain has proven that something digital can take on the characteristics of a physical thing. The key is determining how a digital object is created, takes on the characteristics of a physical object, and offers proof of its:

Uniqueness: It exists only once

Ownership: Who holds it now

Previous ownership: Who held it

History: What has happened to it

End of life: When it ceases to exist

Blockchain provides a single source of information about a digital object that saves us countless hours tracing its history and determining its status.

However, the granular, validated data that can be captured with blockchain will help media and platform companies form another level of personalized engagement (e.g., understanding consumers at a psychographic versus just a demographic level) and improve insights for key business decisions (e.g., optimizing campaign investments and improving attribution models). With blockchain, every consumer could own his or her personal data. No longer would consumers have to worry about companies' selling their data without permission, nor would companies have to guess where to spend marketing dollars or be concerned about misusing consumer data. Blockchain allows consumers to have permission controlled personal data stores—enabling both the consumer and the company to manage their interactions more effectively.

Despite this monumental potential, only one-third of media and platform executives see near-time customer data collection as a top blockchain impact.[6] This is a missed opportunity. There are tangible ways to use blockchain to hyper-personalize even today—consider micropayments. Thirty-three percent of media and platform executives identify consumption-based buying as a key market trend over the next three to five years.[7] Blockchain's micropayment capabilities enable "per-use" consumption to adjust pricing based on exactly what the consumer wants to consume down to the penny—or less.

From now on, meeting consumers where they are will be non-negotiable to thrive in this industry. Tomorrow's successful players will orchestrate one-size-fits-one content options and viewing experiences. Yesterday's targeting cannot get them all the way there. But blockchain can.

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TREND 3: DATA SECURITY

THE BEST DEFENSE IS A GOOD OFFENSE

Media and platform companies might argue that using blockchain to address strategic co-opetition and hyper-personalization is too risky for now. This is shortsighted, but understandable considering how "new" blockchain is in this industry. But the third trend—data security—keeps media and platform leaders up at night. The exciting news is that the case for using blockchain to secure data is very strong.

Think about it this way. Media and platform companies have nothing if they cannot protect data and grant access only to those who need it. The hard truth is that the industry must improve in this area. Just 49 percent of consumers trust their online entertainment providers.[8] Moreover, the digitization of media delivery and consumption ups the risk of security breaches, further complicating how companies win and keep customer trust, which is the foundation of brand reputation and future growth.

Blockchain technology is poised to be a game-changer in data security. It creates an auditable and tamper-evident history of an asset whether it is a device or content. No one owns this history, which creates a new level of visibility and transparency. Already today, 52 percent of the media and platform companies we surveyed think that security is the most important benefit of blockchain.[9]

This signals that many are open to the art of the possible here. Blockchain can reduce piracy by enabling digital rights management—a boon for regulating copyright infringement. It can also make content provenance more transparent by validating authors and granting them access to distribution channels as trusted sources. And as companies provide customers with their personal data to meet regulatory requirements, blockchain can capture and store a tamper-evident, secure and up-to-date history of personal usage data for better data portability. With so many use cases, blockchain promises to be an unprecedented data security breakthrough for this industry.

HOW TO CHANGE THE RULES OF THE GAME

Like disruptive technologies that came before, blockchain will reinvent this industry. Companies can use blockchain to drive both revenue growth and cost reduction. Here's how to get started:

Take the market's pulse. Understand the current market players that are focused on blockchain and which ones could be potential acquisitions or partners. Identify use cases for your company through a cross-functional team and champion new initiatives in your leadership role.

Close the knowledge gap. Break through blockchain adoption barriers like lack of talent and unclear understanding of applications; develop internal training and hire engaging experts who understand blockchain, potential use cases and the overall landscape.

Get the ball rolling. Develop proof-of-concepts (POCs) to test functionality, get feedback and track the impact on the business model. Launch pilots to test POCs. Do not be afraid to fail fast and then quickly take the best concepts to fully-operationalized applications.

Media and platform companies that wait for blockchain to fully mature to invest will end up playing a never-ending game of catch up. But companies that act now can unlock trapped value and achieve first-mover advantage. They will do more than play the game. They will change the rules.

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NOTES

[1] 2018 Accenture Strategy Blockchain Survey

[2] Based on publicly available information

[3] 2018 Accenture Strategy Blockchain Survey

[4] Todd Spangler, "Disney Reorganizes Divisions, Creates Dedicated Direct-to-Consumer Streaming Unit," March 14, 2018, retrieved on June 20, 2018 at **https://variety.com/2018/digital/news/disney-reorganizes-direct-to-consumer-streaming-unit-1202726528/**

[5] 2017 Accenture Strategy Global Consumer Pulse Research

[6] 2018 Accenture Strategy Blockchain Survey

[7] Ibid

[8] 2017 Accenture Strategy Global Consumer Pulse Research

[9] 2018 Accenture Strategy Blockchain Survey