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The State of OTT 2024

The Race to Profitability

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Introduction

Even before the pandemic struck, consumers had embraced the freedom of "on-demand" viewing and binge-watching. They'd already grown weary of appointment viewing and bloated cable bundles offering countless channels they never watched.

But when COVID-19 hit, the race to scale audiences kicked into high gear. Every content owner rushed to pull content from the shelves and onto their streaming platforms, leading to a proliferation of streaming services.

Initially, this surge in available content and platforms seemed like a win-win. In August 2022, for the first time in history, Nielsen reported that more people watched streaming than cable or broadcast TV.[1]

Yet it soon became overwhelming for consumers. First, the proliferation of platforms made finding which show or movie was on which service a headache. Second, navigating live TV for specific content along with the complexities of rights governing how they can watch became a labyrinthine task.

As the industry continues to grapple with these challenges, the race to profitability is heating up. Today, success hinges on diversifying commercial models, offering a robust blend of live and on-demand content, and tapping into advertising opportunities across both digital and traditional platforms. Bundling is back in the game, and companies are reconsidering consolidating services, tiered subscriptions, and measures to curb password sharing, all with a renewed emphasis on using technology like Generative AI (GenAI) to enhance the consumer experience.

Despite the hurdles, the growth trajectory of OTT remains promising. Seven out of every 10 U.S. consumers are now OTT media consumers, with projections estimating 421.1 million users in this market by 2029.[2] Opportunities for innovation abound across studios, broadcasting, streaming technologies, and monetization solutions, fueled by evolving consumer preferences and technological advancements. However, subscription price hikes may soon reach their limit, with 48% of consumers indicating they'd cancel services with even a modest increase.[3]

[1] Arkin, D. 'Streaming viewership overtakes cable TV for the first time,' NBC News, August 18, 2022.
[2] Statista, Market Insights - Advertising & Media Media TV & Video, OTT Video - United States, March 2024.
[3] Digital Media Trends 2024, Deloitte, March 20, 2024.

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What do you need on your roadmap today to ensure your enterprise remains a pacesetter as the competition heats up?

In this report, we explore the current state of the dynamic OTT landscape, offering valuable insights to readers seeking to stay ahead in the evolving streaming industry. In examining consumer priorities and dissecting business challenges and technological trends, we provide a comprehensive overview of the forces shaping the future of streaming.

You'll find real-world examples from those leading the pack, tips for avoiding pitfalls and challenges given the current conditions, and key takeaways to help innovate your own offerings. Whether you're a seasoned player or a newcomer to the OTT space, this analysis equips you with the knowledge to thrive in this rapidly changing landscape.

Meet the Authors

David Wolf
Group Vice President,
Communications, Media, and
Entertainment Business

With over 30 years of experience in the technology and consulting sector, David Wolf is a powerhouse in building high-growth practices and leading large transformation programs. He has repeatedly been on the forefront of technology changes and excels at applying emerging technologies to create value.

Prior to joining GlobalLogic, David spent 30 years at Accenture, where he held a variety of leadership roles helping build Accenture's fastest-growing practices, including its Digital and Media & Entertainment practices. During his time at Accenture, David helped an internet start-up ship the first commercial HTML browser; worked with an innovative games company to launch the world's largest online gaming platform; and partnered with a leading entertainment company to invent and launch a digital platform for the production and distribution of film and television products, earning the studio a highly coveted Technology and Engineering Emmy award.

David earned his BS in Mathematics of Computation from the University of California, Los Angeles. He served on the Board of Directors for the Southern California Leadership Council and Junior Achievement of Southern California, and in his spare time enjoys cycling and getting his hands dirty in his sustainable and edible yard.

Manpreet Singh
Vice President,
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In his role at GlobalLogic, a Hitachi Group Company, Manpreet Singh leads our growing business with Media and Entertainment customers. As a partner to studios, TV networks, broadcasters, OTT players, publishers and technology vendors, he is helping build next-generation digital platforms and products. He has enabled multiple businesses innovate and scale in a cost efficient manner.

Prior to joining GlobalLogic in 2017, Manpreet spent over three years at Persistent Systems and 14 years at Zensar Technologies working with ISVs and high-tech clients. His deep early-career experience programming innovative products across the SDLC led to a series of progressive roles in which Manpreet developed a specialization in game-changing digital media and entertainment products.

OTT Consumer Priorities

In an era of unparalleled choice and convenience, OTT streaming presents both immense opportunities and daunting challenges for media companies and consumers alike. Let's take a look at how media brands are navigating the complexities of pricing, crafting intuitive user interfaces, and unlocking the perceived value of subscriptions as the landscape evolves.

Superior UI and Intuitive User Experiences

One of the most pressing concerns for OTT consumers is the ease of navigating through an app's interface. No matter how extensive the content library, consumers quickly abandon platforms with a cumbersome user experience (UX).

Effective UX design facilitates easy navigation and crafts personalized journeys for each viewer. Analyzing user behavior and preferences enables OTT platforms to recommend tailored content, enhancing user engagement and satisfaction, for example. Accessibility and inclusivity play pivotal roles in UX/UI design, as well. A well-crafted interface encompasses features like closed captions and audio descriptions, baking in acccessibility and ensuring the platform caters to a diverse audience.

Importantly, UX design extends beyond aesthetics; it profoundly influences performance, too. A well-optimized UI reduces load times and fosters a seamless viewing experience, further bolstering user satisfaction.

Take Disney+, for instance. The platform stands out for its simple and intuitive interface, prioritizing easy navigation and an aesthetically pleasing design.

Disney+ seamlessly integrates with other Disney-owned platforms, offering users a cohesive and delightful viewing experience.

Incorporating these principles of superior UI and intuitive user experiences not only enhances consumer satisfaction but also contributes significantly to the success and profitability of OTT platforms in the competitive streaming landscape.

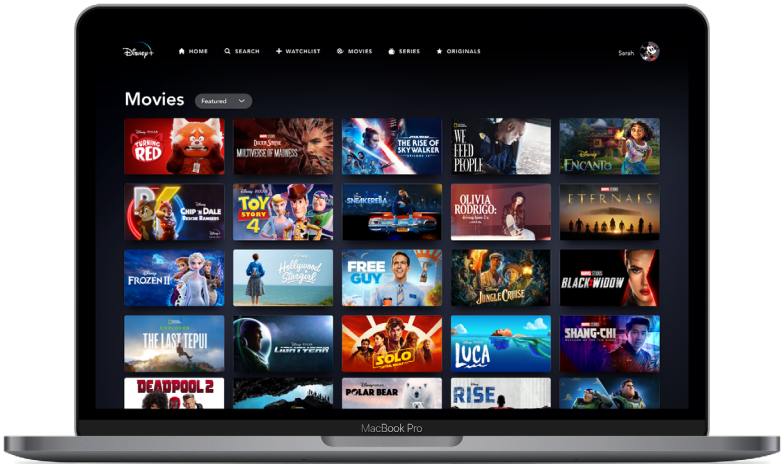

Image credit: Disney+

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Engaging and Seamless Viewing Experiences

Let's explore the key elements that contribute to an immersive viewing journey.

1. Account Sharing and Content Accessibility

Families and households increasingly seek flexibility in sharing accounts and accessing content across multiple devices. While multi-device accessibility is essential, the focus lies in ensuring that shared accounts maintain personalized preferences and recommendations for each user.

2. Enhanced Search and Discovery

Search and discovery functionalities are critical components of the user experience. Consumers want more than just basic search capabilities; they crave interactive and conversational search features that provide contextually relevant recommendations. Imagine engaging in a dialogue with the app, asking complex questions, and receiving tailored suggestions based on the exchange – **that's a next-level experience.**

3. Personalized Viewing

Modern viewers demand answers to complex queries such as "Where and when can I watch [specific content]?" Technology is pivotal in addressing these inquiries with advanced algorithms to provide clarifying questions and contextually relevant responses. Next-gen personalization, powered by GenAI and Large Language Models (LLMs), enables users to engage in meaningful dialogues with the app, enhancing the overall viewing experience.

4. AI-Driven Enhancements

Artificial Intelligence (AI) is revolutionizing viewing experiences across various domains, notably in sports entertainment. Features like AI-driven analysis on live sports broadcasts, data annotation for real-time statistics, and augmented reality (AR) advertisements integrated into sporting events exemplify how AI enhances engagement and immersion.

5. Personalization Beyond Content Recommendations

While content recommendations are essential, personalization should extend beyond mere suggestions. Imagine tailoring menu structures, app layouts, and the overall viewing experience to suit individual preferences. Platforms can elevate satisfaction and loyalty by empowering users to personalize these and other aspects of their OTT experience.

Perceived Value of OTT Subscriptions & Services

While the transition from traditional TV channels to on-demand streaming has offered consumers unparalleled convenience and choice, it also brings forth new challenges concerning the perceived value of OTT subscriptions and services.

As media companies strive to adapt to audiences' evolving preferences, pricing strategies have changed significantly. Many companies, grappling with declining profitability in traditional television channels, have sought to recoup losses through pricing surges in their on-demand streaming services.

However, these increases often coincide with broader economic uncertainties and inflationary pressures, leaving consumers feeling the pinch of rising subscription costs.

Market projections indicate a notable slowdown in the rate of new paid streaming subscriptions.

Convergence research suggests the number of paid U.S. streaming subscriptions added from 2023 to 2025 is expected to run at **just under half** of the subscriptions added from 2020 to 2022.[4]

Many subscribers are actively trimming their streaming portfolios, with a notable increase in cancellations observed over the past two years.

Antenna reports that approximately a quarter of subscribers have terminated at least three major streaming services during this period,[5] signifying a strategic effort to manage streaming expenses more efficiently.

It all points to a growing wariness among consumers regarding the value proposition of additional streaming services. As consumers rationalize their streaming expenditures and weigh the benefits against the costs, service providers must prioritize delivering compelling content offerings, seamless user experiences, and transparent pricing models to maintain subscriber satisfaction and retention.

[4] Lee, W. and Lauder, T.S. 'The cheap streaming era is over. Here's why your bills are going up,' Los Angeles Times, October 11, 2023.
[5] Goldman, J. 'As consumers look to consolidate their streaming subscriptions, streamers look to diversify revenues,' eMarketer, January 4, 2024.

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Large media brands are taking note. One example is the sports streaming partnership between Fox Corp, Walt Disney, and Warner Bros Discovery, which Fox boss Lachlan Murdoch anticipates will draw 5 million subscribers in its first five years.

Recent reports suggest the service would have rights to the National Football League, the National Basketball Association, Major League Baseball, and college competitions, and will be priced somewhere north of $40 per month.[6] It won't be inexpensive – but if its perceived value resonates, this bundling could attract a dedicated subscriber base willing to invest in premium sports content and experiences.

> *"This a pro-consumer package. What this bundle does is put a majority of sports into one bundle.*
>
> *It's an easy place for sports fans to come to."*
>
> **~ Lachlan Murdoch, CEO of Fox**

In short, the perceived value of OTT subscriptions and services is intricately linked to consumers' perceptions of affordability, content relevance, and overall user experience. Addressing these key factors ensures OTT platforms can cultivate enduring relationships with their audiences amidst a rapidly evolving media landscape.

Key takeaways:

- Crafting an ***effortless user interface*** is essential for OTT platforms to retain viewers, with personalized recommendations and accessibility features enhancing engagement and satisfaction.
- OTT platforms must prioritize account sharing flexibility, interactive search, personalized content recommendations, and ***AI-driven enhancements*** to deliver captivating viewing journeys and combat subscriber churn.
- As media companies grapple with pricing surges and subscription cancellations, the value proposition of OTT services becomes crucial, demanding compelling content offerings, ***seamless user experiences***, and transparent pricing models to maintain subscriber satisfaction and retention.
- Strategic collaborations underscore the potential for ***premium content bundling*** to attract dedicated subscriber bases, highlighting the importance of perceived value in subscription pricing strategies.

[6] Thaler, S. 'Fox, Disney, Warner Bros. Discovery sports bundle expects 5M subscribers in five years,' New York Post, March 4, 2024.

Top Challenges for OTT Streaming Companies

The fundamental model of delivering captivating content directly to viewers' devices while ensuring secure payment has evolved into a vastly complex ecosystem. In this section, we discuss the top challenges facing OTT streaming companies today, from grappling with the fragmentation and globalization of the streaming marketplace to adapting to evolving monetization models and harnessing the power of data insights.

In unraveling the intricacies of this dynamic landscape, we'll uncover strategies to navigate and overcome these hurdles, propelling OTT platforms toward sustained success and profitability.

Fragmentation & Globalization of the Streaming Marketplace

Across a diverse array of platforms, from traditional television networks to emerging streaming services, companies are distributing their content to reach audiences worldwide. The average distribution spans a staggering 18 platforms,[7] reflecting the streaming marketplace's expansive reach and intricate web.

The face of subscriber demographics is changing, too. At Netflix, for example, American subscriptions have declined from 52% of all subscribers in 2018 to 33.6% in 2022.[8] With international subscriptions surpassing domestic ones, the global appetite for OTT content is undeniable. Yet beneath the surface lies a complex tapestry of localization challenges and global aspirations.

[7] Parks Associates, Streaming Content Performance: Executive Insights | 2024 State of the Market, accessed March 2024.
[8] Damodaran, A. 'A Business Upended: The Streaming Disruption of Entertainment,' LinkedIn, September 12, 2023.

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Licensing limitations, differences in device preferences, and delivery complexities are formidable barriers to global expansion. Crafting localized advertisements through an ad exchange may seem straightforward; however, delving into localized advertising on content partner channels introduces complexity. In each territory, tailored advertising requirements vary based on the audience demographics and preferences.

The prevalence of OTT content consumption on mobile devices is another aspect that underscores the importance of understanding device usage patterns in new territories. Understanding the specific devices used and the bandwidth constraints customers face is crucial for ensuring a seamless launch in a new country.

Once the technical considerations are in place, localizing content is a must.

In India, 57% of internet users prefer to access the internet in Indian languages, with Hindi topping the chart. **Watching videos is one of the top online activities in India**, and users expect to be able to use voice search to find the content they crave.

Raoul Nanavati, co-founder of Navana.ai, told The Business Standard recently that he expects voice-based tools to drive the next 400 million Indians onto the internet.

His company's second-generation multilingual voice AI model, 'Bodhi' supports over 11 Indian languages. And inside just one of its apps, customers are leveraging speech recognition in their local languages over 100,000 times per month.[9]

In response to this complex matrix of factors, companies are leveraging advanced technologies to fuel their global expansion strategies. Pioneers like Roku are at the forefront, revolutionizing advertising paradigms with innovative offerings. Its Primetime Reach Guarantee was unveiled in 2023, enabling advertisers to reach more TV households in primetime with Roku than the average program on a top-five cable network on traditional TV. Indeed, a use case story published in January this year details how Experian increased its primetime household reach by 43% with this tech-driven product.[10]

Guaranteeing ad views and embracing localization strategies sets a new precedent for maximizing revenue potential while enhancing the viewer experience. And with that, let's take a deeper dive into more game-changing monetization opportunities.

[9] Shinde, S. 'Use of Indian languages key for increasing internet access in India: Report,' The Business Standard, March 12, 2024.
[10] Roku Advertising, Experian increases primetime household reach by 43% with TV streaming on Roku, January 11, 2024.

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Evolving Monetization Models

Monetization strategies are transforming profoundly as platforms and content sellers innovate to unlock new revenue streams and drive profitability. Advertising emerges as a pivotal lever in this paradigm shift, with platforms expanding its usage to augment revenue streams.

Convergence insights reveal intriguing trends, where lower-priced ad-supported plans often yield higher average revenue per user than their pricier ad-free counterparts. This phenomenon, coupled with the observation that streaming advertising loads are only at 40% of TV advertising loads,[11] underscores the vast potential for growth in OTT advertising.

Furthermore, bundling strategies are gaining traction, with companies like Verizon leveraging bundled services such as Netflix and Max to entice subscribers with appealing prices and added value.[12] This approach not only fosters longer subscription commitments but also enhances the overall customer experience.

Another noteworthy trend is the symbiotic relationship between traditional TV subscriptions and streaming services. Many consumers opt for TV subscriptions or live streaming TV to access exclusive content and streamline billing processes. For OTT providers, this underscores the importance of integrating seamlessly into consumers' existing entertainment ecosystems.

[11] Lee, W. and Lauder, T.S. 'The cheap streaming era is over. Here's why your bills are going up,' Los Angeles Times, October 11, 2023.
[12] Verizon News Center, 'Verizon to offer Netflix & Max streaming bundle as $10 per month myPlan perk,' Verizon.com, December 4, 2023.

Another noteworthy trend is the symbiotic relationship between traditional TV subscriptions and streaming services. Many consumers opt for TV subscriptions or live streaming TV to access exclusive content and streamline billing processes. For OTT providers, this underscores the importance of integrating seamlessly into consumers' existing entertainment ecosystems.

Netflix exemplifies adaptability in this evolving landscape, as evidenced by measures such as curbing password sharing and promoting its cheaper ad-supported tier. This strategic pivot aligns with the trend observed, where ad-supported streaming yields higher average revenue per user (ARPU).[13]

In navigating this dynamic terrain, OTT executives are tasked with prioritizing personalized upsell and retention strategies.

The rise of cheaper ad-supported tiers provides a respite for SVOD subscribers, as **46% of households subscribe to at least one ad-supported tier of a paid service** as part of their lineup, and 57% use a free, ad-supported service.[14]

This underscores the importance of diversifying monetization models to cater to varying consumer preferences and affordability thresholds.

Leveraging targeted advertising, adjusting subscription tiers, and implementing bundling tactics are essential for optimizing ARPU and fostering long-term subscriber loyalty. The strategic integration of technology, exemplified by Netflix's tactical shifts, is key for unlocking the full potential of ad-supported streaming tiers.

Additionally, the emergence of Transactional Video on Demand (TVOD) presents an avenue for streaming services to offer early access to premium content.

Companies investing in original content are capitalizing on this trend, leveraging TVOD to augment their content offerings and attract a broader audience base.

As the monetization landscape evolves, OTT executives must remain agile. Embracing innovation and leveraging technology to drive revenue growth, enhance customer satisfaction, and secure long-term profitability are musts in the fiercely competitive streaming arena.

[13] Goldman, J. 'As consumers look to consolidate their streaming subscriptions, streamers look to diversify revenues,' eMarketer, January 4, 2024.
[14] Digital Media Trends 2024, Deloitte, March 20, 2024.

Activating Data Insights

Executives increasingly rely on data insights to drive strategic decision-making, enhance viewer engagement, and optimize revenue generation. Harnessing the power of data analytics enables companies to unlock valuable insights into viewer preferences, behavioral patterns, and content consumption trends. Of course, this is easier said than done, given the massive volume of data available and technological gaps between data pools.

One key objective for executives is to attract and retain viewers by creating compelling content experiences tailored to their preferences. Data analytics enable companies to identify emerging trends, understand audience sentiment, and refine content strategies for increased reach and engagement.

Data-driven approaches are instrumental in detecting and predicting churn, too, allowing platforms to address factors that may lead to subscriber attrition proactively. Companies can implement targeted retention strategies to enhance customer loyalty and reduce churn rates by analyzing viewer behavior and consumption patterns.

OTT platforms also leverage data analytics to continually refine their user experience (UX) and user interface (UI) designs. A data-driven approach ensures that UX/UI designs remain relevant, intuitive, and engaging, thereby enhancing overall viewer satisfaction and retention.

Yet, despite the growing importance of data analytics, challenges persist.

Recent research finds that ***47% of executives in the streaming industry lack the data*** needed to make good business decisions, and 71% say it is difficult to see all of their streaming-related data in one place.[15]

The convergence of streaming and linear media, one of the greatest trends in ad tech today, presents both opportunities and challenges in data analytics. Executives are struggling to understand viewer preferences across different platforms and leverage data to effectively personalize experiences and target advertisements.

[15] Parks Associates, Streaming Content Performance: Executive Insights | 2024 State of the Market, accessed March 2024.

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As streaming platforms increasingly venture into live events such as sports broadcasting, this demand for converged advertising solutions becomes more pronounced. Companies seek to unify measurement metrics and transactional currencies across linear and digital platforms to streamline advertising operations and maximize return on investment.

In this environment, return on advertising spend (ROAS) emerges as a critical metric, providing insights into the effectiveness of advertising campaigns across various channels. Analyzing ROAS metrics helps companies optimize advertising strategies, allocate resources more efficiently, and drive greater ROI. This is no easy feat, though, when campaigns span linear TV, digital, social, and other channels.

Marketing mix modeling (MMM) can help. In this recent success story, Roku shares a useful example of how a DTC retail apparel brand measured each channel's relative effectiveness and efficiency using an MMM provider to ensure each media type had sufficient media weight for modeling. Further, the provider classified each media type in a distinct bucket to ensure streaming TV, digital, social, and linear were modeled with unique, channel-specific parameters. Part of this strategy meant modeling placement details of streaming TV, such as non-skippable, targetable, full view, and premium content. In the end, compared to all marketing channels (including linear, social, and digital), Roku was the second-most efficient overall.

Leveraging data-driven approaches such as marketing mix modeling and analyzing return on advertising spend (ROAS) empowers companies to optimize advertising strategies, allocate resources efficiently, and drive greater return on investment across various channels, ultimately proving the value of OTT to advertisers.

Key takeaways:

- Adapt to changing monetization trends by exploring personalized upsell and retention packages, expanding advertising revenue streams, experimenting with pricing strategies, and leveraging bundling tactics to increase subscriber commitment and maximize average revenue per user (ARPU).
- Streamlining content distribution across various platforms, emphasizing global expansion strategies, and implementing clear navigation paths and language categorization are crucial for navigating the fragmented and globalized OTT marketplace efficiently.
- Enhance decision-making processes by prioritizing data analytics to uncover valuable insights on viewer behavior, content preferences, and churn prediction. Optimize user experiences and content strategies based on actionable data, despite challenges such as fragmented data sources and accessibility.

Key Technology Trends In OTT

As the demand for personalized content experiences surges and the race to profitability heats up, technological trends promise to reshape how viewers discover, interact with, and enjoy digital content. AI and machine learning, content security advancements, cloud hosting solutions, and cutting the learning and development curves with accelerators are some of the most impactful trends driving the future of OTT technology forward.

Expanded Use of AI and ML

ML algorithms have long been the backbone of content recommendation systems. Platforms like Netflix leverage ML and AI algorithms to delve beyond viewers' preconceived notions, guiding them to content they may not have discovered otherwise. However, the real game-changer lies in the advancement of GenAI, which promises to elevate recommendation engines to unprecedented levels of sophistication.

GenAI introduces the prospect of hyper-personalization.

Imagine a future where ad breaks are dynamically programmed by GenAI, maximizing both user experience and revenue potential. Can we bring a specific ad based on what we know about this person? This mindful application of AI technology has the potential to fundamentally reshape the advertising landscape within the OTT industry.

Businesses are increasingly turning to AI-powered testing solutions to combat challenges created by various screen resolutions and operating systems, too.

These solutions automate testing processes, reducing time to market and costs while maintaining quality, a crucial consideration in today's fast-paced streaming environment.

Device labs are another way OTT enterprises can tap into a rapid testing environment across diverse devices, operating systems, and platforms. Businesses can optimize testing outcomes by sharing testing resources while minimizing resource expenditure.

Content moderation represents another significant challenge for OTT platforms, given the sheer volume of user-generated content. Machine learning models equipped with computer vision and natural language processing capabilities are stepping in to automate content moderation tasks. These models identify and flag inappropriate or offensive content, ensuring platforms uphold community guidelines and maintain a safe content environment for users.

In many ways, the expanded use of AI and ML in the OTT industry heralds a new era of innovation and efficiency. From personalized recommendation engines to automated testing solutions and content moderation, AI technologies are reshaping every facet of the streaming experience. As the industry continues to evolve, embracing these technological advancements will be table stakes for staying competitive and meeting the ever-changing demands of viewers.

Technologies Powering Content Security

How organizations use technology to combat content security issues has a direct impact on user experience and revenue, too. Robust security measures are critical as hackers and cybercriminals continually devise sophisticated methods to exploit vulnerabilities within OTT platforms.

User authentication and access control stand as crucial pillars in OTT platform security. Industry best practices such as encryption and multi-factor authentication bolster user account protection, thwarting unauthorized access attempts. Additionally, geolocation-based restrictions and IP blocking measures are pivotal in preventing content misuse and unauthorized viewing, ensuring content remains secure and accessible only to authorized users.

The specter of data breaches looms large, posing significant risks to both users and OTT platforms alike. A robust emphasis on data security is imperative to mitigate this threat, underpinned by stringent encryption protocols and secure data storage solutions.

Safeguarding sensitive user information is foundational for upholding user trust and maintaining the integrity of OTT services. Blockchain technology is emerging as a disruptive force here, introducing decentralized distribution and enhanced copyright protection within OTT ecosystems.

Leveraging blockchain, decentralized content distribution models facilitate secure, peer-to-peer transactions sans intermediaries, accelerating content delivery while reducing operational costs. Moreover, blockchain democratizes content distribution, empowering creators to reach their audience directly and fostering deeper creator-viewer relationships.

Ensuring a secure infrastructure is fundamental for OTT platforms, and content delivery networks (CDNs) play a pivotal role. CDNs enable secure and reliable content distribution while implementing robust security measures such as firewalls, intrusion detection systems, and regular security audits. Embracing technology for continuous threat monitoring and detection provides OTT companies with peace of mind, knowing their platforms are fortified against emerging threats.

With vigilance and a proactive approach to deploying the right technologies in security efforts, OTT platforms can safeguard content integrity and uphold user trust, ensuring a safe and secure streaming experience for all.

Growing Use of Cloud Hosting Solutions by Streamers

Adopting cloud and cloud-native technologies, particularly within DevOps frameworks, has surged to the forefront, revolutionizing content distribution and cost optimization. This trend reflects the escalating demand placed on businesses tasked with transporting Over-The-Top (OTT) data, driven by the mass migration from cable to OTT and the rising quality standards of content, exemplified by the transition from 4K to 8K video formats.

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The cumulative impact of these shifts underscores the network's vulnerability as a potential weak point in the streaming infrastructure.

Coupled with the escalating computational demands necessitated by surging user requests, broadcasters encounter formidable challenges in constructing scalable video streaming infrastructure capable of meeting evolving consumer expectations.

Cloud-based streaming infrastructure emerges as a beacon of reliability, offering broadcasters unparalleled service continuity and delivering a superior quality of experience for viewers.

Across the industry landscape, numerous brands (including some of our esteemed customers) are pivoting towards OTT cloud video streaming solutions, enticed by their enhanced flexibility, efficiency, and affordability.

Accelerating Innovation & Growth with Pre-built, Customizable Solutions

OTT players can catalyze innovation and spur growth by leveraging pre-built, customizable solutions.

Gone are the days of procuring, duplicating, or managing hardware; instead, accelerators represent tested and proven solutions that encapsulate industry best practices while affording the flexibility to be finely tailored to specific needs and objectives.

Accelerators catalyze OTT channel development – streamlining the process, curbing costs, and ensuring reliability.

These "accelerator" solutions allow companies to expedite time to market while **mitigating development risks** and **applying best practices** proven in previous applications.

Two prime opportunities where pre-built, customizable accelerators shine are:

- channel development
- automated testing

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Accelerators not only facilitate the swift establishment of channels but also empower companies to unlock revenue streams, track analytics, craft intuitive user experiences, and seamlessly integrate payment systems.

Harnessing accelerators enables OTT players to navigate the competitive landscape with agility, driving innovation and fostering sustainable growth while retaining the intellectual property that underpins their unique value proposition.

Key takeaways:

- Utilize AI-driven recommendation engines to enhance user engagement by providing tailored content suggestions beyond viewers' preferences. Employ machine learning algorithms to automate content moderation, flagging inappropriate content efficiently using computer vision and natural language processing techniques.
- Prioritize robust security measures like encryption and multi-factor authentication to protect user accounts, and consider blockchain for decentralized distribution to enhance copyright protection. Maintain a secure infrastructure with firewalls and regular audits to mitigate vulnerabilities and ensure platform integrity.
- Embrace cloud-based streaming infrastructure for scalability, leveraging cloud-native technologies and DevOps practices to ensure continuity, improve user experience, and achieve cost efficiencies.
- Embrace pre-built customizable solutions, such as accelerators, to accelerate OTT channel development, reduce costs, ensure reliability, enable revenue generation, automate testing, and seamlessly integrate payment systems, all while mitigating risks and cutting time to market.

Conclusion

As the OTT landscape continues to evolve rapidly, it's evident that the industry is facing unprecedented opportunities and challenges. With a projected global market exceeding $429.40 billion by 2029 and seven out of every 10 U.S. consumers engaging in OTT media consumption, the potential for innovation and growth is immense.

Consumers increasingly prioritize superior user experiences, emphasizing intuitive interfaces, seamless multi-device viewership, and the perceived value of OTT subscriptions and services. Meeting these expectations requires OTT companies to continually refine their offerings and embrace technological advancements.

Yet, amidst this growth, OTT companies must navigate significant challenges. The fragmentation and globalization of the streaming marketplace demand strategic content distribution and clear categorization to remain competitive on a global scale.

Evolving monetization models necessitate personalized upsell strategies, innovative advertising approaches, and bundled offerings to maximize revenue and subscriber retention.

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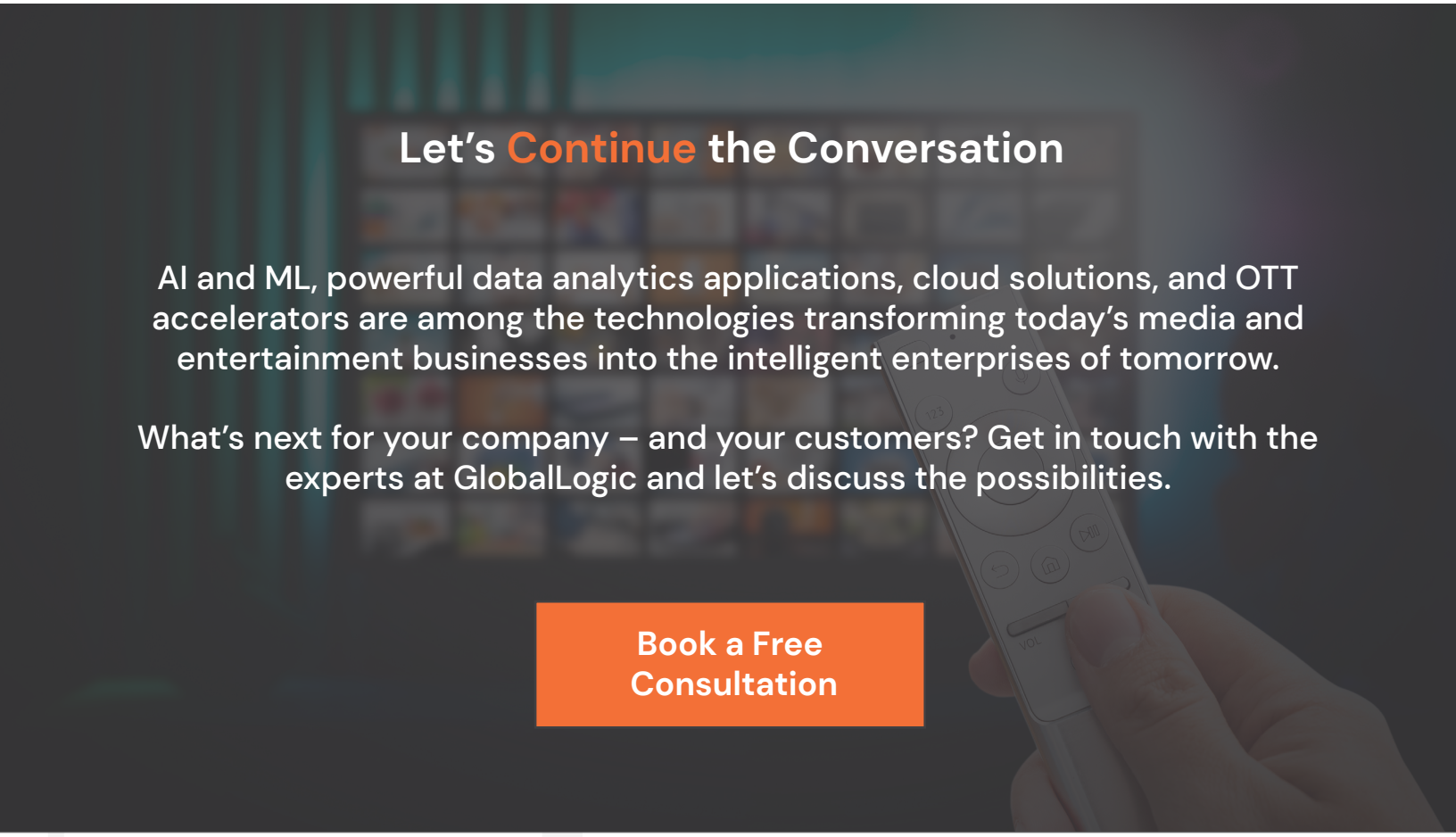
Moreover, activating data insights is paramount for informed decision-making, enabling OTT platforms to optimize content strategies, predict churn, and enhance user experiences. The complexity of data management and analytics poses a significant hurdle for many industry players.

Key technology trends such as AI and ML-driven recommendation engines and the growing use of cloud hosting solutions offer promising avenues for enhancing user engagement, content moderation, and scalability. As we look ahead, the convergence of these trends underscores the critical importance of continuous innovation and strategic adaptation in the OTT landscape.

Leveraging emerging technologies, prioritizing user-centric design, capitalizing on existing successes with accelerators, and embracing data-driven insights will propel successful OTT companies to seize opportunities, overcome challenges, and deliver compelling experiences to audiences worldwide.

This marks a pivotal moment in OTT — one filled with promise, potential, and the prospect of transformative change.



Let's Continue the Conversation

AI and ML, powerful data analytics applications, cloud solutions, and OTT accelerators are among the technologies transforming today's media and entertainment businesses into the intelligent enterprises of tomorrow.

What's next for your company – and your customers? Get in touch with the experts at GlobalLogic and let's discuss the possibilities.

Book a Free Consultation

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About GlobalLogic

GlobalLogic is a leader in digital engineering. We help brands across the globe design and build innovative products, platforms, and digital experiences for the modern world. By integrating experience design, complex engineering, and data expertise—we help our clients imagine what's possible, and accelerate their transition into tomorrow's digital businesses.

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