Learning from the disruption, innovation, and business models in Media

Jed Simmons

Entrepreneur In Residence, UNC
Professor of the Practice, Entrepreneurship

Duke University, PPS, ’82
Dartmouth College, Amos Tuck, ‘87

Public School Kid NYC (PS9)

My perfect day….

Where is home?

NYC
Connecticut
Durham
NYC
Hanover

London
NYC
Atlanta
Los Angeles

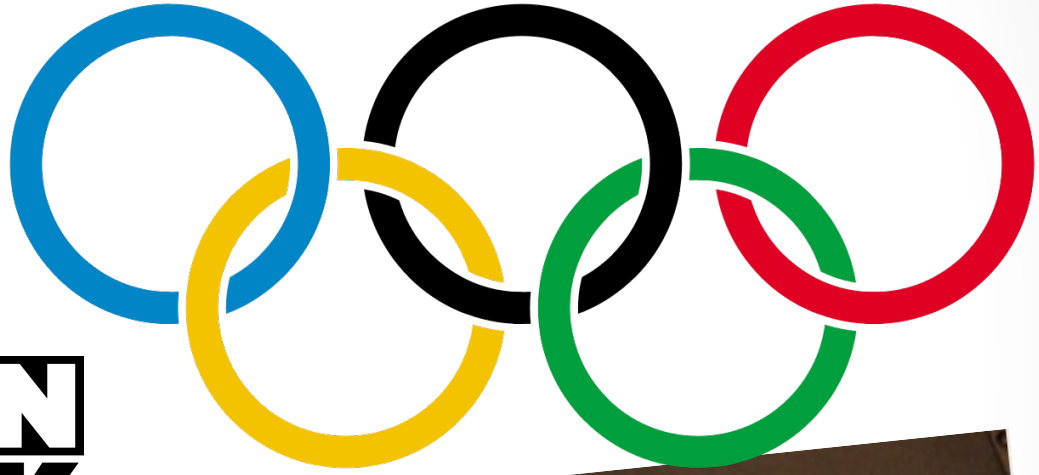
London
Connecticut
Atlanta
Santa Monica

Chapel Hill

My Journey….

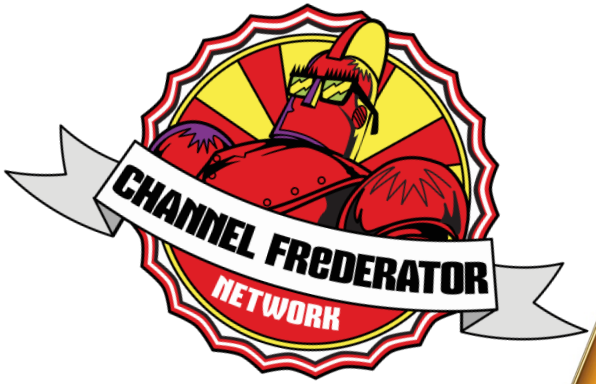
CITIBANK

CARTOON NETWORK



Turner

Been around startups....

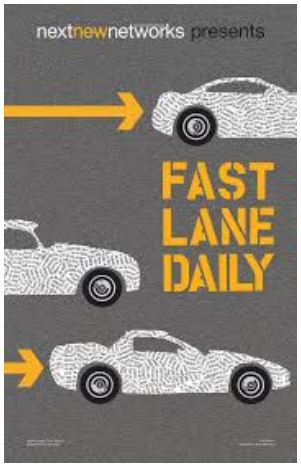


nextnewnetworks presents
VERACIFIER
VOD CARS
CHANNEL FREDERATOR
FAST LANE DAILY
BARELY POLITICAL
CONFASHIONAL
VIROPOP
GARAGE419
INDYMOGUL
THREADBANGER
ULTRA KAWAII
FITE

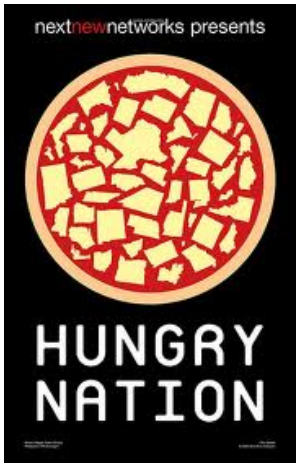
nextnewnetworks presents
$99 music videos
a world premiere music video every week made for 99 bucks.

nextnewnetworks presents
THREADBANGER

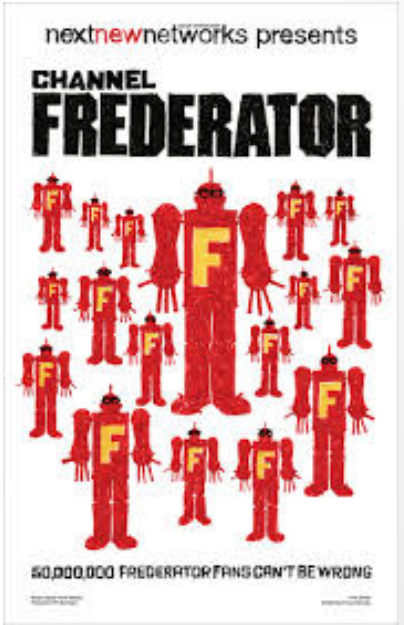
nextnewnetworks presents
ULTRA KAWAII
SO CUTE IT HURTS.
VIVA THE CUTE REVOLUTION!


nextnewnetworks presents
FAST LANE DAILY

nextnewnetworks presents
INDY MOGUL


nextnewnetworks presents
HUNGRY NATION

nextnewnetworks presents
BARELY POLITICAL


nextnewnetworks presents
CHANNEL
FREDERATOR
50,000,000 FREDERATOR FANS CAN'T BE WRONG

1.72 Billion Views
16.1 Million YouTube Subs

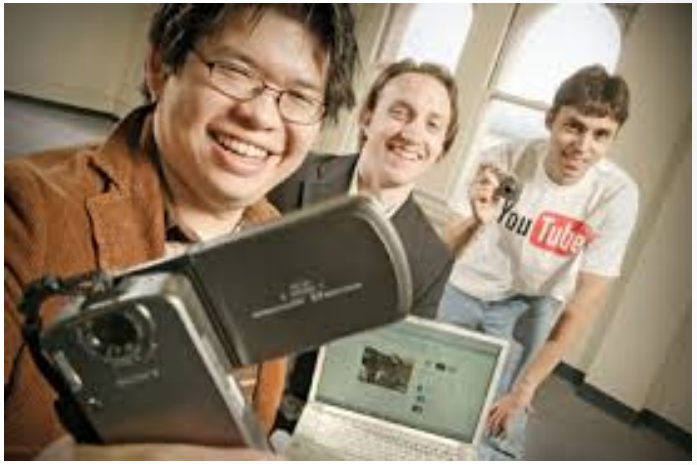
YouTube
nextnewnetworks

March 7, 2011 — YouTube, the video site owned by Google, formally announced on Monday that it had acquired Next New Networks

- The Young Turks
- Al Jazeera
- BuzzFeed
- BBC
- ITN Truthloader
- ABC News
- Now This News
- Vice News
- Russia Today
- The White House

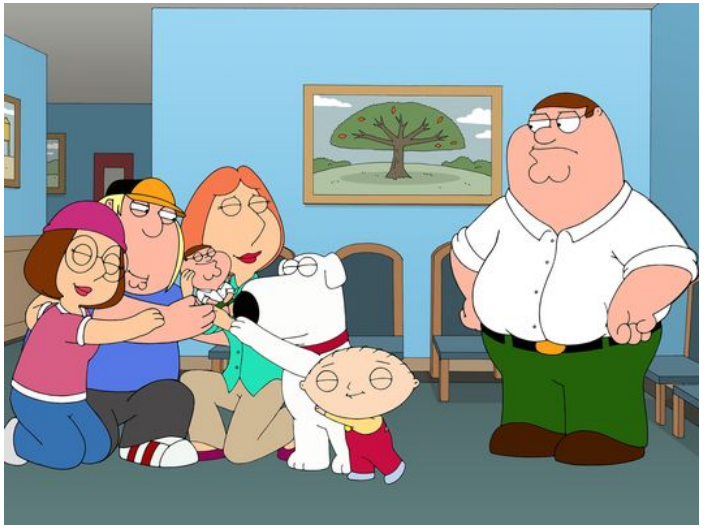
YouTube
Broadcast Yourself™

YouTube



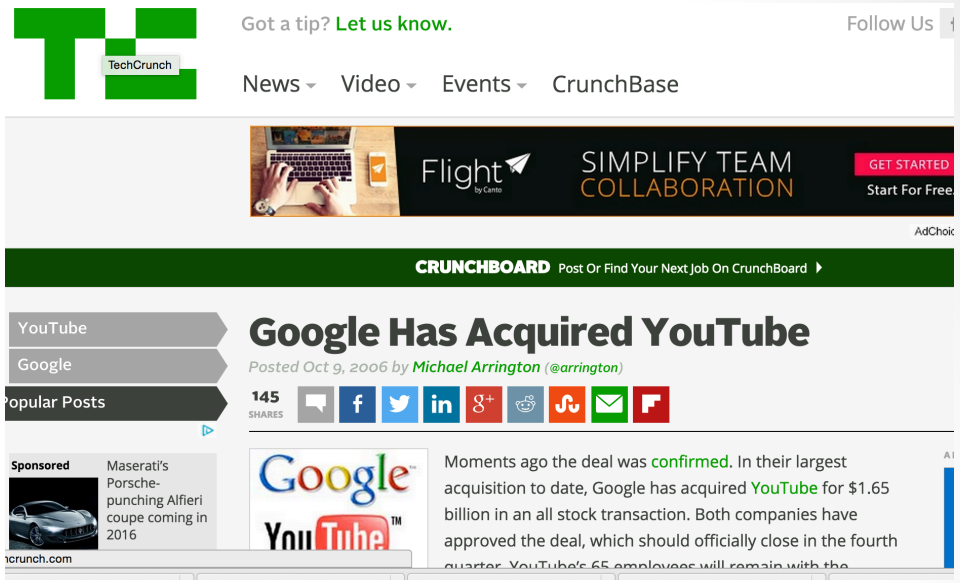
- Founded 2005
  - 3 Former PayPal employees
  - Video Sharing Site
    - Allowed anything to be uploaded
    - Played on the edge of copyright
  - Early days - the thumbnail game!
  - $3.5 mm from Sequoia (PayPal friend)
  - First Video – "Me at the Zoo"

YouTube

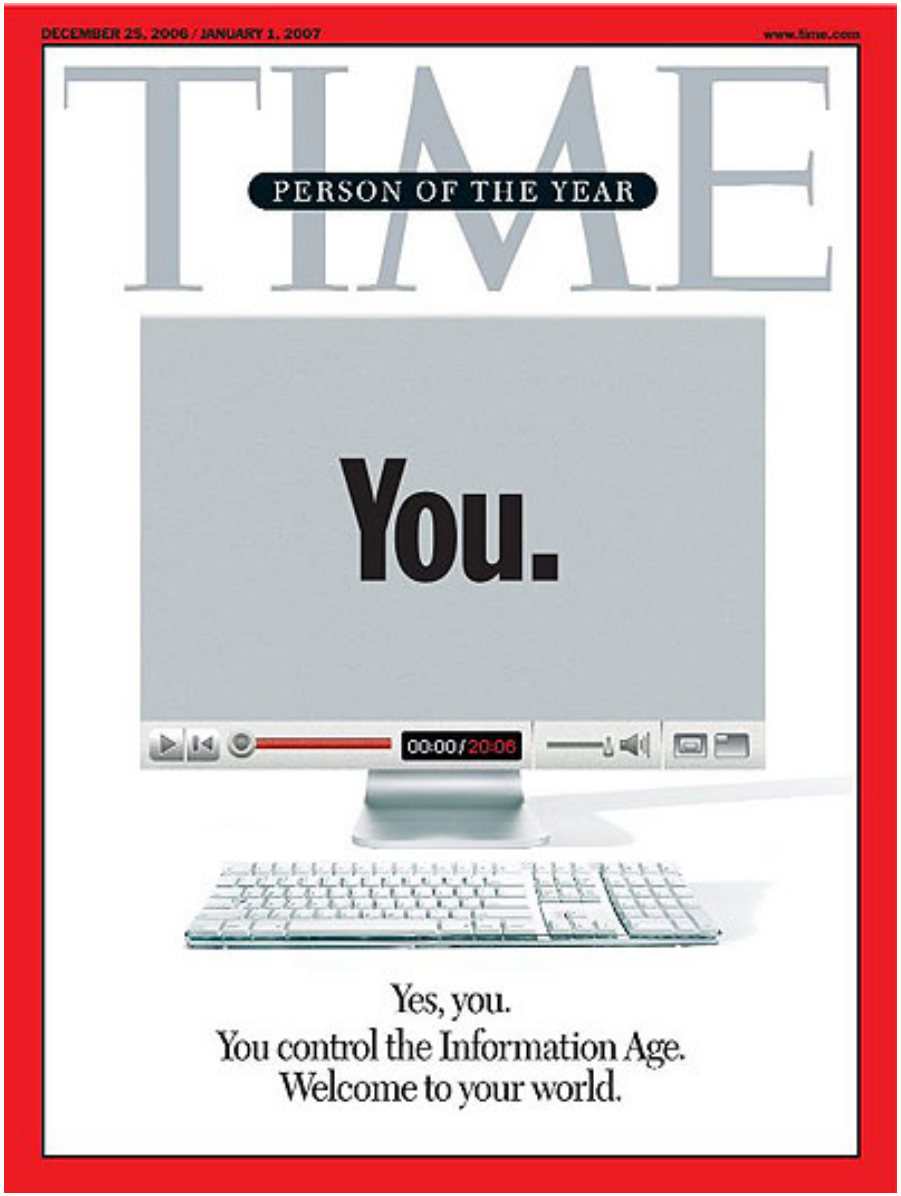


Google
Dailymotion
YouTube
brightcove
REVVER
blip.tv
bing
imeem
metacafe
Y!
viddler
Howcast
vimeo
myspace
.com
$

YouTube



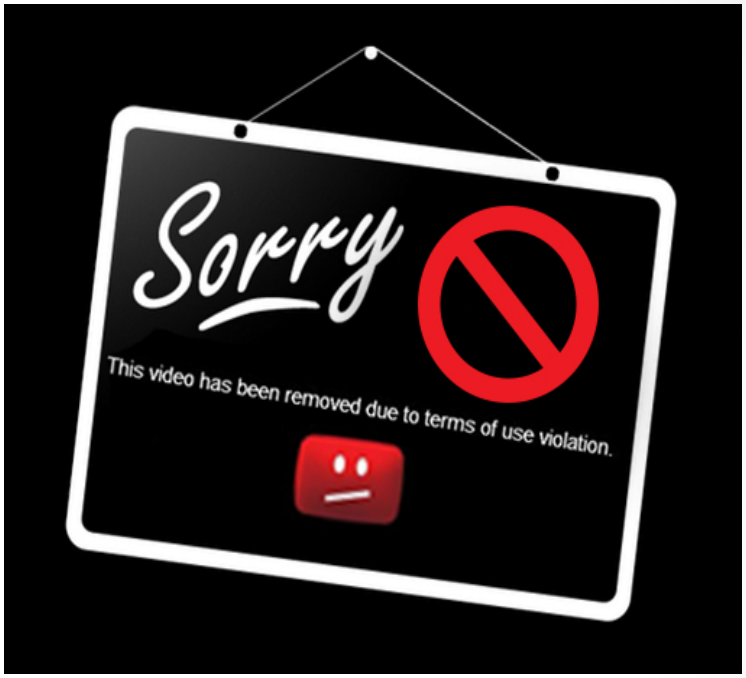
- 2006
  - 100 Million Views per day (3.0 bn month)
  - 20 million users per month
  - User Generated Content (incl TV uploads)
    - Copyright infringement claims intensify
  - Music Videos
    - First Video - *Fueled by Ramen*
  - Purchased by Google - $1.65 bn


DECEMBER 25, 2006 / JANUARY 1, 2007
www.time.com
TIME
PERSON OF THE YEAR
You.
00:00 / 20:06
Yes, you.
You control the Information Age.
Welcome to your world.

YouTube

- 2007
  - Partner Program (55/45)
    - ability to monetize
  - Launched in 9 countries
    - music publishers agreement
  - Viacom sues YouTube for $1 bn
  - YouTube Responds with Content ID
    - technology solution to copyright infringement claims

THIRD PARTY CONTENT
MATCHED


Sorry
This video has been removed due to terms of use violation.

NBA

- 2008 – 2010
  - Creator Love
    - Importance of Subscribers
    - 35 hours content uploaded every minute
  - Launch of Vidcon (Fan and Creator Event)
  - “Network” model takes hold
    - Machinima, NNN, Maker, Revision3
  - Pre-Roll Ads Introduced

  - Viewership skyrockets (50% annual growth)
    - 2009 – 1 billion a day
    - 2010 – 2 billion a day

YouTube

- 2011
  - Platform for Random Awesome Videos to Platform for Next Generation Channels
  - Acquire Next New Networks
    - Open *Spaces London, Tokyo, LA*
    - Users **now** Audiences
    - Users **now** creators
  - Originals Program - $200+ million

YouTube

Welcome to
RIDE

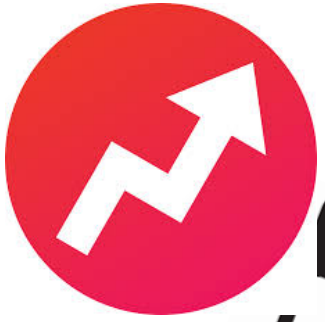
TRUTH
LOADER

TV

MAKER

STYLE
HAUL

Tm



CRASH COURSE

VICE NEWS

FULLSCREEN

"Don't be mean, be meaningful."
~Kid President

JAMIE OLIVER'S
- FOOD TUBE -
FOOD

CARTOON HANGOVER

Skip Ad »

Dove Real Beauty Sketches
Share
Skip Ad

YouTube

- 2011-2014
  - 100 hours content uploaded every minute
  - YouTube #2 search engine, Google #1
  - Viewership keeps going
    - 2011 – 3 billion a day
    - 2012 – 4 billion a day (Gangum 1 bn)
    - 2013 – 1 billion unique/month watching 4 billion hours, $3 bn revenues
    - 2014 - $4 bn revenues

The Massive YouTube Ecosystem

- More 18-34 than any cable network in the US
- 1.0+ million creators and advertisers
- Largest streaming platform in the world

YouTube

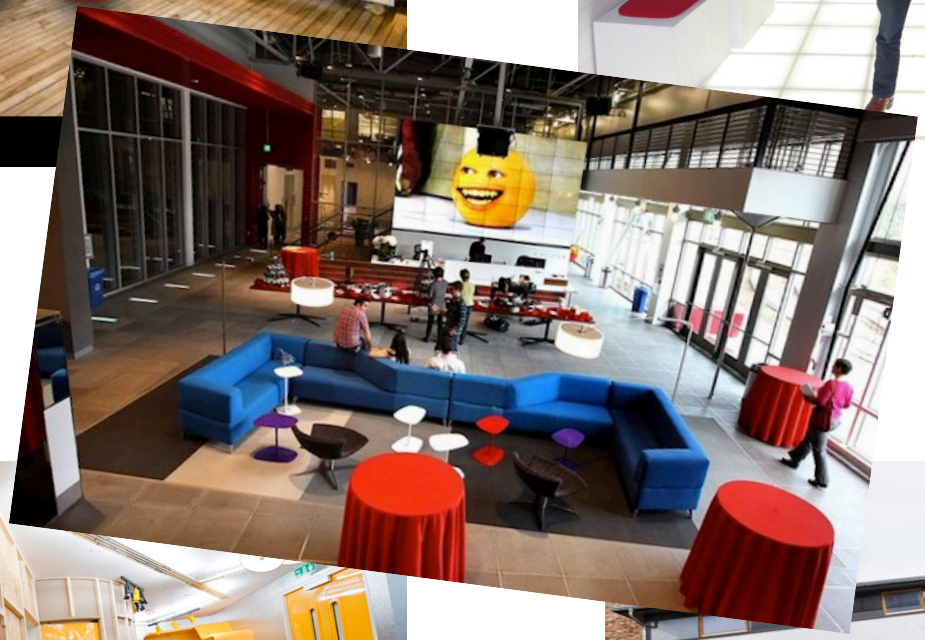
- 2015
  - Viewing:
    - 1 bn uniques,
    - 4 billion views,
    - 6 billion hours per month
    - 50% of viewing on mobile devices
      - Ave time per day on mobile = 40 mins
  - Revenues
    - $4.0+ bn in revs
    - $1 bn paid out via Content ID since launch

YouTube

- 2015-16
  - 300 hours a minute uploaded
  - Premium Subscriptions
    - YouTube Kids
    - Music Key
    - Live Gaming (ala Twitch)
    - YouTube Red & Original Series $$
  - Global
    - 75 countries, 61 languages
    - Spaces in London, LA, Tokyo, NYC, Sao Paolo, Berlin (Toronto, Mubai next)

YOUTUBE
SPACE
NY
YouTube

YouTube



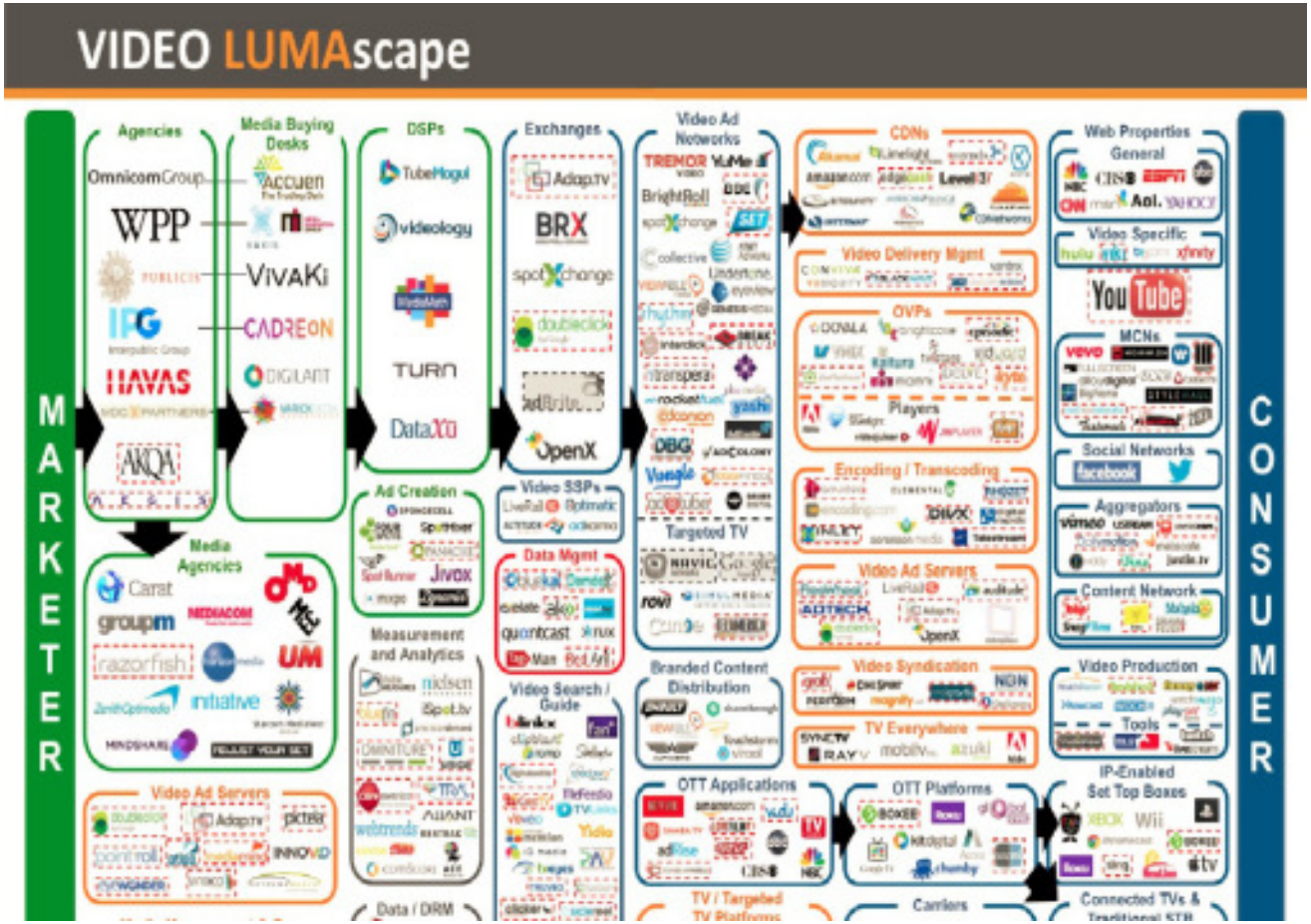
YouTube
COATS
MICRO KITCHEN

YouTube SPACE BERLIN
@ METFILMSCHOOL
YouTube SPACE BERLIN

- ✓ Tastemakers
- ✓ Participation
- ✓ Unexpectedness

Kevin Allocca: Why videos go viral? TEDYouTube 2011

46% internet users watch at least one video per month with avg users watching **33 per month**



YouTube

Bruno Torturra – Got a smartpone? Start broadcasting (TedGlobal 2014)

2005 - 2015

実

Truths Learning's Predictions

Truths

- New Platforms Demand New Brands!
  - Broadcast: CBS, NBC, ABC, Fox
  - Cable & Satellite: CNN, Discovery, Bravo, MTV, ESPN, HBO, Nickelodeon, Disney, TBS, AMC
  - Online: PewDiePie, vSauce, BuzzFeed, Tastemade, Vevo, Fine Brothers, The Young Turks, Vice
- Personal Brands are the thing
  - Fine Brothers coming to Nickelodeon
  - Michelle Phan to Amazon Fire
- History repeats
  - YouTube stars = Big time writers.

Truths

"It used to take years to become a Comedy writer. Now you can do it in a month. When I did stand up, I would have 25-100 people watching me. On YouTube I could have millions.

Ben Relles, founder ***Barely Political and Key of Awesome***

- The Millennials are not going back
- YouTube Democratized it all.

Truths

- The Algorhythm didn't win. Love matters!
- Content is still key, but Convenience and Curation are the winners
  - The Big Boys - Netflix, Amazon, Hulu, HBO, YouTube, Facebook
  - The Incumbants - Cable VOD, Verizon, ATT
  - And here come – Twitch, Snapchat, Vessel

- And it is not a new concept – Appt Viewing
  - Evening News at dinner time
  - Sportscenter
  - SnapChat!!!

Learning's

- Buzz Feed taught us a lot
  - The first company to create shareable content
  - Data mining for content ideas works!
- Formulas work
  - Ze Frank
  - Key of Awesome
  - But don't try to sell them – The Fine Brothers
- Authenticity matters!
- Never would have guessed the type of programming that would get huge

Learning's

- History guides us
  - Movies were made for everyone
  - Broadcast for everyone with time shifts (e.g. kids on Saturday morning, Soaps during the daytime)
  - Cable zeroed in on audiences
  - Online let us get narrower, more specific

"In broadcast and cable we worked hard to get viewers. In online, we work for loyalty."

Fred Seibert, Founder ***Channel Frederator, Next New Networks*** *and employee #3 at* ***MTV****.*

Predictions

- Rampant entrepreneurism continues
- Big hits will emerge online with new measurement standards
- M&A
  - Big Media will invest and buy
  - They will want the personal brands
  - Cable is trolling for hits (Fine Brothers)

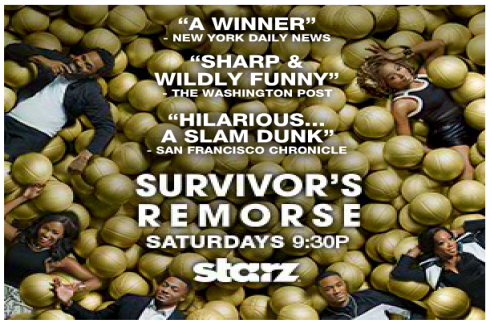
Big Media scramble is on…

• Tastemade	Scripps (I)
• Vice	A&E (I)
• BuzzFeed	NBCU/Comcast (I)
• Vox	NBCU/Comcast (I)
• Machinima	Warner Bros. (I)
• Defy/Smosh	Viacom (I)
• Whistle Sports	Sky and Liberty (I)
• Full Screen	ATT/Otter (A)
• AwesomenessTV	Dreamworks/Hearst (A & I)
• Style Haul	RTL/Bertelsmann (A)
• Maker Studios	Disney (A)
• Collective Digital	ProSeiben (A)
• AOL/HuffPo	Verizon (A)
• Defy	Viacon

Total = $7.0+ billion spent (AOL $4 billion)

The Hollywood Reporter | TV REVIEWS LIVE FEED FEINBERG FORECAST TCA | SUBSCRIBE

Michael Wolff on Comcast and Cat Videos: Cable's Play for BuzzFeed



by Michael Wolff 8/27/2015 7:00am PDT

NBCUniversal's $200 million bet hopes to blur the distinction between television and web media as execs Brian Roberts and Steve Burke expand their sphere of influence.

This story first appeared in the Sept. 4 issue of The Hollywood Reporter magazine. To receive the

Why Comcast spent $400 million on BuzzFeed and Vox

- Tutoring and Guidance
- Entry into Silicon Valley Club
- Get closer to two influencers in the net neutrality fight

"Digital journalism is a young concept, a pawn in support of a larger game about evolving digital power, and is now an extremely strategic and savvy part of Comcast's long-game portfolio"

Predictions

- Life Cycle of YouTubers
  - Some will get bigger (e.g. SNL stars)
  - Some will work at Walmart or BOA “Hey Cindy…”
- The sucking sound of Netflix (Amazon and SnapChat….)
  - Top 4 Networks every night (and no ads).
- SVOD challenging advertising viewing
- Can’t be stopped like Cable in the 90’s.
  - Some brands will survive
  - New brands will emerge (BuzzFeed, The Verge, Vice)
  - some will die (ESPN took over ABC Sports)
- Regulation (the new platforms have an unfair advantage!)

Predictions

- Live will become more important
  - Today its about “on-demand”
  - Live is next (e.g. Twitch, Final Four, Olympics).
- We will go even narrower
  - Fewer viewers but deeper engagement
- Windows still matter
- Programming Innovation will continue (not so sure about platform)
- Curation and Influencers Matter.
- VR! VR!! VR!!!

Content Platforms

- How important is exclusive content (Snapchat, HBO, and Netflix are leading the way here)?
- What does Les Moonves, CEO of CBS, mean when he says "Netflix is our friend and our competitor. As is everybody."
- Some suggest cable operators should get out of the channel and content business and just focus on broadband services?

Content Platforms

- How is Snapchat "returning to the old Broadcast model”?
  - Can the app truly be the long awaited digital beast that slays traditional TV?
  - Disrupting the media landscape, yet embracing its most established formulas
  - Snapchat, unlike Twitter and YouTube is not leave to chance what it’s users see.
  - Twitter has spent years trying to convince the entertainment business it’s the perfect second screen. Meanwhile, Snapchat is making itself the first screen.
  - Killed Warner Music and Yahoo for iHeart and BuzzFeed

Content Platforms

- How did Netflix, YouTube, and Snapchat invest in growth at the expense of revenue at the outset?
- What does Netflix's Chief Content Officer mean by "Our goal is to become HBO faster than HBO can become us"?
- Where does Apple fit in all of this? Or have they missed it?

Things I follow

- Jason Hirschorn's Media Redefined (http://redef.com)
- Tubefilter (www.tubefilter.com)
- Cynopsis (http://cynopsis.com)
- 10 fundamentals of a creative strategy on YouTube http://services.google.com/fh/files/misc/10fundamentals.pdf

✓Sign up for their newsletters

Ted Turner Lessons

1) Trust Your Gut
2) Focus
3) Follow-Through
4) Take Time to Think
5) Think Big
6) Anticipate the Future
7) Make Decisions and Move On
8) Take Chances on People (*)
9) Have Fun
10) Tell The Truth

Thanks