



A Practical Insight into VOD

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INTRODUCTION

The Independent Film Market has declined in the past 10 years:

- **Theatrical exploitation** is concentrated on fewer titles, access to theatres is harder, films will be in competition with other events (concerts, sports) due to digital equipment
- **DVD market** has dropped due to piracy, BluRay will probably not compensate
- **Televisions** are buying fewer films for smaller amounts

INTRODUCTION (cont'd)

- **VOD services** are a source of potential substitute revenue
- **Different steps to preserve and exploit this potential:**
 - A. Clearing** the VOD rights
 - B. Preserving** the VOD rights
 - C. Exploiting** the VOD rights

A. Clearing the VOD Rights

- **Ownership** of VOD rights :
 - Figure out which acquisition contracts include which VOD rights
 - maybe internet rights were excluded, but VOD and/or PPV rights were granted, which means the VOD rights can be exploited on IPTV
 - Contact sales agents / producers to get missing VOD rights
 - Ask for all non-linear types of rights (Rental VOD, EST, SVOD, Catch-up TV, FVOD...) when acquiring a new title

A. Clearing the VOD Rights

➤ **Availability** of VOD rights :

- Check all existing sales with VOD platforms
 - what is their term, can they sublicense, are they automatically renewed?
 - list which rights were licensed

- See beyond the surface
 - TV contracts may freeze VOD rights
 - DVD publishers may have taken all VOD rights

B. Preserving the VOD Rights

- **Key rule is to put a name on things : what do they really need**
- **TV channels seek :**
 - To freeze all VOD rights during their window
 - It can be limited to rental VOD & AVOD, excluding EST
 - To exploit VOD rights by way of catch-up TV / SVOD
 - It can be limited to pay catch-up TV / SVOD
- **Video editors seek to exploit all VOD rental & EST rights**
 - It can be non-exclusive VOD rental rights & exclusive EST
 - It can exclude SVOD rights
 - Renegotiate existing agreements

B. Preserving the VOD Rights (cont'd)

- **VOD platforms seek :**
 - To have exclusivity
 - Most VOD rental markets are on a non-exclusive basis
 - Exclusivity has a price and/or a short term
 - Or to be able to sublicense
 - sublicensing can be forbidden, to cut intermediates

- **When licensing a VOD platform :**
 - Distributors must be able to freeze rights in case of TV sale
 - Catch-up TV should be specifically excluded
 - SVOD can be excluded or organised (e.g. max of x films per month, minimum fee per viewing...)

C. Exploiting the VOD rights

➤ Identify the **market structure**

- Conduct a market study
- In France, 38 online platforms and 8 IPTV platforms
- 95% of the market on IPTV
- Market is 99% VOD rentals
- Sales are concentrated on few titles, but less than on DVD
- SVOD seldom exploited but in strong development
- AVOD putting pressure
- Catch-up TV rising fast
- AVOD and SVOD are exclusive markets, rentals are usually non exclusive

C. Exploiting the VOD rights (cont'd)

- Define a **potential strategy** for each category of titles
 - Fresh titles may obtain advances from VOD platforms against exclusivity for a limited time
 - Catalogue titles should all be exploited through non exclusive rentals
 - DVD sales dropped on title AAA: try an EST experience
 - Better to have all titles available all the time or to organise a form of rarity?
 - Organise catalogue VOD rentals around theatrical or DVD releases of film from the same director / with the same actors / with the same thematic
- **Use distributor's marketing knowledge**

C. Exploiting the VOD rights (cont'd)

➤ Direct licences VS. aggregators

	Direct Licenses	Aggregator
Pros	<ul style="list-style-type: none"> •Control •Access to the entire market 	<ul style="list-style-type: none"> •More bargaining power to obtain better rates and exposure •Everything is handled
Cons	<ul style="list-style-type: none"> • some platforms just want more titles, not maximising revenues of each title •some platforms don't want all our films •full-time job for big catalogues 	<ul style="list-style-type: none"> •Aggregator fee •Aggregator may not have deals with all platforms

→ VISIT WWW.VOD-NEWS.NET FOR MORE INFO