

Local Origination and Community Media Empowered by Economies of Scale

Network operators know what it takes for programming to be valuable and to generate revenue. For starters, the programming must be compelling, current and of good production value. Along with this, the operator must promote visibility through their local program guide listings - and enable advertising.

When these standards are applied to local and community programming, it opens up fresh potential for substantive local viewership and new revenue. Failure to apply these standards on a consistent basis to locally-originated programming can hold back its potential.

To date, much of locally-originated programming has represented the lowest value real-estate in an operator's channel lineup. Many operators refrain from investing in the infrastructure needed to produce programming of good value, because of the perception that it won't be worth it. This is a self-fulfilling prophecy. But through economies of scale and a little innovation, network operators can take this low-value channel real-estate and transform it into programming of tangible value with revenue potential.

The key to tapping into this potential is to increase the contributor base of programming producers, provide cost-efficient quality production tools, increase visibility=viewership, and provide a cost-efficient means for local ad-insertion.

What's Holding Back Local Origination Today?

1. Cost: Most network operators today who provide locally-originated programming must have a workstation capable of taking a variety of content formats and producing MPEG Transport Streams with quality video and audio. For a small operator who makes no revenue from local programming, the several thousand dollars required to buy a workstation is a difficult cost to bear.

2. Lack of Content: The pool of local contributors is usually small, and the demands of producing appealing 24/7 content can be very daunting.

3. No Program Guide Listing: The fact that local content is rarely listed in a program guide has a dramatic effect on the viewership of these channels. This could be overcome with a system that automates the process of listing programs on a public guide.

4. Lack of Revenue: Another important deterrent to locally-originated programming is that even with increased production value and viewership it will likely support only a low volume of advertising - not enough to justify the cost of an ad server or Traffic & Billing system. Lack of cost-efficient ad insertion capability is the primary obstacle to revenue generation at the local level.

Although some may think that locally-originated programming is a poor candidate for TV Everywhere (TVE) type of access, they should not overlook the advantages of specialized, local interest. And most of it is license-free. Since locally-originated programming can be aired over multiple devices without license restrictions, it can be used to test new TVE types of service without incurring licensing costs or DRM equipment. It does, however, incur the costs of transcoding the programming into alternative formats.

Using the Cloud to Create Economies of Scale for Local Origination

One way to create economies of scale for locally-originated programming is for a number of operators in a common regional area to start working together in cooperative fashion to produce and share content. For example, High School sports like football would be popular viewing in neighboring townships who want to see each other's games. This is a great start as each network operator is motivated to broadcast and rebroadcast its own High School events and share that event with adjacent towns.

Further economies of scale could be derived by aggregating locally-originated content into a common storage facility, from which operators can browse and download any of the content for broadcast on their own networks. Through program-sharing, this consortium of operators would then represent a substantive regional footprint. That, in turn, becomes motivation for local content developers throughout the region to produce for a larger audience. And this has even more significance when we think about advertisers.

These scenarios for regional content ingest, package processing and sharing can be cost-effectively facilitated by cloud services, especially if the cloud services can ensure that the transcoding of this programming will be of high and consistent quality. Many cloud services also provide moderation tools so network operators can screen the content before it is made public.

The other side of this equation is for the group of operators to agree on a choice of broadcast server so they will get consistent results from the cloud production services. The digital broadcast server should support certain key workflow conveniences such as local scheduling capability, whereby each operator can create their own programming and schedules.

Another critical capability of the local broadcast server is a low-cost way to insert ads, one that does not require a stand-alone ad server or a Traffic & Billing system. A lot can be done with schedule-based ad insertion if you have the right workflow conveniences built into your broadcast server.

The local digital broadcast server should also be able to generate program guide data and automatically transfer this data to the program guide data system. This feature is key to increased visibility=viewership of these channels.

The Benefits Realized from Scalable Local Origination

More relevant local-origination programming. As a result of the larger regional footprint serviced by a shared production system, operators can expect to attract a greater pool of content contributors as the audience grows.

Transcoding in the Cloud. Cloud services become even more cost-effective when multiple operators share common services such as transcoding. This economy of scale can also facilitate TVE services.

Increased production value. Sharing cloud services frees up time and money to devote to fostering higher production values.

Increased viewership. A key factor to increased viewership is program guide visibility. With the right digital broadcast server, this previously labor-intensive task becomes an automated process of including current listings of all locally-originated programming in the program guide.

Reduced subscriber churn and attracting new subscribers. By adding compelling locally-originated programming to the channel lineup, network operators' bundles become more unique and competitive, compared with the competing terrestrial network operator and satellite services. More compelling content reduces subscriber churn and entices more subscribers.

New ad revenues. Increased production value and improved visibility of locally-originated programming cannot create revenues on their own. But paired up with a cost-effective means for ad insertion, including efficient workflow and scheduling tools, the operator can realize the untapped potential of local-originated programming.

Case Study

A local TV operation serving a footprint of around 20,000 households currently airs a lot of programming generated by the community, including contributions from five churches and a nearby university. Program contributors used to hand-deliver hard copies of their programs on DVDs or tape. The process was not only time-consuming and labor intensive, it resulted in long time delays before an event could be broadcast.

Since this station started using a cloud-based ingest service which allows contributors to submit content directly from their desktops, it has realized time savings in both the ingest and transcoding processes. In addition, the station now has the ability to air events with very little time delay. These benefits have been realized with no additional hardware purchases. Adding to the convenience factor is that the station and the contributors can access all these time-saving features of cloud-based ingest and transcoding from any Web browser.

The station is now in a position to invite new contributors to its programming lineup, and is in the process of building a partnership with the public school system for increased coverage of local sports and events.

Conclusion

With a cooperative arrangement, multiple or regional operators can provide an efficient and cost-effective means for contributors to ingest and produce content by using a shared cloud service. This economy of scale can be further enhanced through the use of robust digital broadcast servers located at the central network offices of each network operator. The digital broadcast servers need to have certain key features associated with local scheduling and ad insertion to make the overall economies of scale cost efficient and effective from end-to-end.



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