MEDIA

Trendala

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Introduction

The Media Trendala is your companion guide to anticipating change and exploring strategic options in the media ecosystem. We aim to help reduce external shocks and surprises; promote dialog about disruptive change; identify opportunities for innovation; and to help create a shared vision of the future.

We scanned the environment (technology, society, and business) in order to detect relevant trends related to digitalization, platforms, and business models. We paid particular attention to trends related to "product + market fits," emerging value propositions, customers' needs/wants, and new business models.

The Media Trendala

The Media Trendala is a collection of 30 trends, presented as a "Mandala." Our journey begins by entering into the Gates of Digitalization, then we pass through the Realm of Exponential Platforms, and we end up in Business Model Bliss.

Gates of Digitalization

Organizations must enter the Great Gates of Digitalization to become a digital company. There are three ways to enter: love the customers (the Gate of the Customers); create meaningful experiences (the Gate of Value Propositions); or live a life of service (the Gate of Infrastructure).

Realm of Exponential Platforms

In the Realm of Exponential Platforms, we find the Three Pillars of Future Growth: Customer Experience (CX), Open Innovation, and Everything as a Service (XaaS). To enter the realm, companies must first experience an APIphany.
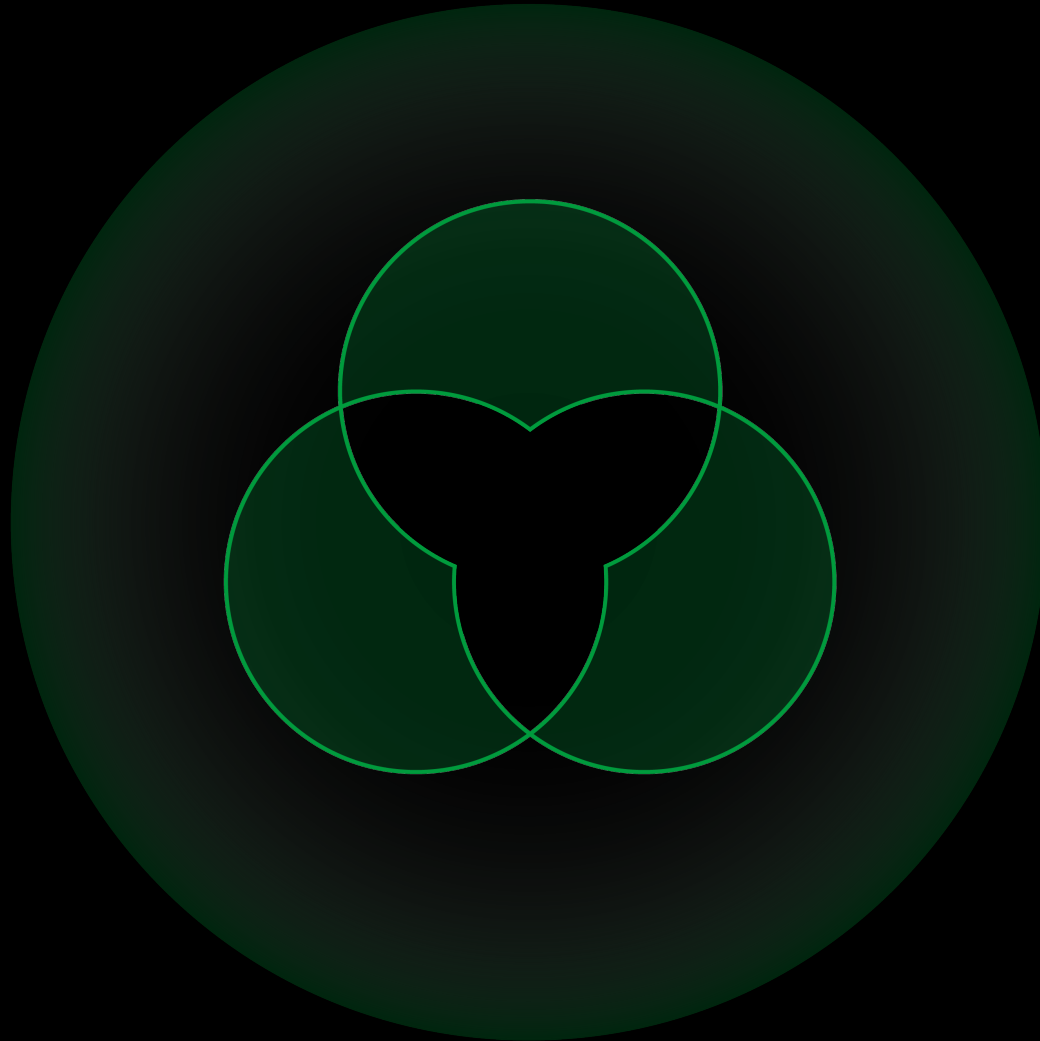
Business Model Bliss

At the center of the Trendala are Digital Business Models. Seekers of Business Model enlightenment can find guidance and support by understanding the trends that are driving the winds of change of business model innovations. We pay particular focus on concepts and patterns.
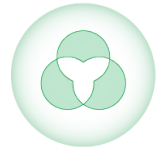
The Media Trendala

Crowdfunded Journalism

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The Great Gates of Digitalization

Crowdfunded Journalism

Crowdfunded Journalism can enhance existing business models or help create new ones

Technology innovations and the financial crisis of the media industry are helping some media players to explore alternative content production models. One of the emerging alternatives is Crowdfunded Journalism where readers directly finance the content they want to read via a digital platform. Crowdfunded journalism platforms are gaining traction as early experimentation have yielded positive results. Some well-known examples include, "El Español," via equity crowdfunding,

raised 3,606,000€ from 5,593 investors (a world record); "De Correspondent, "a Dutch daily, raised 1,300,000€ from 17,000 supporters (in 8 days) via donations; and "Krautereport" raised 1,380,000€ to start an ad-free online magazine, also through donations. Collectively, they are known as the "The Big Three" and are the only news startups to raise over 1MM€ in journalism history. Analysts believe the key to their success was that they brought something new to the market that didn't exist before.
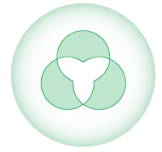
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Mitchell Steinke | Crowdfunding Journalism: An Alternative Business Model, 2016.
Nieman Report | Crowdfunding the News, 2016.
PewResearchCenter | Crowdfunding enables diverse new frontier for journalism projects, 2016.
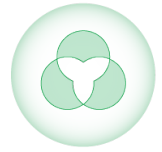
Digital Realities

AR/VR will become major platforms ... don't miss out

Though they are two distinct technologies, Augmented Reality (AR) and Virtual Reality (VR) are often mentioned hand-in-hand. AR is a live, direct or indirect, view of a physical, real-world environment whose elements are augmented (or supplemented) by computer-generated sensory inputs such as sound, video, graphics or GPS data. VR is an experience of an environment generated by technology, usually accessed via VR devices (goggles or helmets). The virtual reality experience can be enhanced with gloves or special suits (haptic technologies). Although we believe that AR/VR is not quite ready for mass adoption (we'll need 5G to be untethered), we urge media companies to pay very close attention to their development as AR/VR are poised to become major CX platforms. So, for all media companies who missed out on the smartphone and tablet opportunities, AR/VR (along with voice and IoT) might offer a second opportunity.

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Adage | Your Questions Answered: Virtual Reality, Augmented Reality and 360 Video, 2016.
CB Insight | The Future of AR/VR: 13 Investors, Corporate Execs, And Founders Sound Off, 2016.
Medium | The consumer sector in 2030: Trends and questions to consider, 2016.
Shaw Academy | Could Virtual Reality Find a Place in Social Media's Future?, 2016.
Lexis Nexis | 7 predictions for the Media Industry in 2016, 2016.
CB Insight | Engage customers with virtual reality wealth management, 2016.

eSports

It takes 50 years for a game to turn into a sport

Typically, a "game" turns into a "sport" after 50 years of its invention. This held "true" for American football and basketball. Pong, the first electronic game, was introduced in 1972 and almost 50 years later, we're talking about eSports. It is a form of electronic competition, mostly multiplayer video games (real-time strategy, fighting, 1st person shooter, Multiplayer Online Battle Arena - MOBA-, etc.). eSports is growing fast and has already amassed an audience of 150 million viewers (75% Millennials;

82% males) and they are projected to consume over 6.6 billion hours of eSports coverage in 2018. Well-known tournaments are broadcasted live and offer prize money (and salaries) to players. Just recently, Dota 2 broke the world record for the biggest payout for an eSport event: total prize pool reached over $20MM and the winning team was awarded over $9MM. In terms of worldwide audience, there are 148 million eSports enthusiasts.

Sources
Bloomberg | Virtual Weapons Are Turning Teen Gamers Into Serious Gamblers, 2016.
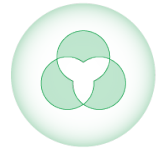CB Insights | E-Sports Startup Investment Is On Pace For Record Funding High, 2016
CB Insights | Game On: Where Are The Hot Areas For M&A In E-Sports?, 2016
Deloitte | eSports: bigger and smaller than you think, 2016.
Dota | website, 2016.
The Information | Facebook Preps Bigger Plunge into E-Sports, 2016.

New Publishers

Friend or Foe?

Thanks to emerging technologies, it's becoming easier than ever to become a publisher. It won't be too long until publisher grade Content Management Systems become available "as a service" (see Washington Post's Arc system), enabling anyone to get into the publishing business. This trend will significantly impact revenue and the future of the industry. Today, Sponsored Content is a significant source of revenue but that might change drastically when brands or partners are enabled to publish the content directly themselves. In term of the future, this trend will alter the competitive landscape as the battle for the customers intensifies. At the end of the day, all publishers will have to decide what they will do in digital: serve customers (become a platform) or serve platforms (become a "Content as a Service" provider). Depending on how publishers respond, New Publishers are a blessing or a curse.

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TechCrunch | The Future Of News And Publishing, 2016.
Harvard Business Review | Use Storytelling to Explain Your Company's Purpose, 2016.
Harvard Business Review | 3 Strategic Questions the Media Industry's Future Depends On, 2016.
Branding Strategy Insider | 15 Insights For Corporate Storytelling Strategy, 2016.
WEForum | Four digital trends reshaping the media industry, 2016.

Sponsored Content

Getting paid for storytelling

Sponsored content, sometimes also known as native advertising, is content that has been paid for, at least in part, by a brand or a business partner. It could be text, audio, or video but they almost always have the same "look and feel" as the publication platform. The success of this format is based on camouflaging ads as content but done in a way that the reader remembers positively the brand or partner. Sponsored content can help marketing teams to create and manage 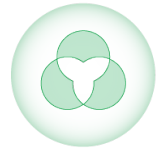campaigns in interactive ways. It can help increase brand awareness and help increase revenue (by getting around ad blockers). Sponsored content is third on the list of "must do's" for investment of media companies for 2017 and "spend" is expected to grow 48.6% in the coming year. Some examples Sponsored Content include The Washington Post and The Atlantic in media, Facebook's Sponsored Stories, and YouTube's TrueView Video Ads.

Sources:
Medium | The Future of Social Media is Mobile. Are You Ready?, 2016.
LUMA Partners | The state of media 2017, 2016.
Business Insider | 7 predictions for the future of media, 2016..

Ad-blocking

Google and Apple are making the push to enabling Ad-blockers directly into the browsers. It's going to be a game-changer.

Ad-blocking software enable users to block ad content of a webpage. It works on photos, animations, audio, video, text, and pop-up windows. It is estimated that, today, there are 220 million ad-blocking software installed on personal computers and 420 million on mobile devices. Recently both Google and Apple announced that they will pre-install ad-blockers into the browsers, making ad-blocking an everyday feature of browsers. Understanding that ad-blocking negatively impacts a key

source of revenue, media companies should very concerned about this development and should try to actively solve this problem. So far, they have responded by blocking the blockers (denying content or asking visitors to disable ad-blocking software) or by getting around the blockers (with native ads). Some pundits argue that the ad-blocking problem will eventually go away once we figure out how to increase the relevance for ads.

Sources:
AdWeek | Apple's Next Version of Safari Will Block Desktop Ad Tracking and Autoplay Videos, 2017.
CB Insight | Digital marketing for the busy bank executive, 2016.
Medium | Ad blocking: have we learned nothing?, 2016.
Page Fare | Adblocking Goes Mobile, 2016.
Reuters | Reuters Digital News report, 2016.
Wall Street Journal | Google will help publishers prepare for a chrome ad-blocker coming next year, 2017.
Wired | No One Can Stop Ad Blocking. Not Even Facebook, 2016.

Connectivity

Soon, there'll be 6.1 billion subscribers on the planet. Almost everyone will be connected

By the year 2022, there will be 8.9 billion subscriptions; of which, 6.8 billion will be smartphones with broadband access. Of course, in order to get there, we'll have to connect "the next four billion" or those people who live in rural or remote areas where conventional mobile coverage is sparse or non-existent. Some technology companies are currently working on alternative solutions; such as Internet Balloons (Google's Project Loon), Internet Drones (Google's Skybender and Facebook's Ascenta), and Communication

Satellites (SpaceX and OneWeb). For businesses, what all this means is that reaching the customers will no longer be an issue. It'll be about who can create "stickiest" relationships with customers. Additionally, connectivity (and speed) will shape the pace of development of future technologies (VR/AR, IoT, Autonomous Vehicles, etc.), as they demand real-time applications; meaning that their development will be contingent upon the availability of high-speed networks.

Sources
Engadget | SpaceX wants to launch 4,425 internet satellites, 2016.
Ericsson | Ericsson Mobility Report 2016, 2016.
Space News | One year after kickoff, OneWeb says its 700-satellite constellation is on schedule, 2016.
The Guardian | Project Skybender: Google's secretive 5G internet drone tests revealed, 2016.
The Verge | Facebook takes flight, 2015.

Trust

"Trust is a willingness to commit to a collaborative effort before you know how the other person will behave" (James Coleman, Sociologist)

Our society cannot function without trust. Trust has been, is, and will be the fundamental building block in every human interaction. The notion of trust began in our relationships with families and communities (interpersonal trust). Later, as collaborations got bigger and more complex, institutions (governments, businesses, NGOs, etc.) stepped in to "guarantee" trust (intermediated trust). Recent research suggests that digital platforms are enabling large-scale interpersonal trust and, as a result, gives us pause to reflect on the future of intermediated trust. Research shows that digital platforms can achieve levels of trust (88%) similar to that of family (94%) and friends (92%), far surpassing the levels of trust we have in our colleagues (58%) and our neighbors (42%). For most of its history, media companies have been agents of intermediated trust. As we move deeper and deeper into digitalization and platforms, media companies need to decide how they want to proceed: continue being an intermediated trust platform or become an interpersonal trust platform. The current discussions about Fake News essentially seems to be asking the same question.
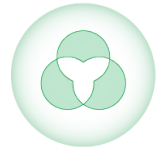
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BlaBlaCar | Entering the Age of Trust, 2016.
Future of Platforms | Position Papers, 2016.
Harvard Business Review | When Trust Is Easily Broken and When It's Not, 2016
The Research Institute of Finnish Economy | Digital Trust, Platforms, and Policy, 2016..

Mood Tech

In the race for CX, get turbo-charged with Mood Tech

Companies are racing to develop and maintain sticky relationships with customers. Researcher have long sought to identify and understand the functions or attributes that positively affect customer mood and emotions (such as color, temperature, sounds, smells, etc.). Emerging technologies detect user emotions and mood and some even claim to alter them. For example, DayBreaks Headsets monitors stress levels and when needed, it g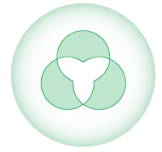ives a soothing backrub; and we'll soon see Sony PlayStation controllers that sense how stressed or engaged the players are. Already, a wide range of mood related products are available, including smart furniture, ambient lighting and sound systems, clothing (and other wearables), and even cosmetics. Of course, all these new applications will generate even more customer data; which, in turn, should lead to even advancements in understanding new customer needs and wants. We expect Mood Tech to be a major factor, especially in the era of Customer Experience.

Sources:
CB Insight | Meditation Apps, Nootropics, And Mood-Enhancing Wearables: 17 Startups Boosting The Brain, 2016.
TrendHunter | Innovations that can sense and alter your mood, 2016.
Mashable | Forget fitness, this wearable tracks your emotions, 2016.

Optichannel

Offering the "best" channel for the best customer experience

Unlike multichannel (delivery via multiple platforms) and omnichannel (multichannel delivery via single channel experience), optichannel aims to deliver media via the best channel (based on customers' needs and preferences). Instead of offering everything via everywhere, big data will enable providers to deliver the right content via the "best" channel for the best customer experience. Research is showing that a well-done optichannel experience can strengthen relationships with customers, streamline processes, and ultimately increase 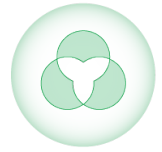profitability. By understanding customers' needs/wants (big data), media companies can use the optichannel to deliver unique experiences that other platforms provider cannot by providing contextually relevant media content (and experiences). The cost of reconfiguring the business model to offer an integrated optichannel can be significant. Fortunately, the ROI of such investments can be even be more significant. In an environment that is getting more and more competitive, the ability to meaningfully engage customers provides high value.

Sources
Astute Solutions | Beyond the Buzzword: Opti-Channel Engagement, 2016.
Bonfire Effect | Opti-channel vs. Omni-channel: Our Humble Take on a Better Marketing Approach, 2016.
Boxever | Optichannel: The Right Place at the Right Time, 2016.

Video-fication

If a picture is worth a thousand words ...

If a picture is worth a thousand words, how much is video worth? According to Forrester, it's worth 1.8 million. Regardless of being true or not, video is hot. Here are some interesting facts and figures: video in email leads to more click-thrus (+200% to 300%); video increases conversion by 80%; consumers watch 32.3 videos per month; spend 16 minutes watching video ads per month; 33% of video consumed is news; 92% of video consumers share video; 75% of users have interacted with in the last 30 days; 80% of viewers can recollect a video they saw in the last 30 days; ad spend will reach $5.4 billion in 2016. No matter how we slice and dice the numbers, it's pretty clear. Video matters and until VR and AR gains wide acceptance, video is poised to be the preferred way to consume digital content.

Sources
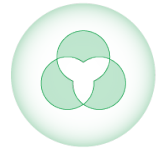eMarketer | Digital Video Platforms Are Drawing Ever-Increasing Numbers of Viewers, 2016.
How Sociable | The Rise of Video in Content Marketing, 2016.
Hyperfine Media | 31 Must Know Video Marketing Stats, 2016.
Mary Meeker | Internet Trends 2016, 2016.
Social Media Today | New Research Shows Video Content Outperforming All Other Types on Facebook, 2016.
Virool | Vertical Video Is on the Rise, 2016.

Algorithms

Algorithms can and will automate everything, including our biases

Anytime we use technology to help us to solve a problem or to complete a task, we are using algorithms. We are at a point where we are creating self-learning and self-programming algorithms that can write other algorithms; putting us at the cusp of Exponential Growth. In general, they can bring about advancements in science, new conveniences, and new capacities. For example, algorithms can help make better loan decisions based on more data and information; in healthcare, algorithms can help reduce costs by reducing complexities of healthcare systems (such as prescriptions, insurance, facilities, etc.); governments can employ algorithms to automate regulation and monitoring; and so forth. In short, algorithms are expected to lead to new creativity and growth. However, there is a caveat ... at the end, algorithms are expressions of human thought and, thus, they come to us with human biases and errors.

Sources
Khan Academy, What is an algorithm and why should you care?
Tim O'Reilly, Media in the Age of Algorithms, 2017
Pew Research, Code-Dependent: Pros and Cons of the Algorithm Age, 2017.

Blockchain

For Media, Blockchain (and smart contracts) can solve content rights and payment problems

Blockchain is a tamper-proof, distributed, transparent, and permanent database with a validation system built right into it. Old transactions are preserved forever and new ones can be added easily. One of the most relevant features of the Blockchain is the ability to create Smart Contracts between persons, organizations, and machines without the need for an intermediary. Many luminaries believe that the Blockchain will revolutionize all industries. In fact, some believe that it will eventually replace the current version of the Internet (TCP/IP); enabling new value everywhere. For media, the Blockchain and related technologies might help manage content rights (per article, per use, etc.), enable "easier" payments (micro-payments with micro-commissions) and other innovations. Eventually, it may impact how we innovate our business models.
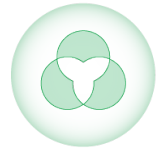
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Deloitte | Blockchain applications in the media industry, 2016.
BBVA | Blockchain: las claves para entender, por fin, su importancia, 2016.
PWC | Blockchain and smart contract automation, 2016.
Gartner | Gartner's Top 10 Strategic Technology Trends for 2017, 2016.

Machine Intelligence

Artificial Intelligence + Machine Learning + Deep Learning

Machine Intelligence is a term that combines Artificial Intelligence, Machine Learning, and Deep Learning. In general, Artificial Intelligence refers to the concept of machines doing "smart" work; Machine Learning refers to the idea that machines, with data, can learn, and make decisions or predictions; and Deep Learning refers to algorithms that works in this environment, based on artificial neural networks. We are already seeing early exploration of this trend in the media industry in the form of robo-journalism and expect to see more. In general, Machine Intelligence is poised to reduce the costs of "thinking" by automating low-level thinking work. While it may potentially reduce or eliminate some jobs, the rise of this trend will highlight the need for human thinking, especially creativity, paving the way for the rise of the creative class.

Sources:
MarTech Today | What Is Predictive Analytics?, 2016.
Tech Trends 2016 - Innovating in the digital era, Deloitte
Why brands need a bot strategy now, Medium
How Economists View The Rise Of Artificial Intelligence, Fortune

Predictive Analytics

Big data + big computer + machine learning/deep learning

Famed Silicon Valley VC, a16z (Andreessen Horowitz), defines predictive analytics in this way (re-formulated): big data + big compute + machine learning/deep learning = predictive analytics. Big Data is the collection of data and information; Big Compute provides processing power at the "big" scale to extract value from Big Data; and Machine Learning applies low-level algorithms to discover implicit patterns in data. In general, the more data that is available, the more the machine can learn. As they explain it, big data is to machine learning what human experience is to human learning. "We interpolate and extrapolate from past experiences to deal with unfamiliar situations. Predictive analytics will do this at massive scales." The top five reasons why companies want to use predictive analytics are to predict trends, understand customers, improve business performance, drive strategic decision-making, and predict behavior.

Sources
a16z | Machine Learning + Big Data: Predictive analytics (and where do Hadoop and Spark come in?), 2015.
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Forbes | Why You Should be Using Predictive Analytics, 2015.
Forrester | The Forrester Wave™: Big Data Predictive Analytics Solutions, 2015.
Harvard Business Review | A Predictive Analytics Primer, 2014.
MIT Sloan Management Review | Are You Ready For the Certainty of the Unknown?, 2015.

Real-time

Whoever offers the right message, at the right moment the fastest wins

Real-time, or getting closest to it, has become an important component of competition in the digital era. Whoever can offer the right message at the right moment the fastest is poised to be highly competitive. In terms of media, Twitter pretty much kicked off the real-time content trend ten years ago and it has caught on ever since. Notable examples of real-time content today include Twitter's own Moments, Snapchat's Live Stories, Facebook's Live, and Periscope. Also, marketing content is also trending toward real-time content by taking advantage of speed and the rising popularity of video. We will soon see news as it happens in Real-time as technology aids us in the selecting stories, structuring hierarchies, and delivering services. Real-time is also impacting other industries. Retail business are turning to Real-time Product Targeting and Real-time Pricing and Incentives to gain competitive advantage.

Sources
CB Insights | Don't You Look Smart: 45 Artifical Intelligence Startups Targeting Retail In One Infographic, 2016
Forbes | Twitter's 10th Birthday: The Power Of Real-Time Content And Recount Of Memorable Tweets, 2016.
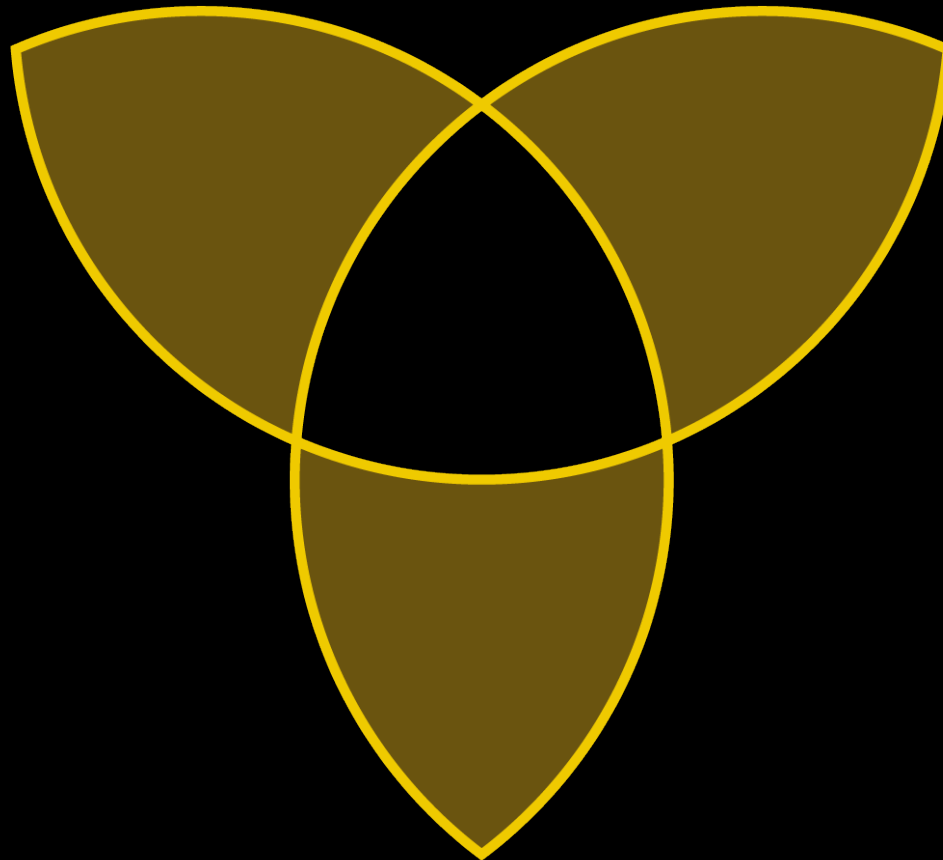Michael Lewis | Flash Boys: A Wall Street Revolt, 2014.
Nieman Lab | The Future of News is Anticipation, 2013.
New Whip | Why the Future of Content Marketing is Real-time, 2016.

The Realm of Platforms

CX as the New Value Proposition

Value Propositions tend to evolve from Commodity to Product to Service to Experience to Transformation

Customer Experience (CX) is poised to become the new value proposition, as "how" the digital product or service is consumed is becoming as, if not more, important as the "what". According to Systematic Innovation, all trends follow an evolutionary pattern, even Value Propositions. With products/services, we generally talk about the value proposition, customer relationships and channels as separate building blocks of the business model. However, CX forces us to think differently about our business models because the way a company interacts (customer relationship) and delivers (channels) the products/services to customers becomes an integral part of the value proposition. Understanding this distinction is important as we begin to compete with CX. Customer Experience is not something you add on top of a product/service; it's something you sell and monetize directly.

Sources
Forbes | The Year Of The Customer: 16 Customer Service And Experience (CX) Trends For 2016, 2016.
Forrester | Forrester's Top Trends For Customer Service In 2016, 2016.
Gartner | Customer Experience Is the New Competitive Battlefield, 2015.
Gartner | IT Glossary: Customer Experience Management (CEM).
Harvard Business Review | Welcome to the Experience Economy, 1998.
My Customer | What are the technologies that will define the future of customer experience?, 2015.
Wikipedia | Variable Data Printing.

Data-Driven Media

Data-driven approach may help with content creation, marketing, and measurement

Currently, business managers are struggling to find growth and, increasingly, are running out options to maximize efficiency. To survive and thrive, media companies, like all digital companies, must become data-driven. Change in customer behavior and the emergence of new competitors and new business models are radically reshaping the way we create, distribute, and monetize content. As a result, many are turning to big data for competitive advantage, looking to identify new opportunities and measure business impact. Specifically, a data-driven approach may help with content creation (e.g. data-driven content for target audiences), by analyzing social media data in real-time) ; marketing strategies (data provides an opportunity to evaluate strategies across paid, owned, and earned channels); and measurement (see the results and impact of engagement). The good news is that big data can help to accomplish all these things. The bad news is that everyone will have the same access.

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Harvard Business Review | 3 Strategic Questions the Media Industry's Future Depends On, 2015.
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Harvard Business Review | The Rise of Data-Driven Decision Making Is Real but Uneven, 2016.
Harvard Business Review | What Data Journalists Need to Do Differently, 2014.
Merkle | Data Driven Media, 2016.
Starcom MediaVest | The Future of the Data Driven Media Agency, 2016.

Marketing Tech

Marketing Tech enables better Customer Experience (CX)

Marketing Tech enables better Customer Experience (CX) by helping organizations build and operate platforms. It's a group of technology applications that are used to build and maintain relationships with customers, such as advertising, promotion, content, e-commerce, data, etc. Marketing Tech will be essential to better "understand" what bundles of services that customers want. In other words, Marketing Tech will impact business competition in the digital era by enabling some

vital aspects of real-time business models. According to IDC, technology spend by marketing departments is poised to grow 12.4% annual (CAGR) until 2018. In 2016, it is estimated that over $25 billion dollars will have been spent on Marketing Tech solutions. Given the opportunities in this space, it's no surprise that many startups have entered the scene; resulting in a market with over 3,800 participants and have produced almost 30 unicorns (valued over $1 billion dollars).

Sources
CB Insights | Marketing Tech Revival: Startups See Funding Climb After A Long Slump, 2016.
MarTech | The 2016 Marketing Technology Landscape, 2016.
Vision Critical | 16 martech predictions from 16 marketing experts, 2016.

Micro-Moments

We reach for our mobile over 150 times a day

We reach for our mobile over 150 times a day. Google considers some of these micro-moments as "critical touch points within today's customer journey, and when added together, they ultimately determine how that journey ends." According to Think with Google, there are four key types of micro-moments; "I want to know" moments, "I want to go" moments, "I want to do" moments, and "I want to buy moments." These moments, which are increasingly experienced via smartphones, are very important as they have the power to shape our decision-making and our preferences. For brands, micro-moments offer opportunities to respond to real customers' need/want in real-time. Micro-moments are fundamental building blocks to build Customer Journeys and craft Customer Experiences. Increasingly, it's becoming the arena where digital platforms fight it out to create and maintain engaging relationships with customers.

Sources
Google | A Micro-Moments Report Card: Are We Making the Grade?, 2015.
David Kargman | The Future of Marketing: Capturing and Monetizing Digital Micro-Moments, 2016.
INC | Micro-Moments: The New Right Moment, Right Message, and Right Time, 2016.

Ad Tech

Enabling organization to reach new customers at the right place, right time, and with the right message

Ad Tech are technology applications that automates the programmatic buying and selling of ads; including mobile advertising, search and social advertising, native advertising, video advertising, and ad displays. It also covers demand-side platforms (digital identities) and data management platforms (the exchanges and networks). According to the experts, Ad Tech enables organizations to focus on specific customer segments. As one pundit put it, "If buying TV was like a nuclear bomb and buying websites like a shotgun, then using ad tech is supposed to be like having a sniper rifle. … There are a lot of problems with the scope on that sniper rifle, but that's the general idea." In short, the main idea is that Ad Tech will help organizations to reach the right audience, at the right place and time, and with the right message in order to reach new customers.

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MarTech | AdTech? Marketing Tech? What They Mean and the Difference between the Two, 2016.
MarTech | MarTech Landscape: What Is Programmatic Ad Buying?, 2016.
MarTech | The 2016 Marketing Technology Landscape, 2016.
The Drum | Martech and ad tech convergence: myth or reality? 2016.
The Drum | What's next for ad tech in an evolving landscape?, 2016.
WSJ | Why Venture Capitalists Are Betting on Marketing Tech over Ad Tech, 2016.

Intelligent Assistants

Intelligent Assistants (including "bots") are everywhere

It all began with Apple's Siri and now Intelligent Assistants have proliferated everywhere, taking on their newest form, "bots". They can perform tasks or offer services based on user behavior, context (location), and other information. Some of the well-known assistants aside from Siri include Google Now, Allo (Google), Alexa (Amazon), Cortana (Microsoft), and M (Facebook). In a way, Intelligent Assistants may be unbundling user interactions away from the screens, offering seamless digital interactions by abstracting the interface. In theory, bots can move from the smartphone to voice platforms, AR/VR platforms, AI platforms, and so forth. For media companies, Intelligent Assistants represent an opportunity to "get back in the game," offering new opportunities to become a digital platform. It's still too early to see how things might shake down, but Intelligent Assistants are pointing at the demise of apps. Media companies should prepare for this by actively exploring this trend.

Sources
CB Insights | 51 Corporate Chatbots Across Industries Including Travel, Media, Retail, And Insurance, 2016.
Chatbot Magazine | Bots: The future of human-computer interaction, 2016.
Chatbot Magazine | Web -> Apps -> Bots: 'Bots aren't a space, they're an interface.", 2016.
Kasisto | website, 2016.

Richard MacManus | The Future of Intelligent Assistants, 2016.
Slate | Terrifyingly Convenient: A.I. assistants can give you the news, order you a pizza, and tell you a joke. All you have to do is trust them—completely, 2016.
The Information | Kik and the Coming Bot 'Gold Rush', 2016.

Messaging as a Platform

The 4 largest messaging platforms surpassed the 4 largest social network platforms

Platforms have evolved from hardware (PC to mobile), to operating systems (iOS and Android), to apps. During this transition, messaging platforms (apps) have come to the fore and have become THE platform for consumers. The 4 largest messaging platforms have surpassed the 4 largest social network platforms in terms of users. Today, consumers can also send voice messages, talk, share digital media, get news, purchase movie tickets, make restaurant reservations, send money to friends, and the list of functions seem to grow everyday. Interestingly, some of the "in-app" functionalities in messaging platforms are poised to become platforms themselves (GIFPY could unbundle itself from Facebook Messenger). Also we can consider some older applications, such as emails and electronic newsletters as a messaging platform of sorts. In media, Quartz's newsletter is a good example. In retail, there are some cases where email offers generate up to 20% of total online sales.

Sources
a16z | Messaging and Mobile Platforms, 2015.
a16z | Messaging is the Medium, 2015.
Business Insider | Messaging apps are now bigger than social networks, 2016.
GSMA | Mobile Industry Radar (April 2015), 2015.
Medium | The Messaging Landscape 2016, 2016.
Statista | Most popular mobile messaging apps worldwide as of April 2016, based on number of monthly active users (in millions), 2016.

X as a Service

Barriers to entry are coming down as "economies of scale" are offered "as a service"

When Amazon launched Amazon Web Services in 2006, it forever changed business competition; effectively destroying the "economies of scale" advantage of large companies overnight. Today, every startup has access to infrastructure that can scale to serve billions of customers. Thanks to XaaS and the ubiquity of mobile, anybody with an idea can now build and deliver products/services to customers globally without CapEx. In the media ecosystem, there is an interesting trend developing as media-grade CMS is being offered "as a Service" (Washington Post's Arc Publishing System). Though it's still early to predict WP's success, we do know that once the core of the media industry is breached, we expect major change to happen soon thereafter. Also, XaaS business models have spilled over to the consumer space, as consumer-orientated XaaS companies have emerged and found initial success (on-demand platforms offering urban transportation, food delivery, accommodations, etc. "as a service").

Sources
CB Insights | Pickaxes And Shovels: 54 Startups Providing Infrastructure For The On-Demand Boom, 2016.
ReadWrite | Everything as a Service: It's Happening Right Now, 2013.
Revenue Wire | What is everything as a Service?, 2015.
TechCrunch | The World of Everything as a Service, 2014.
VentureBeat | Amazon Web Services brings in $2.4B in revenue in Q4 2015, up 69% over last year, 2016.

Internet of Things

Internet of Things will unlock $7.1 trillion dollars of value by 2020

It is forecasted that by 2020, the Internet of Things (IoT), will unlock $7.1 trillion dollars of value by connecting 30 billion smart devices, enabling new business models and revenues streams. In the not so distant future, IoT will massively transform "everyday" devices into interactive customer touchpoints. For businesses, IoT enables data harvest from multiple devices; allowing them to understand location, consumer preferences and behavior, demographics, etc. By analyzing the data from

IoT devices (the Analytics of Things), companies can get a greater understanding of consumers so that they can create and deliver highly personalized and engaging customer experiences. Early experimentations with smart devices (thermostats, lighting, etc.) are enjoying success and are paving the way for new value creation. Given this, we expect competition to heat up as other customer-facing companies are expected make forays into the media industry.

Sources
Bain | How Providers Can Succeed in the Internet of Things, 2016.
Teradata | IoT will accelerate industry convergence and structural disruption, 2016.
Information Age | How the Internet of Things is changing business models, 2016.
EY | Internet of Things. Human-machine interactions that unlock possibilities. Media & Entertainment, 2016.
EMarketer | Internet of Things Is Changing How Media and Entertainment Companies Operate, 2016.

Open Innovation

Go "outside-in" or "inside-out" to get the most out of innovation

Open Innovation is "a paradigm that assumes that firms can and should use external ideas as well as internal ideas, and internal and external paths to market, as the firms look to advance their technology." In general, it is said that traditional R&D is good for incremental innovation, improving existing products or serving adjacent markets. However, for disruptive innovation, organizations can create more value by integrating external knowledge, IP, and products into internal innovation processes. There are two types of Open Innovation: "outside-in" (bring external ideas, technology, or IP) and "inside-out" (sell IP or technologies, particularly unmonetized assets). In the digital world (platforms), Open Innovation is a key business model concept as it may help organizations to decide to become a platform ("outside-in" Open Innovation) or become a "X as a service" company ("inside-out") or both ("dynamic").

Sources
EY & Cisco | Open Innovation Accelerators Harnessing the value created through collaboration, 2016.
Forbes | Everything You Need to Know About Open Innovation, 2011.
MIT Sloan Review | The Era of Open Innovation, 2003.

Business Model Bliss

APIphany

APIs enable business model innovation, both technically and economically

APIs enable a company's digital assets to "talk" with other companies' digital assets. APIs are highly fungible and allow a business to open up data, functionalities, and other assets or resources; to be consumed both internally and externally (employees, partners, and customers). APIs provide two main business benefits: they restructure and organize internal systems to support innovations in a uniform way (reducing costs and increasing agility); and they provide new ways to reach customers, generate revenue, and build partnerships. APIs fuel innovations by maximizing a company's assets, providing greater agility and maintainability, creating a structure that supports and promotes external contracts, and helping to accelerate digital projects. At the end of day, APIs allow anyone with an idea to build a platform business with access to billions of customers (mobile) and world-class technological infrastructure (cloud services).

Sources
pwc | Creating a Platform, 2012
ReadWrite | The New API Gold Rush, 2013
TechCrunch | The Rise of APIs, 2016

Bundling/Unbundling

**"There's only two ways I know of to make money – bundling and unbundling.
- Jim Barksdale, Netscape**

Since incumbents compete with bundled value propositions, startups simply unbundle "products" to avoid competition. Later, the unbundled value propositions are eventually bundled into a bigger "product" as business logic dictates that interaction costs must be reduced; that's why bundling always occur as the "product" matures. In short, for Innovators and Early Adopters you unbundle to find new avenues for growth and for Early Majority and Late Majority, you bundle to maximize efficiency. A well-known example of this in the media business are classified ads. Globally, companies like Axel Springer and Schibsted have unbundled the classified business and (not surprisingly) are doing quite well. Just recently, Axel Springer reported a respectable 5% annual growth for their overall business in 2017. A "fun" example of unbundling we have seen of late are special edition "pop-up" newspapers. In a sense, they are unbundling a certain story or theme from the traditional newspaper.

Sources
Harvard Business Review | How to Succeed in Business by Bundling – and Unbundling, 2014.
Harvard Business Review | Unbundling the Corporation, 1999.
TechCrunch | The Unbundling of Everything, 2015.
MediaLab | Axel Springer: anuncios clasificados digitales para salir de la crisis, 2017.

Platform Business Models

By 2040, 50% of S&P 500 companies net income will come from platforms

A platform is "a business based on enabling value-creating interactions between external producers and consumers. The platform provides an open, participative for these interactions and set governance conditions for them. The platform's overarching purpose: to consummate matches among and facilitate the exchange of goods, services, or social currency, thereby enabling value creation for all participants." Platforms are fast becoming the business model of choice in a digitalized world. There are four main types of platforms:

transaction platforms (marketplaces, like Uber and Airbnb); innovation platforms (technologies, products or services, like bitcoin); integrated platforms (transaction platforms + innovation platforms, like iOS or Android); and investment platforms (as holding companies or as platforms). In the media industry, we are already seeing transactional platforms (classified ad marketplaces) and innovation platforms (CMS platforms). As we move forward, we expect to see more platforms proliferate in the future.

Sources
Applico | In 25 Years, 50% of the S&P 500 Net Income Will Come From Where?, 2016.
Forbes | Three Reasons You're Underestimating The Impact Of Digital On Business, 2016.
Geoffrey Parker | The Platform Revolution, 2016.
The Center for Global Enterprise | The Rise of the Platform Enterprise: A Global Survey, 2016.

S3: Scale, Speed & Scope

Revisiting the Core Competency question ...

Classic strategy theory suggests that a company should compete focusing on one core competency: infrastructure management (scale); product/service innovation (speed); or customer management (scope). However, with digital, this theory is being put to the test: instant scale can be achieved at very low cost (cloud); speed of value creation is greatly reduced by open platforms (public-facing APIs); and anyone with a smartphone (projected to reach 6 billion people on the planet) can be a customer (or for that matter, a competitor or partner).

The way we have been thinking about core competency might have to change. In other words, thanks to digital, companies can compete on scale, speed, and scope all at once (via platform business models). In the digital environment, companies that can dynamically innovate business models will have a competitive advantage by taking advantage of economies scale (the cloud), speed (open innovation), and economies of scope (smartphones/mobile devices).

Sources
CB Insights | Unicorns Are Breeding Like Rabbits: Set to Double 2014's Record Pace, 2015.
Harvard Business Review | Big Bang Disruption, 2015.
Harvard Business Review | Customer Intimacy and Other Value Disciplines, 1993.
Harvard Business Review | Unbundling the Corporation, 1999.
Tech Dirt | Is The 'Innovator's Dilemma' About To Get Disrupted By 'Big Bang Disruption'?, 2013.
Wired | The Faster a New Technology Takes Off, the Harder It Falls, 2014.

Future Snapshots
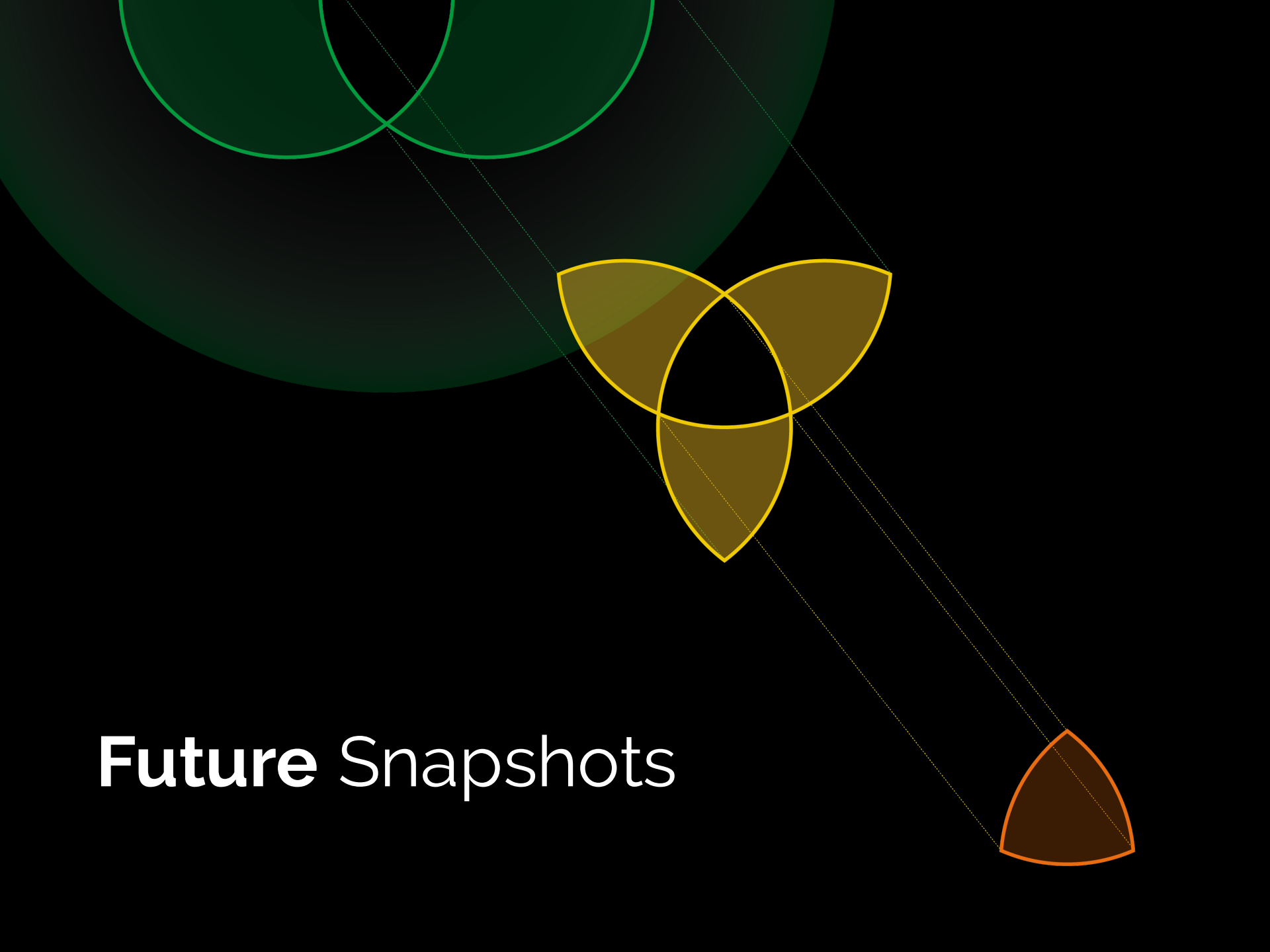
Overview

In this section, we share future snapshots that some of our colleagues have envisioned, while they meditated on the Trendala. We hope that the Media Trendala will inspire other visions of the future…

Digital Realities

CX as a Value Proposition

Marketing Tech

Micro-moments

Data Driven Media

Mood Tech

Algorithms

Machine Intelligence

Intelligent Assistants
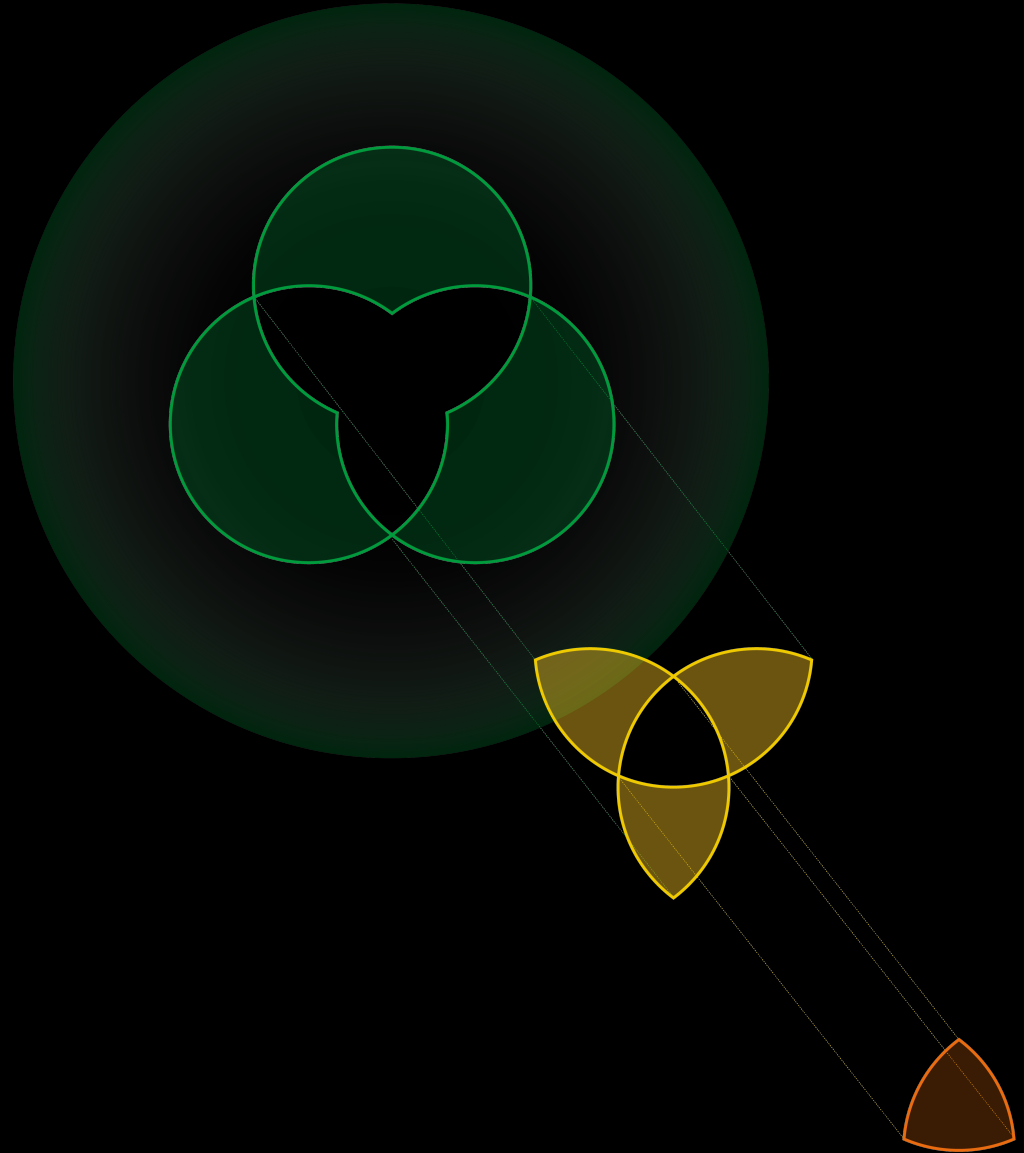
Predictive Analytics

Artificial Mantelligence

The Future will come with a beard

In terms of coding, women's work is more likely to be considered better than men's work by other coders when gender is not disclosed. Interestingly (but not surprisingly), when gender is disclosed, women's work is more likely to be considered worse than men's work. A recent survey by Github found that women made up less than 10% in all major programmin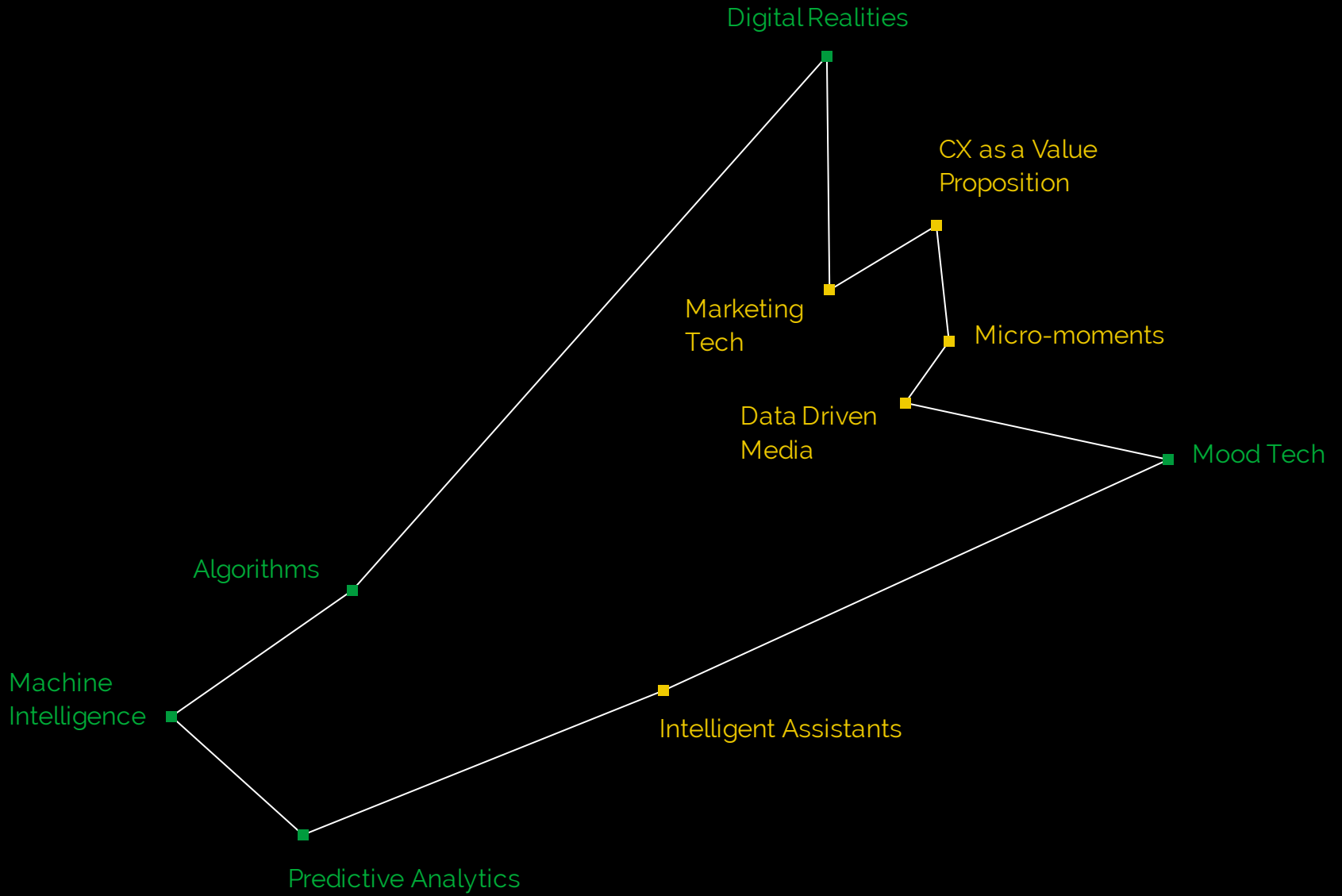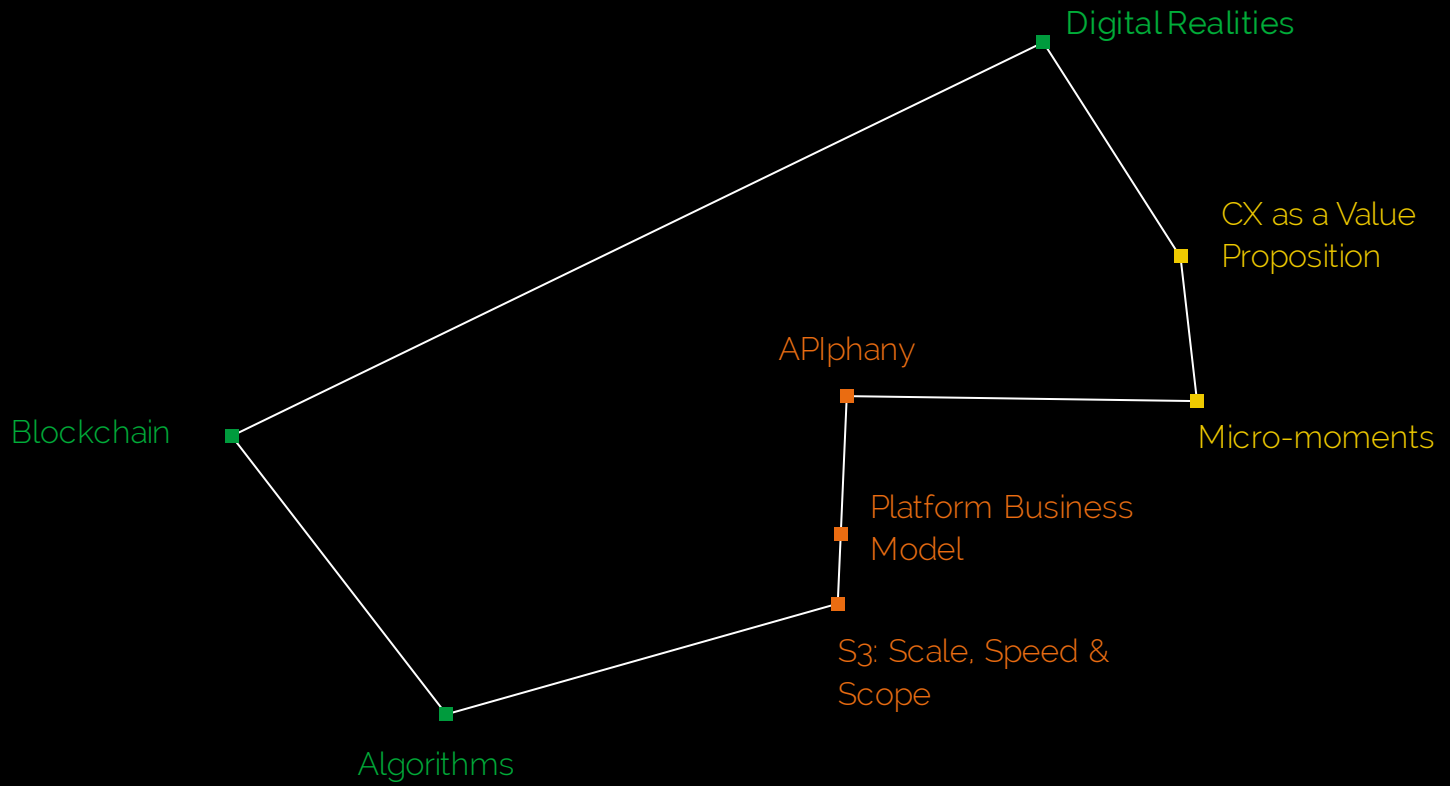g languages; some much less, as in the case of C++, it was zero. Obviously, gender bias isn't new but it does provoke some questions as we think about the future. Let's take Microsoft's ill-fated chatbot, Tay, that turned racist and sexist in less than 24 hours as a discussion point. Was it the content in the Internet? Or was it programmers (the hidden biases)? Or both? As we await intelligent robots to help us solve the world's greatest problems, we can't help wonder if that help will come with a beard; mansolving everything. If, as some pundits point out, we are moving away from an economy based on scarcity (where competitive advantage is gained by dominating limited resources) and moving towards an economy based on abundance (where competitive edge is gained by networking), then it'll be really interesting how all this will work out. Will women rise to the top in the new economy or will Artificial Mantelligence take us to a different place? We predict that the future will come with a beard.

Algorithms; CX as the New Value Proposition; Data Driven Media; Digital Reality; Intelligent Assistants; Machine Intelligence; Marketing Tech; Micro-Moments; Mood Tech; Predictive Analytics.

Digital Realities

CX as a Value
Proposition

APIphany

Blockchain

Micro-moments

Platform Business
Model

S3: Scale, Speed &
Scope

Algorithms

Asymmetric Business Models

Moving the profit pool from one market to another

A business model is asymmetric when it crosses industry borders, moving the profit pool from one market to another. With digital, it's become much easier to re-draw industry lines and compete in multiple markets simultaneously. Asymmetric business models find complementary markets to the core value proposition; boost customer demand (cheaper or more accessible); and bundle the core product/service with the new demand. When an asymmetric business model enters into a new market, incumbents are forced to make a difficult decision: endure a decline in the core business or suffer through a radical transformation of the core business. Companies that employ asymmetric business models understand that they can compete in multiple markets at the same time and capture profits by bundling the core value proposition with complementary markets. Therefore, the ability to bundle or unbundle correctly will prove to be extremely important as we move forward; a company can bundle or unbundle infrastructure, value propositions, or distribution with asymmetric business models.

Algorithms; APIphany; Blockchain; CX as the New Value Proposition; Digital Reality; Micro-Moments; Microservices; Platform Business Models; S3: Scale, Speed & Scope

New Publishers

Sponsored
Content

Open
Innovation

Blockchain

Platform
Business Model

Data Driven
Media

Real-time

Opti-channel

Algorithms

Machine
Intelligence

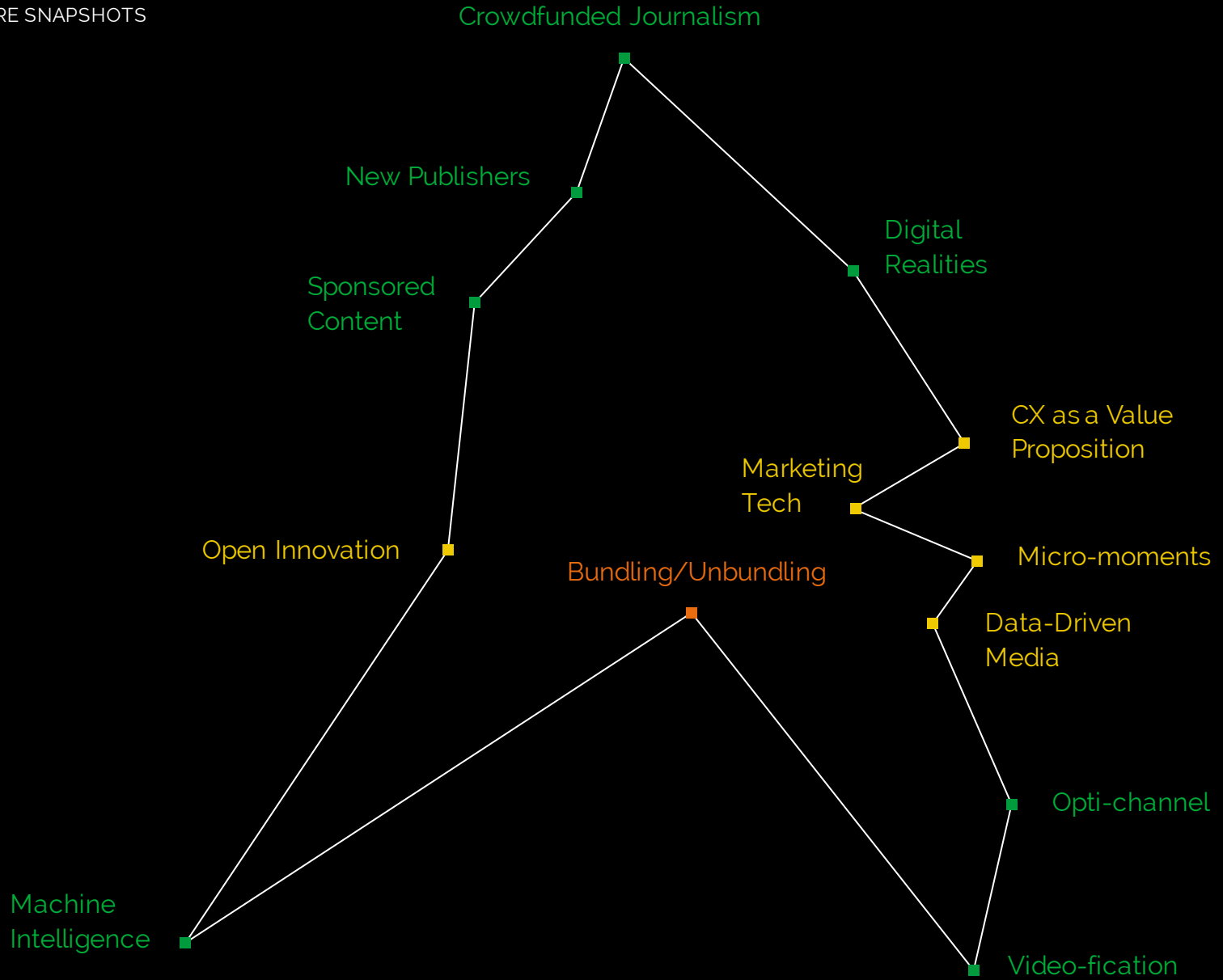Video-fication
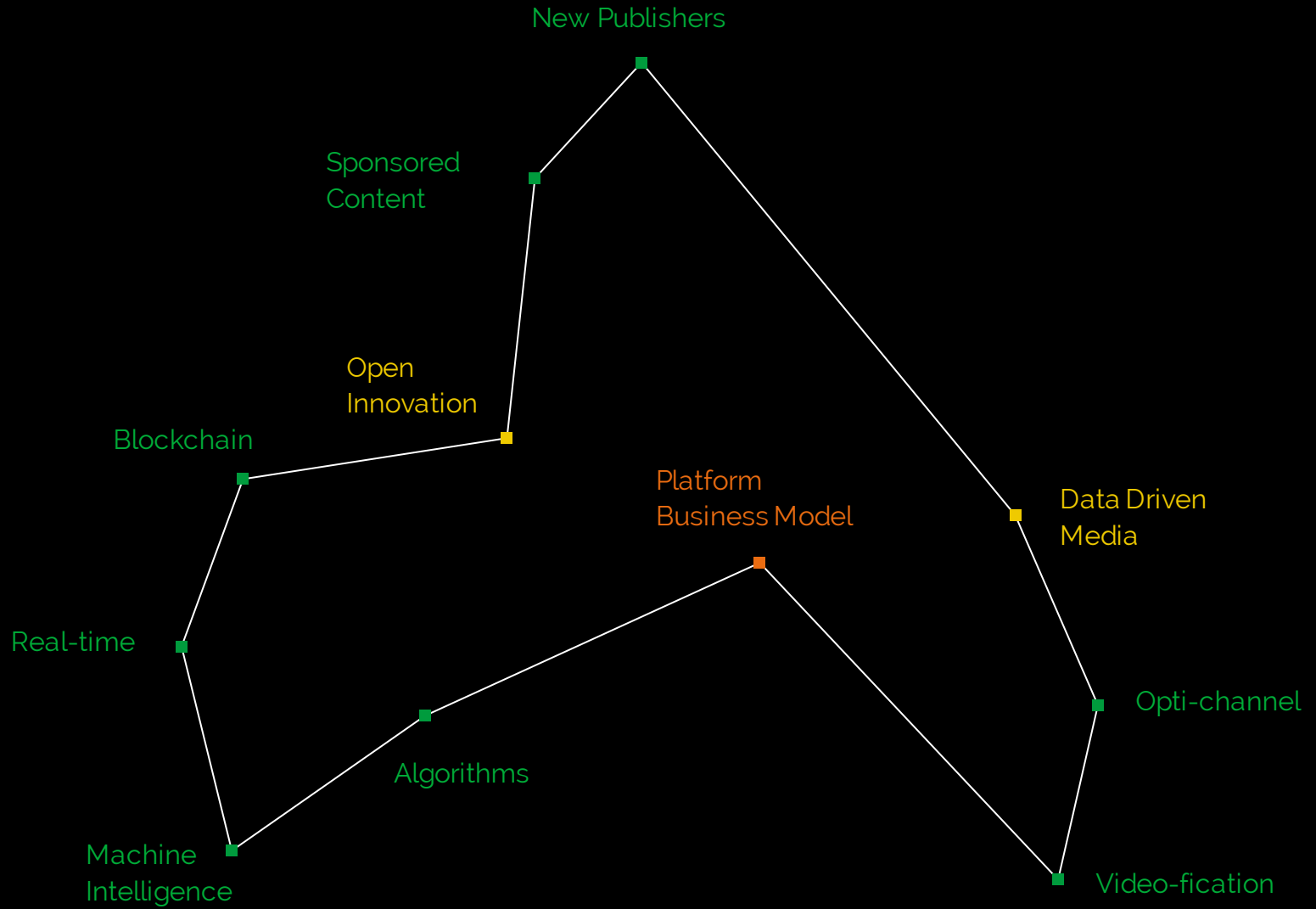
Beware: Watchpugs on Duty!!!

Watching our back

It's not easy being a reporter these days, especially as there are greater political, economical, social, and technological headwinds blowing. In the political arena, last year, we saw the highest number of incarceration of journalists since 1990 as a result of tougher laws and even harsher sentencings around the world (it's not just in developing countries). Economically, thanks to increased concentration of wealth, we have an increased concentration of power. For most the part, readers perceive the "media" to be part of that "concentration" and are becoming wary of the news. Socially speaking, journalists (along with the establishment) are looking

"outside-in" as readers perceive them to be totally disconnected to society. And technologically speaking, most traditional journalists are not prepared for digitalization and definitely are prepared for Wikileaks. As a group, what journalists wanted/needed was a Bulldog to offer them protection. What they got is a pug. As we move forward, journalists will have to rethink the current models and find solutions to the aforementioned challenges. They'll need digital resources to be technologically enabled, coupled with new ways of organizing and working, and a watchdog that watches their back.

Algorithms; Blockchain; Data-Driven Media; Machine Intelligence; New Publishers; Open Innovation; Optichannel; Platform Business Models; Real-time; Sponsored Content; Video-fication

Crowdfunded Journalism

New Publishers

Digital Realities

Sponsored Content

CX as a Value Proposition

Marketing Tech

Open Innovation

Bundling/Unbundling

Micro-moments

Data-Driven Media

Machine Intelligence

Opti-channel

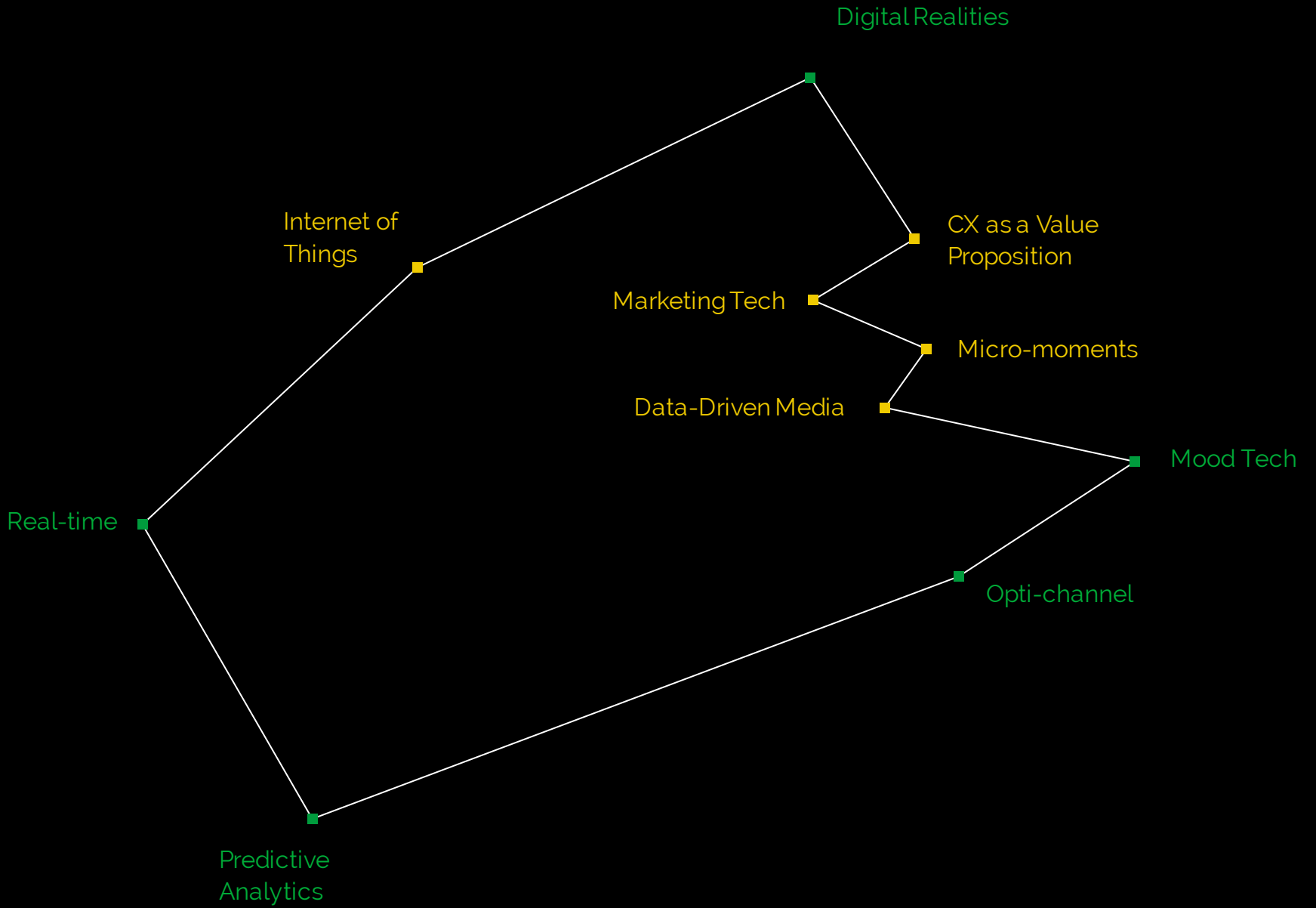Video-fication

Brandishing Brands

Revenues from Sponsored Content might take a serious hit in the near future as Brands begin to remove "friction

With the advent of media content management systems available as a service, we expect to see some brands attempt to forgo the Sponsored Content services that media companies are currently providing. Not only can brands take advantage of the economics of DIY publishing, they can also be better positioned to offer differentiated customer experiences by enabling them to interact directly with customers on their platforms. Since whoever "owns" the customers "owns" the data, brands are highly incentivized to build direct relationships with consumers, as more data enables more differentiation. At the end of the day, the most trusted brands will get to tell the stories, including the news.

Bundling/Unbundling; Crowdfunded Journalism; CX as the New Value Proposition; Data-Driven Media; Digital Realities; Everything as a Service, Machine Intelligence; Marketing Tech; Micro-Moments; New Publishers; Open Innovation; Optichannel; Sponsored Content; Videofication

Digital Realities

Internet of
Things

CX as a Value
Proposition

Marketing Tech

Micro-moments

Data-Driven Media

Mood Tech

Real-time

Opti-channel

Predictive
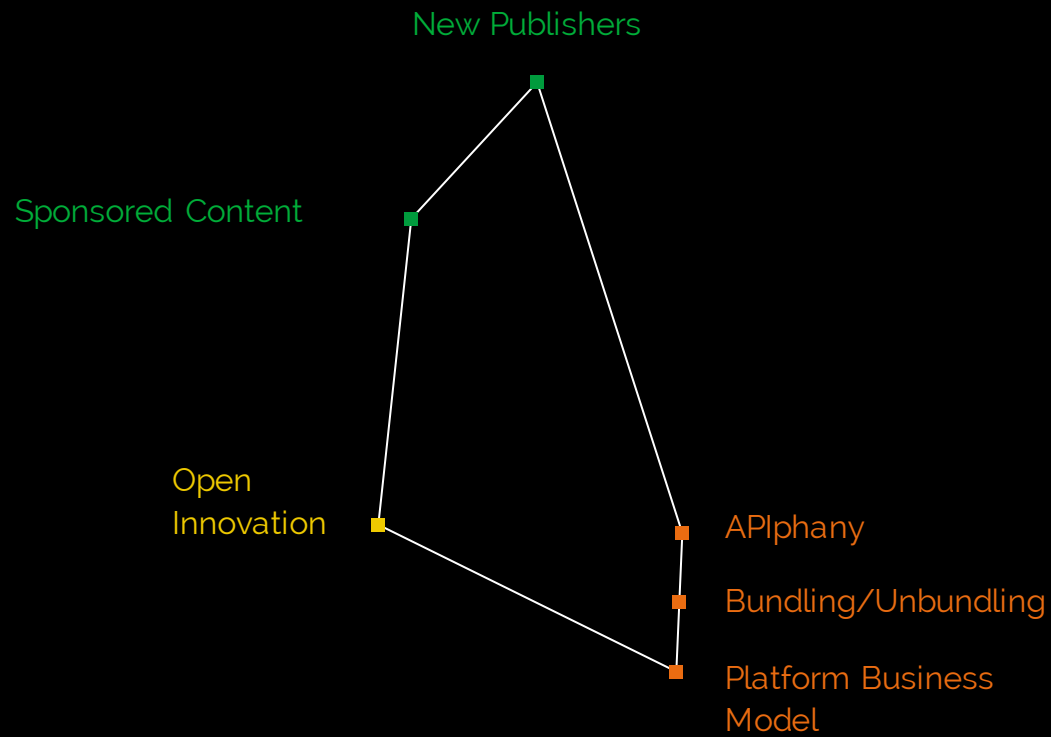Analytics

CXing Products Won't Work

How we think about our Value Propositions greatly affects how we think about our Business Models

There is a lot of talk about the rising importance of CX for digital companies. According to a recent survey, 72% of businesses responded that CX improvement was a top priority for this year. As a result, many organizations are working to maximize shareholder value by incentivizing the business unit to improve the products/services by wrapping CX on top of their products/services, supported by the marketing team and channel teams. However, according to The Progression of Economics Value, CX companies should be able to directly monetize "experience" (as opposed to an enhanced version of the product), which would require a different understanding of the business model. Using Business Model Canvas terminologies, we understand CX as Value Proposition + Customer Relationship + Channel. Given this, we suspect that businesses will need to change the incentive structures. When a company sells "experience," who gets the credit? The product team? The marketing team? Or the channel team? It's no wonder that we haven't heard any C-level executives mention CX and EPS in the same sentence yet. For media companies, CX as a Value Proposition might offer a way to be more future-oriented by offering content as an experience.

CX as the New Value Proposition; Data-Driven Media; Digital Realities; Internet of Things; Marketing Tech; Micro-Moments; Mood Tech; Optichannel; Predictive Analytics; Real-time

New Publishers

Sponsored Content

Open
Innovation

APIphany

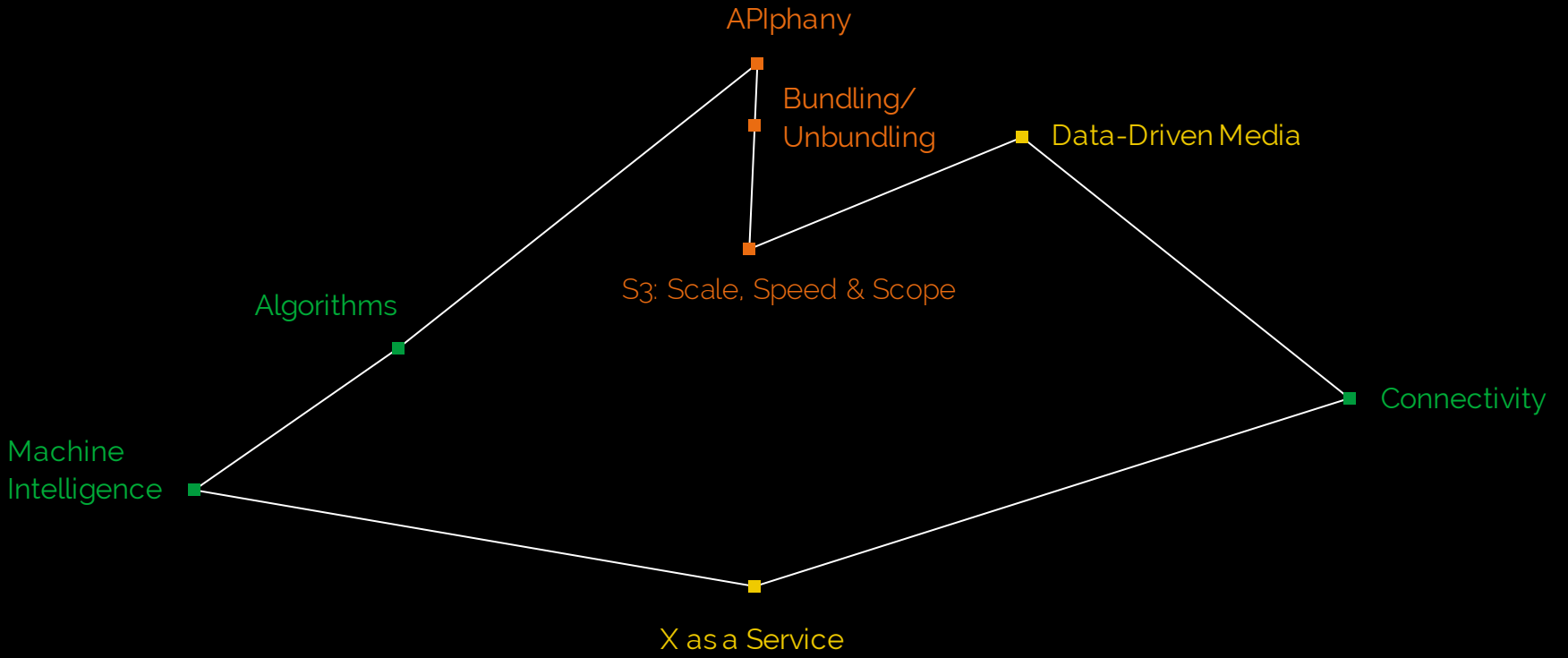Bundling/Unbundling

Platform Business
Model

Death by CMS

Media content publication tools will be readily and cheaply available to everyone. It'll change the game forever.

Expect a whole lot more competition in the media business in the near future as world-class Publishing as a Service becomes readily available. Publishers can relieve themselves of the burden of resource intensive, in-house development of tools that aids in the production, management, publication, hosting, analytics, optimization, and monetization of content; pretty much putting an end to the "make or buy" question so that they can focus more on the value creation aspect of content. However, the efficiency gains for incumbents will be offset by margin erosion, as new entrants begin to pop-up in droves, as anyone can now access world-class publishing infrastructure at scale. We see the beginnings of this with Washington Post' Arc Publishing, its digital publishing platform. Will Arc, or some equivalent, become the AWS for digital publication? We think so. In a sense, Publishing as a Service will breach the core of the Media business and effectively remove any remaining barriers to entry. And, since "as a Service" business is based on economies of scale (only a handful of incumbents will make the transition), we predict that most "publishers" will try to become customer-facing platforms, offering content related CX. Some media companies might even evolve into something else (for example, they can become a digital marketplace). For everyone else, it's a race to the bottom, where, ironically, the last one to die, wins.

APIphany; Bundling/Unbundling; Everything as a Service; New Publishers; Open Innovation; Platform Business Models; Sponsored Content

APIphany

Bundling/
Unbundling

Data-Driven Media

Algorithms

S3: Scale, Speed & Scope

Connectivity

Machine
Intelligence

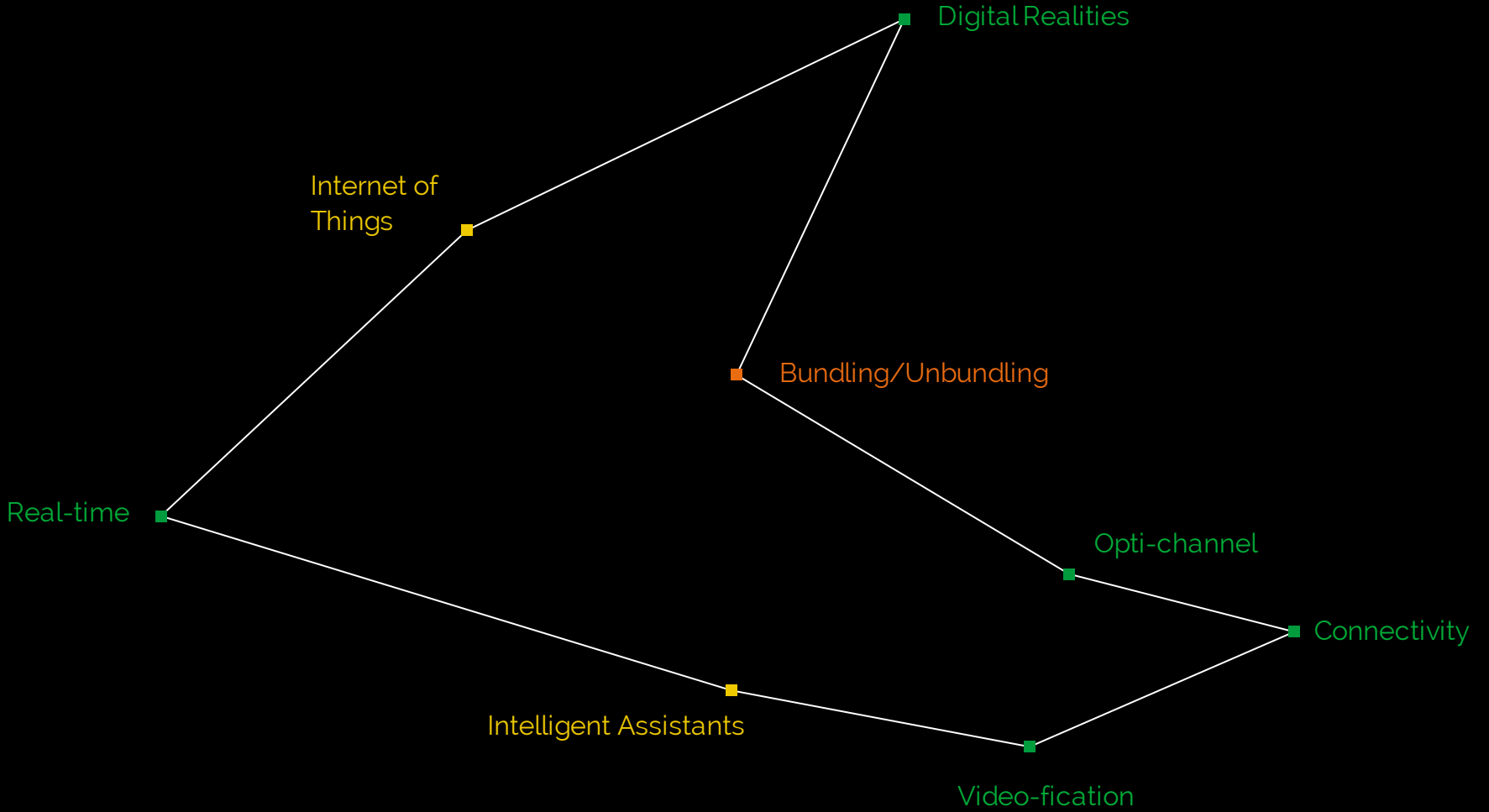X as a Service

Learn Fast(er) or Die!

The Learning Organization

Before the advent of digital, organizations relied on economies of scale and economies of scope for competitive advantage. Today, we are seeing the cracks in the foundation as anyone can now build a product (via XaaS) and deliver anywhere in the world (smartphones). The competitive advantage is moving away from economies of scale and scope and moving towards speed. We are in an environment where "the only sustainable competitive advantage is an organization's ability to learn faster than the competition." Research has identified three key factors for learning and adapting: a supportive learning environment (difference is welcomed, openness to ideas, and reflection); acquisition of learning processes and practices (generation, collection, interpretation, and dissemination of information); and reinforcement from leaders (setting examples). Although the concept of the Learning Organization has been around for awhile, we think that this trend will become more important in the coming years as Speed (not Scale nor Scope) will define winners and losers. In the media ecosystem, the Knight Foundation is embracing the Learning Organization to better understand the market, develop a credible thesis, and seek a return by focusing on understanding the context, having open discussion, and measuring impact.

Algorithms; APIphany; Bundling/Unbundling; Connectivity; Data-Driven Media; Everything as a Service; Machine Intelligence; S3: Scale, Speed & Scope

Digital Realities

Internet of
Things

Bundling/Unbundling

Real-time

Opti-channel

Connectivity

Intelligent Assistants

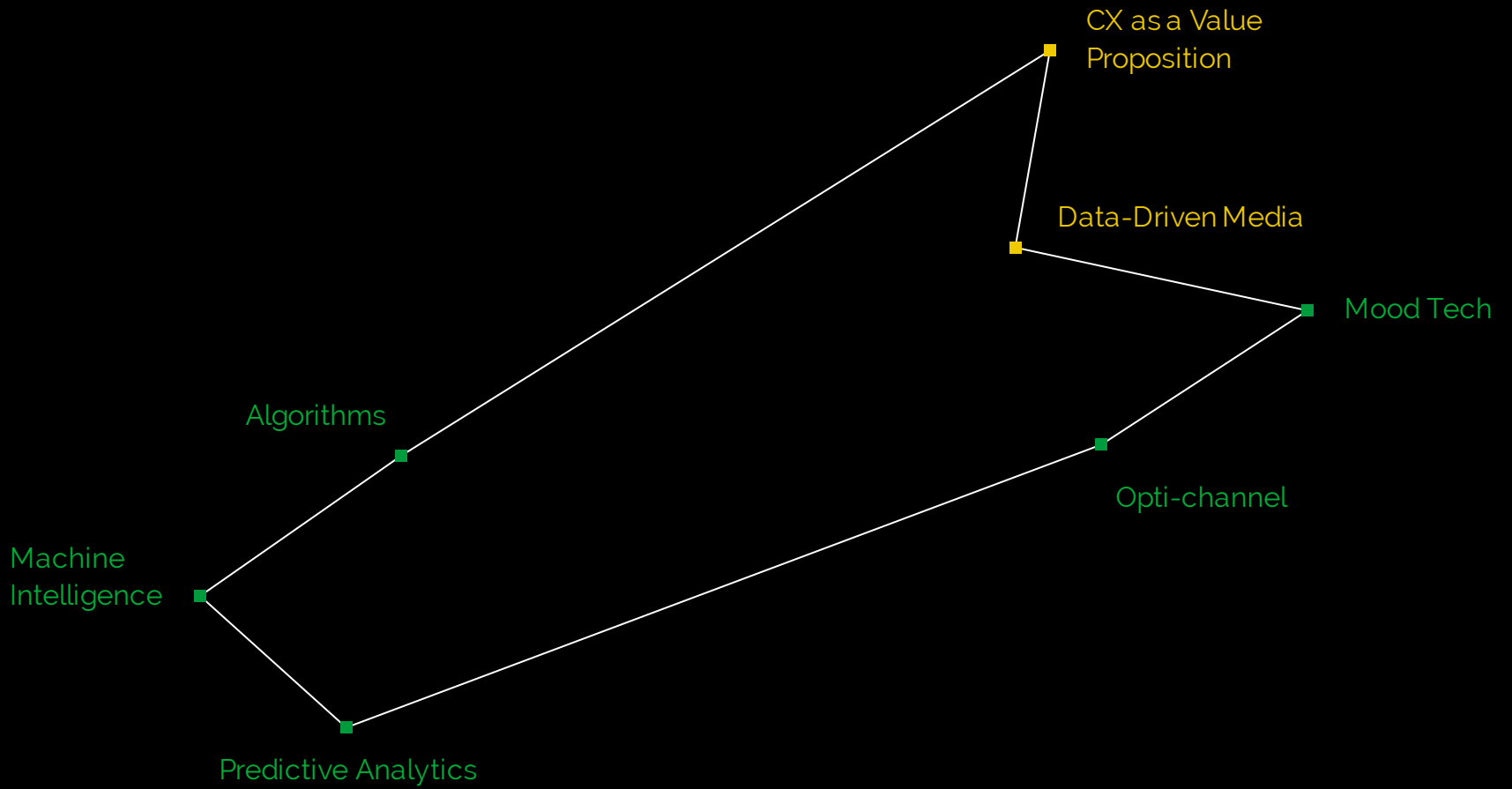Video-fication

Life after Smartphones

"Technical Debt" assures us that there will always be the "next big thing"

Quite frankly, a lot of companies totally missed out on the mobile platform opportunity. Most of the mobile bounty was claimed and captured by Apple, Google, Facebook and other leading technology companies. Today, we live in a iOS or Android world and, mostly, we interact with OS notifications and a handful of apps. However, just as smartphones made featured phones obsolete back in 2008 (thanks to a concept known as "technical debt"), we should expect new

technology platforms to emerge in the future and redraw the competitive landscape. So far, we are seeing the rise of messaging bots, AR/VR, and Voice. While today's platform war is dominated by a handful of large, technology companies, we expect the playing field to be more level as new platforms provide new opportunities. So, for all those who missed out … there will be opportunities to build new platforms.

Bundling/Unbundling; Connectivity; Digital Realities; Intelligent Assistants; Internet of Things; Optichannel; Real-time; Video-fication

CX as a Value
Proposition

Data-Driven Media

Mood Tech

Algorithms

Opti-channel

Machine
Intelligence

Predictive Analytics
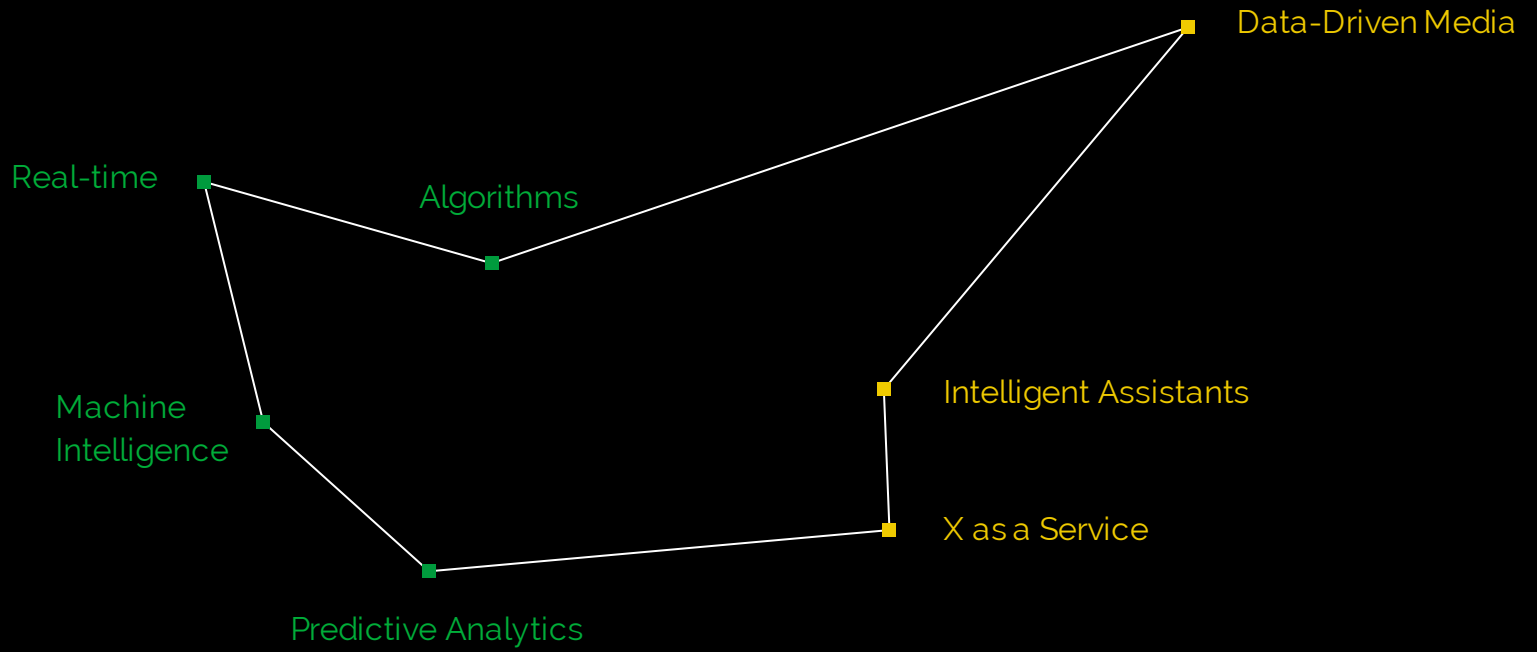
Making Stuff "Mine"

Media companies need "personalization architects"

Recommendation engines are automated systems. They determine which product recommendations should be served to customers according to their own internal programming without the need for manual intervention. Given that customization algorithms shape our tastes and isolates users, there is increased interest in what is called "organic algorithms" and, in particular, those that help people in the same way that our intuition and curiosity does: serendipitous algorithms or algorithms of change. It's a new branch that is used often in fashion and in information to get customers out of their customization "bubbles" and help them discover new paths and new products that would have been out of the focus with traditional personalization systems. Media needs "personalization architects"

Algorithms; CX as the New Value Proposition; Data-Driven Media; Machine Intelligence; Mood Tech; Optichannel; Predictive Analytics

Data-Driven Media

Real-time

Algorithms

Machine
Intelligence

Intelligent Assistants

X as a Service

Predictive Analytics

Robo-Journalism

Automated news with algorithms

Some media companies are betting on algorithms that automates news. It is about producing faster, cheaper content (and with less errors than those made by human journalists). Companies, such as Automated Insights or Narrative Science, already provide software to automatically create reports for companies such as Associated Press or Yahoo!. Another example is Twitter. Their bots have long produced tweets about stories of public interest such as an earthquake or an attack. Also the Washington Post has been experimenting with bots in the coverage of the Rio Olympic Games or in the US elections with the Heliograf system or to attract young users with contests and games with Kik. Finally, Narrativa, a Spanish/German startup, offers an engine that learns the context and tone. Also, bots can be a boost to hyperlocal journalism: Information such as time, traffic status or event schedules in a particular place could be automated thanks to data collected with sensors, drones and cameras. Many experts say that the development of this technology is such that in simple stories, readers could not distinguish between those created by a bot and a human.

Algorithms; Data-Driven Media; Everything as a Service; Intelligent Assistants; Machine Intelligence; Predictive Analytics; Real-time