

Profit from Aligning Distribution Readiness Reporting with Avails

This proposed article addresses an aspect of digital supply chain management that is seldom covered but represents a significant opportunity for owners of digital content (movies, TV shows, shorts, music) seeking to maximize the profit potential of their libraries. By establishing objective *distribution readiness measures* at a title, territory, and destination partner level, content owners can:

- align avails with media element fulfillment readiness
- align digital sales and operations functions
- predict fulfillment lead time and cost
- adhere to delivery commitments
- increase revenues by spotting and exploiting gaps in distribution relative to avails and do so profitably

Distribution Readiness begins with the way media assets and metadata are ingested, stored, and associated with a title's rights and avails. It is enabled through automation that detects the presence and condition of each required title element based on the specific needs of downstream business partners such as retailers and exhibitors. Distribution readiness provides actionable insights for more profit.

ContentBridge is the first provider of an automated platform for assessing and reporting on distribution readiness.

We easily take for granted the intricacies and complexities that underpin our daily lives. Take, for example, a stroll down the supermarket aisle, or an emergency trip to the auto parts store. More often than not, you find what you are looking for (or a close substitute). Or if you are like me walking through a Costco, you become distracted with big screen TVs, pre-fab barbecue islands, and fourteen-pound slabs of beef brisket before realizing you've made no progress accumulating items from the wife's punch list. That's the quality of the retail experience today, and it is fed by a web of supply chain interactions that extend through multiple layers and across oceans. Things work the way they do because of honed processes, communications, and standards.

That's the physical world, but what about digital? For the most part, give or take the occasional bandwidth constraint in prime time, digital content storefronts are as intuitive (and sometimes as creative) as your typical CVS Pharmacy aisle (the one with all the red vines and Boost twelve-packs). Lots of variety and you fairly easily get to what you are looking for. And just like their physical counterparts, digital storefronts belie the supply chain complexities that feed them. But in the case of digital, there are far fewer honed processes, communications, and standards.

Take for example distribution readiness (sometimes referred to as fulfillment readiness). This is a fundamental signal for sales and operations planning (S&OP). S&OP is about balancing demand for a product (quantity, time, and place) with the available supply. Too much supply, and you are hit with the many added costs of excess inventory. Too little supply and you face stock outs, lost sales, and dissatisfied customers (maybe even contractual breaches). Most physical supply chains have scaled the mountain in terms of establishing sound S&OP practices. Sure there are plenty of exceptions, but those supply chains will quickly address that gap or cease to exist. The practical knowledge of demand and supply balancing for physical goods is easily accessible to competitors that will eat a laggard's lunch.

Fulfillment readiness is one of the key potlucks that Operations brings to the S&OP party each week (or month). Fulfillment readiness requires an understanding of the deliverables required for each demand set (a fancy way to say 'finished good'). It also requires clear knowledge of many inputs (here's a few):

- on-hand finished goods both allocated and freely available (what do I currently have to satisfy demand?)
- in-process or in-transit finished goods (what finished product will be coming through the door shortly to satisfy additional demand?)
- the transformation process that creates the finished good (how long and how many resources do I need to make additional finished goods)
- the ingredient set required for each finished good variant (what do I need to make a particular finished good?)
- the state (format, quality, condition) of each ingredient (what exact type of ingredient do I need?)the sourcing and transformation process required to have ingredients of the proper state (how long will it take to get the additional ingredients I need)

Physical supply chains have evolved to "Control Towers" and advanced, constraint-based planning systems. These exercises are becoming increasingly routine.

What about fulfillment readiness in the digital supply chain? Well to begin with, inventory costs are not as big a concern (although storage is not free). And if you have a limited library of digital content and transact to a small number of business partners, the supply chain complexity is not great. However, when you scale to hundreds of titles comprised of thousands of elements that require transformation and distribution to dozens to hundreds of business partners, fulfillment readiness can make or break your ability to execute on sales and participate in the market.

In 2014 ContentBridge Systems published an article in the M&E Journal looking at supply chain maturity models as a way to track the maturity of the market and assess operational capabilities of individual players against the market's maturity.

We introduced a five stage model:

- Stage 0 – *Basic market access*: assets in assorted physical and digital formats

- Stage 1 – *Improvement in fulfillment capability*: assets in a repository
- Stage 2 – *Reduced cost to serve*: assets in consistent formats
- Stage 3 – *Achieve scalability*: distribution ready library
- Stage 4 – *Capitalize on new revenue*: enterprise wide integrated flow through order processing

Distribution readiness reporting as we are describing here moves the maturity of the digital media supply chain from Stage 2 where we are reducing cost to serve by normalizing assets in consistent mezzanine formats stored in one or more asset repositories but where research is still required to determine fulfillment readiness to Stage 3 where we are achieving scalability by way of not only a normalized service ready library with a prescribed common ingredient set for each title but also providing automated reporting on element availability to Stage 4 where quality, time and cost to serve relative to territory, language, and business partner requirements are available.

Imagine a common scenario where a studio is approached by a television channel in another country like Bulgaria that is interested in licensing the right to exhibit a library of titles in 4K in the local language with the necessary timed text, meta-data, trailer, and artwork all localized. The studio avails system easily pinpoints that 4K broadcast and OTT rights are available in Bulgaria. However, supply chain questions immediately arise:

Example of Distribution Readiness UI with red/yellow/green light availability reporting by element type mapped against a business partner's requirements

Basic Info Workflow Sources Trailer Key Art Metadata QC Security Rates							
Element Type	Retail Pref	Selection	ID	Type	Sub-Type	Language	Asset Stage
primary_video Required	1	<input checked="" type="checkbox"/>	542352	Video	CAR	ALL	Complete
	2	<input type="checkbox"/>					
audio_2 Required	1	<input checked="" type="checkbox"/>	543665	Audio	2.0	English (ENG)	Issue
	2	<input type="checkbox"/>	5435665	Audio	5.1	English (ENG)	Issue
	3	<input type="checkbox"/>	256665	Audio	7.1	English (ENG)	Issue
audio_3 Optional	1	<input type="checkbox"/>	534854	Audio	2.0	Latin-America	Issue
	2	<input checked="" type="checkbox"/>		Do not include			Complete
timed_text Required	1	<input checked="" type="checkbox"/>	214134	TT	STT	French-Parisian	Issue
	2	<input type="checkbox"/>		TT	STT	PRC	Not Available
localized_insert_reel Required	1	<input checked="" type="checkbox"/>	2141414	LIR	Dub Card	French-Parisian	Complete

- Are all or some titles distribution ready and available to deliver as requested?
- For those titles that are not distribution ready, what is their status?
 - What is the “ingredient set” of elements required to fulfill on this sale?
 - What is the state of each element relative to the required state?
 - What is the time and cost to upgrade existing elements to the necessary quality requirements and/or create missing elements?

It is possible that a transaction could be unprofitable because the time and cost required to deliver on the rights transacted exceeds the value of the transaction to the parties. It's true that sellers with market power have often required buyers to create localized elements for their own markets. However, the time and cost of



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doing so can make transacting untenable and impede profit opportunities for sellers. This is becoming even more relevant in the era of global digital storefronts like iTunes, Netflix, Google, and so on who will rarely take the prerogative to produce localized elements and complete ingredient sets for titles – rather that is the studio-distributor’s prerogative.

By matching a distribution readiness reporting capability with an avails reporting capability we now arrive at a robust capability to identify and take advantage of new revenue opportunities in a PROFITABLE manner.

By way of example, one major studio created a project to assess the distribution readiness of its entire library, restore or create all necessary elements for 21st Century distribution, and to ingest and manage a cloud based distribution ready library with advanced on-demand localized manufacturing and fulfillment capability powered by ContentBridge. This saved the studio a net present value of over \$100MM in digital supply chain costs.

ContentBridge is now making available the world’s first commercially available distribution readiness reporting platform. ContentBridge can probe available media, meta-data and collateral elements and assess their distribution readiness relative to the output requirements of all major retailers, exhibitors and digital supply chain standards including but not limited to EMA, IMF, CableLabs, Media Manifest, and others.

The industry has spent the past several years standardizing avails reporting around the Entertainment Merchants Association avails specification. Now ContentBridge submits a new standard in distribution readiness reporting to complement EMA standard avails.

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