

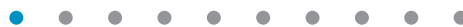


 BARCLAYS

The future of media

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# Introduction

Technology is one reason Britain continues to perform in such spectacular fashion in film, TV and other media globally.

But it amounts to very little without the talent, creativity and true grit that has made this country into such a phenomenal success story across all of its sectors over the last 30 years.

At Barclays we are proud to have played a role in supporting the sector during this time and we are committed to continuing that support in the future.

## 30 years of change

To celebrate the 30th anniversary of the establishment of our dedicated media industry team, we have collated a series of interviews with industry leaders across the film, TV, special effects, music, radio, news publishing, advertising and mobile sectors.

All identify common threads running through dramatic changes in these industries. Among them: the increasing prevalence of technology, fragmentation and disruption at unprecedented levels. And all see a wealth of opportunities and emerging markets that lie in the wake of those changes.



It isn't all plain sailing, of course. The same technology and disruption that sparked massive change for good have created obstacles in their wake. Yet media executives are confident overall that the expertise and commitment are there to overcome the inbuilt pitfalls of the digital era.

Here are their thoughts, hopes, dreams and secret fears for the media industry in Britain over the coming years. We hope you find them thought-provoking and challenging and we look forward to supporting the sector for the next 30 years.



**Sean Duffy**  
Head of Technology,  
Media and Telecoms  
Barclays



**Lorraine Ruckstuhl**  
Head of Media  
Barclays

# Britain still rules in media

It's official: Britain is ruling the media waves not just locally, but globally.

The UK is a true global leader in media and looks set to maintain its dominance thanks to an ability to innovate rapidly and create content of outstanding quality. This is one of the overriding themes to come out of all the interviews in this report. Whether that is in visual FX, music production, radio, news publishing or advertising, the skills and adaptability of those working in the UK media industry have been seminal in its success. And, more importantly, will continue to be so in the future.

## Technology driving change

Without question, the key change affecting the industry over the last 30 years has been the rise of technology, which has revolutionised how business is done.

Everything from the means of creating content, how the public consumes it, how success is tracked and reviewed, now depends on technology which would have been in the realms of science fiction 30 years ago. Whilst it is impossible to predict exactly what will happen in the future, it is clear that the role of technology in this sector will only continue to increase.

Darren Throop, President and CEO of eOne, is on board with technology's primal role in industry changes. From vinyl and celluloid through to streamed music, movies and TV, technology has changed how content is delivered at rates that are "simply staggering".

For the music industry, the digital world is playing to very different tunes these days. Not all are music to the ears of dance pioneer and Ministry of Sound CEO Lohan Presencer. He believes music streaming is sounding warning bells for the next 30 years, but not everyone is hearing them.

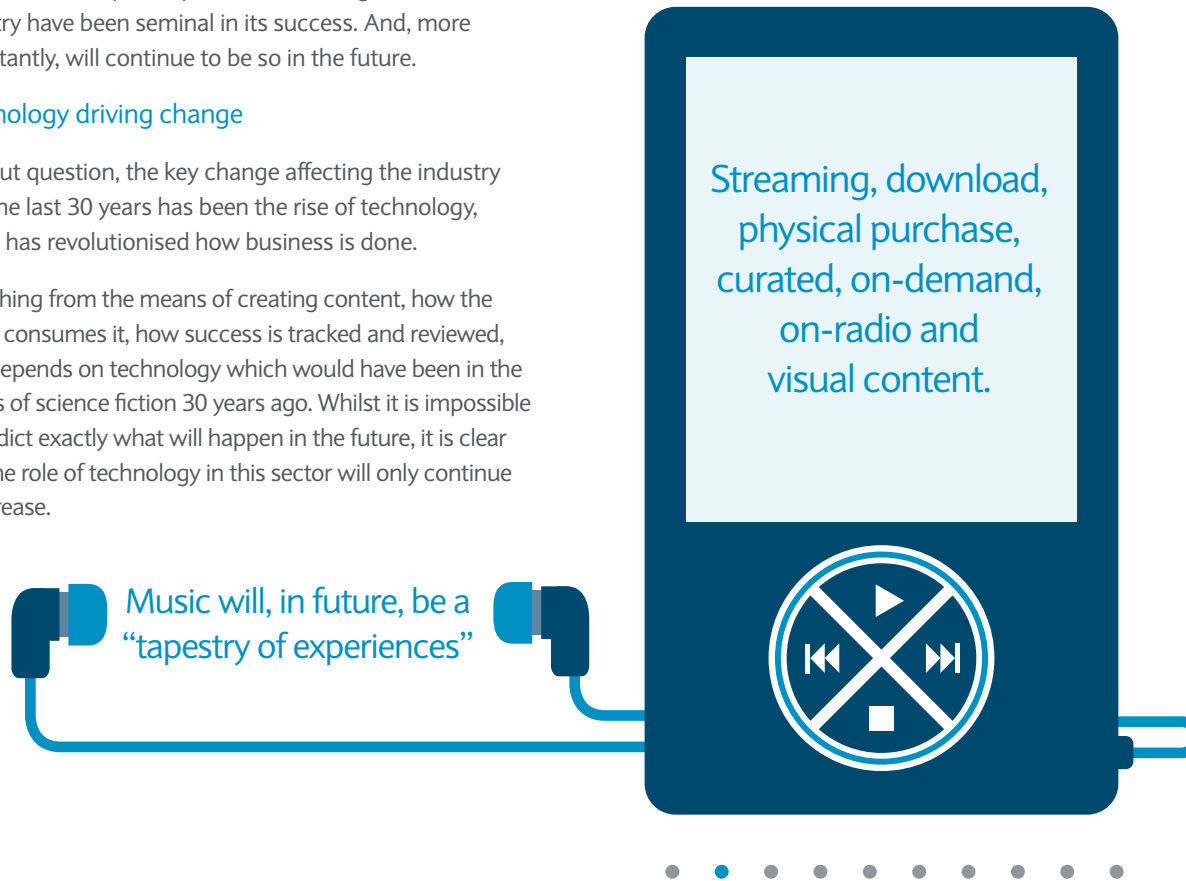
Still, Presencer highlights, if the industry gets it right, music will in future be a "tapestry of experiences: streaming, download, physical purchase, curated, on-demand, on-radio and visual content".

The advertising world is also facing tech-related challenges. Bartle Bogle Hegarty (BBH) Founder and Creative Director, Sir John Hegarty cites "an over-reliance on technology" as one reason. It makes the industry forget about the need to "connect with people", and inhibits rather than expands creativity. However, the pendulum is swinging back as brands realise the need to "touch people", Hegarty says.

## Mobile's increasingly disruptive influence

The internet continues to transform the business landscape as it has done over the past three decades, but Somo Global CEO, Nick Hynes believes mobile technology could prove to be an even greater disruptor over the next 30 years.

Many businesses are clinging to the "end of the internet tiger", but technology alone won't suffice to maintain a competitive advantage in future, he concludes. A single point of differentiation for successful businesses is likely to be how the massive growth in content on the various platforms is managed, provided and consumed.







## A credit to the UK economy

Screen sectors contribute more than £6bn annually to the UK economy; film tax credits have encouraged £1.5bn from foreign investment into the UK; government-funded screen-sector tax credit schemes have become “remarkable ROI”: for every pound government gives out for film, it gets back £12.49; for every pound for high-end TV, £8.31 goes back.

“Government sees that film is real business,” says Wootton. “You know it’s real when the film industry in Britain is bigger than the pharmaceutical industry.”

He’s not saying everything’s rosy in film’s garden. The Oscars race rumpus and Idris Elba speaking out at the House of Commons show “there’s work to do on diversity”.

## Emerging appetite for film

But Wootton sees a mostly rosy future over the next 30 years. Sustained growth over the past nine years will continue, he says. New and emerging markets in India, China and Latin America will contribute to the upward curve in economic development.

There are challenges – information overload, distractions on time, changing delivery methods and consumption pattern shifts – all of which are polarising content.

However, there is also a “colossal thirst for content” that is insatiable. It will drive growth of new companies already springing up to service demand, and support big-budget blockbuster cinema experience, as well as growth in long-form TV for home consumption.

## New and emerging film markets in India, China and Latin America will contribute to the upward curve in economic development.

Interactive entertainment (video games) is another growth sector, highlights Wootton. The UK is already one of the world’s most successful games exporters.

Amidst all the glitz and glamour, Wootton wraps up the film industry, saying that “in an unglamorous way it is really about jobs, companies, economic growth, training and skills for communities”.



Adrian Wootton  
CEO, Film London

## Key takeaways

- The British film industry has transformed from Cinderella to global player
- The film industry is now bigger than the pharmaceutical industry
- Film tax relief introduced in 2007, with similar reliefs for high-end TV and animation introduced in 2013, is a widely acknowledged game changer
- Eight of the world’s top 10 VFX studios are within a mile of each other in Soho
- Interactive entertainment (video games) is a major growth sector.

## The facts

- Growth in the industry has stimulated more than £425m in private capital investment in production facilities since 2007<sup>3</sup>
- *Skyfall* tops the list of highest grossing films at the UK box office, although *Titanic* remains at the top spot in the inflation-adjusted box office chart
- Since the start of the UK economic recovery in 2009, employment in the film sector has increased by 21.6%, outpacing almost all other sectors of the economy<sup>4</sup>
- Spend on high-end TV in the UK was 87% higher in the first year of the tax relief in 2013 than the preceding year<sup>5</sup>
- The UK video games sector generates annual revenue of £2.5bn, and includes the highest grossing video game series of all-time, *Grand Theft Auto*.<sup>6</sup>

<sup>1</sup>www.bfi.org.uk/news-opinion/news-bfi/announcements/new-bfi-stats-show-record-year-uk-film-2014

<sup>2</sup>www.bfi.org.uk/news-opinion/news-bfi/announcements/bfi-statistics-2015-uk-independent-films-win-audiences

<sup>3</sup>www.bfi.org.uk/sites/bfi.org.uk/files/downloads/bfi-press-release-uk-screen-content-gebnerates-over-6-billion-for-uk-economy-2015-02-24.pdf

<sup>4</sup>www.bfi.org.uk/education-research/film-industry-statistics-reports/reports/uk-film-economy/economic-contribution-uks-film-sectors

<sup>5</sup>www.bfi.org.uk/sites/bfi.org.uk/files/downloads/bfi-press-release-uk-screen-content-gebnerates-over-6-billion-for-uk-economy-2015-02-24.pdf

<sup>6</sup>ukie.org.uk/research

# New world order: content has gone global

As a young man, Darren Throop moved to a new city in his native Canada. When he couldn't find music he liked, he did what any good entrepreneur would do: opened up his own record store.

It is from these humble roots that Throop, President and CEO of Entertainment One (eOne) the global, multi-channel content owner, producer and distributor of TV, movies and music, grew his business.

This journey has given him a bird's-eye view of significant changes in every part of the entertainment industry over the past 30 years. From vinyl and celluloid through to streamed music, movies and TV, technology has changed how content is delivered at rates that are "simply staggering," he says.

These changes have "definitely been for the better for the industry" as they have made it easier for the consumer to interface with and to enjoy content in different ways and have made the world and audiences more connected.

## Global is the new reality for content

Over the next 30 years, Throop says the internet will "really drive those changes and make audiences truly global in ways we haven't seen before".

eOne has been careful to change in step and to "mirror these realities", structuring its business to transcend borders and putting global teams in place to service new customer demands. Other content providers are similarly adapting and restructuring to meet these global needs and make the most of the opportunities that globalisation creates.



The biggest news over the past decade has been the rapid growth of providers such as Netflix, Amazon and Apple iTunes, and the start of the digital download era

The biggest news over the past decade, says Throop, has been the rapid growth of providers such as Netflix, Amazon and Apple iTunes, and the start of the digital download era.

Along with Playstation, X-box, pay-TV providers and consolidation of cable and satellite operators, these companies have contributed to the creation of truly global platforms, no longer confined geographically and allowing consumers to enjoy content on a range of platforms.

"While technological changes have dramatically changed the nature of content creation and delivery, one of the most exciting developments is the ability for a creative mind to make a TV show, movie or piece of music for adults or children and, with a flick of a switch, have consumers around the globe enjoying it," he says.

Strategically to this end, eOne has focused on developing partnerships with the best creative minds, finding writers, producers and directors who can get the highest quality programming in front of the consumer.





## Cinematic experience here to stay

Ultimately, it's the consumer who determines where the entertainment industry is going, Throop says: "People can now find what they want to watch, when they want to watch it, and on many different platforms."

These changes mean linear TV is no longer the only avenue. "One of the biggest opportunities in engaging with big global audiences in future is with content tailored to their specific needs," he says. "There are huge opportunities opening up in developing markets such as China, India and South America."



But while there is increased demand and an insatiable appetite for streamed content, Throop challenges those who predict that the end of cinema is nigh. "They are on the wrong track."

Instead, while the industry is undergoing rapid change, the "cinematic experience is here to stay".

## "There are huge opportunities opening up in developing markets such as China, India and South America."

To those who say there's too much TV out there, Throop echoes US film and TV producer Mark Gordon, who believes that there might be too much TV content, but there's not too much good content. "High-quality TV will rise to the top."

The rapidly changing entertainment business will continue to be both stimulating and motivating, which is why it has never seemed like a job to Throop. "It's why I look forward to going to work every day."



**Darren Throop**  
President and CEO of eOne

<sup>1</sup>[www.deloitte.co.uk/mediaconsumer/](http://www.deloitte.co.uk/mediaconsumer/)

<sup>2</sup>[www.deloitte.co.uk/mediaconsumer/](http://www.deloitte.co.uk/mediaconsumer/)

## Key takeaways

- The biggest news over the past decade has been the rapid growth of providers such as Netflix, Amazon and Apple iTunes, and the start of the digital download era
- The internet will drive growth in future and make audiences global in ways not seen before
- In future, winning content will be user-specific
- The cinematic experience is here to stay
- Ultimately, it's the consumer who determines where the entertainment industry is going.

## The facts

- Media companies need to be ready for new economic models coming their way as demand for content 'anywhere, anytime' accelerates
- Increased competition for exclusive programming is driving up prices
- In the UK, the majority of daily media consumption for those under the age of 30 now involves a handset
- For the over 55s, smart devices are principally used for communication and linear TV is the backbone of their daily consumption<sup>1</sup>
- Conversely, smartphone-based, socially curated short-form video and music are the basis of entertainment for younger audiences.<sup>2</sup>

# Advertising: challenges to creativity

Advertising is one of the good things in life. But like all good things, too much of it can be bad, according to Bartle Bogle Hegarty's (BBH) Sir John Hegarty.

Hegarty refers to advertising as a "double-edged sword". He should know. He is one of the world's most awarded, respected advertising men, and the first to be knighted for his contribution to the industry.

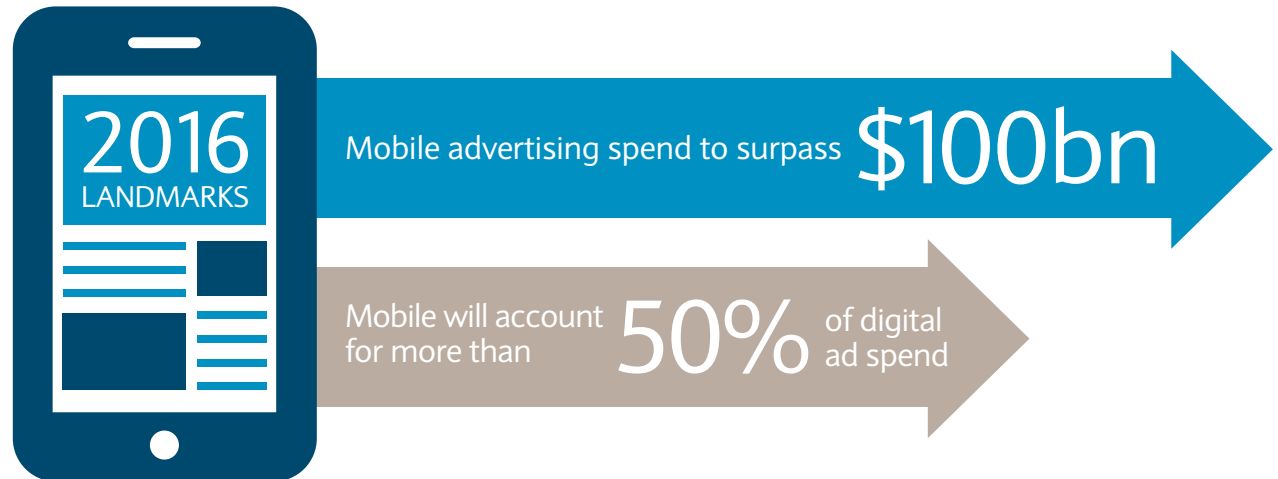
He has been at the forefront of the ad industry for over six decades, as founding shareholder of Saatchi and Saatchi in the late 1960s to BBH, the full-service global agency he co-founded in 1982 and still guides today.

That gives him unique perspectives on industry changes over the past 30 years. Rather than technology itself, he says the real change is the globalisation of the industry which results from that technological change.

**"The challenge will be how best to employ and embrace creativity to benefit brands."**

"If I were sitting in a BBH office 30 years ago, only 10% of the briefs I handled would have had a global dimension," Hegarty says. "Today, it's 90%."

That's partly because London has become a creative centre. The UK advertising industry has benefited financially from globalisation, but not always creatively.



## Larger audiences are harder to please

"Globalisation makes it harder to do highly creative work," says Hegarty. "You have to sell work to a broader group of people, each with the right of veto. Consequently, blandness thrives."

According to Hegarty, most global advertising doesn't work. "It is created for the wrong reasons, by accountants for cost-cutting, not for audiences' actual wants or needs.

"That makes it a step backwards and a problem for the industry because much work done now isn't as good as it used to be. It's not just an insult to people's intelligence, it lacks real audience connection."

## Finding creative talent is paramount

If he were starting a new business now, Hegarty's biggest concern would be finding outstanding creative people prepared to embrace an industry that "isn't punching above its weight".

"Digital technology has opened up the global communication landscape phenomenally," he says. "Using that landscape optimally and creatively is an ongoing challenge."

An over-reliance on technology makes the industry forget about the need to "connect with people". It's in danger of inhibiting rather than expanding creativity. We must always remember, technology enables opportunity, creativity creates value.





# Future for TV: a culture that embraces risk and innovation

If Channel 4 Director of Strategy and Technology Keith Underwood were starting a new business in his industry today, there would be one thing on his mind: the competition.

TV is an industry landscape which has been transformed beyond recognition over the past 30 years. An explosion in the number of media players means sustainable niches and profitable business opportunities are far less obvious than they once were, Underwood warns.

When Channel 4 launched in 1982, it was a single TV channel with just three competitors. Now there are more than 300 linear channels on different, hybrid platforms and an audio visual market that has moved onto the internet.

**“You can’t rule out “an absolute game changer”, such as Facebook deciding to make the radical move into creating long-form content.”**

There are huge challenges ahead for this type of content, from changes in distribution to viewing trends and online consumption, all of which have intensified competition. Added to that is the threat – which Underwood prefers to see as a challenge – of globalisation driven by technological advances. However, both trends create new opportunities for those businesses which are sufficiently agile and willing to take risks with new, innovative consumer propositions.

## On-demand content is in demand

The game changer for broadcasters has been continued growth in relatively low-cost, mass-market distribution channels for content providers over different devices. “Distribution was once a high-cost, scarce resource; a barrier to entry for new and disruptive players, but no more,” he says.

And while this globalisation is testing the media sector, Underwood ultimately believes it has been a positive influence.

“New on-demand content providers such as Amazon, Netflix, Apple and Google have significantly increased consumer choice. Furthermore, there has been a material rise in the volume of blockbuster shows, especially drama, on TV in the UK as a result of the increasing ability to secure international funding partners.

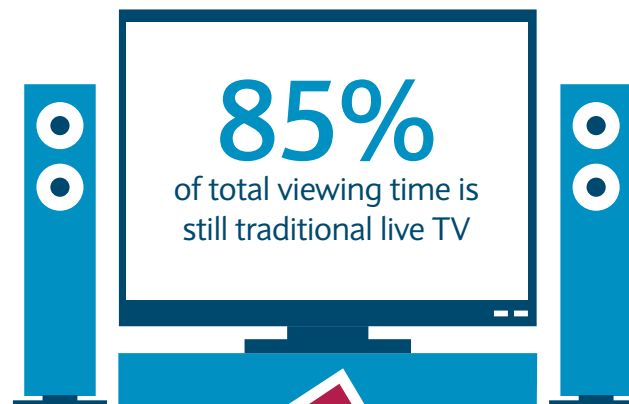
## Creative new partnerships

The UK creative economy, as an exporter, now punches well above its weight in terms of IP creation. Companies can now form international distribution partnerships or distribute directly to consumers in these markets and boost returns back to UK PLCs.

Channel 4 and others are reporting record revenues, investment in content, and a steady flow of creative awards.

But getting it right will continue to be an “art”, with Underwood describing it as “insanely hard” to predict ahead to the next 30 years.

“Who could have forecast the level of disruption over the past 15, never mind 30, years?” he says.



## Disruption dialled down

He admits he is almost inclined to tempt fate and say that the unprecedented disruption seen over the past 15 years will lose pace over the next decade and a half.

What you can't rule out, he emphasises, is "an absolute game changer" appearing on the scene – an organisation such as Facebook deciding to make the radical move into creating long-form content, for instance.

The idea of content 'anywhere, anytime' and the seamless portability of content will be even more important looking forward. "Consumers will expect their out-of-home experience to match their in-home content availability," Underwood says.

And linear TV will continue to be the dominant model, as he sees it remaining a "stubbornly resilient form of immediate consumption". Channel 4 was a pioneer of video-on-demand services in the UK. Its All4 product shows that the future of TV viewing lies not in linear or on-demand, but a creative, visual integration of the two worlds.

## Channelling the future of content

Pessimists predicted that digital would mean 'more for less', trading analogue pounds for digital pence – through a process of constant innovation – Channel 4 is now adding digital pounds to analogue pounds.

The type of talent broadcasters will need to attract is also radically different. Channel 4 has managed to stay ahead of the digital curve in part because it recruited a team of expert technologists and data scientists several years ago.

Businesses that will thrive in the digital age will be "culturally ingrained" to encourage risk-taking and innovation. "For Channel 4, this is its core DNA," Underwood emphasises.

## "The idea of content 'anywhere, anytime' and the seamless portability of content will be even more important looking forward."

"It's often said that the future of broadcasting won't be determined by strategy or technology, but by culture. That culture eats strategy for breakfast. But I believe our business will thrive thanks to a culture which actively encourages innovation in strategy and technology.

Future success, he says, will be driven by an agile strategy which keeps a keen eye on competitors in the marketplace, while embracing and deploying new technologies.



**Keith Underwood**  
Director of Strategy  
and Technology  
Channel 4

## Key takeaways

- Distribution of content, viewing trends and online consumption of content have shaken up the broadcasting industry, yet made it more competitive
- Growth in relatively low-cost, mass-market distribution channels for content providers over different devices has been a game changer
- Despite an increase of viewing over the internet, linear TV is still the dominant model – a stubbornly resilient form of immediate consumption that is likely to continue
- Digital doesn't mean 'more for less' – Channel 4 is adding digital pounds to analogue pounds
- The idea of content 'anywhere, anytime', the seamless portability of content, will be even more important in future.

## The facts

- The UK television industry generated £13.2bn in revenue during 2014, an increase of 3.1% (£392m) year on year<sup>1</sup>
- Consumers' growing reliance on smartphones and tablets is affecting TV viewing and more content is being viewed over the internet than ever before
- Internet-connected TVs are on the rise while HD growth is slowing and 3D is faltering
- In Europe and the UK, most viewing continues to be to linear broadcast TV: 85% of total viewing time is still traditional live TV but this is falling.<sup>2</sup>

<sup>1</sup>[http://stakeholders.ofcom.org.uk/binaries/research/cmr/cmr15/UK\\_2.pdf](http://stakeholders.ofcom.org.uk/binaries/research/cmr/cmr15/UK_2.pdf)

<sup>2</sup>[http://stakeholders.ofcom.org.uk/binaries/research/cmr/cmr15/UK\\_2.pdf](http://stakeholders.ofcom.org.uk/binaries/research/cmr/cmr15/UK_2.pdf)

# A different beat: music industry changes its tune

The music industry has seen a dramatic change of rhythm over the past 30 years according to dance pioneer and Ministry of Sound CEO Lohan Presencer.

Rewind to 1986, and you find yourself in a world of major record labels and big independents, when youth spend and attention were almost exclusively focused upon pop music, Presencer says.

It was a time when successful artists could expect album sales of 10 to 15 million and were guaranteed a career spanning 10 to 20 years, all thanks to a loyal fan base.

Fast forward to today's digital world, and technology has "totally transformed" the music-scape. The IFPI's Global Music Report 2016<sup>1</sup> reflects "an industry that has adapted to the digital age and emerged stronger and smarter". Presencer is not so sanguine.

"The music industry is half the size of 15 years ago," he says. It has plateaued at \$15bn compared to \$30bn at its peak. Global consolidation has left just three major music companies. For most artists, there's little fan base, no loyalty and no longevity.

Successful artists now are those who understand how to manipulate social media and monetise their art, and have multifaceted revenue models. As Presencer says, "The greatest musicians are not always good marketers."

## Emerging music trends

The biggest change? A world where music is largely available free, on-demand and instantly accessible on devices in our pockets.

Presencer believes "streaming" is sounding warning bells for the next 30 years, but not everyone's hearing them.

"Music is being listened to more and consumed by more people across the world than ever before. It's just not being paid for," he says. "Consumers think free music's fantastic, but it's a rot that's killing the industry."

"Music in the future will be "a tapestry of experiences": streaming, download, physical purchase, curated, on-demand, on-radio and visual content."

A lack of competition among the few remaining big record companies and a tendency for subscription streaming services to favour R&B and dance-orientated music, means that the industry is seeing investment focused on a narrow music bandwidth. "This is creating a homogenisation of content that's happening very quickly," Presencer warns. "It will create a vicious circle."





# Future of advertising: mix of maths and philosophy

It's a long time since Ebiquity founder and Executive Director Michael Greenlees left behind the glamour of advertising in its golden age. However, he's still communicating with big business and political parties alike.

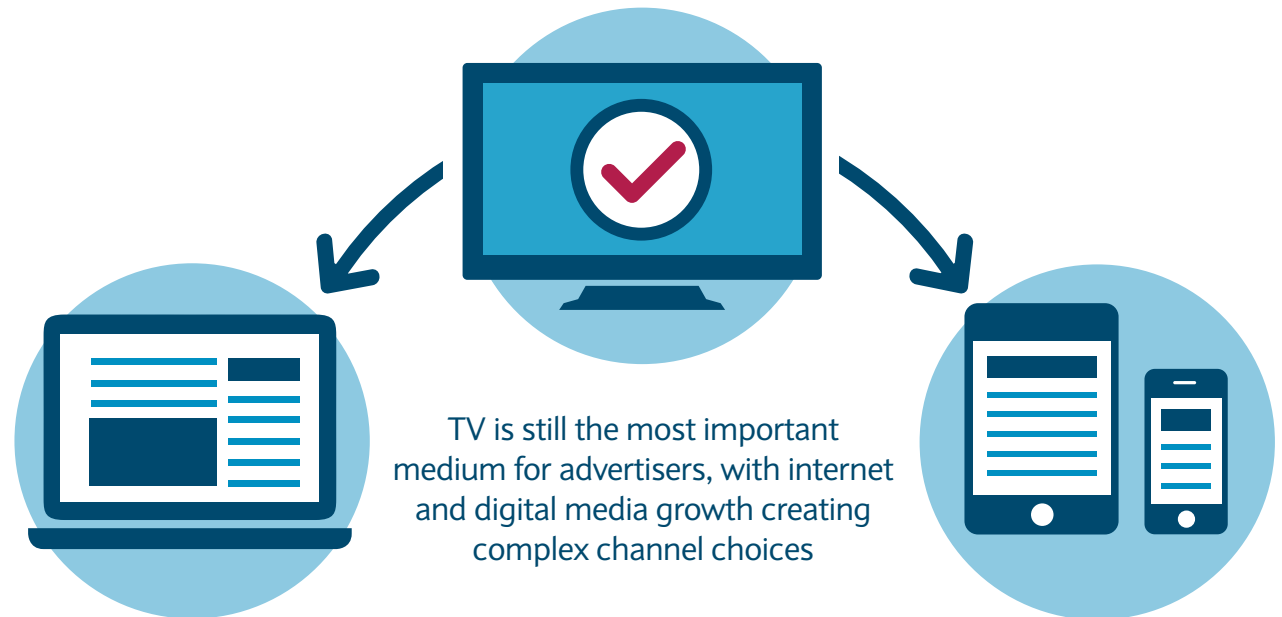
Does he miss his time at Gold Greenlees Trott, the international advertising and marketing agency which he co-founded in the 1980s? Not a bit.

Instead, his role at Ebiquity steeps him in the serious business of improving clients' performance and return on investment (ROI) so they can compete in a rapidly changing marketing landscape.

## Getting a measure of success

Ebiquity is leading the way in an emerging performance analytics sector in the UK. It offers econometrics, statistics, analytics and a unique marketing intelligence mix to a client base of more than 1,000 companies. These represent more than 90% of the world's largest advertisers.

**“The competitive advantage for brands in future lies in a clarity of vision and strategy, combined with executional excellence and precision.”**



He says that having studied at Warwick University in both philosophy and mathematics is an “intriguing mix” and the reason for his success in business. It has allowed him to think conceptually with clarity of vision and strategy, as well as focusing on executional excellence and precision.

“This approach is the new competitive advantage for brands in future. It allows companies to meet customers' needs in a more focused, targeted way, and uniquely views outcomes through a precise mathematical lens.”

## Keeping afloat in a tidal wave of data

An innovative use of technology and performance analytics is a lifebelt that prevents clients from drowning in a flood of data, he says. It helps them keep pace in an industry which has seen dramatic changes over the past 30 years. The biggest is massive fragmentation of media.



“In the good old days, TV could command audiences of 20 to 30 million viewers. Those days are long gone,” Greenlees says.

TV is probably still the most important medium for advertisers and he doesn't see that changing anytime soon. However, internet and digital media growth has made consumers view advertising through a more complex matrix of channel choices, and advertisers expect higher ROI levels for marketing spend.

### Barriers to return on investment

Digital advertising is exciting, but has “an awful long way to go before it delivers value to advertisers,” says Greenlees. Major structural issues – visibility, ad blocking and the way advertising impressions are defined – affect this area of advertising and generally obstruct the value it generates.

Another big industry change is the move from commission-based to fee-based compensation for advertising agencies, the separation of media buying and the development of creative content. This has changed relationships between agencies and advertisers, who increasingly seek a greater level of accountability from their advertising partners.

### Communication becoming consumer-led

Looking ahead 30 years, Greenlees says that advertisers will continue to be challenged by the volume of consumer data that will significantly increase with the development of IPTV (television delivered over the internet). Individually targeted advertising will be the norm and broadcast television is likely to be a thing of the past.

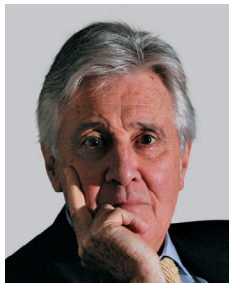
Marketers of the future will have to find ways to serve individually relevant content in all of the media channels their target audience use – and will have to do so cost-effectively.

### Channelling value of data

Data sets have to be interpreted properly to add value, says Greenlees. As the capacity to generate data increases, marketers will have to decide what information is most relevant to help drive business success.

The internet is already a major channel for direct selling. E-commerce is rapidly growing and mobile devices account for the largest percentage of online sales. For Greenlees, the internet's global reach means all brands can be international if they so choose. This presents both opportunity and challenge for brands.

“All brands need to be aware of their environment. Performance analytics, along with clear vision, precise execution and openness to new ideas, will be paramount,” Greenlees concludes.



**Michael Greenlees**  
Executive Director, Ebiquity

## Key takeaways

- Mathematics and philosophy – a great ‘mix’ and competitive edge for future business success
- TV is still the most important medium for advertisers, but internet and digital media growth creates a complex matrix of channel choices
- Digital advertising is exciting, but has a long way to go before delivering value to advertisers
- The biggest future challenge will be the development of IPTV which will increase the importance of individually targeted messages and increase the volume of data that marketers will need to digest
- The internet's global reach means all brands can be international if they choose to be.

## The facts

- The global US\$600bn advertising industry, which is growing at a 5% rate annually, is undergoing a rapid transition<sup>1</sup>
- The internet advertising market is gaining traction owing to the increasing ubiquity of smartphones, tablets and PCs, coupled with improved ad measurement techniques
- Data management is the number one preoccupation of today's chief marketing officers
- A good data management strategy covers capture, storage, analytics, usage, and ‘hygiene facts’ such as technology evaluation, ownership, control, access, measurement and audit rights
- Data management platforms are increasingly driving multiple channels and management of complex, multichannel ‘tech stacks’.

<sup>1</sup>[www.forbes.com/sites/greatspeculations/2015/09/28/trends-in-global-advertising-industry-winners-and-losers-part-1/#6fcec94423a1](http://www.forbes.com/sites/greatspeculations/2015/09/28/trends-in-global-advertising-industry-winners-and-losers-part-1/#6fcec94423a1)

# Mobile world's magician on a mission

When it comes to mobile technology, Somo Global CEO Nick Hynes is a magician – one who has the ability to help businesses to understand its true potential.

Nick is a magician on a mission, a business visionary and co-founder of a global company who has a trick up his sleeve – he can make the connected mobile world's transformational powers seem a little less daunting.

Hynes has established some of the world's most successful fast-growth digital companies of the past two decades. In recognition of his contribution to the digital industry, he was inducted into the BIMA Digital Hall of Fame in 2012, and named one of the top 20 most influential and inspirational Britons.

It helps that Hynes has antennae sufficiently honed to pick up the next big things in the fast-changing world of digital technology. And like any good magician, he has a consistent track record of getting things more right than wrong. He also isn't afraid to get things wrong; at least not anymore.

## Flying high from a young age

Hynes started his career as a fast-track graduate for British Airways. In 13 years with the airline, he was appointed BA's youngest senior manager at age 29, and led a number of global initiatives. The airline culture had zero tolerance for failure. It's tempting to see that as a positive, as BA moves 60 million people a year, seven miles high, in thin aluminium tubes surrounded by high-octane fuel. Failure in that environment, says Hynes, has a catastrophic impact.

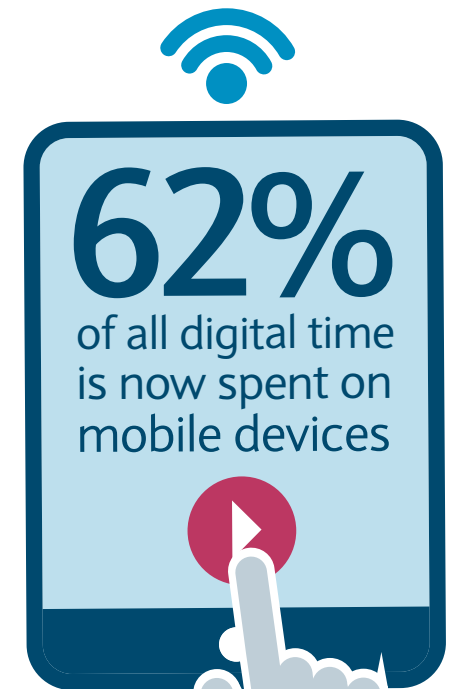
BA taught Hynes that failure was not an option. That was its greatest failure, he says, because: "If you don't fail, you don't learn."

As CEO of Somo Global, Chairman of Reward, and investor and advisor to around 20 digital start-ups, Hynes has unlearned any fear of failure.

## Thinking big about problem-solving

He co-founded Somo in 2009 to solve a global problem: complacency after 20-odd years of the Internet, and futile attempts to apply Internet management technology principles to the mobile world's new landscape and architecture.

Many enterprises are still "hanging onto the end of the Internet tiger", he says. That leaves them with no procedures in place to understand, track, and engage consumers and consumer activity in terms of dwell time, transactions, search behaviour, affiliate marketing practices, and managing the massively increased flow of data.



Somo Global has built innovative, creative products for global brands, but its real magic lies in “actionable innovation”. He says it’s not about inventing new technology, but integrating it from laboratory ‘test-tube’ to implementation in a real-world production environment.

Technological change does have a dark side but, over the years, has made humans safer than they have ever been – and the world in general a safer, more open, democratic space, he says. Fuelled by economic benefits of the digital era, technology “has transformed every industry on the planet”.

“Fuelled by the economic benefits of the digital era, technology has ‘transformed every industry on the planet’.”

### Game-changing technological advances

What, in his view, are some of the most challenging, yet exciting changes in technology? Management of multiple screens is a challenge facing both consumers and businesses, he says. Screens range from desktops, laptops and tablets to mobile wearable technology, including ‘ultimate wearables’ placed within the human body.

This includes changes to interfaces, which are now transforming the management of multiple screens, and the way people communicate in business environments.

Augmented reality, where mobile technology is integrated with the ‘real world’ and the Internet of Things – a concept not clearly defined but that covers connecting any online device – are also exciting areas.

### Mobile is in its youth

Looking ahead 30 years, Hynes says the real scale of mobile-driven technological change is only just beginning, and technology on its own won’t suffice to maintain competitive advantage.

He sees a vast array of changes on the horizon, and says a key “single point of differentiation” for successful businesses will be how content is managed, provided and consumed. Battery technology will be another leap forward. It is currently the biggest handicap to complete and universal access to the power of technology.



Nick Hynes  
CEO, Somo Global

## Key takeaways

- Failure is important in innovation: if you don’t fail, you don’t learn
- Technological change has a dark side, but it has made humans safer than they have ever been, and the world more democratic
- Technology on its own won’t suffice to maintain competitive advantage in future
- A key single point of differentiation for successful businesses in future will be how content is managed, provided and consumed
- Mobile-driven technology is in its infancy, but batteries will be the next leap forward.

## The facts

- 62% of all digital time is now spent on mobile devices – a figure that is growing rapidly<sup>1</sup>
- Increased variation in screen sizes, device formats, and device functionality adds to the complexity of the mobile landscape
- The emergence of the Internet of Things is both enhancing the in-store experience for customers and saving retailers time and money
- For the first time, TV sales have fallen and viewers are switching from linear TV to mobile screens
- Many channels now offer the same material online and on mobile, providing viewers with greater flexibility.

<sup>1</sup>[www.somoglobal.com/blog/the-dos-and-donts-of-mobile-advertising-to-reach-the-connected-traveller/](http://www.somoglobal.com/blog/the-dos-and-donts-of-mobile-advertising-to-reach-the-connected-traveller/)

# Why British VFX artists rule the film world

If Peter Nagle were a superhero, he'd make a great Invisible Man. As chairman of global visual effects and animation company Cinesite Studios, he deals in one of the film industry's best-kept secrets: invisible visual effects.

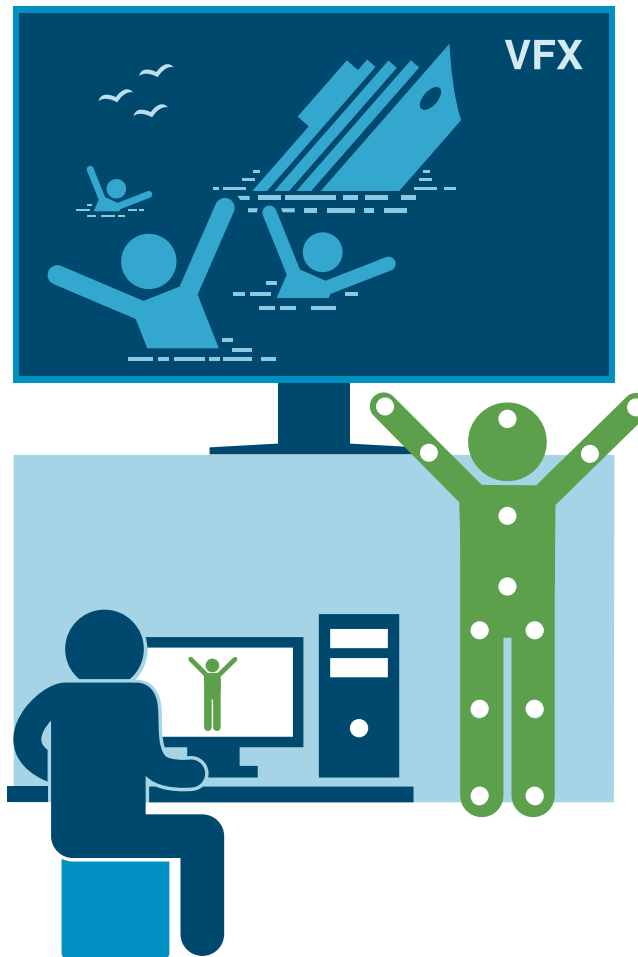
Nagle considers it a job well done when Cinesite's VFX output is invisible to audiences. He thinks keeping that secret safe makes Cinesite VFX artists the unsung heroes of the film industry.

VFX is a rapidly growing sector within film and TV industries. VFX artists now routinely create photoreal images, replacing live film sequences that budget or safety concerns would prevent, or creating visuals that don't exist in the real world.

Technology has been one of the biggest drivers of change in the VFX industry over the past 30 years, and expectations along with it: "What was acceptable 10, five, or even just two years ago is no longer acceptable today," Nagle explains.

## Technology is nothing without creativity

The term CGI (computer-generated imagery) is often used interchangeably with VFX – by outsiders who fail to understand that, for magic to happen, the technology must be combined with creative talent.



As British VFX artist Andrew Whitehurst wrote in *The Guardian* recently, the best visual effects are "no more created by a computer than Microsoft Word creates the modern novel".<sup>1</sup>

The biggest change in the VFX industry is its mix of artistry, science and technology, says Nagle. To create believable exploding buildings or storm-tossed seas from scratch, VFX artists need to be as skilled in mathematics, trajectory geometry, physics and fluid dynamics as they are in visualisation.

**"A big future challenge for modern-day VFX companies is being in the right place at the right time."**

But VFX artists do a lot of 'eye tricking' in Cinesite's most recent success story: the 2015 film *The Revenant*, featuring Leonardo DiCaprio. The work was nominated for an Oscar for the film in the VFX category and won a prestigious VFX Society Award.

Tax credits have been another driver of change in the VFX industry over the past three decades, says Nagle. They're the reason 100% of Cinesite's business was UK-based for 20 years – until Canada cottoned on. Now 65% of Cinesite's business is in Vancouver and Montreal.

But, as Nagle says, tax credits are worth little without talent and volume – sufficient numbers of people have to be able to work to a bar set very high.

### The future of VFX is coming into focus

Looking to the next 30 years, for Nagle, VFX improvement is on a “fairly clear trajectory” and will get sharper and clearer. A big factor will be how people consume content.

“Two years from now, most of the people who will consume our content will only ever have lived in the 21st century,” says Nagle. “That must be kept in mind when planning and making decisions.”

**“Two years from now, most of the people consuming our content will only ever have lived in the 21st century. That must be kept in mind when planning and making decisions.”**

The internet will change “everything for everyone”, including an antiquated film distribution system and the vested interests propping it up. That system will change, and the change is likely to come from outside the film business.

Just as Apple was not in the music business, but is now the world's biggest music retailer, Amazon and Netflix are not movie studios but are currently delivering huge volumes of content on the back of telco's broadband connection. Nagle sees an end to the free ride streamers have been enjoying, and revenue sharing inevitable.

“A big future challenge for modern-day VFX companies is being in the right place at the right time. If not, you'll get crushed,” he says.

Scale is vital; the more sophisticated films become, the more VFX companies will need the resources capable of the depth of knowledge and expertise to meet filmmakers' demands.

“Smaller businesses will struggle more than they've done in the past, especially if they're not in the right tax jurisdiction.”

How does Nagle stay grounded in the invisible VFX world? With a life motto: “Always find the truth, in business and everything you do. It makes for amazing decision-making.”



**Peter Nagle**  
Chairman, Cinesite Studios

## Key takeaways

- Invisible visual effects are one of the film industry's best-kept secrets
- A mix of art, science and technology allows VFX artists to create undreamed of levels of photorealism
- The best visual effects are “no more created by a computer than Microsoft Word creates the modern novel”
- Tax credits have driven change in the VFX industry, but are worth little without talent and volume
- Change to an antiquated film distribution system is likely to come from outside the film business.

## The facts

- VFX is as old as the film industry itself, with crude special and camera effects used 120 years ago
- VFX is a British film industry success story, albeit a quiet one: UK-based VFX artists are leading the world and increasingly finding recognition among their peers
- The initial impetus for the British VFX industry came from the Harry Potter series, which began filming in 2000 at Warner Bros. Studios, Leavesden in Hertfordshire
- An industry trend is for VFX studios also to become production companies, where they make movies as well as doing service work
- The British Film Commission has launched the UK VFX and Post Directory, which provides an overview of UK facilities with major feature film and high-end television credits, as well as outlining the UK's tax incentives.<sup>2</sup>

<sup>1</sup>[www.theguardian.com/film/filmblog/2016/feb/25/dont-knock-cgi-its-everywhere-you-just-dont-notice-it](http://www.theguardian.com/film/filmblog/2016/feb/25/dont-knock-cgi-its-everywhere-you-just-dont-notice-it)

<sup>2</sup><https://issuu.com/mb-insight/docs/vfxlr>

# Digital disruption: the changing face of news delivery

Newspapers have felt the full force of digital disruption that has ripped through the publishing industry over the past 10 years, according to Trinity Mirror CEO Simon Fox.

The past three decades have been a time of ‘constant change’ during which various technologies have changed the industry’s direction, says Fox.

Newspapers used to be the primary method by which news was distributed until the advent of radio bulletins, followed by TV broadcast and the internet. “Perhaps the most dramatic change over the past 10 years has been the digital revolution,” he highlights.

This revolution has been gathering pace ever since. For Fox, the biggest change over the past four years has been the growth of news consumption on smartphones and on social networks.

“The global appetite for news is probably higher than it has ever been and that will continue over the next 30 years.”

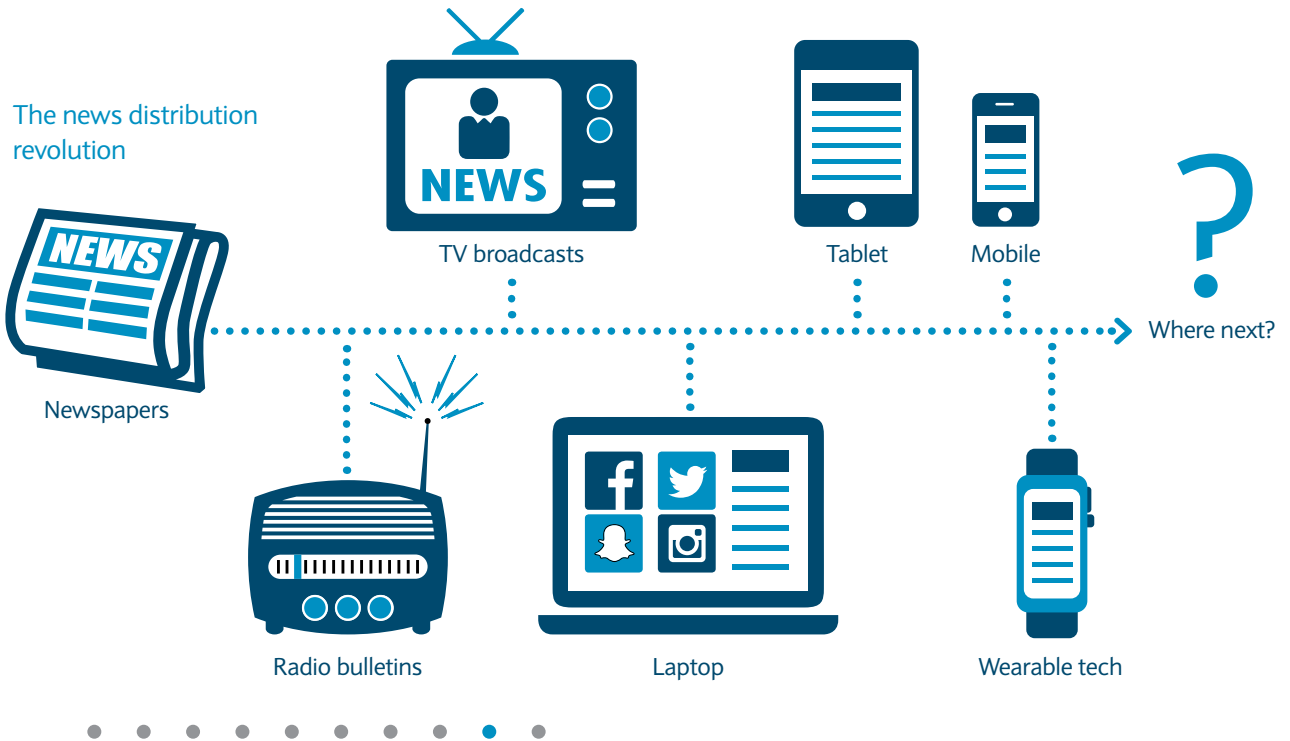
Since 2014, there has been a significant change in the amount of time people spend on social platforms, such as Facebook, Snapchat, Instagram and Twitter.

## Legacy brands remain trusted verifiers of news

News content providers have had to change the way they do business fundamentally, says Fox, to ensure their content is available where consumers spend their digital time. They’ve had to change the way their newsrooms are organised, the type of content they produce and how that content is monetised.

The nature of journalism has also changed because now “anyone with a smartphone can be a reporter”, claims Fox.

Big breaking news stories are broken not by journalists, but people “unfortunate enough to be on the scene”. Professional news gatherers step in within seconds and remain the ‘trusted voice’ needed to verify news and filter the enormous number of (often inaccurate) social media feeds coming through.



## Focus on regional reporting

The intensely competitive nature of news markets makes key differentiators even more vital in future. Trinity Mirror's strategy, and point of difference, is to have more journalists and newsrooms across the UK than probably any other news organisation, and a 'deep engagement' with local rather than international audiences, adds Fox. For that reason, the company is increasingly a regional as well as a national publisher.

That said, he expects global interest in British news, politics, football and royalty to continue over the next decades. It's the reason around 40% of Trinity's digital audience comes from outside the UK.

## Digital strategy extends reach

"One of digital's attractions," Fox says, "is a reach far greater than is possible with distribution through newsprint."

'Digital first' will continue to lead the way in future. "There is no doubt about the direction of travel. The stream is digital; it's flowing fast in a particular direction and we need to be in that stream."

Trinity Mirror is now the UK's second largest digital news brand. Its digital revenue is growing at around 25% a year, though digital revenue growth is not yet offsetting print revenue decline. Digital advertising has the advantage of being far more targeted and measurable, Fox says – among many positive reasons for the "enormous surge of expenditure" from traditional channels into digital advertising. For the first time in the UK this year, digital advertising will overtake TV advertising.

<sup>1</sup>[www.deloitte.co.uk/mediaconsumer/news-feeds/](http://www.deloitte.co.uk/mediaconsumer/news-feeds/)

<sup>2</sup>[www.journalism.co.uk/news/4-current-digital-media-trends-that-will-continue-to-shape-news-in-2016/s2/a595137/](http://www.journalism.co.uk/news/4-current-digital-media-trends-that-will-continue-to-shape-news-in-2016/s2/a595137/)

## Quality, not technology, will preserve industry

Industry change over the next 30 years will continue to be predominantly technological, though quite what that change will be isn't clear, says Fox.

Despite perennial predictions of the death of print and steadily declining print readership, Fox believes there are still "many years left for some forms of print" and other 'legacy' news platforms.

Global appetite for news is probably higher than it has ever been and will continue over the next decades, he says.

"If we produce content our communities want to consume, whether they read in print or digital, that's what I believe our organisation will be doing for the next 30 years."

The publishing industry must embrace all forms of technology, harness the best digital products and people, be on all the right platforms and have the best data and advertising tools to monetise what they do effectively.

"Ultimately, we'll all be judged by the relevance and quality of the content we produce," Fox concludes.



**Simon Fox**  
CEO, Trinity Mirror

## Key takeaways

- Of all publishing industries, the newspaper industry has taken the fullest brunt of ongoing technological disruption over the past 10 years
- The biggest change over the past four years has been the growth of social networks and consumer consumption pattern changes
- Despite perennial predictions of the death of print there are still many years left for it in tandem with the digital revolution
- An enormous surge of expenditure from traditional channels into digital advertising means that for the first time in the UK this year, digital will overtake TV advertising.

## The facts

- Daily news consumption levels are holding steady in the UK: in one survey, a fifth of adults say they access news content as soon as they wake up in the morning; younger Britons are more likely to consume news content during their breaks at work<sup>1</sup>
- Newspapers remain a popular source of online content, despite falling print circulations
- In the UK, over half of the audience of five national newspapers is now mobile-only<sup>2</sup>
- News organisations are releasing virtual reality projects and immersive news videos, from one-off experiments to dedicated VR apps
- News providers will in future need to work towards a best-in-class service that delivers content personalisation, multimedia articles and breaking updates.

# Why radio has ‘never been in a better place’

The future of radio is bright and as technology advances, the direction of the industry will ultimately be decided by audiences, says Global Radio Group CEO Stephen Miron.

Miron, who heads up the UK’s biggest commercial radio company, says both FM and DAB (digital audio broadcasting) will be around for the foreseeable future.

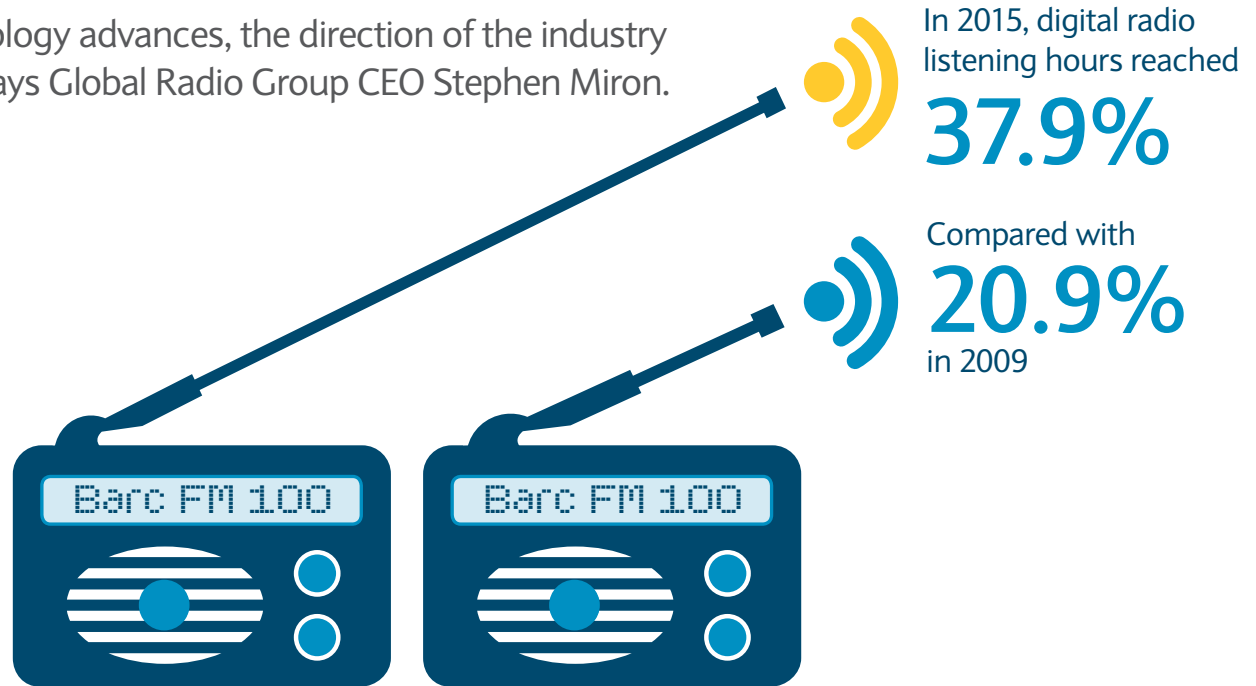
He doesn’t see digital as the only platform in the near future: “FM is still a fantastic way of broadcasting, but so is DAB; they provide different options and alternatives.”

Ultimately, he believes, listeners will define and decide the point at which, and if, the industry turns off its FM transmitter for good.

## Stagnation in stereo

FM stereo was the sound revolution in the 1960s, but Miron disagrees with criticisms that the industry has failed to innovate in radio over the past 40 years.

Global wouldn’t have made the acquisitions it did in 2007 and 2008, Miron says, unless there were auspicious signs that radio was a huge opportunity. Back then, Lehman Brothers collapsed and the world was “not in a great place”. To survive, you had to do “pretty drastic things”, he admits.



Global spent £535m in acquisitions in the belief that there was a much better way of doing things. “The industry needed innovation and Global had an answer,” Miron adds. The company went on to morph into a global multi-media entertainment giant, embracing TV, music, talent, publishing and events.

**“Media businesses in future must be platform-agnostic, and have compelling products, fantastic people and the right culture.”**

## Riding the wave of radio

But radio remains the engine of Global’s business. “The strategy was not to make the mistake many media companies made: to sit in one vertical only,” Miron says.

While Global came in for significant criticism at the time, Miron says the decisions made back then have proved to be beneficial for the business and industry.

“The rising tide floats all boats,” he says. “And other radio businesses have done well on the back of Global’s success.”

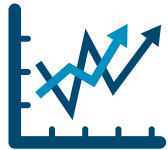






# Strategies for success

Whilst the challenges facing the media industries in the future are legion, there are some key strategic approaches which could help all businesses cope with the unknown.



## Be flexible

Always keep one eye on the future, anticipate trends and find ways to accommodate them in your business model.



## Focus on creative excellence

The key differentiator in the industry will still be the quality of your end product. Maintain a laser-like focus on creative excellence.



## Embrace new markets

The digital revolution is opening up new markets across the world with millions of new consumers who have a thirst for creative content.



## Use your advisers

All your professional advisers have a unique overview of industry changes and a vested interest in your success. Make sure you utilise their experience.

To find out more about how Barclays can support your business, please call Lorraine Ruckstuhl on 07917 503442\* or visit [barclayscorporate.com](http://barclayscorporate.com)

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