

Disrupt the status quo

Industry intelligence: *Report on Disruptive Technology's Impact on Media & Entertainment*



Proprietary study reveals benefits of embracing disruptive technology vs. risks of waiting

A recent survey of more than 400 technology decision makers across 13 industries indicates that early adoption of disruptive technology is seen as less risky than waiting. Among technology leaders across all industries, including Media & Entertainment, there was near consensus that adopting disruptive technology has become the price of doing business and staying in business.

Majority of companies to increase investment

Companies surveyed have already adopted, on average, four of the 12 disruptive technologies recognized by McKinsey.¹ For Media & Entertainment companies, it is slightly lower with an average of three or fewer. And almost all companies intend to increase their investment in disruptive technologies.

In Media & Entertainment, outside disruption creates unique challenges to technology adoption

Every day, Media & Entertainment companies face new challenges on all fronts, from traditional cable and broadcast to streaming services like Netflix and Hulu. Meanwhile, creators of live experiences struggle to convince fans to turn from their devices and see the real thing. This presents unique challenges to decision makers struggling to determine the most opportune time to adopt the technologies that can address these threats and trigger growth. This report looks at the trends, attitudes and behaviors that are determining the present and future of Media & Entertainment.

4 in 5

say adopting disruptive technologies is the price of staying in business

1 in 2

companies say it's riskier to adopt technologies too late rather than too early

Most companies intend to increase their investment in disruptive technologies



Disruptive technologies driving growth

MOBILE DEVICES
APPLICATIONS
INTERNET OF THINGS
CLOUD
COMMERCE
RENEWABLE ENERGY
ARTIFICIAL INTELLIGENCE
ROBOTICS
ADVANCED MATERIALS
ENERGY STORAGE
3-D PRINTING
AUTONOMOUS VEHICLES

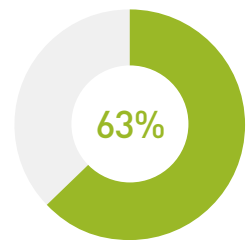
¹ *Disruptive Technologies: Advances that will transform life, business and the global economy.* McKinsey Global Institute, May 2013

Media & Entertainment lags in overall adoption, but is poised for change

Media & Entertainment companies have been slightly slower to adopt disruptive technologies than other industries in our survey. They are just over 80% as likely to have adopted the Cloud and IoT as other industries, on average. And only half of companies in this industry believe it's riskier to adopt technologies too late rather than too early, compared with two-thirds in other industries. Still, they are keenly aware of competitive threats that will emerge if they fail to invest in disruptive technologies.

Artificial Intelligence: where the industry leads

With an unforgiving business model, Media & Entertainment companies need to choose wisely. And one disruptive technology they have gone "all in" on is Artificial Intelligence. Media and entertainment companies know that the way to build customer loyalty is through engaging content and experiences that are personally relevant to each consumer. AI is the tool that makes this possible.



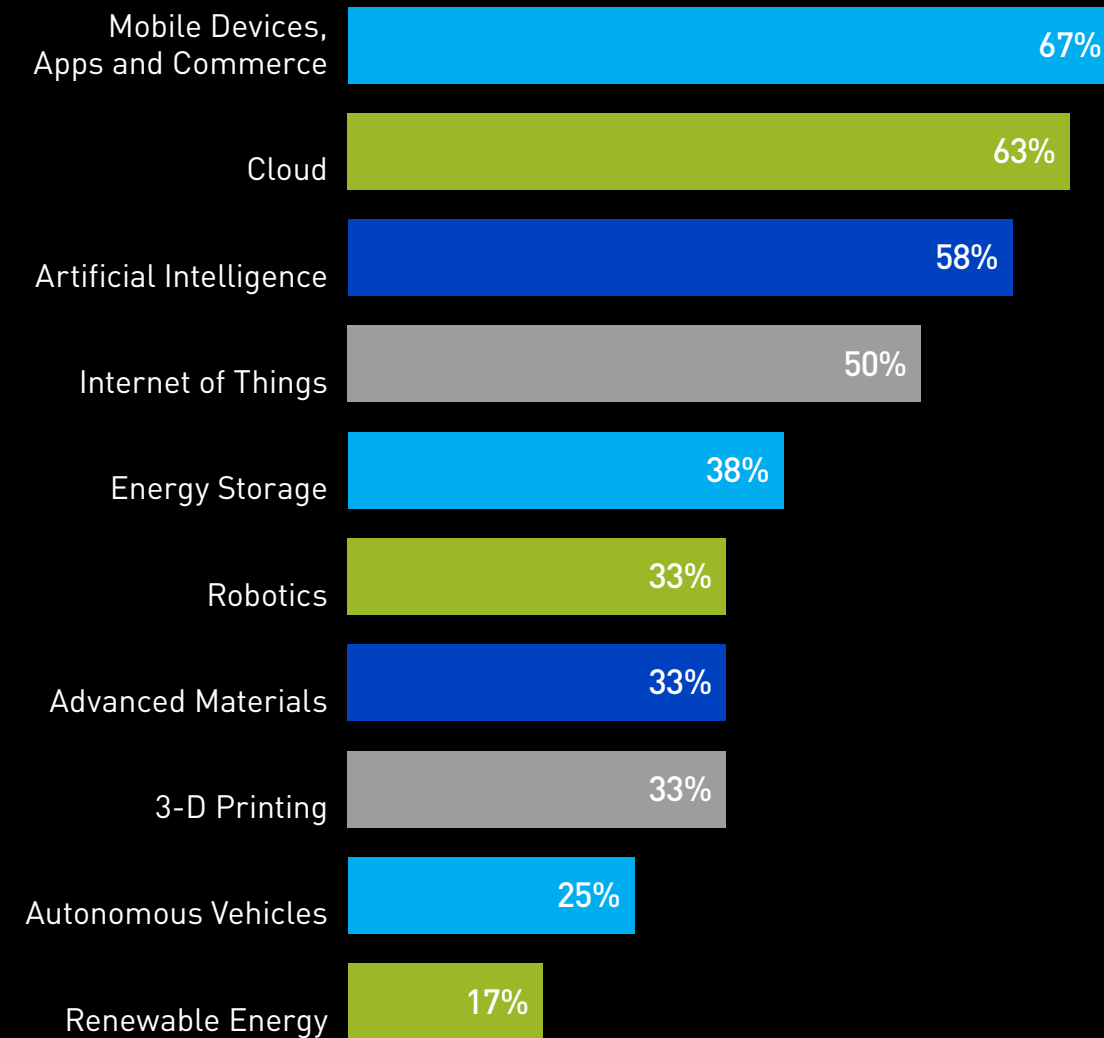
believe that new competitors outside the industry could disrupt them if they failure to invest in innovative technologies

+148%

adoption of AI vs. industry average



Adoption of disruptive technologies in Media & Entertainment



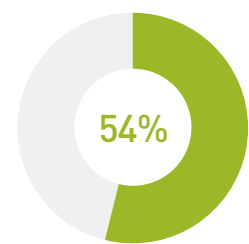
Media & Entertainment's top concern: disruption from competitors

Media & Entertainment was among the first to feel the impact of disruptive business models on its industry, including pirated and "free" content. So it's understandable that disruption from outside competitors is its leading concern. Energy & Utilities is the only other industry surveyed to rank outside disruption from competitors as its top concern.



Protecting customer privacy vs. using data for adoption

Decision makers cited a number of barriers to broader disruptive technology adoption, including issues within their own organizations. More than two in five cite organizational silos as a substantial barrier to adoption. And one in three pointed to a lack of internal expertise for effective implementation. But the leading barrier to adoption was concern about protecting the integrity of consumer privacy. More than half said that was more important than using customer data for innovations.



say protecting customer privacy is more important than using data for new products

3 in 5

are concerned about disruption from outside the industry

Risks of not adopting or investing in disruptive technology

- 63% Competitors outside industry could disrupt us
- 50% Competitors in our industry will pull ahead
- 50% We won't be able to deliver what end customers want
- 46% Our revenue will fall
- 46% We will become less relevant
- 29% We will need to find a partner that can guide us
- 29% Our pricing will become noncompetitive

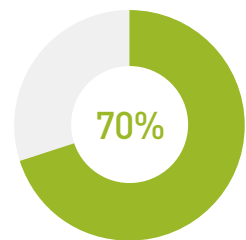
Majority see several disruptive technologies as keys to future success

Decision makers in Media & Entertainment are acutely aware of the future value of disruptive technologies. The majority consider AI to be among the most critical technologies for future success, followed by the Cloud and Mobile Devices, Apps and Commerce. Almost all intend to adopt or increase investment in Mobile Devices, Apps and Commerce in the near future.

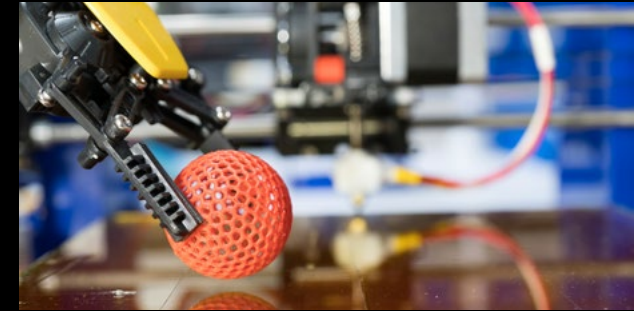
3-D Printing and AI ready for takeoff

3-D Printing represents the biggest anticipated growth in adoption rate in Media & Entertainment. It's expected to rise 38 points to 71%, up from its current adoption rate of 33%. Combined with advancements in the Cloud, IoT, and Robotics, 3-D Printing is on the cusp of the mainstream.

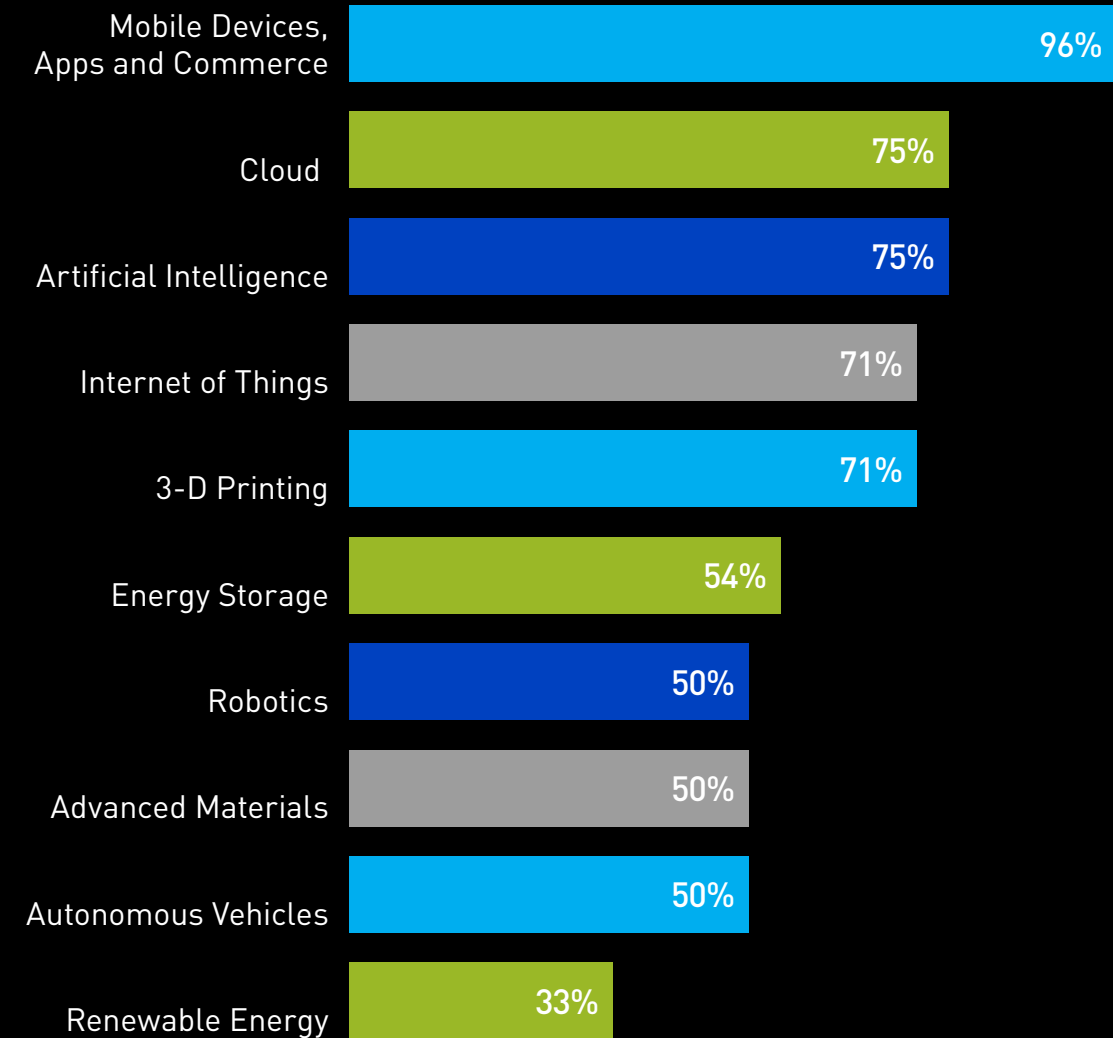
9 in 10 intend to adopt Mobile Devices, Apps and Commerce



intend to adopt the Cloud, IoT and 3-D Printing



Intend to adopt in near future



Adoption of AI is critically important in Media & Entertainment



Artificial Intelligence, which was adopted relatively early in Media & Entertainment, remains the technology seen by industry decision makers as most critical to future success. More than half surveyed feel that AI is necessary to remain competitive, while 38% consider it a differentiator.

Keys to fulfilling AI's potential

Many are enthusiastic about AI's potential for personalization, optimizing content by segmentation and even in computer-generated imagery and character development. But many also acknowledge that there are still significant challenges to successful adoption, starting with identifying the right strategic partner for implementation.

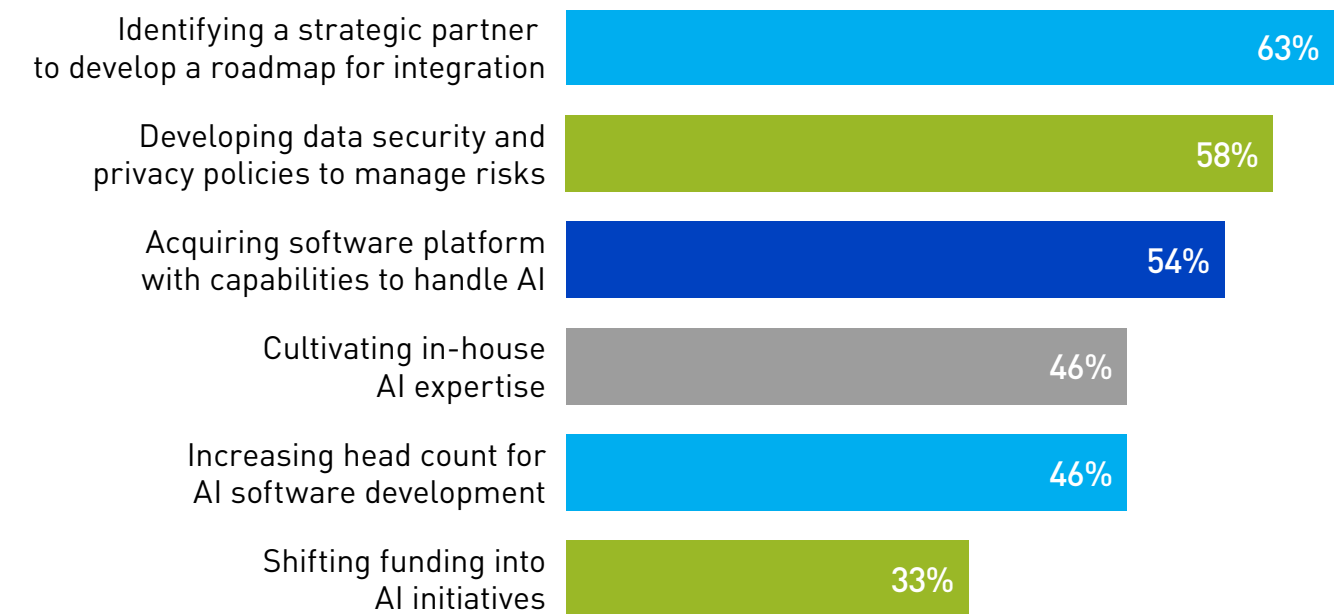
7 in 8

say a key benefit of AI is personalized customer engagement

5 in 6

believe it's important to create personalized fan content at scale

Key steps on the path to AI adoption



“AI gives us a unique ability to pick apart the elements of a film or TV show that are resonating most effectively with various audiences.”
 – Media and Entertainment executive

Fusing the physical and digital worlds in Media & Entertainment

*"Virtual reality will have a massive impact on the entertainment industry."
– Media & Entertainment executive*

Respondents were enthusiastic about innovations that enrich live events with overlaid digital information, from in-venue shopping and dining to details about performers and navigating the physical space.

Turning events into experiences with advanced displays

The majority of companies had significant interest in advanced displays and their ability to connect live events with digital enhancements. Most said they were likely to invest in the near future in displays that can project images and information to a mobile app, screen sharing with mobile devices, augmented reality and 3-D projection.

Benefits of enriching live events with digital information

58% Purchasing merchandise, food and services prior to event

54% Displaying turn-by-turn in-venue navigation

54% Accessing complementary, insider event information

46% Ordering food, beverage and merchandise from seat

46% Offering personalized promotional opportunities to fans

42% Recognizing VIPs and other notable fans upon arrival

5 in 6

see the ability to overlay digital information on physical spaces as important

4 in 5

will invest in displays that project images and data to a mobile app



Emerging opportunities in next-gen communication technologies

Beyond the disruptive technologies highlighted, respondents in Media & Entertainment were enthusiastic about other emerging technologies, most notably next-gen communications. Technologies like 5G mobile, high-speed satellite and high-density Wi-Fi were all viewed as substantive upgrades for the industry.

Industry executives on next-gen communications

“Viewer would be able to get HD-quality video, fast.”

“New era of data speed and online features.”

“Improve user visual experience and meet their special-effects-related expectation.”



Disrupting the status quo in Media & Entertainment, right now

As you read this, decision makers in Media & Entertainment are transforming every aspect of your industry with disruptive technologies.

They're disrupting fan expectations with AI that identifies and personalizes the content that resonates most with audiences.

They're disrupting old-school live events with advanced displays and overlaid information that deepens connections with performers and puts the best a venue has to offer into the hands of its fans.

They're disrupting the expertise gap by working with the right strategic partner.

And they're disrupting every aspect of how content is created, targeted and consumed, with a symphony of disruptive technologies, from the Cloud and AI to 3-D Printing.

The leaders surveyed in this report recognize that disrupting barriers creates opportunities. That the biggest risk will impact those who wait. And that change waits for no one in Media & Entertainment, where things are about to get interesting.

Want to learn more or speak to an expert about disruptive technologies and your industry?

Contact us: na.panasonic.com/us/DSQcontact

Learn more: na.panasonic.com/us

Creating the technologies that move us

At Panasonic, we anticipate the future, innovate continuously and integrate disruptive technologies into breakthrough solutions for our customers. Our goal? Create technologies that move us toward a better life and a better world.

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