Impact of the Covid-19 outbreak on Media & Entertainment

Overview of Key Industry Disruptions & Post-Crisis Challenges and Opportunities

May 26th, 2020

COVID-19 has had multiple impacts on the Media & Entertainment Industry

The Coronavirus crisis has led certain M&E segments to a strong growth in consumption but with monetization challenges

Others are dealing with severe income loss & heading towards strong disruptions and a long term recovery cycle

EXECUTIVE SUMMARY

Worldwide lockdowns lead to a **shift in media consumption**

Significant revenue decline is likely to linger on the back of a weak economy

Delayed production promises content **supply shortages**

Highlights

Shift in media consumption

- The 'at-home-entertainment' providers & trustworthy news outlets are engaging users more and finding new and larger audiences
- Gaming – category reporting the largest increase in consumption – is also expanding the experiences it offers
- eSports are gaining legitimacy

Significant revenue decline

- Revenue is down overall as the industry relies heavily on advertising
- Entire segments of the industry are at a stop: Movie Theatres are shutdown, film producers and distributors are struggling without the possibility of a theatrical release, live music – main source of revenue for the music industry – is at a standstill, sports is losing income on all fronts…

Supply shortages

- Production is at a full stop at a time where people consume more, putting pressure on content libraries and threatening shortages
- Though no one is spared, mitigating factors and compensatory effects are emerging

Key recommendations

Shift in media consumption

- Seizing the opportunity that habit formation & sampling bring through digital growth (larger digital presence, improved customer experience…)
- Investing in the areas with the highest potential (OTT, Gaming, cross-play…)
- Scaling up efficiently through move-to-cloud

Significant revenue decline

- Cost cutting, improved operational efficiency programs and move to cloud
- Innovation to improve efficiency and find new revenue streams (dynamic ad insertions, gamified sports viewership, interactive digital live music experiences…)
- Going direct-to-consumer for a new revenue stream

Supply shortages

- Optimizing content library amortization and improving content discovery
- Reducing lead times through automation & workflow orchestration
- Building stronger content banks (production processes automation, video & metadata sourcing) & rationalizing content production (using AI/ML)

QUICK ACTION GUIDE

12 priority actions to restart and reshape business and operations

We can help you:

Industry Position

	Production	Operations	Distribution	Live Events	Advertizing
RESTART *Relaunching business and operations*	1 Set-up restart & reshape **COVID RESPONSE CONTROL ROOMS** (customer-employees-suppliers)				
	2 Instill **EFFECTIVE REMOTE WORKING**				
	3 Reopen & restart production with **SMART COVID RESPONSE**	4 **END-TO-END COST REDUCTION**	5 Carry out a **RETAIL RESTART WITH ON/OFFLINE**		6 **OPTIMIZE & MODERNIZE ADSALES** business through linear & digital sales rationalization, optimized Ad impression, contextual targeting
RESHAPE *Adapting to the post covid context*	7 Optimize **CONTENT LIBRARY** & Go-to-market	8 **SUPPLY CHAIN** automation to reduce lead time	9 Accelerate **DIRECT-TO-CONSUMER**	10 Develop **NEW CONCEPTS**	
	11 Develop **POST-COVID CUSTOMER INSIGHTS**				
	12 Build **SUSTAINABILITY**				

COVID-19 has impacted multiple areas of the industry

1 Worldwide lockdowns lead to a **shift in media consumption**

Significant revenue decline is likely to linger on the back of a weak economy

Delayed production promises content **supply shortages**

1. Worldwide lockdowns lead to a shift in media consumption

Increase in at home entertainment & trustworthy news outlets consumption

The pandemic generated:

- A **positive** customer **sentiment towards print media**
- A **surge in TV viewership** especially favorable to OTT
- A bolstering of **gaming's growth and ascendance**
- A gain in **legitimacy** & an accelerated **expansion** for **eSports**

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In a time of doubt the public heads towards trustworthy news outlets and their digital services

Positive customer sentiment towards print media

The evidence

- **Traffic to trusted digital media publishers has increased:** News sites are reporting traffic increases that are anywhere from x2 to x4 their normal levels
  - The Atlantic, Business Insider, The New York Times, The Los Angeles Times, The Wall Street Journal and Wired have all "doubled or nearly doubled the number of visits" to their sites according to the New York Times
  - The audience for Verizon Media sites, including HuffPost & Yahoo News, has increased by nearly 80% in March
  - The number of readers visiting Vox.com increased 60% from the first week of March to the second
  - The number of unique visitors to Vanity Fair soared 44% the second week of march
- **Time spent on news sites has also surged**: The number of minutes spent by readers at news sites increased **46%** according to a study of more than a dozen general news websites by comScore
- **Some news sites even see a boost in subscriptions**: though many publishers chose to allow free online access to Covid-19 News, temporarily taking down paywalls and article limits, some have been able to convince readers to support them by subscribing
  - The Atlantic (American magazine founded in 1857 turned multi-platform publisher) reported 36,000 new subscribers in March when news sites in its peer group would have been thrilled with 36,000 subscribers full stop
  - On Sunday, March 15th there were 58% more new subscriptions to US news sites than on any other Sunday
- **Print sales have fallen dramatically** for national, regional and local newspaper and specialized press due to shutdown

Challenges & opportunities ahead

Seizing the opportunity generated by habit formation and positive customer sentiment:

- **Transforming readers into subscribers leveraging data** to better understand new customers and find look-alike audiences
- **Accelerating digital transition & growth**
  - Having a digital presence & building strong integrated digital products is critical
  - Finding the right monetization model is key to transform this increase in consumption into an increase in revenue while advertising revenue is at an all time low

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TV & OTT services find new audiences and see their current audience spend more time watching

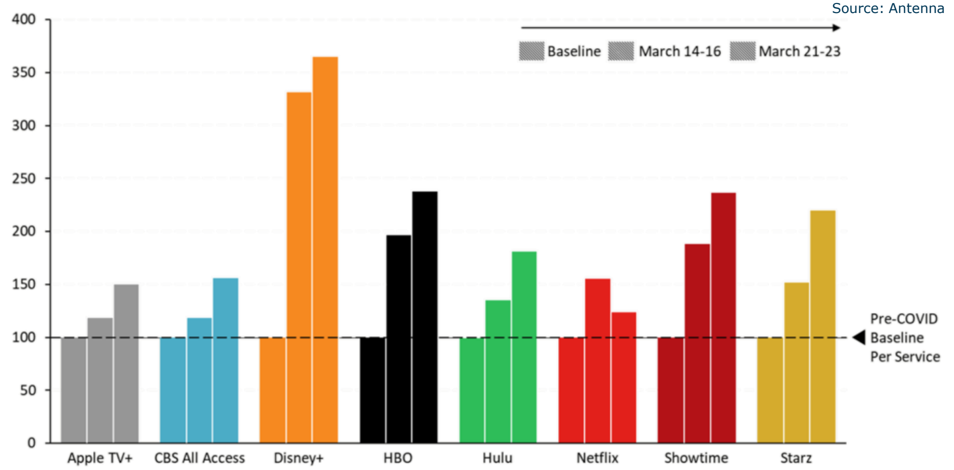
Surge in TV viewership especially favorable to OTT

The evidence

- **Overall increase of video & TV viewership:** With people spending more time at home, there are more entertainment hours to fill watching TV
  - On average French viewers spent 44 additional minutes in front of the TV in March (+16%) according to Médiametrie
  - In the US Nielsen reports that overall TV viewing is up 20%
- **OTT services are getting the brunt of that growth:**
  - Comcast reports linear TV viewership is up by 6-7% in the US and OTT video is up by 38%
  - HBO claims consumption of HBO Now is up 40%
- **More than just time spent, OTT services have gained subscribers:** With sign ups increasing greatly
  - The 7 largest US SVOD services (excl. Amazon Prime Video) saw an average 75% increase in daily signups
  - Disney+ signups were up more than 225% in the 1st week of the shutdown (110% in the 2nd)
  - Netflix gained 16M subscribers in Q1 (7M expected)
  - AVOD US service Tubi reported above 50% increase in signups

US Direct to Consumer App Sign-Up volumes

(indexed to 100 for pre-Covid sign-ups)



Challenges & opportunities ahead

- Viewers expectations increase as demand grows which increases **pressure to secure the content pipeline**
- If anyone needed further proof, **OTT has clearly emerged as a growth lever and having a strong and clear OTT strategy and OTT products is undoubtedly essential,** however as media companies hold more debt now than ever before, convincing shareholders to invest heavily in new SVOD services years away from break even could prove to be challenging
- The **streaming wars are going to intensify** as new services will launch and as the existing major players are widening the gap with those who have yet to launch so **finding the right differentiating factors is key**
- Increase in consumption for OTT services also translates into **an increase in broadband traffic** that has forced may players (including Netflix & Disney+) to **reduce image quality hence customer experience temporarily**

Covid-19 has accelerated the already fast growth of gaming's consumer base & spending

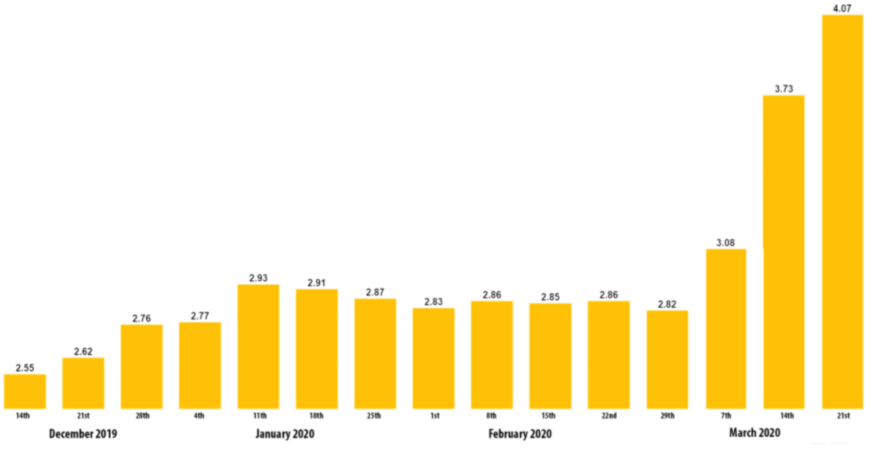
The evidence

Covid-19 has boosted gaming consumption more than any other media category

- **Overall consumption is up**: Video gaming is up an astounding 75% in the US according to Verizon & 50% according to AT&T
- **Multiplayer games in particular have witnessed tremendous growth:**
    - CS:GO, crossed 1M concurrent (in-game) players for the first time in its history only days after American lockdowns began
    - Roblox surpassed 3M concurrent players in early March, and then 4M 2 weeks later
- **Beside the increase in playtime, audiences and customer spending, gaming has also expanded its use cases**: a trend that started before Covid-19 (Fortnite's concerts, Roblox award shows, Grand Theft Auto online casino…) but gained traction, popularity and most importantly was destigmatized under it (over 12M players attended Travis Scott's concert in Fortnite on April 23rd, there are reports of high school graduations taking place in Minecraft & canceled weddings being rescheduled inside Nintendo's Animal Crossing).

Roblox weekly concurrent players (in M)

Source: RTrack



Challenges & opportunities ahead

- So far, big media companies didn't have real **meaningful strategies for participating in the video game sector** but with covid-19 shinning a light on this fast growing entertainment industry that shares many of the core elements of media and that is actively crossing over into traditional media experiences, one could expect that to change. We will probably see **media companies putting more effort in entering the gaming field** beyond simply licensing out their IP rights
- With the success of multiplayer games, the **investment in cross-play is likely to increase:** Cross-play, by definition, requires connecting multiple competing platforms and even though almost all backend services, servers, operations, account management, are therefore managed by a game's publisher, the major consoles still require users to authenticate via their proprietary networks. We can expect to see this technical reliance being rethought as the online services of Nintendo, Sony, and Xbox all crashed during the outbreak due to unprecedented concurrency volumes.

The growth of eSport accelerates in the wake of gaming’s upwards trajectory & mainstream sports being on hold

Gain in legitimacy & accelerated expansion for eSports

The evidence

In 2019, eSports generated a little over $1B in revenue with 70% coming from advertising, but during the shutdowns the category has gotten a lot of new attention from important broadcaster and advertisers.

- **Several sports leagues have replaced their canceled events with digital-events bringing legitimacy to eSports**:
  - NASCAR replaced an entire race with 35 real-life NASCAR drivers playing a NASCAR video game & this event was broadcasted on live linear TV where it averaged close to a million viewers
  - Formula 1 hosted virtual Grands Prix in place of its scheduled events which was broadcasted live on ESPN2 among 12 hours of esports programming
  - Sport’s best-known athletes have been competing on the imaginary battlegrounds of Fortnite for example instead of their usual football or rugby fields with broadcasts on Facebook or even national televisions
- **As a result of these unprecedented levels of promotion, new audiences have been pouring to the most popular eSport platforms:** For example, Twitch is estimated to have grown its audience by more than 30% in March alone
- **eSports also found new sources of revenue amid the crisis:** For example, Nevada legalized eSports betting after only two weeks of national shut-ins. This additional funding will produce a virtuous cycle that encourages platforms such as Twitch, YouTube and ESPN+ to further invest in live esports rights, promotions and monetization.

Challenges & opportunities ahead

- Covid-19 transformed eSports from a niche industry to a **mainstream opportunity to complement traditional sports**
- Media & Tech companies & advertisers need to understand the **different challenges associated with esports production and distribution** to seize & capitalize on the rise of eSports.
- On the back of the rise of gaming and e-sports, we’re likely to see media and tech companies alike get interested and invested in **remote production** and **fast global multichannel distribution – facilitated by 5G.**

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COVID-19 has impacted multiple areas of the industry

Worldwide lockdowns lead to a **shift in media consumption**

2

Significant revenue decline is likely to linger on the back of a weak economy

Delayed production promises content **supply shortages**

2. Significant revenue decline is likely to linger on the back of a weak economy

Media companies are seeing a big drop in advertising revenues & theatrical revenues have plummeted

The pandemic generated:

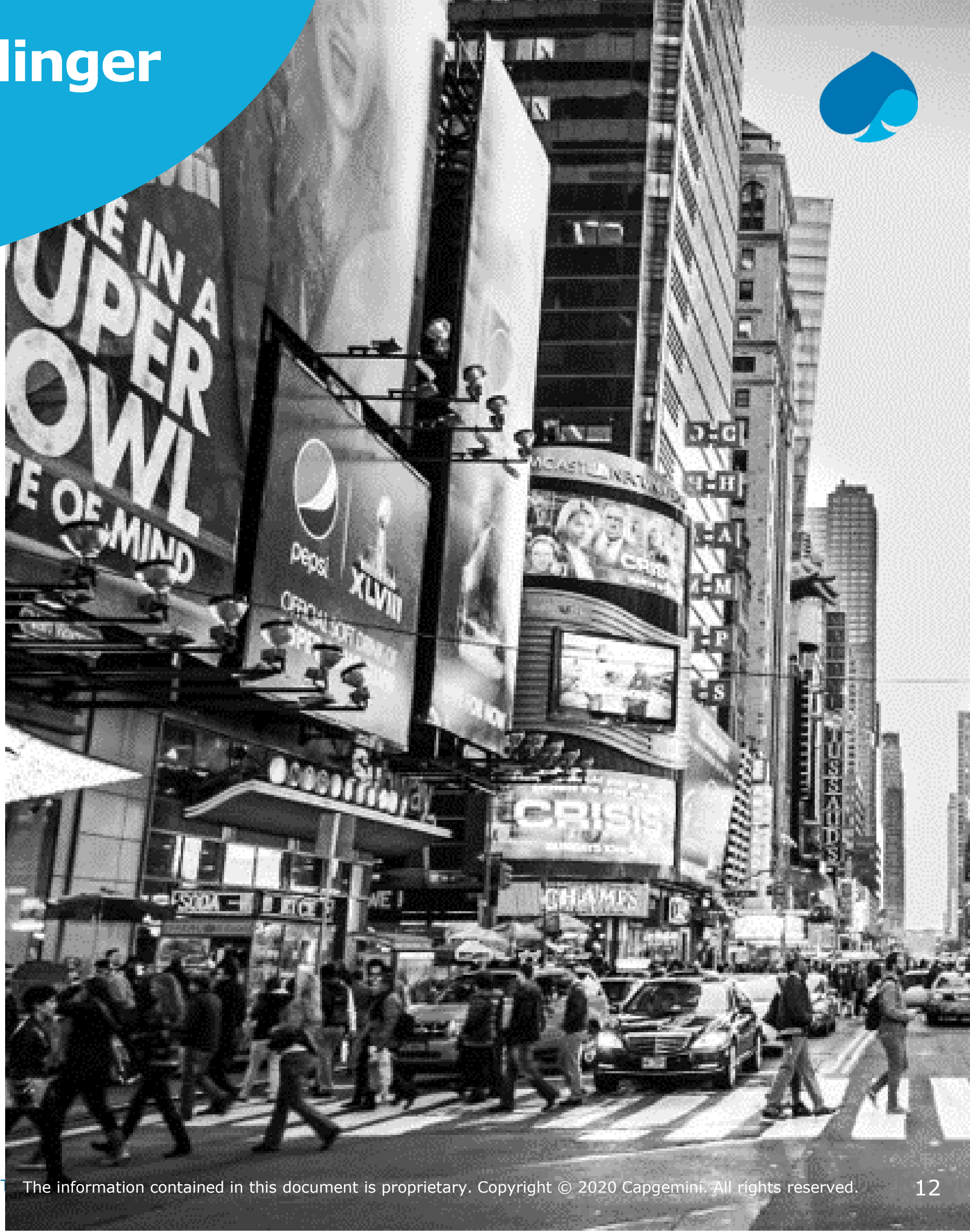
Advertising revenues are seeing major **contraction**

Forever **lost revenue for the Movie/ Theater** Industry

The **music industry is close to a stand-still** while live events stop

All **sports' sources of income face major challenges**

Suspended sport seasons also affect **sports gambling & pay TV**



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Covid-19 is impacting small and large companies alike & causing them to reduce their marketing spend

Advertising revenues are seeing major contraction

The evidence

- **Many brands have cut down their marketing spend and are planning on continuing to do so in 2020 and even 2021**:
  - Pre-booked advertising campaigns show a significant amount of canceled or postponed campaigns (globally 34% of advertisers have canceled a campaign pre-launch, 45% stopped or pulled a campaign that had already started & 38% postponed new advertising efforts)
  - In a survey by Influencer marketing 69% of advertisers say they expect COVID-19 to have a significant impact on their ad spend in Q2 2020, 28% for Q3 & 11% for Q4 and 68% expect Covid-19 will still have some impact leading into 2021
  - In a survey by Marketing Week & Econsultancy, 86% of UK advertisers indicate they are delaying or reviewing their campaigns, which means only 14% of UK Marketing Campaigns continue as planned
- **Decrease in ad spend varies depending on media type**:
  - 47% reduction in budget spend for display ads, 45% for paid social media, linear tv sees 42% pause, cancel, or pull budget, SEA budgets are reduced 24%.
  - Despite increased time spent on Facebook and online, Google total net revenue for 2020 is now projected to be about $128B, down 18% compared to Cowen & Co's prior estimate, they also estimate 19% drop for Facebook ad revenue
- **Scatter Ad Market Crashes, another Weakening Signal For Upfront Demand:** Double-digit declines in scatter from the first quarter

Share of brands that expect decrease in ad spend in 2020

Source: Influencer Marketing Hub

Scatter vs. Upfront ad prices – Big 3 US TV networks

Source: SQAD. Base = quarterly average ad unit cost for ABC, CBS and NBC in scatter and upfront. Q2 average omits ABC, which had limited sample of scatter data.

Challenges & opportunities ahead

Advertising needs to become more efficient both short and long term as ad spent will be dependent on consumption restart and on a more busy premium sports events schedule:

- It's likely that the pandemic will result in advertisers focusing spend on **media that can show direct sales outcomes.** Therefore **ad attribution tracking & optimized Ad impression** is likely to become a focus
- **Personalized and targeted advertising** is likely to witness a boost empowered by viewership forecasting & automated contextual targeting
- **Dynamic ad insertions** will be a field of investment to improve the ability to display different ads to different customer segments for the same content

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Closed movie theaters generates loss in movie ticket revenue & lasting transformation of release models

Forever lost revenue for the Movie/Theater Industry

The evidence

- **Exhibitors have lost significant revenue as they were forced into a multi-month shutdown:** they are also likely to suffer a long term impact due to a decrease of consumer buying power in a recession, the probable risk perception of social gatherings & the larger awareness of & access to substitutes.
- **Studios & film distributors' earnings have also been hit:**
  - Though some pushed release dates, they still had to manage the **sunk costs of marketing campaigns:** For example, before having to remove their titles from schedule, both Disney & Universal had already gone through some of their marketing budgets on Mulan, Fast & Furious 9 & Black Widow. As to Paramount, it had spent its entire pre-release marketing budget for A Quiet Place Part II
  - They will also be facing **stronger competition from densely packed schedules** which is likely to reduce revenue as high potential blockbusters kicked to Q4 2020 and 2021 will largely cannibalize some of the ticket potential of other titles
- **This is threatening the collapse of the sequential release pattern:** Many studios had to turn to direct-to-digital releases or move up their at home releases to compensate for some of their lost revenue
  - Paramount sold Lovebirds to Netflix after having to cancel its theatrical release & Universal's Trolls World Tour was the first mainstream movie to be made available direct to consumer at $20 pay-per-view
  - For tier 2 movies, scarcity of good release dates will lead even those who didn't need it, to go direct to digital
  - For tier 1 movies, it's difficult to compensate with direct to digital releases for the kind of box-office revenue they usually aim for

Challenges & opportunities ahead

- It's likely that the Coronavirus will **accelerate cost saving & improved operational efficiency programs** at exhibitors, film production and distribution companies after they have been weakened by months of diminished revenue, and continued expenses
  - CFOs need to identify potential bad debts on account of distributors going out of business & **implement increase risk profiling** for theatrical contracts
  - **Move to cloud** is likely to accelerate for the entire M&E industry as it leans towards cost reduction & looks to gain scale
- We are likely to see the industry turn to **machine learning and AI** to utilize the technology **to reduce risk and rationalize decisions** (for example, bring more rational to greenlighting committees by leveraging AI for box-office anticipation depending on release date scenarios, directors, cast…)
- **Non-traditional release models** (No windowing between home and Theatrical release) are likely to become a new normal that needs **to be supported from both strategic and operational standpoints**

Live music, a vital revenue stream for the industry, is at a complete stop generating a severe fallout

Stop of live experiences bring music industry close to a stand-still

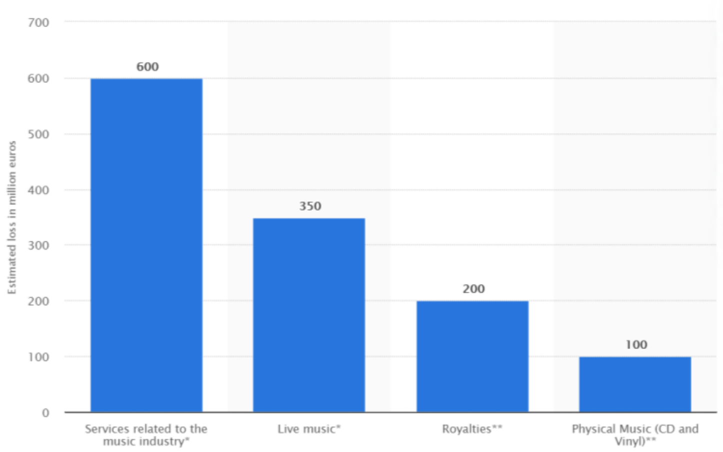
The evidence

Prior to the covid-19 crisis, the decline of the record industry (with the digital revolution introducing leaks, piracy, and app-based listening) has lead to a major shift in income generation from the sale of recorded music to live music events and merchandising.

- **With the suspension of concerts & festivals, industry experts & financial analysts are projecting the live entertainment industry will lose billions**:
  - Largest concert promoters AEG and Live Nation suspended all their shows
  - Artists across all genres canceled tour dates & concerts (to name a few, the Rolling Stones, Post Malone, Billie Eilish, BTS, Santana, Bon jovi…)
  - Festivals have been cancelled including mega-events such as Coachella, Glastonbury, South by Southwest - experts claim that Glastonbury alone could experience revenue loss of over £100 million
- **Even record music could be impacted and royalties from streaming already are as the there has been a decline in listenership:**
  - Since March 9th, there was a 23% drop in Spotify streams compared to before in Italy
  - Global streams from Spotify's Top 200 chart dropped 11% to 226M plays in the week of March 13th according to Music Business Worldwide
  - Sales of Albums & singles is experiencing a similar slum in Italy since March 9th: -28% of physical album sales, -12% in digital album sales, and -11% in digital single sales
- **Artists have been the most agile to keep fan engagement by leveraging new platforms and direct-to-consumer approaches**
  - Artists have used social media in creative ways to interact with their fans, performing at-home streaming concerts & giving online tutorials

Estimated loss in the music industry due to COVID-19 by sector in Italy (in million euros)

Source: Statista



Challenges & opportunities ahead

- Here again, It's likely that the Coronavirus will **accelerate cost saving & improved return on marketing investment and operational efficiency** for concert promoters and record labels
- **Organizing safe events will be enabled by technology** (detection of the increase of people in a predefined area, the wearing of facemasks or body temperatures)
- **Increased collaboration** between artists, labels and distribution channels open new question in terms of **revenue streams and revenue models from innovative live interactive music experiments**

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All revenue streams of sports leagues and clubs are affected by the Covid-19 pandemic

All sports sources of income face major challenges

The evidence

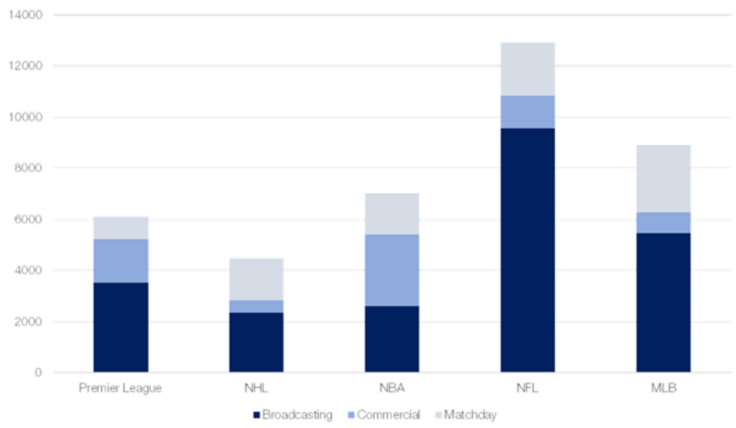
The 3 main sources of income for sports leagues – match day revenue (ticketing), commercial (sponsorship and advertising partnerships), and broadcasting (sales of media rights – have all been impacted by Covid-19

- The German Football Association has estimated a loss of ~50 M€
- Premiere league club are expecting 60 to 150 M€ losses in revenue
- The cost of postponing the Tokyo 2020 Olympics is estimated at around 2 B€

- **Match day revenue has been at a stop ever since large gatherings were banned**
- **Advertising revenue has declined:** Though sponsorship revenues have endured as many contracts were locked in through 2020, some advertisers are shifting their investment in sports and putting it elsewhere (e.g. Anheuser-Busch - major sports marketer – announced it will redirect its sports and entertainment investments)
- **Networks and Pay-TV broadcasters are invoking force majeure clauses to terminate their distribution agreements:**
  - Some sports networks, such as TBS/TNT in the US, have now received refunds from sports leagues such as the NCAA, because they haven’t received the promised sports content
  - In France, Canal+ along with beIN Sports have halted payments to the LFP after the Ligue 1 & 2 seasons were suspended. This translates into a loss of 243 M€ for the LFP (last instalment of the 726.5 M€ a year contract)

Revenue breakdown of major sports leagues (5 year average in million USD)

Source: Statista



Challenges & opportunities ahead

- COVID-19 will increase the need for leagues and broadcasters to **invest in alternative & innovative monetization models/opportunities** such as gamified viewership (e.g. live payments for digital items, new camera angles, fan commentary and statistical analysis) and/or gambling
- The postponing of large competition to 2021 will create a plethora of events in the coming months hence more competition requiring to be more innovative and bring better insights **leveraging sports tech and ad tech** to attract sponsors and advertisers
- It is likely that right owner will **accelerate in their development of direct to consumer services** as leagues have been reluctant to go full digital (content protection, importance of quality insurance…) that needs to be addressed first

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While Mainstream sport goes on hiatus, betting operators and Pay TV suppliers suffer

Suspended sport seasons also affect gambling & pay TV

The evidence

- **Suspended sport seasons likely to cause pay TV subscriber loss to accelerate:** Given the costs of sport pay TV subscriptions, customer are not going to accept paying when the content they subscribed for is no longer broadcasted and they are therefore likely to churn or at least downgrade, and while some of these subscribers will come back once sports resume, not all will and those who do will probably return via lower-priced and month-to-month services.

- **The shut down imposed on major sports is also crushing the sports-gambling industry:**
  - Sports betting is down over 60% according to Berlin-based Bayes Esports Solutions
  - UK-based betting-services provider, FSB Technology, estimates sports wagering to be down 75% across the 25 brands on its network
  - The loss of the NCAA men's basketball tournament alone has cost the sports betting industry nearly US$4 billion
  - As a stop-gap measure, betting operators are turning to little-known sports (such as Belorussian soccer or Russian table tennis table), e-sports or even non-sports events (US presidential election)

Challenges & opportunities ahead

For Pay TV suppliers and broadcasters:

- The pandemic showed that **investments in live sports deals became riskier** and even if the next round of deals includes additional and more automatic remedies for the cessation of regular seasons, networks and direct-to-consumer services will have to take a **more prudent approach before bidding** for the acquisition of expensive sports rights
- **Sports rights could shift from the Pay-TV ecosystem to OTT video platforms** like DaZN or others earlier than expected

For betting companies:

- As many market participants are facing disastrous losses, it brings **consolidation opportunities** to the most resilient ones (a trend that is valid across the M&E industry overall)
- As **eSports integration** becomes a matter of survival for sports betting while second waves are inevitable, it will require some adaptation as virtual sports present their own technical challenges (leaks for non-live games, complex data management for multi-participant games…)

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3 Delayed production promises content **supply shortages**

3. Delayed production promises content supply shortages

New content production has been paused causing the content pipeline to dry up

The pandemic generated:

With production being halted due to shutdowns many are facing **library pressures**

Multiple mitigating factors are helping a few get trough the shortages

Covid-19 puts pressure on content supply as production stops

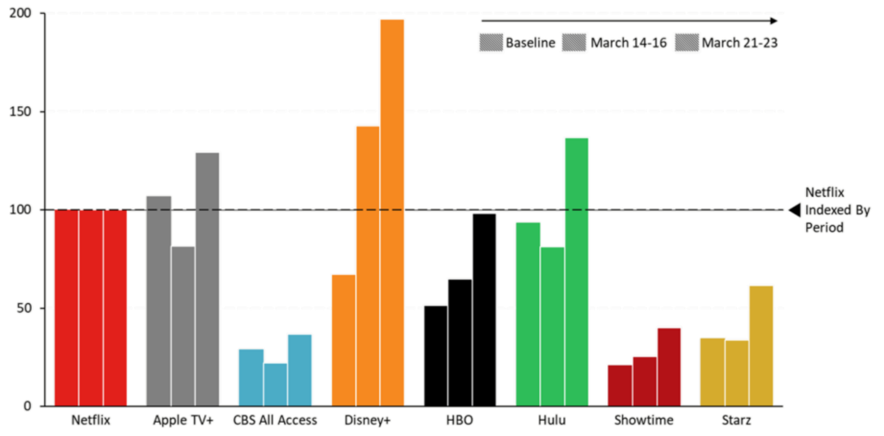
Many are facing library pressures

The evidence

- **As the coronavirus & stay at home mandates have spread, film and television productions shut down across the globe:**
  - Warner Bros. Television Group halted production on over 70 series and pilots
  - Marvel Studios paused its three Disney Plus shows currently in production
  - Netflix shut down all scripted film and TV production in the US and Canada
  - Production of the new Batman, Jurassic World, Mission impossible as well as the three planned "Avatar" sequels has been "postponed until further notice"
- **Every service is facing pressure relating to releasing new content**:
  - Peacock said that almost none of its originals will be released until 2021
  - Quibi is likely to run out of their 'snackable' videos within months
- **Netflix is not spared as the default streaming service and since it was already running out of library before Covid-19**:
  - Big media companies shifted from licensing their content to pulling it out to build their own OTT platforms (in 2019 Netflix lost 40% of its US movie library and 25% of its US TV library)
  - Though Netflix doesn't generate incremental revenue from increased consumption, it needs its subscribers to watch more content as it help its retention rate and its pricing power but not so much so that they run out of things to watch causing them to adopt competing services

Number of Signups for Every 100 Netflix signups

Source: Antenna



Challenges & opportunities ahead

With the content pipeline strained, companies are learning the importance of building supply chain resilience. It's likely we'll see more focus from media companies in the coming months on the following:

- **Building stronger content banks and amortizing content libraries**
- **Improving content discovery and delivery of customized experiences** (Meta Data creation/retrieval, recommendation engine using AI/ML
- **Improving workflow orchestration and reducing lead times**
- **Building safe space production sets** using smart detection technology managed access digital tools…

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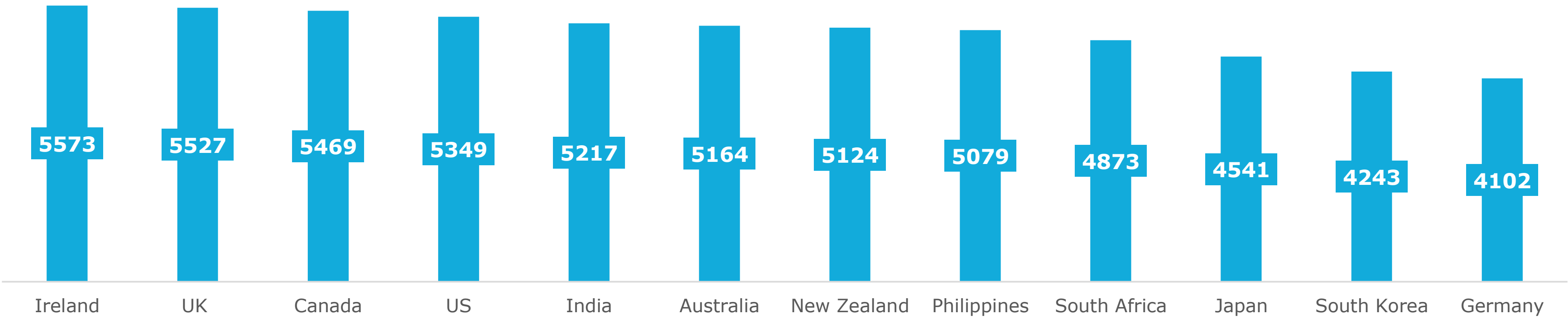
Though Netflix is impacted by content shortages, compensatory effects are playing in its favor

Multiple mitigating factors for Netflix

The evidence

- **Netflix has one of the largest content libraries in several markets:**
  - According to data from uNoGS, Netflix had at least 13,941 titles across all its international libraries as of April 2020
  - Netflix content library size per region as of April 2020 in number of titles reveals vast libraries in many markets



- **Netflix has the greatest volume of international production:**
  - It is best positioned to bring local undiscovered content to viewers in other markets (for example Spanish original series Elite hit the top 10 list of most watched Netflix shows in the US mid-March)
  - The flow of new content will restart faster for Netflix as markets like South Korea or Germany resume filming before the US
- **Acquisition of new content is easier for Netflix as the largest International streaming service & as it is still outspending its competitors on original content production**: almost $14B spent on “additions to streaming content assets” in 2019

Challenges & opportunities ahead

- Shows opportunity for **local producers to develop and promote existing and new formats that can be leveraged, sold and proposed globally**
- Developing international and local partnerships and own production will be key in order to extend content catalogue long tail together with improved customer preference and experience for content discovery leveraging data

QUICK ACTION GUIDE

Illustration of Restart & Reshape Priorities

QUICK ACTION GUIDE

12 priority actions to restart and reshape business and operations

We can help you:

Industry Position

	Production	*Operations*	*Distribution*	*Live Events*	*Advertizing*
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1 Covid Response Control Room

PROTECT
Safeguarding employees and business

RESTART
Relaunching business and operations

RESHAPE
Adapting to the post covid context

In such high-pressure periods where "strategy is always on", executives need the right mix of agility and control to adapt fast and deliver value towards customers, employees, partners and society

WHAT IS AT STAKE

Executives must manage at the same time business continuity, restart projects and business reshaping initiatives leveraging, aligning and managing a wide range of stakeholders: customers, suppliers & workforce

THE ANSWER

Accelerate, align and secure top/down design, orchestration and data driven steering of business continuity, operations restart and business reshaping initiatives. Aligning people and technology to deliver agility, short term results and competitive edge.

CAPGEMINI SOLUTIONS & EXPERIENCE

Capgemini's **Covid Response Control Room is a cost effective Strategic Program Office** team and methodology designed to drive, report and support Covid rebound, restart and reshape transformations locally as well as globally

COVID CONTROL ROOM

SERVICES FROM 6 CENTER OF EXCELLENCE GLOBALLY

- SMART COVID RESPONSE
- END-TO-END COST REDUCTION
- SUPPLY CHAIN REBOUND
- CONTENT LIBRARY OPTIMIZATION
- RETAIL RESTART

POWERED BY DATA

LEVERAGING CUSTOMER/OPERATIONS/SUPPLIERS DATA

THEY TRUST US

American Movie Studio

Global Media and Entertainment Company

2 Instill Effective Remote Working

PROTECT
Safeguarding employees and business

RESTART
Relaunching business and operations

RESHAPE
Adapting to the post covid context

Contrary to popular belief, remote working has many upsides:

50% Increase in productivity

$5B Savings for companies

68% Decrease in stress

By Stanford University Study 2019, "A 2-year Stanford Study Shows the Astonishing Productivity Boost of Working From Home"

WHAT IS AT STAKE

The challenge posed by working from home affects everyone and the M&E industries are especially in need of assistance to adapt to remote working for creation, production & operations continuity

THE ANSWER

Finetuning the expertise of leadership teams, creating an engaging, interactive, and inspiring digital environment, leveraging collaborative technologies and empowering HR to increase productivity and delivery

CAPGEMINI SOLUTIONS & EXPERIENCE

We combine people transformation expertise with methods and tools

Nurture remote working skills and culture	Unleash at home collaboration, creativity & efficiency	Ensure secure ATAWAD access to the 'digital workplace'
▪ Distance leadership & communication strategies for effective remote working ▪ Community building and engagement initiatives to sustain company culture and encourage collaboration ▪ Virtual training company-wide deployment	▪ Defining the remote working experience ▪ Democratizing design thinking to enable people to create from home with the tools and methods at their reach ▪ Optimizing virtual productivity with training on virtual competencies leveraged by the use of knowledge sharing platforms	▪ Best practices & communication materials for crisis management and recovery acceleration ▪ Easy-to-implement solutions for remote working ▪ Sustainable approach to ignite a deeper Digital Workplace transformation ▪ Change management plan to boost adoption of new collaborative solutions

THEY TRUST US

CISCO · VEOLIA · AIRBUS · AXA · Roche

3 Restart your business with Smart Covid Response

PROTECT
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RESHAPE
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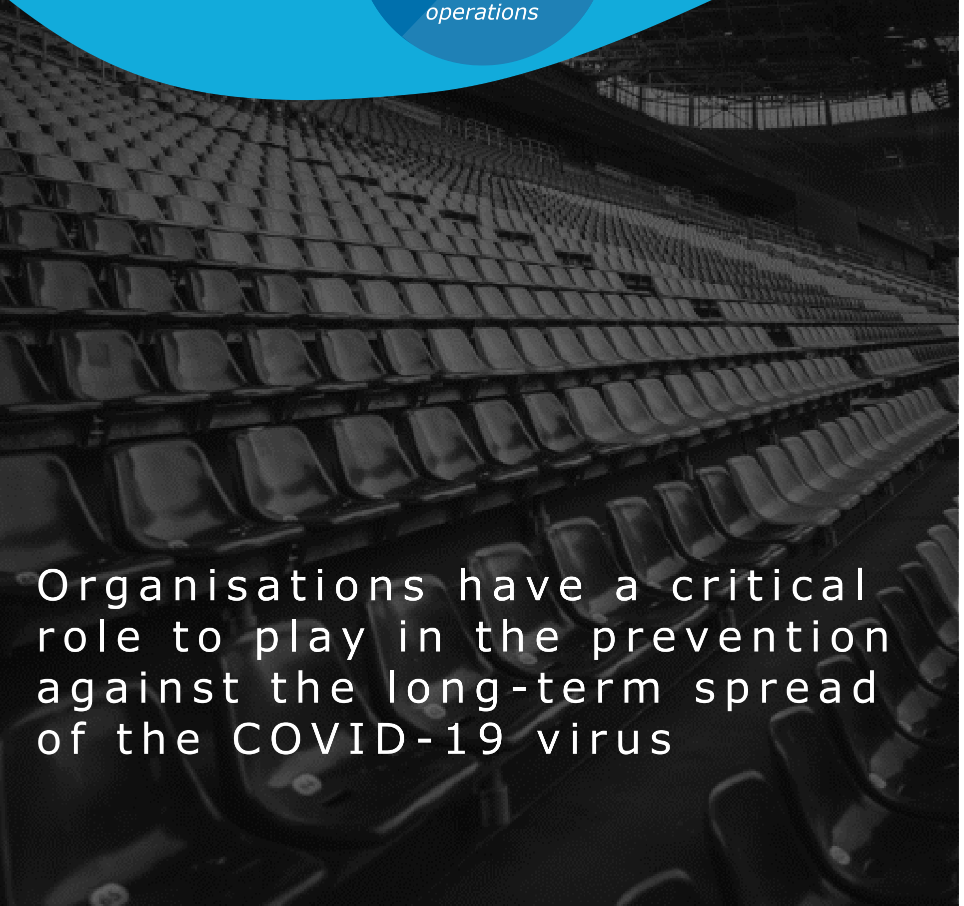

Organisations have a critical role to play in the prevention against the long-term spread of the COVID-19 virus

WHAT IS AT STAKE

Welcoming clients and employees safely on sites to restart production operations, reopen theatres, halls or stadiums

THE ANSWER

Protecting employees and clients with tech for social distancing and contact tracing

CAPGEMINI SOLUTIONS & EXPERIENCE

Contact Tracing with BLE/GPS Phones and Tags	**Access management via control systems with body temperature measure**	**Crowd density monitoring through Infrared, WiFi Sensors & Crowd Analytics**
Keep track of people and locations to proactively isolate, clean or enforce social distancing	Reduce exposure risk by **detecting risk factor at the gate** (elevated body temperature, absence of facial masks…)	Monitor Social Distancing and provide location **crowd density insights** via a mobile app
Crowd Sensing and Social Distancing monitoring	**Enterprise internal system for AI-driven Contact Research**	**Test-Trace-Isolate tech & workflows**
Make sure clients and employee gatherings stay safe through **people Counting, crowd sensing and social distancing or face mask detection**	**Identify employees with high risk of COVID19 exposure** through Automated Contact Research	Workflows for **shift scheduling, incident management, testing & contact tracing**

THEY TRUST US

Government (Stop COVID)

Virgin cruises

Amusement parks

Government

4

End-to-end Cost Reduction

PROTECT
Safeguarding employees and business

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RESHAPE
Adapting to the post covid context

WHAT IS AT STAKE

Compensating for months of weakened revenue & continued expenses amid shutdowns and preparing for the probable lasting contraction of advertising income on the back of the recession

THE ANSWER

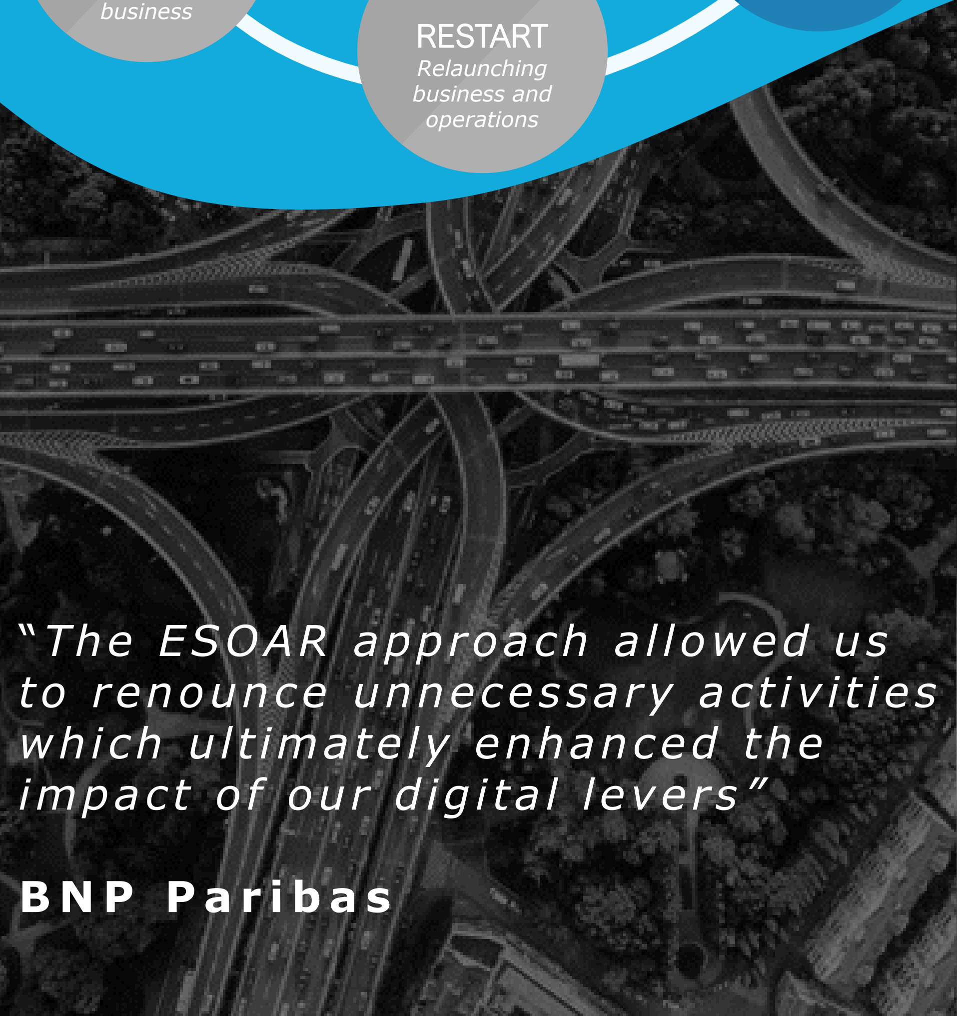
Maximizing resilience and competitiveness thanks to cost variabilization, economic model agility and bottom-line containment

CAPGEMINI SOLUTION & EXPERIENCE

We have developed in house assets in consider multiple focus areas for cost optimization, including but not limited to the following:

Organization streamlining	IT cost reduction	Intelligent Automation
Improving process and teams efficiency by removing low value added activities and wastes & identifying what is core business and what can be outsourced based on Capgemini ESOAR approach derived from Lean Management (End to end Standardization and automation of administrative processes, Full reshape of operational teams ways of working…)	Optimizing and transforming IT through variabilization, Cloud assets, & a review of Procurement and consumptions strategies (License reduction, Workplace in the cloud, Apps portfolio rationalization, Cloud transformation…)	Boosting productivity gains by automating activities and processes and replicating human decision-making processes (Predictive Maintenance, Predictive Forecast, Client support and care automation…

THEY TRUST US



"The ESOAR approach allowed us to renounce unnecessary activities which ultimately enhanced the impact of our digital levers"

BNP Paribas

6 Optimize & Modernize Adsales

PROTECT
Safeguarding employees and business

RESTART
Relaunching business and operations

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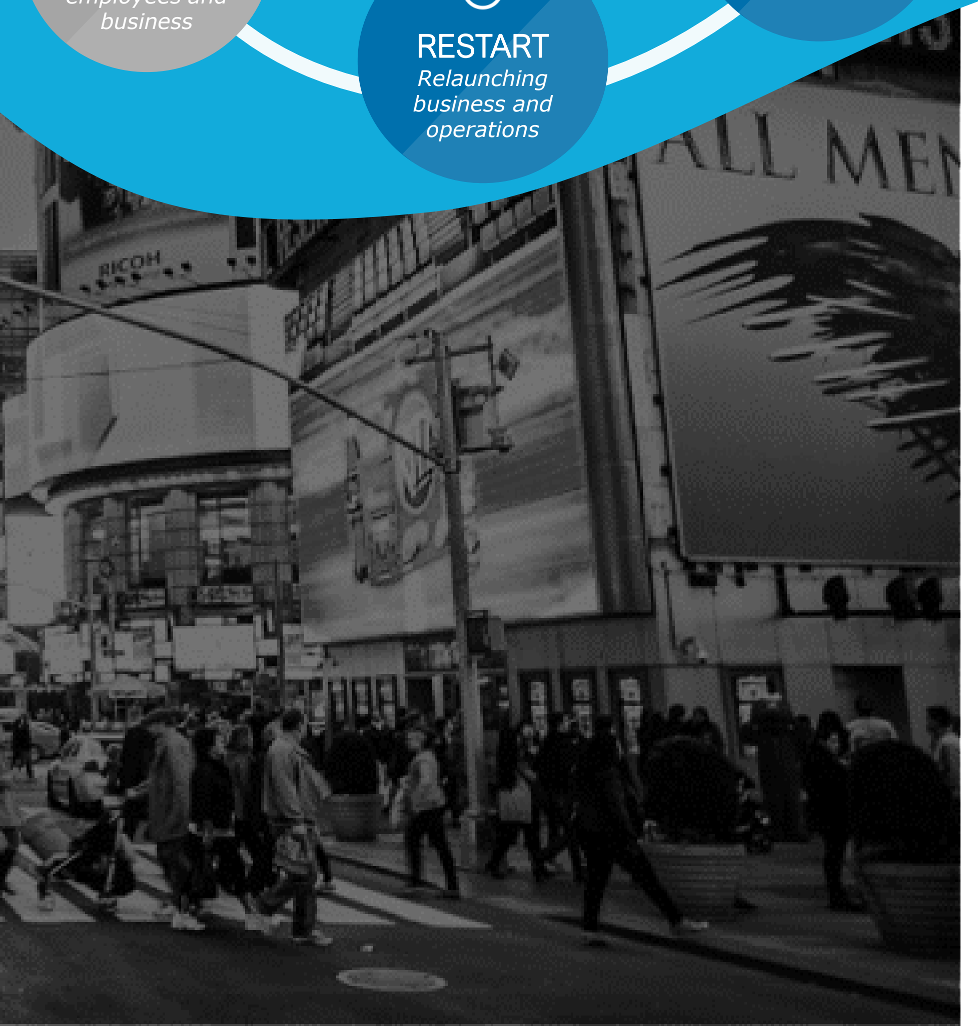

WHAT IS AT STAKE

Reinforcing ad sales in the face of a lasting decrease of advertising spent in the global recession brought by the crisis

THE ANSWER

Offering efficient advertising showing direct sales outcomes & a vast and precise reach

CAPGEMINI SOLUTION & EXPERIENCE

Linear & Digital Sales Rationalization	Viewership Forecasting	Optimized AD Impression	Contextual targeting	Expedite Media Plan
Rationalizing Multiple TV & Digital Applications to **Integrated Sales Order Management & Traffic Systems**	**Predict viewership** for a particular TV show for a particular day & helps to understand and fine-tune the Ad campaign	Identify the **right Target Group** for your advertisements and curate Ad accordingly; improve Ad convergence	Allow media companies to take informed decisions based on **historical trends, behavior and consumption pattern**	**Reduce Contract negotiation time** with agencies by effective campaign management and transparency

THEY TRUST US

NBC · UNIVISION · HBO · VIACOMCBS

7 Optimize Content Library & Go-to-Market

PROTECT
Safeguarding employees and business

RESTART
Relaunching business and operations

RESHAPE
Adapting to the post covid context

WHAT IS AT STAKE

Improving content discovery & providing personalized content experiences is key at a time when the streaming wars intensify & the content pipeline is strained

THE ANSWER

Building stronger content banks, amortizing content libraries by matching content and viewer leveraging data, AI and ML

CAPGEMINI SOLUTION & EXPERIENCE

Solid data foundation	Content insights	Audience insights	Content monetization	Data insights for content creation
Data aggregation, Unified data store, foundational data engineering with automation to build 360° **consumer intelligence platforms**	Application of AI to analyze textual, audio, and visual data in content, and to build **easily searchable metadata**	**Micro-segmentation, 360-degree consumer profiling, engagement & churn analytics, forecasting and optimization**	**Improved access and discovery, recommendation engines, 1:1 engagement** with customers	**Algorithms & analytical models** to understand the causal relationship between content performance & key attributes

49% Of US streaming users say they spend too much time trying to find new things to watch

By Likewise – Global recommendations app – survey 2019

THEY TRUST US

amazon · XBOX · HBO · Disney

9

Direct to Consumer

PROTECT
Safeguarding employees and business

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Relaunching business and operations

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WHAT IS AT STAKE

The media & entertainment industry suffers major revenue losses as theatres, stadiums, concert halls and retail branches closed due to covid-19 lockdowns. Digital habits also accelerate and change media consumption for good.

THE ANSWER

Direct-to-consumer engagement and platforms become central for brands, producers, distributors, sports associations and artists to keep close connexion with fans and audiences, to optimize marketing investments through data and to find new ways of monetization of digital time spent in & out of home.

CAPGEMINI SOLUTION & EXPERIENCE

D2C Brand & Customer Value Proposition	Consumer Sales Strategies and Social Commerce	Subscription & Ad Monetization Optimization	D2C Platform architecture & solution
Re-defining your brand and customer value proposition post-COVID 19 by leveraging our human data hub (ethnographic, bloom & customer feedback tool)	Re-order channels priority, find novel digital ways of attracting clients and leverage the opportunities of social commerce while rethinking the whole physical experience	Collect and correctly analyse the right data to push personalisation, improve ad sales impressions and conversion rates	Re-think open, agile and scalable architectures and solution to enable new partnerships, optimise supply capabilities to forecast post-COVID demand and reduce TCO

THEY TRUST US

11 Develop Post-Covid Customer Insights

PROTECT
Ensuring the safety of customers and employees

RESTART
Relaunching business and operations

RESHAPE
Adapting to the post covid context

WHAT IS AT STAKE

Developing & leveraging customer insights at a time of changing consumption habits and customer behavior

THE ANSWER

Improving customer knowledge to build improved customer experiences with personalization and recommendations and to gain marketing efficiency

CAPGEMINI SOLUTION & EXPERIENCE

Solid data foundation	Customer insights	Product experience reinvention	Marketing & promotion strategy
Data aggregation, Unified data store, foundational data engineering with automation to build **360-degree view of the consumer enabled by a cross-silo, flexible data architecture**	**Better customer segmentation leveraging data platforms:** Micro-segmentation, 360-degree consumer profiling, engagement & churn analytics, forecasting and optimization	**UI/UX, Easy onboarding, learned/hyper personalization** based on unique usage, **Advanced analytics** (including A/B testing, simulation, and measurement)	Smart Promotion Decision Platform, insights on **campaign performance measurement, customer engagement & understanding, customer purchase behavior, and campaign planning & optimization**

"The Consumer Data Centre is at heart of Unilever's digital transformation. It has revolutionized our ability to communicate to consumers at scale and is giving us unprecedented insights. I see it as a core part of our strategy"

Graeme Pikethly, CFO Unilever

THEY TRUST US

Unilever airbnb ACCOR KLM

For more on Covid-19 responses

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People matter, results count.

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Capgemini is a global leader in consulting, digital transformation, technology and engineering services. The Group is at the forefront of innovation to address the entire breadth of clients' opportunities in the evolving world of cloud, digital and platforms. Building on its strong 50-year+ heritage and deep industry-specific expertise, Capgemini enables organizations to realize their business ambitions through an array of services from strategy to operations. Capgemini is driven by the conviction that the business value of technology comes from and through people. Today, it is a multicultural company of 270,000 team members in almost 50 countries. With Altran, the Group reported 2019 combined revenues of €17billion.

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