

TV RAMACHANDRAN

RIAs are at the core of OTT ecosystem

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India, the world's fastest growing Rich Interactive Applications (RIAs) market, is poised to become the world's 6th largest by 2024. Internet apps are disrupting the way we live and conduct business. It is a gross injustice to call these modern computer apps, that have revolutionized our lives, as OTT since this term, which is an abbreviation for Over The Top, has obvious negative connotations. OTTs are open, transparent and vibrant, and have enabled rich interactions on social, work, academic and other fronts. It might, therefore, be far more appropriate to refer to them as RIAs rather than as OTTs.

Expert bodies such as ICRIER, the reputed Indian research agency and WIK, the expert consultancy of

Germany, have quantified the noteworthy impact of RIAs on GDP and personal life enhancement. ICRIER reported that apps have the potential to contribute USD271 billion (Rs 18 lakh crore) to India's GDP by 2020. WIK found, in their research, a high annual consumer surplus contribution of USD98 billion (Rs 7 lakh crore) in 2017, based on a consumer study – an average per capita of USD249 (Rs 16,000).

RIAs are powerfully driving revenue growth for telcos and opening new avenues of revenue. Without RIAs, telco networks would remain mere pipes without much revenue opportunity. Thus, to term the heavily-beneficial RIAs as OTTs is not appropriate and this view needs to certainly change now.

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The COVID-19 crisis accelerated the growth of RIAs in India since these apps helped provide a near-normal existence in a practical and effective way in this era of lockdowns, work disruptions, social distancing and other constraints, to normal activity. From just two OTT platform providers in 2012, the number has increased to over 60 players now.

The Indian RIA/OTT market ecosystem comprises of television distributors, telecom companies, content providers, broadcasters and independent platforms. The OTT eco-system is growing and witnessing interesting trends.

India is seen as the new streaming hub: A Boston Consulting Group report predicts that the OTT content market is at an inflection point in India and likely to reach a market size of USD5 billion by 2023. OTT platforms are increasing direct-to-digital releases and enriching content library with diverse content and new features.

Premium original content: Premium, original content is one of the biggest growth drivers and differentiators in the OTT industry. The Indian viewer has shown a greater tendency to spend on original content. Industry players are heavily investing in acquiring or developing new content and services, and are also focusing on improving customers’ experiences.

Rising regional market: Another major trend is the preference for vernacular with 93% of the time spent on videos in Hindi and other regional languages. With over 300 million smartphone users in the country, creators are coming from tier-2 and tier-3 cities and OTT players are investing in going regional.

Rural India, a new distribution channel: Unlike the common thought that urbanites are watching more content online, 65% video consumption is coming from the rural areas. With increased internet penetration in the rural areas (estimated to be ~650 million by 2023), OTT players are keen on developing regional content to cater to the rural markets.

Production houses are going digital: Due to the pandemic, the average time spent by Indian OTT subscribers has increased from 20 minutes to an hour. About 49% of India’s youth spend 2-3 hours watching content online. To keep up with the growing demand for more content, production houses are venturing from linear TV to OTT.

Business models expand: Even as the digital content ecosystem evolves, the single biggest challenge is monetization. But OTT players say that monetization models will emerge now that they are getting the audiences.

OTT is fast becoming the main form of content consumption. Going forward, many factors will play a key role in shaping the eco-system.

Technology and infrastructure upgrade: OTTs would require significant investments in technology to deliver the best Quality of Experience (QoE) to subscribers. Robust internet penetration, fibre roll out, and affordable smart TVs will be essential. OTT players will benefit from 5G networks deployment over the next few years. These networks are expected to be at least 10 times faster than 4G LTE and reduce latency by at least half in commercial implementations.

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Regulatory framework vis-à-vis creative freedom:

The RIA/OTT segment has nicely flourished and grown in India thanks mainly to the excellent regulatory approach. The regulatory framework has been rightly balanced between the aspects of oversight and the nurturing of innovation and creativity. Our system has possibly become a fine role model for other countries that wish to expeditiously and optimally secure the vast economic benefits of RIAs/OTTs.

Pricing/Monetization: Another significant factor in the Indian scenario will always be pricing by OTT platforms. Besides experimenting with content to strengthen its consumer base, the streamers were also exploring with pricing in order to appeal to more consumers. Advertising-based model may lead the industry into a new era.

An explosion of options: OTT will influence a number of sectors and generate new avenues. Here are few examples.

- **Kids' education & entertainment (edutainment):** PwC, in its 2019 report, stated that more than 40% of new internet users in the world were children. Broadcasters are making the most of this shifting content consumption patterns to create storylines that resonate with today's young audiences. A Bobble.AI

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report states that Edutech platforms such as Udemy, Unacademy, and Byjus have posted about 80% increase in the time spent during lockdown.

- **Online gaming has surged during the lockdown:** Gaming apps topped the new downloads category on both Android and iOS phones in Q1 of 2020. The All India Gaming Federation (AIGF) found that Online Gaming has grown by 12% during the lockdown.
- **Fitness industry seeks virtual presence via OTT:** Platforms are expected to expand their offerings into genres like health and fitness to cater to the increased fitness demand and emerging audience segments.
- **Redefining sports through OTT:** More and more people are adopting OTT as a way to watch sporting events conveniently on various devices.
- **Live streaming:** In the wake of COVID-19, OTT has also presented a unique opportunity for live streaming large events such as concerts, music festivals and conferences that would have otherwise been cancelled.

The OTT eco-system will get more ambitious over the next few years as the primary goal shifts more towards user experience, recommendation and personalization. Content will continue to act as the life blood to keep the platform intact and running. Great technology will be another enabler. Regulation needs to keep evolving to strike the right balance between protecting consumer/business interests and encouraging innovation.

India needs to chart its own course and needs to resist the temptation to follow global precedence to enable a unique remarkable RIA ecosystem to evolve and thrive! The Indian consumer will undoubtedly be the winner. 🇮🇳

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