

Back of the Net...flix by Stuart Fuller (@theballisround)

Last year more people subscribed to Netflix than the combined populations of the United Kingdom and Spain. The streaming service continues to go from strength to strength, channelling resources into unique content creation to try to win the digital media war against organisations such as Sky and Amazon.

The Californian company were one of the winners in the dotCom boom back in the late 1990's, surviving the stigma of the first Internet start-up economy and now one of the most successful digital media brands in the world with revenues today of nearly \$8.8 billion. Ironically, back in 2000 they looked to sell their business for just \$50 million to the then global giant, Blockbuster, who littered our High Streets until five years ago. Blockbuster turned them down. Ten years later and the traditional bricks and mortar model offered by Blockbuster was in bankruptcy, with debts of over \$900 million.

Netflix has gone from strength to strength in the last few years. They can now boast over 110 million global subscribers, a market-domination of the streaming market in the United States and one of the major contributors for the need to improve size and speed of data networks of consumers. They will spend upwards of \$8 billion on content creation in 2018 as they look to snatch audiences away from the traditional networks. Hit shows developed by the Netflix studios include Orange is the New Black, Stranger Things, The Crown and Ozark. But are they about to move into a completely new direction?

Whilst the company has been one of the key factors in a drop by more than 12% in traditional TV viewing, according to a report by Nielsen. In the UK alone, Ofcom released viewing figures that showed daily TV watching had dropped by 4%, yet in the same time the revenues of the major streaming companies including Netflix as well as Amazon Instant and Hulu had increased by 41%. We want to consume our digital content when and where we want, and all major TV channels have realised that you cannot beat them and have to join them, and are adding ways to watch content online or on-demand (or both). The use of BBC iPlayer is a classic example, which is now seen as the best way to block out the pain of the daily commute.

But could we about to see a change in focus of their future strategy?

The 2019-2022 English Premier League (EPL) broadcasting rights have been decided and there was some surprise that none of the new media firms such as the FAMGA (Facebook, Amazon, Microsoft, Google and Apple) initially dipped their toe in the water. Then, it was announced that one small set of rights had indeed been awarded to Amazon, who would stream two rounds of games during the Premier League season, in December. Of course, due to the TV archaic blackout period, they can only show games not being played at 3pm on a Saturday hence why they are going for the midweek round of games in December and Boxing Day. But it is highly likely that in two years time when the bidders rev their engines the likes of Social Media networks and Streaming services such as NetFlix will be in the mix.

With billions of active users, it seems a no-brainer that Facebook for instance will be interest in bidding. Their business model is currently based on advertising dollars, but the

ownership of such valuable digital rights would enable them to go into the subscription services model. They would have looked on with interest in 2016 as Twitter broadcast 10 live American Football matches on a Thursday night, the rights to which were snapped up by Amazon for their Prime members in 2017 in a similar move to their Premier League agreement.

The last EPL deal for UK broadcast rights alone was worth \$6.8 billion so the investment certainly isn't one for the feign-hearted but the rewards with an average audience per game in the UK at over 800,000 (according to Sky the main broadcaster).

For Netflix, with a fast-growing global subscriber base, they have the technological platform in place to distribute the content and would also be able to use their rights to further promote their services through media placement at the televised games.

Our expectations in accessing media, especially in a digital format, have matured significantly in the past few years. The dark days of dial-up Internet connections have been replaced by 4G networks and super-fast gigabit broadband. We can now watch events live from around the world on devices that are smaller than the remote controls (on wires if your memory goes that far back!) of those old video machines. For a fan of the EPL, being able to access content on a variety of devices for a small monthly fee becomes very beneficial.

There is also another major benefit to the digital landscape that Netflix, and some of the other services such as Amazon Prime, delivers and that is the contribution to the war on digital piracy.

In a report from the University of Oslo, research showed that the piracy of movies and TV shows had reduced by around 50% in 2012 alone, from 125 million estimated illegal movie downloads to 65 million by the end of the year.

"When you have a good legitimate offer, the people will use it," said Olav Torvund, former law professor at the University of Oslo.

There are no guarantees in quality when you try and watch content illegally online, nor do you know what else you are downloading as well as the pirated media files. With low monthly subscription fees, and libraries of tens of thousands of titles, consumers are wising up that legitimate paid good quality content wins hands down over free poor-quality downloads.

The Federation against Copyright Theft (Fact) works with law enforcement agencies to prosecute piracy but also works to educate the public on the consequences of copyright infringement.

"One message that is key is that, whether you're pirating physical copy or streaming, you are putting money into the hands of a criminal," says Kieron Sharp, director general of Fact.

"Many pirates who produce counterfeit DVDs on a large scale can be traced to organised crime rings," says Sharp, *"who then reinvest that money in other strands of criminal activity,*

such as prostitution, drugs and dog-fighting. Our view is that most of these people [who stream illegally] are film and TV fans and we want them on our side, not on the side of criminals, who will profit from their consumption."

Should Netflix, or more digital streaming companies, decide to bid for the EPL rights next time around then it would potentially reduce the instances of illegal streaming of games that is still a major issue for content providers. In addition, with the users of on-demand services getting younger and younger, there is an opportunity to begin the education process when consumers are at the most impressionable age that digital piracy is wrong, and that there is no value in something that is free.