

Live Streaming Continues Momentum With March Madness

by Eric Franchi, Monday, March 9, 2009



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Every March, it happens like clockwork. Business lunches go a little longer than necessary. Bandwidth usage goes up astronomically in offices across the country. Brackets are created, and wagers turn friends and co-workers to enemies. What is the cause of this drain on U.S. productivity? You guessed it: the NCAA basketball tournament, better known as March Madness. It's also one of the biggest draws in online video for both users and advertisers.

Media powerhouse CBS has dubbed its free online broadcast of the tournament MMOD: March Madness on Demand. This week, the network announced that it had sold out of nearly all sponsorships and advertising inventory for MMOD nearly two weeks early. Total revenue is estimated to be in the \$30 million range, from 35 different advertisers. The tournament will be distributed across a variety of partners, including ESPN, Yahoo and MySpace.

These stats translate into an impressive performance during one of the most challenging selling environments any media company has experienced in recent memory. Revenue of \$30 million translates into over 20% higher than last year's \$23 million, and the number of advertisers is up from 30. To put into perspective, that is a fraction of the \$400 million-plus that March Madness on television will generate from sponsors. However, it is almost half of Hulu's estimated 2008 revenue of \$65 million (according to a recent *Newsweek* article). The distribution side should also allow for more unique viewers than last year's 4.7 million.

CBS is innovating, as well: selling a "boss button" sponsorship that launches a fake spreadsheet and shuts down sound upon clicking it to Comcast. And it's bolstering capacity to ensure that users do not have to wait an excessive time to access content. These innovations, plus expanded distribution to more properties, should allow CBS to reach more than the 4.7 million unique users it attracted last year. That kind of traffic, combined with exclusive premium content, is the formula that attracts advertisers. Add CBS' early sales figures to NBC's notable performance for last year's Olympics, and you see the makings of a trend that can't be ignored: live streaming video is a huge growth area and opportunity. The Web (both Internet and mobile) is becoming a viable medium to access live events regardless of location.

What needs more focus at this point is monetization models. A mainstream event like the March Madness tournament or the Olympics draws in plenty of revenue due to guaranteed large traffic

and brand value. Other events do not, but witness the success of MLB.TV: it had 500,000 subscribers last year, with many paying \$110 for a premium subscription (giving access to high definition and other tools). In fact, iTunes could be the perfect platform for this: pay for a live view and watch on the device of your choice: laptop, phone, iPod, or TV. I wonder if that is in the plan for Apple. If not Apple, who might it be?