WHITE PAPER

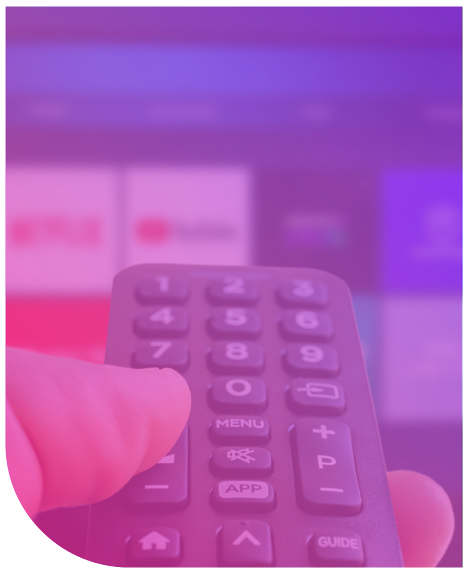
FAST Strategy for 2024:

8 Ways to Drive Revenue with Data

As the media industry experiences explosive FAST revenue growth, there's a huge opportunity for content sellers to reach new audiences and establish incremental revenue streams. The lessons learned in recent years, as FAST has reached mainstream status, can now offer valuable insight into both successful strategies and common pitfalls.

For organizations evaluating whether to revise FAST strategy, launch a FAST offer, or license content for FAST distribution in the next 12 months, data is critical. Content sales and licensing professionals join finance and accounting as the business functions that rely on data to make good decisions.

This white paper offers eight best practices to drive FAST revenue:



- Fitting FAST into your overall distribution strategy
- Launching FAST channels with the right technology
- Standing out with unique, differentiated content
- Developing a strategic plan to manage FAST data
- Experimenting with multiple FAST streaming services
- Negotiating for FAST data rights
- Aggregating and normalizing data from numerous sources
- Utilizing data intelligence tools to optimize FAST revenue

FAST is an opportunity for content sellers

Free ad-supported streaming TV (FAST) remains the fastest-growing distribution model for television and film content. There are now more than 25 major FAST streaming services available to watch in the US, with the 15 largest offering a combined 1,814 unique FAST channels (29% more than in 2022).

Top FAST streaming platforms are seeing exponential increases in viewership, like Fox's Tubi, which has grown from 25 million to 70 million monthly active users (MAUs) since 2019, and Paramount's Pluto TV, which grew from 15 million to 80 million MAUs over the same period.

And then there's the revenue. Global FAST streaming revenue grew from around $700 million in 2019 to $6+ billion in 2022. Analysts are now projecting global FAST revenues to reach $12 billion annually by 2027.

How can you maximize your revenue from FAST?

1. Set appropriate goals for FAST distribution

The meteoric rise of FAST streaming services has content sellers clamoring to launch more channels. But before you do so, it's crucial to determine how FAST fits into your overall distribution strategy.

The average revenue per user (ARPU) for FAST is still very low compared to the industry's more established distribution channels, SVOD and Pay TV.

Global SVOD revenue reached over $100 billion in 2023. While determining ARPU averages is difficult, available data reveals that two of the largest streaming platforms, Netflix and Hulu, respectively generated over $16 and $11 per monthly subscriber in key regions. Meanwhile, leading FAST platforms Tubi and Pluto are tracking ARPU at just over $1/month.

$100B

Global SVOD revenue reached over $100 billion in 2023

FAST is a volume business. Ad-based revenue models are generally less lucrative per user than today's subscription fees. Understanding audience segments across platforms, genres, and regions is key to identifying engagement (and revenue) potential.

So what does that mean for content sellers?

It means that FAST most often serves to monetize content that isn't generating higher revenue via other models. Maximizing profit from premium content assets still commonly calls for licensing those assets to subscription-based models when possible.

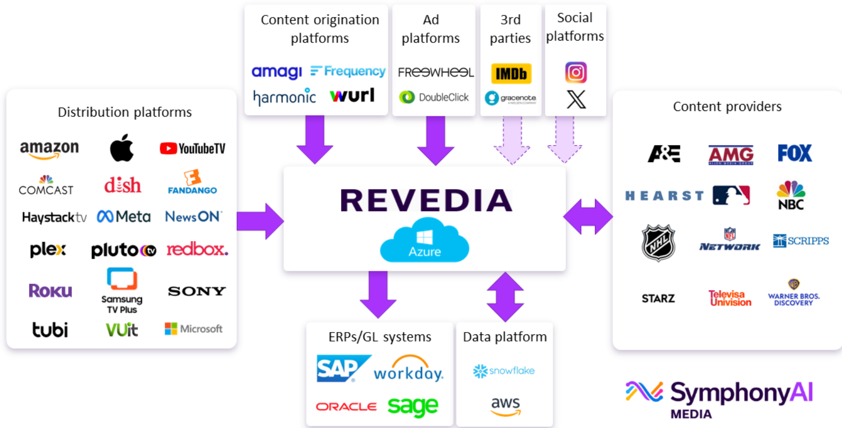
2. Choose the Right Technology Partners to Launch Your FAST Channel

Licensing content to a streaming platform typically involves submitting appropriately formatted files with structured metadata (e.g. title, category, rating, etc.). From there, streaming services handle the technical aspects of distributing your assets in accordance with your licensing agreement.

Distributing your content on FAST is quite a bit different, however. You're more likely to be creating a channel for one or more connected TV ecosystems.

Launching and operating a FAST channel usually involves a core set of external partners.

The Media Revenue Ecoystem



Content origination and advertising platforms provide the technology content sellers need to launch FAST channels. They also provide valuable data that can help content sellers optimize their FAST distribution strategies. Learn more about the media revenue ecosystem.

- **Turnkey service:** Also known as CTV playout, channel origination, cloud, and white-label services. These companies offer FAST streaming infrastructure and technology, alongside monetization features. End-to-end and point solutions variously enable you to schedule your channel with well-timed ad breaks, run experiments to maximize engagement, and optimize workflows around key tasks like encoding, monetization, and analytics.

- **Advertising technology.** FAST offers a variety of advertising strategies. Except for large companies operating their own FAST ecosystems, content sellers use third-party technology for flexibility and control over ad placements. Some FAST platforms allow content sellers to show their own ads in the stream (e.g. the channel owner has the first ad slot in every half hour of content, while the platform gets the remaining ad slots). Placing your own ads can allow you to take advantage of new monetization opportunities or communicate directly with audiences to promote other video assets, platforms, or services.

3. Optimize and Differentiate Your Channel Content

Content should be the key factor guiding your decisions around which channel to distribute on which platform. Your channel is as successful as your ability to differentiate from the competition and schedule in a way that matches the viewing habits of a FAST platform's audience.

The best practices for optimizing and differentiating content on your FAST channel are:

- **Make sure you have enough content.** It's okay to create a channel that's highly niche. In fact, there are many FAST channels that only ever air one show (e.g., The Bob Ross Channel, The Price is Right, Antiques Roadshow UK). But if your channel doesn't have enough unique content, audiences will get bored and move on. Plan to carry at least 100 hours of content on your channel and swapping out a minimum of 25% of it each month to keep things fresh.
- **Differentiate your channel from competitors.** Distribution should take into account genre, content, and audience interplay. Take a look at channel lineups and ask yourself: Which audiences are underserved on this platform? Does content perform better at a certain time of day? Ad dollars require eyeballs, and eyeballs require content that people watch. While it's cheap and easy to place your channel on multiple platforms, sustaining ad revenue requires a data-driven strategy.
- **Optimize content scheduling to drive user engagement.** Unlike VOD, FAST is a linear model. Think about what programs will be featured on your channel, what times those programs will air, and how often you'll allow ad breaks.

You can use scheduling tricks and tactics from broadcast TV (e.g., lead-ins, bridging, marathons, etc.) to try and keep audiences engaged. As with platform distribution strategy, scheduling strategy is not a set-it-and-forget-it play. Different program lineups and ad strategies must be tested and results analyzed to understand what's working.

4. Develop a strategic plan for managing FAST distribution data

FAST streaming platforms, channel originators, and ad tech platforms can all provide valuable data on content performance, audience engagement, and revenue. Content sellers are tasked with utilizing this mountain of data to optimize content strategies.

To make use of this data, you need a strategic data plan that includes the technology, people, and processes required to get the right data, analyze it, and generate actionable reports from it. An effective data plan should answer these key questions:

- What questions do I need to answer?
- What metrics do I need to answer them?
- What data is required to track those metrics?
- Where is that data available? In what format?
- Can I access the data as often as necessary?
- Is my data securely stored and compliant with regulations?
- How will I normalize data from different sources prior to analysis?
- What resources are needed to analyze and interpret data?
- Who will need access to the raw data and/or specific reports?
- How will I visualize and report on insights from the data?
- How will systems and business intelligence tools integrate?

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The most data-driven content sellers understand the importance of developing a strategic plan for managing OTT data

The most data-driven content sellers understand the importance of developing a strategic plan for managing OTT data – ideally before signing any FAST distribution deal. Knowing what data you'll need in order to make critical decisions means that you can negotiate for access to that data. Implementing the tools you need to extract insight means that it can generate value more quickly.

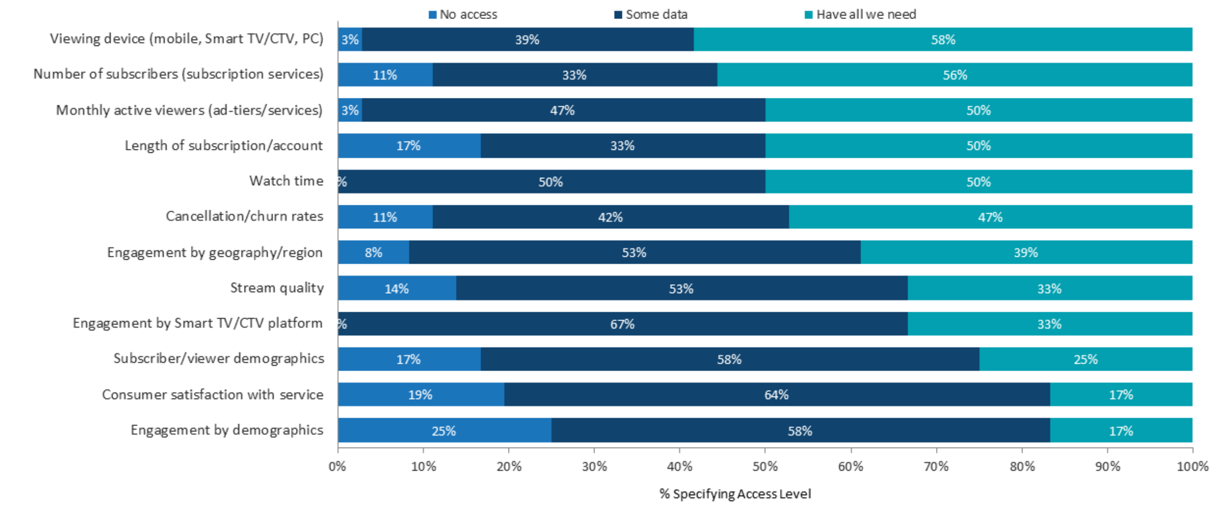
5. Negotiate data rights and transparency with FAST platforms

FAST platform data is an increasingly valuable asset. With access to content performance, audience engagement, and revenue data, sellers can make smarter choices that optimize strategy — from production to distribution investment.

But getting platform data from FAST services isn't easy, and content sellers aren't always successful in securing access to the data they need to support business decisions. This can happen for several reasons:

- FAST platforms lack the internal architecture needed to capture, store, and share data or simply won't agree to provide it
- Content sellers can only access data in a format that's hard to integrate, such as a web-based portal or automated email reporting
- Data lacks sufficient structure, granularity, or frequency to be of any use without extensive resources (data analysts or custom software

Access Level of Streaming Data



"Q2005. What data related to streaming app performance and engagement does your organization have access to today?" | Source: The Business of Streaming: Impact of Data Fragmentation

New research from Parks Associates reveals numerous metrics that content providers desire but do not have adequate access to.

When it comes to accessing data, rights can often be negotiated as part of the licensing process. In the competitive FAST market, the best leverage that content sellers have is proof of the ad revenue their content can generate. FAST platforms may be more willing to share data in exchange for lucrative content, but it is not the current industry standard. In fact, content sellers have been accepting FAST distribution deals with minimal data access rights just to get their channels launched.

Now is a critical time for content sellers to prioritize data rights in negotiations with every partner, from ad agencies to distributors. Parties throughout the content supply chain have the data that content sellers need, but it's up to the content sellers to negotiate access.

See our tips for obtaining FAST platform data in this blog post.

Data Transparency Benefits FAST Platforms and Content Sellers

Transparent data sharing in the FAST space benefits content sellers, FAST service providers, advertisers, and consumers.

Content sellers use platform data to measure audience affinity for genres or specific assets, then program and distribute content for maximum advertising revenue. Brands and FAST service providers also benefit from the increased audience engagement, and audiences who opt for free streaming generally prefer ads that are relevant to their interests.

6. Keep tuning your strategy

There are several reasons to experiment with distribution across multiple FAST service providers instead of restricting content to the platform(s) you chose on day one.

Engaging with multiple FAST platforms expands audience reach. It wouldn't make sense to choose only Tubi's 70 million viewers or only Pluto's 80 million viewers if you could effectively engage both. This is especially true when thinking about FAST services whose audiences may not have much overlap, such as LG Channels and Samsung TV Plus.

Utilizing multiple platforms diversifies revenue streams and mitigates the risk of revenue loss from a sudden platform disruption, policy change, or shift in viewer preferences. It also allows you to compare asset performance, provided that you have the right tools.

FAST will continue to evolve into a more nuanced, sophisticated market that requires content sellers to do more than launch channels and hope they work — especially as consumers can afford to choose from a growing list of options at any given moment.

7. Streamline data aggregation and normalization

Data aggregation and normalization present a unique challenge to content sellers. Like SVODs and MVPDs, each FAST provider's revenue reports contain different data, syntax, and formats. (We've even seen variations in reports from the same provider from one month to another.)

There are two key concepts to understand, and more importantly, to practice:

- **Data aggregation** is the process of gathering data from multiple sources (e.g., FAST distribution partners, content originators, etc.) and centralizing it in a single location.
- **Data normalization** is the process of organizing the data (e.g., by applying standardized format, labeling, and syntax) so that it appears similar across all records and fields.

> *“Data aggregation and normalization present a unique challenge to content sellers.*

In other words, having data into one place (data aggregation) and format (data normalization) is the only way you can make meaning of it.

Historically, content sellers have used labor-intensive manual processes for organizing data, often with help from painstakingly managed spreadsheets. But as content sellers license their assets to a growing number of streaming services, aggregating and normalizing the data manually becomes increasingly complex and time-consuming, ultimately slowing the process of extracting insights from the data.

Turnkey infrastructure, advertising, and programming tools are what pushes content to FAST, but what about bringing revenue back in? A specialized platform like Revedia automates the process of aggregating and normalizing the data needed to do so.

Learn more about aggregating and normalizing data in this blog post.

8. Adopt data intelligence and automation tools

Preparing FAST data for analysis requires automation and normalization, but additional formatting and interpretation are needed to understand what it means. Data intelligence platforms combine every aspect of the process with output like reports and visualizations for fast, actionable insight.

The most useful applications of data intelligence in FAST are:

- **Content performance analysis**
  Revenue isn't the only way to measure FAST content engagement. MAUs, CPM, ARPU, and impressions are just a few of the metrics that matter. Users might be reported as viewers on one platform, while channels are labeled as stations by another. The data you receive from FAST platforms may not specify your channel's genre, which you need to track in order to understand content affinity.

  Data platforms built for FAST performance tracking can quickly sort data into categories, metrics, labels, and other components that matter to the content seller.
- **Agreement compliance**
  FAST distribution agreements contain many different terms, including payment terms, royalty percentages, and minimum guarantees. Data platforms that verify compliance don't just alleviate the manual burden on finance teams; they enable content sales and distribution strategy teams to make decisions based on accurate measures of revenue and engagement.

  When it comes to identifying or comparing FAST platforms' revenue potential, data intelligence platforms contain a single record that reveals trends such as adherence, payments, and data disclosure, improving contract negotiations and partnership decisions.
- **Reporting**
  FAST is harder to measure than any OTT model to date. Revenue is generated erratically, data reported inconsistently, and performance measured differently. Spreadsheet formulas and monthly reporting exercises are difficult, but doable, for SVOD and pay TV. They're so inefficient for FAST, many content sellers opt not to report at all.

  Data intelligence platforms quickly satisfy the need for various business functions to understand FAST data: visual dashboards for content executives, custom reports for analysts, and standardized tables for finance.

The Final Word in FAST

The basic best practices outlined above enable content sellers to meet the challenges of proliferating FAST data, rising competition, and complex ad-based revenues. For the small share of revenue that FAST represents, its power to transform the industry is massive.

Over the next 12 months, revenue models will shift across FAST, AVOD, SVOD, TVOD, and traditional TV. Hybrid distribution will bring more data, and more data will bring more challenges.

Fortunately, content sellers can keep pace using tools and technology available today. For organizations that approach FAST strategically, the revenue opportunity is there for the taking.

Media's most powerful data intelligence

SymphonyAI provides solutions to every major global media company and emerging innovators across FAST, AVOD, SVOD, TVOD, broadcast, and pay TV. See our Revedia data intelligence platform in action and get expert strategic guidance at symphonyai.com/media/get-started.