

Bringing an Over-The-Top Streaming Business to Life

helping India's largest TV content company go direct-to-consumer



Client Situation

- The client is one of the largest television content companies in India with a legacy of producing some of the most popular shows of all time on Indian television
- However, the company's business model allowed little room to translate its creative success into pricing power or value creation resulting in a rather modest market capitalisation vis-à-vis its brand and creative strengths
- Forays into adjacent businesses like film production, film distribution and talent management had not yielded desired success
- The company was looking for a game changing opportunity to entirely change its orbit

Objectives

The client wanted Avalon to advise on how to recast the business of the company such that it could achieve its overall growth and value creation ambitions. This included giving inputs on –

- Identifying different arenas for the client to play in
- Define the broad contours and substance of each arena
- Determine the bases for competition and key success factors in each arena,
- Help craft and implement a strategy to win

Avalon Interventions



- We initiated our intervention with a **strategy workshop** to broaden the leadership's horizons in terms of opportunity exploration. A range of business ideas were evaluated for their attractiveness and alignment with the client's strengths and ambitions
- Offering edgy and relevant entertainment content, direct to the Indian consumer and diaspora, using a mobile technology platform emerged as an attractive business model to pursue. It leveraged the key asset of the company – ability to create compelling content – and added the Direct-to-Consumer model and Technology play and had the potential to substantially **change the valuation model of the business**. Breaking from prevailing thinking, we also advised a **subscription model instead of an ad-serving model**
- Given the nascent market, we built a **robust demand projection model** to ensure that smartphone penetration, data usage and content adoption were well mapped out to deliver realistic subscriber numbers
- Technology being the backbone of the business, we helped evaluate and select a strong partner after a careful scan of global providers and local implementation partners. Our partner of choice has since gone on to win several prestigious industry awards including **IAIR Best Company for Innovation and Leadership in OTT** and **European Readers' Choice Award**
- Other **aspects of strategy** like marketing (alliances, sponsorships, co-branding) and organisation design (structure, KRAs, incentive structures) were also mapped out along with a detailed set of financials
- We set up a **Project Management Office** to execute the implementation plan. A high-quality, experienced management team was recruited, onboarded and supported in the initial phases
- Ultimately, a pitch document and business case were developed to **support fundraising roadshows** for the business which we actively participated in

Impact of our Interventions

On the back of a unique business model, a robust strategy and a high-pedigree team, the client **raised over Rs. 150 cr. of growth capital** through a rights issue. This was enabled by a **share price rise from Rs. 70 to Rs. 150** during the engagement from start to time of the rights issue. The success of the model has also been endorsed by many other OTT companies that started off as ad-served models and subsequently shifted to a subscription model

The business is today a **leading OTT provider** with **27.3 million users in 90 countries** and **1.5 million active direct subscribers**. AppAnnie's State of Mobile Report 2019 lists the app as the **#3 video streaming app by consumer spend in India**

2X rise in valuation

1

2

Market leading position

Awards and accolades

3

4

Quantum shift in Group profile

The concept has been well-received with shows and people winning awards like **Best Content on an OTT Platform (AT Digital Crest 2019)**, **OTT Platform of the Year (AT Digital Crest 2019)**, **Best OTT Platform (DIGIXX 2018 & 2019)**, **Best Video Content in a Social Media Marketing Campaign (AT Digital Crest 2019)**, **Web Person of the Year**, **Best Web Series**, **Best Actor** and **Best Actress**

The initial success of this business has led to a Rs. 400 cr. investment into the parent by a leading business house in India – the **market capitalisation of the business had multiplied 2.4 times** since the start of our engagement. This increase in market cap represented a **800 times multiple of our fees**

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