

Hotspotting for growth

PressPlay wants to entertain people on the move. How different it is from other video apps, finds
VANITA KOHLI-KHANDEKAR

In 2,500 hotspots, across bus stands, railway stations, coffee shops or hospitals in India, you could get free entertainment. However, the connection only allows you to watch or download free films, songs and videos from the 30 channels offered by PressPlay TV. “We don’t offer the internet, only PressPlay,” emphasises Anand Sinha, the co-founder and chief executive officer (CEO).

Sinha and his partner, co-founder and Chief Operating Officer George Abraham, were colleagues and flatmates while working at the Hyderabad office of DE Shaw, a global investment management firm, in 2009. When Sinha moved to Zomato in 2011, he pulled Abraham in. Those were early years at Zomato. Both were working in sales and were among the few non-techies. They “learnt a lot”, says Sinha. Having seen a start-up at work, the two wanted one of their own.

Their idea — entertaining people while travelling. There were some worries, especially on age — Sinha was 25, Abraham 24. But, “We had a sense that if we don’t do it now, we will never do it,” says Sinha. The duo gave themselves a year and decided to go back to Zomato if things did not work out.

The lowest hanging fruit, it seemed, was bus travel. Sinha and Abraham met bus operators and asked them how they



PressPlay co-founders Anand Sinha (left), the CEO, and George Abraham, the COO

could entertain their passengers. The operators, however, showed little interest because they did not want to invest. So, Abraham and Sinha bought 10 tablets, loaded them with films, TV shows and songs, and did a bus journey from Delhi to Amritsar and back to figure things out. They charged passengers ₹100 per tablet per journey. It was a big hit; they were sold out in minutes. By the end of December 2013, it was clear the idea had potential. With \$500,000 in seed fund-

ing from Amit Bhatiani of CX Partners, they started operations.

Soon they bought 1,000 tablets (of ₹6,000 each) and loaded these with content. These were leased out on journeys of five hours or more across 17 tier-1 cities. The tablets were chained to the seat to prevent theft (though they eventually did lose about a dozen tablets). These were unchained after a journey, cleaned up and reloaded. The payback on a single tablet was 70 days.

But, Sinha and Abraham soon realised that operationally this was a very “people heavy” model. To scale up faster, they needed an app that ran on a user’s device. By the end of 2014, PressPlay was talking to Sequoia and by February 2015, it had raised \$2.2 million. By the summer of 2015, it launched the first of its hotspots. By October 2015 came the standalone streaming app.

The timing seems right. India has become a hot market for video apps. Between 2015 and so far in 2016, at least a dozen video apps have been launched. Star India (hotstar), Zee (Ditto TV, Ozee), PCCW (Viu), SingTel (Hooq), among a host of media, technology and telecom firms, now have their own app in India. The biggest of them, Netflix, came earlier this year. There are half a dozen more, including Balaji Telefilms, due this summer. Each has raised anywhere from ₹100 crore to ₹500 crore to fulfil the promise that one of the world’s fastest growing video market offers. Of the 319 million internet users in India, about 170 million have smartphones that allow them to watch video. At last count, about 100 million did. According to estimates, in 2015, online video got a fourth, or ₹1,500 crore, of the digital ad pie.

FACT BOX

Area of business:
Media and entertainment

Inception: January 2014

Founders: Anand Sinha (co-founder & CEO), George Abraham (co-founder & COO)

Market size: ₹ 1,15,700 crore

Fund raising: April 2014 — \$0.5 million from Amit Bhatiani (Partner, CX Partners) in angel round. February 2015 — \$2.2 million from Sequoia Capital and angel investors (including Jason Hirschhorn, Jarett Posner, and Amit Bhatiani) in seed round

Much of this begs questions on hyper-competition, rising costs and possible consolidation. However, both the major investors in PressPlay did not comment. Another investor who checked out PressPlay a couple of years ago says the cost of rights to content could become its big problem. The price of rights to English shows has already jumped three times in the past year or so. Sinha agrees. That is why, “Our content strategy is different. We have only short form content and a few limited movies. We want to look beyond Bollywood. We can’t out-spend hotstar or Netflix. We need to out-think them,” he says.

Sinha refuses to discuss revenues but claims he is happy with the major metrics. PressPlay has had a million-plus downloads, of which half are monthly active users. More important, roughly 80 per cent of them re-use the app once they are out of the hotspot. The average time spent on the app, according to the company, is nine minutes a day. There are 50 advertisers on board and ads are changed according to the location of the hotspot. So, the ad at a bus stop in Manali will be different from that in Ooty. There is now a slight push for subscription, too, with a charge of ₹10 for newer movies. The plan is to reach 10,000 hotspots and 1.5 million monthly active users over the next six months. Sinha expects PressPlay to start turning in an operating profit from December 2016 and achieve break-even by early 2018.

EXPERT TAKE



The most important event for over-the-top (OTT) video this year has been the launch of Netflix in 130 new markets including India. In most of these, Netflix offers a basic launch version, the website and apps are in English, and there is little local and regional content. Many of the markets remain

under-developed in terms of broadband speeds and mobile data pricing tends to be restrictive. Yet, in Ovum’s view, none of these will hinder Netflix from attracting large numbers of new subscribers and disrupting the traditional TV and movie market. In Pakistan, for example, after only three months Netflix has already gained more subscribers than established IPTV

services.

There are two challenges faced by start-ups such as PressPlay. One is overcrowding. According to our recent OTT Video tracker, there are at least 25 streaming services, most offering free video-on-demand (VOD), in India. The need to differentiate is, therefore, paramount.

Two, in premium paid-for VOD, Netflix is likely to be

the dominating player in the Indian market within 12 months. Soon, Indian pay TV companies and telcos will step up their OTT efforts to retain and future-proof market shares. We expect the next five years to be characterised by a high level of consolidation across many developing markets.

Tony Gunnarsson, senior analyst, Ovum, OTT



VEQTA : For the sports enthusiasts



Varun Mathur, co-founder of VEQTA

If you are a sports fanatic and want to watch all types of sports, VEQTA, which claims to be India's first over-the-top (OTT) digital broadcast network dedicated to sports, promises to fulfil your needs.

Founded by Varun Mathur and Vikram Tanwar in mid-February, VEQTA aims at becoming the home of sports broadcast for the second screen. Getting sports content not available in India for fans here is its main goal. It will launch its flagship OTT service in the next few weeks to engage fans across India.

Mathur says he wants to address three types of gaps in the sports broadcast industry. Mainly, the width or coverage gap (number of sports covered, especially in broadcast) is low in India. He also says the depth of coverage for non-cricket sports is very less here. More, language limitation makes it difficult for many to enjoy their favourite sports.

On viability of the freemium-model project, he said, "OTT is at a very early stage in India. Once it reaches critical masses, along with subscription video-on-demand (SVOD) and advertising video-on-demand (AVOD) models that we follow, it will be a winning proposition for us."

On the way forward, Mathur said: "We basically want to address some key areas like the rights portfolio, that is, offering fresh and new content to people with valuable packages. Also, expanding the consumer base as the reach of sports is under-penetrated in India and investing in new technologies to evolve the way entertainment is consumed on mobile phones."

Tanwar says VEQTA is a vision and its key differentiating factor will be its ability to offer original content. It hopes to revolutionise the sports viewing space on OTT and become a leader in it.