

The online video soldiers

A new round of better-targeted and more specialised start-ups are entering the Indian market, writes **Vanita Kohli-Khandekar**

If you are one of the seven million Indian fans of Mixed Martial Arts or MMA, you could download Veqta. The video application, launched this month, offers only sports and related content from various English football leagues, and shows based on cricket, among other things. "There are massive gaps in our experience as sports fans," says Varun Mathur, co-founder and director. These could be in the number of sports or the way they are covered. For instance, against 40 in the US, the average number of sports that Indian broadcasters offer is 14, adds Mathur. "If you are a football fan, the only programming available around, say, the English Premier League will be the 90-minute match. There is no sense of what is happening around my club, players. Veqta is an attempt to address those gaps."

Set up by Mathur, Vikram Tanwar and Gaurav Gill, it is among the many inde-

pendent video start-ups launched in the past two years. There is Fastfilmz, which focuses on regional cinema; Arré, an original content player; and, PressPlay which uses branded hotspots to drive growth, among others. These venture capital-funded start-ups represent the next round of activity in the ₹1,500-crore hyper-active online video market in India. It has seen all kinds of technology, telecom, media players – STAR (hotstar), PCCW (Viu), Zee (Ozee, Ditto) and Viacom18 (Voot), among others – jump in.

Of the 319-mn internet users in India, about 170 mn have smartphones. This allows them to watch videos, making it one of the fastest growing online markets in the world. More important, India is a one-TV-per-home market. The possibility of a mobile becoming the second or third screen, and expanding the market for video content beyond TV, is a real possibility. TV

reaches about 800 million people; it made ₹54,220 cr in 2015, going by FICCI-KPMG numbers. Even if online video could hit 10 per cent of those numbers, it would be huge. "All of us are at the same starting line broadcast television was at many years ago. The big difference is the tailwinds are more supportive than in the early days of broadcast TV," says Sai Kumar, co-founder and managing director, Arré.

There are three things that set these start-ups apart from some of the larger plays such as Sony Liv or hotstar.

One, like Veqta, many are identifying gaps in what looks like an overcrowded market for video apps and coming up with interesting ones to plug these. When Karam Malhotra and Dominic Charles, both co-CEOs and co-founders of FastFilmz, were looking at the film market, they found most of the offerings were targeted at cities.



"Bollywood is very crowded. South India has half a billion people but there is nothing for them. We spent two months in small towns and saw people spending ₹75-100 for two-three pirated movies. It is an untapped market," says Malhotra. That is why Fastfilmz, which just raised its second round of funding, started by offering Tamil and lately Telugu movies. It would focus

only on regional movies for the future. This helps to focus the marketing, distribution, content efforts and costs. Not one of them agrees the market is overcrowded. "It's a market that demands different strokes for different folks," quips Subin Subaiah, CEO of Spuul Global.

Two, unlike a STAR or a Zee, most of the newcomers do not have the luxury of loading content costs on to a thriving TV business. So, almost all have a pay element built into the offering. Veqta, for instance, is looking at 200,000 subscribers by December 2017, by when it expects an operational break-even. Arré is, arguably, the only exception, as it relies on largely syndication and branded content. Kumar reckons the moment pay revenues take off, "We will be ready."

Three, most seem to have thought through the big question of scalability. Gill says for Veqta, scale will come from its focus on short-form, differentiated content from sports leagues such as the English Premier League. It will be raising an additional \$4 mn in August to ramp up its offerings. Arré's Kumar reckons that because consumption of content "is seeing secular trends (across genres and geographies)," the big question is of choosing the area to scale up in. For instance, in broadcast TV, regional took time to grow because of the hold of cable operators over large chunks of the market. In the online world, no such barriers exist.

There is, however, no set business model or dynamics for this space yet. Everyone has a different way of looking at Indians' need to watch videos. TVF Play was launched largely to make it easier for users to find TVF's original web-series and videos in one place. "We enjoy making content. We want to make a film next year, create our own *Game of Thrones* or *Avengers* and give it to HBO," says Arunabh Kumar, founder of TVF.

The more players there are, the more business models there will be. The show has just begun.

EXPERT TAKE



Any company starting a subscription driven, video-on-demand (SVoD) platform needs to be

aware of several factors before taking the plunge.

First, local content is essential. Some platforms have an impressive array of international content (such as Hollywood fare) but they need to localise to really benefit. And, exclusive and original local content offers an even greater boost.

Two, localising prices is also vital. Charging much more than local players will reduce a new platform's chances of exploiting the prospective subscriber base.

Therefore, local partners – telcos, mobile operators, internet service providers, pay TV operators and even retail chains – are extremely useful in spreading the word and allowing new players to gain access at the grassroots level.

Netflix has formed several partnerships with local pay TV operators (usually those with few exclusive content rights of their own) even in the US. Although this means sharing revenues, local partners provide contact with potential subscribers through their extensive marketing and sales lists – and local partners also have payment systems in place.







Low credit card usage can stifle SVoD take-up but the distribution of prepaid cards on a retail level or subscription collection through established means can help bypass this problem.

For instance, Netflix ran into the credit card problem in Latin America but got around it by selling prepaid cards at retail outlets.

Three, international SVoD platforms need to understand the broadband infrastructure. For example, fixed broadband penetration is fairly low in India but 3G and 4G mobile can provide exciting opportunities.

Simon Murray, principal analyst, Digital TV Research

THE NEW VIDEO START-UPS

	Spuul	PressPlay	Arré	Fastfilmz	Veqta	TVF Play
	 <p>SUDESH IYER Co-founder COO</p> <p>S MOHAN CEO</p> <p>SUBIN SUBAIAH CEO</p>	 <p>ANAND SINHA CEO</p> <p>GEORGE ABRAHAM COO</p>	 <p>AJAY CHACKO CEO & co-founder & MD</p> <p>SAI KUMAR Co-founder</p> <p>SANJAY RAY CHAUDHURI Co-founder</p>	 <p>KARAM MALHOTRA Co-CEOs and co-founders</p> <p>DOMINIC CHARLES Co-CEOs and co-founders</p>	 <p>VARUN MATHUR Co-founders and Directors</p> <p>VIKRAM TANWAR Co-founders and Directors</p> <p>GAURAV GILL Co-founders and Directors</p>	 <p>ARUNABH KUMAR Founder</p>
Launched	2014	Summer 2015	April 2016	April 2016	July 2016	February 2016
It offers	Content from across studios	Wifi hotspots for free use of the app	Original content across platforms	Tamil and Telugu movies	Sports and related content	Hosts all the original content from TVF
Total funding (\$mn, so far)	10.0	2.7	Undisclosed	2.5	0.5	10.0
Investors	• Undisclosed	• Sequoia Capital • Amit Bhatiani • Jason Hirschhorn • Jarett Posner	• Sai Kumar • Enam Group	• Blue {Seed} Capital • TRK Group • P Capital	• Chatsworth management • ITW Consulting	• Tiger Global • Arunabh Kumar
Revenue model	Ad + pay	Ad + pay	Ad, syndication branded content	Pay + free	Pay + free	In-content brand placement
Potential break-even	Profitable	Early 2018	2-3 years	2-3 years	January 2018 (cash flow)	Mother company TVF is profitable

Notes: Spuul's funding figures are sourced from Vccircle.com

Source: Companies and their websites