

SOLUTIONS

Commentary & Insight from the Professionals at the Mancini•Duffy Center for Workplace Innovation
SPRING 2013



Media & Entertainment Trends

“To thrive in today’s environment all aspects of the industry have to be evaluated through the lens of both innovation and efficiency by approaching content creation, distribution and operations in unconventional ways”.

*- Joe Montalbano, AIA, LEED AP
M&E Principal, Mancini•Duffy*

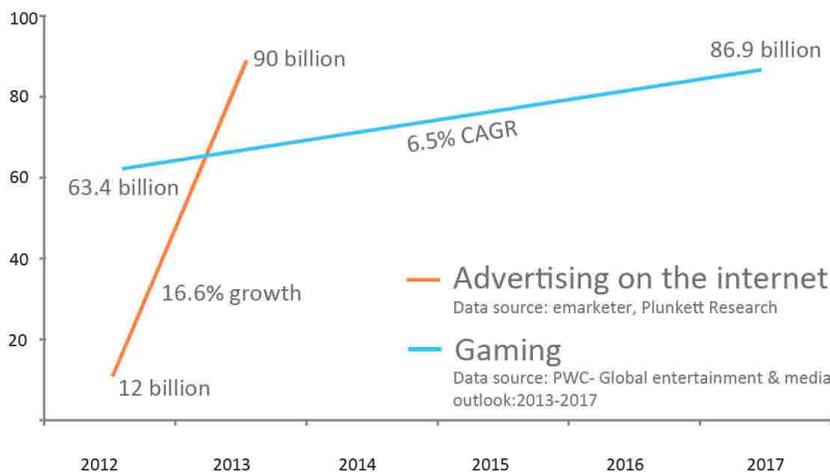
OVERVIEW OF THE INDUSTRY

The Media and Entertainment industry (M&E) is set to take center stage again after the worldwide financial crisis. The market holds significant opportunity for the industry, forecasted to have a compounded annual growth rate of 5% from 2012-2017. At the same time double-digit cuts in advertising budgets sustained by this sector during the recent recession have raised expectations for increased ROI.

The Industry is witnessing a paradigm shift. Where previously the industry focused solely on the development of content delivered through the traditional vehicles of television and radio, now equal attention is being given to newly developed channels of creation and distribution. As technological advances give birth to these new revenue models, competition is intensifying between multiple vehicles such as film, television, Internet and social gaming, all compounded by the use of mobile devices. As illustrated by the graphs below, these alternative delivery methods are only expected to increase in the coming years.

The rapid fire evolution of access and delivery methods will continue, forcing media companies to be more nimble than ever. Concurrent development of games, movies, and soundtracks provides huge marketing and distribution opportunities that multi-media corporations will look to monetize.

Another overarching phenomenon affecting the industry is the coexistence and influence of multi-generational and multicultural demographics. On the consumer side this means a demand for choice in content and access; on the production side a diverse workforce translates as contrasting (and potentially complementary) skill sets with potentially divergent job expectations.



1. Global Media and Entertainment Industry 2012-2017: Trend, Profit, and Forecast Analysis, Lucintel

ENABLERS & INFLUENCERS

Personalized Consumer Experience:

Consumers—specifically the younger generations—are no longer satisfied to just enjoying content as it is available and are looking for more control over quality, timing, medium and interactivity. This is causing media producers to shift emphasis from creating impressions on consumers to building relationships with customers. Social media especially has brought about a strong desire in younger generations to create and modify content, and with technology making it possible the industry is gearing up to tap into this trend. Examples of user-manipulated content include YouTube, Wikipedia, and programs such as CNN iReport and Sky News which draw on user-generated content, and new concepts like “Defiance” that are linking gaming and television shows to offer a truly engaged experience.

Crowd-sourcing:

Consumers’ increased expectations of on-demand news and entertainment has exploded the need for content. At the same time, more content than ever is available through both internal and external sources comprising in-house staff, outsourced professionals, and lay contributors (crowd sources). Seeing this as an opportunity to reduce production costs and increase flexibility, media companies are maintaining fewer staff to manage networks of external contributors. Much as technology permits media companies to decentralize innovation through networks and customers, it also allows them to parcel out work to specialists, free agents, and talent networks. As more new collaboration and online interactive communications tools emerge, companies can outsource increasingly specialized aspects of their work while still maintaining organizational coherence.

Talent & skills:

The trend toward integrating all aspects of the M&E business requires an understanding of technology, software, business development and content creation. The demand for this new comprehensive skill set offers an opportunity for mentoring and knowledge transfer across generations as Millennials apply their natural affinity for technology while Boomers and Gen X’ers help Millennials learn the business.

Globalization:

Emerging markets are imperative to M&E’s long-term growth, and like other industries the focus is largely on Latin-America, Asia, Russia and Middle-East. A multimedia landscape is developing rapidly across these markets as many of the traditional barriers associated with distribution and regulations are disappearing. As this continues we can expect globalization to bring about a cross-pollination of culture and ideas, with media companies facilitating the exchange between established and emerging markets.

Growth/Concentration:

The convergence of technology has not only led to a proliferation of content distribution methods but to the birth of the “Media Giant”: corporations with a stake in multiple media markets including television, movies, music, printed media, online media, mobile media, gaming, and Web 2.0 to name a few. Mergers and coalitions are driving media companies to become

larger than ever and at the same time creating fewer entities in the ownership of mainstream media. The merging of distinct companies allow the remaining few to cull redundancies and drive down costs while tapping into a broader consumer and resource base.

Integration:

The integration occurring in the entertainment sector, whether lateral, across various media and advertising platforms or vertical, across multiple stages of production, compilation or distribution is requiring M&E companies to create new and innovative revenue models.

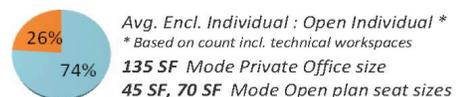
Technology:

The advancement in technologies is bringing about a transition to multi-platform content, digital personalized distribution, integrated enterprise processes, advanced storage options (cloud computing), micromarketing and informed advertising using big and smart data analytics. Now that the transition to HD or Digital Television is virtually complete, greater focus will be placed on convergence and content management. Advancements in IPTV, and “three screen” content provisions will change the way media is delivered and consumed. Changes in play-out and head-end requirements for multi-platform delivery, increased automation, and the continued transition to a “tape-less workflow” will invariably affect the physical environments in which content is created and distributed. Also, a by-product of the digital age across all industries especially M&E is the need to deal with digital data growth, and content management (an almost recession-proof issue), privacy and security.

Government Policies/Tax Incentives:

Currently, several state tax credit programs incentivize the development of the media industry; specifically film. Some programs take a broader approach and include gaming and software development. States currently experiencing varying levels of development activity in this market include Massachusetts, Michigan, Louisiana, and New York. It remains to be seen how these incentives will develop.

260 Average RSF/ person
190-300 Range RSF/ person



1 : 2.3 - 1: 5.8
Range, Ratio meeting seat : individual seat
6% : 94% - 39%: 61%
Range, Ratio informal: formal meeting seat



Typical Amenities:
Open collaborative areas, lounge,
pantry/ café, wellness room, games
room

WORKPLACE TRENDS

The growing culture of connectedness fueled by social media in the society at large will be reflected in media and entertainment workplaces in public and semi-public areas. Following are the ideas and design philosophy that will shape the future work environments in the industry:

- Inclusion of an event/showcase/public space in the workplace is on the rise to engage consumers and build brand equity through physical space in today's digital age.
- Employees have multi-faceted skills and their roles keep changing. Also more and more "test and learn" experimental projects are undertaken to test viability of new ideas for scalability. This requires new teams to be formed at a faster pace for short durations working in close collaboration. The workplace needs to be able to adapt and support the innovation cycles.
- As the business models shift towards agility of fewer on-staff content producers and instead managing a network of external contributors be it consultants or consumers themselves, the headquarter locations will become a place for people to come together rather than a place to do individual work.
- The space housing the content creators will be designed to inspire, huddle, experiment, hibernate, unwind, and mingle.
- Ability to view, discuss, and edit content with others will create a need for spaces that support such activities and still be multi-functional.

■ Space requirements in the M&E industry are typically more per person as compared to other industries: offices tend to be plentiful and larger, and the required specialty spaces (studios, edit rooms, green rooms) in addition to studio space increases the square feet per person.

■ Alternative workplace strategies are being selectively applied to job functions like editing, technical, and IT.

■ Digitization has crept across all vertical and horizontal segments of the industry requiring more and more real estate to be retrofitted with technology required to strategize, create, test, manage, and deliver.

■ An exponential increase in the volume of digital data that organizations have to store, manage, and archive leads to increased real estate needs in terms of space as well as infrastructure. As platforms on the cloud gain more traction in the industry we might see the storage and manipulation of data not happening at the organization but elsewhere. Until then we will still find asset management to be an important subject.

■ As larger floor plates seem more conducive to creating integrated, collaborative and familial environments, adaptive reuse of buildings in suburban locations will increase.

Production space

- More than one-fourth of the work space is allocated to shared amenity and collaborative functions.
- Open collaborative spaces are twice as prevalent as enclosed collaborative spaces.
- Almost two-thirds of the space is assigned to technical and support functions.



Increasingly sophisticated digital consumers demand more personalized services through the channel of their choice as well as the ability to contribute, create, and alter content as they experience it.

ABOUT MANCINI•DUFFY

Mancini•Duffy is a leading architectural and interiors practice. Our mission is to create architectural environments powered by innovative design that positively impact the lives and businesses of our clients. For nearly a century, our firm has delivered award-winning design excellence to clients in the United States and abroad and across multiple industry sectors, including retailers, hospitality groups, law firms, branch banks, new media companies, publishing agencies, insurance corporations, educational facilities and government agencies—to name a few.

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ABOUT THE CENTER FOR WORKPLACE INNOVATION

People are a company's most valuable asset and in today's business environment it is people who make the difference. Our mission is to combine real estate, technology and business processes to create exceptional spaces that empower people to do their best work. We align design solutions with actual business drivers and create performance metrics to establish a feedback loop that continues to inform. This builds agility into the workplace to support the way people work today while enabling its evolution to support the way they will work in the future.

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