

Terra Networks: 2012 Olympics Broadcasting to Multiple Devices

Mobile Connected Life Experiences



EXECUTIVE SUMMARY

Terra Networks, a part of Telefonica Group, is a digital media company and content producer focused on Hispanic audiences in Latin America and the United States. Terra's media content spans lifestyle, news, sports, and entertainment. The company has 70 million monthly users in 18 countries, and 5.2 million broadband/ISP customers.

This summer, Terra will provide Latin American consumers with access to live, high-definition (HD) quality coverage of the 2012 Olympics. For the first time, video streaming and commentary will be delivered to multiple end-user devices, with social networking integrated into the offering.

Experience Innovation

In the past five years, Terra has developed a substantial Hispanic audience through live broadcasting and mainstream news events. Terra acquired broadcasting rights from content providers such as the BBC, CNN, and Disney, and also has its own crews to cover live events. Terra emphasizes the multicultural and multidisciplinary nature of its programming as being key to its success.

Live broadcasting of the 2012 Olympics is an important milestone in Terra's strategy of acquiring broadcast rights and pioneering mobile delivery of live sporting events. Terra was the first company to acquire the Internet rights to the World Cup, and nearly

27.5 million users followed Terra's broadcasts of the Beijing and Vancouver Olympics.

Building on this experience, Terra will provide exclusive online live video coverage of the 2012 London Olympics to Latin America. Video and commentary will be delivered to Internet-connected devices including mobile phones, smartphones, tablets, and connected TVs. Users will be able to share information and comment on events on related social networking sites.

Opportunity

Terra has established a significant number of online users and a rich portfolio of entertainment and sports content. Terra is seeking to grow its advertising revenue by extending its content reach to multiple devices and building its brand for sports broadcasting.

- Terra is leveraging its large subscriber base and digital media foundation to position for the significant growth in online video services forecast for Latin America (more than 75 percent year over year [YoY] growth in 2011.)
- Terra's exclusive broadcasting of global sporting events such as the 2012 Olympics can raise significant advertising and sponsorship revenue from targeted Top 500 companies and influential small and medium businesses.
- Terra's premium content portfolio provides the Telefonica Group with differentiation from its competitors; seven million pieces of content are delivered to Telefonica mobile and broadband customers daily.
- Broadcast of the 2012 Olympics can create a springboard for Terra to expand its user base and develop additional services such as gaming, competitions, and news.

Figure 1. Terra's Multidevice Presence



Source: Terra

Challenges

Terra faces near- and longer-term challenges as it moves forward in its multidevice broadcast strategy, including delivering an effective user experience, keeping its focus on post-event subscriber growth and engagement, and maintaining its position in the increasingly competitive Latin American market.

- Terra faces a considerable design challenge in constructing a user interface that can manage 24 different simultaneously broadcast Olympic events (as compared to 16 during the Beijing Olympics). Terra will also need to provide robust and effective discovery tools for users to quickly find relevant content.
- Although prospects for raising significant revenue from the 2012 Olympics are good, Terra must focus on driving post-event subscriber growth and developing content and services to retain users and advertisers.
- Terra has exclusive online rights to the 2012 Olympics, but will encounter competition from local broadcasters and pay TV operators. In addition, competition is increasing from Internet content providers such as Google and YouTube as they build compelling premium content for the Latin American market. This competition will require Terra to maintain its differentiation in the coming years.

Strategic Partnership

Terra is partnering with social media network provider, Quepasa, to incorporate Terra TV into Quepasa's video content platform. The partnership enables Terra to monetize Quepasa's social media platforms and Quepasa's proprietary social media "Quepasa Contests" technology.

- Partnering extends the reach of Terra's content to Quepasa's social network audience. Quepasa has 40 million members, and 54 percent of daily log-ins are mobile.
- Quepasa Contests offers a unique social media tool that engages the consumer via a social media widget while tying in relevant Terra content and brand integration from advertisers.

Terra is also partnering with media technology company, deltatre, to enable high-definition broadcasting and provide complementary services such as live results updates, medal counts, standings, and event schedules.

"Terra understands its consumers and knows how to carry out a plan to offer fans what they have always dreamed of: interactive Olympic Games, webcasted live, in high definition, in several channels simultaneously."

—Ciaran Quinn, Director, deltatre

Success Metrics/Monetization

The audience for live sporting broadcasts is experiencing significant growth globally and in Latin America. Terra reports that 27.5 million users followed its Olympics broadcasts from Beijing and Vancouver. During the three-week period of the Pan American Games held in Mexico in October 2011, 51 million people accessed Terra broadcast content.

To monetize this market opportunity, Terra has based its business model on advertising revenue. The size of the opportunity is directly related to the reach and quality of Terra's audience. The multidevice broadcast strategy will expand Terra's customer base and increase advertisers' interest in reaching this audience. For example, Terra saw a 10 percent increase in customers after broadcasting live sporting events to smartphones and tablets. During the Vancouver Olympics, Terra estimated 3-4 percent of viewers followed events live on smartphones and tablets. For the Pan American Games, the percentage rose to 10-12 percent, and Terra forecasts 25 percent for the 2012 Olympics.

In addition to advertising revenue, Terra's success is contributing to Telefonica Group's revenues from mobile data usage. Telefonica does not segment out revenues for Terra, but Terra's content is estimated to play a role in Telefonica Group's strong revenue growth in Latin America, which accounts for approximately 46 percent of the Group's total annual revenues.

"The London 2012 Olympic Games will be the first truly 'Digital Games,' (and) we wanted to offer an unprecedented amount of live sporting action to the widest possible audience through these 24 live streams, giving vastly more choice than ever before."

—Roger Mosey, Executive Director, BBC London 2012

Company Background

- [Terra web site](#)

Case study source: Cisco sponsored research developed by [Ovum](#).



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