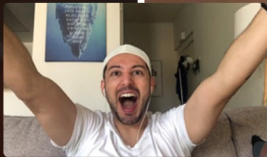




Sports
Innovation
Lab



CO-WATCHING: **CREATING** THE POWER OF TOGETHERNESS

PRODUCED BY SPORTS INNOVATION LAB
IN COLLABORATION WITH SCENIC

CO-WATCH

Introduction

Sports fandom, at its core, is about the power of togetherness. When fans step into a stadium, they spend hours emotionally rising and falling with thousands of others. When fans show up at a local bar to watch a game, they connect with others in the shared space for a short, fleeting experience. It's a social experience that shapes who we are, binds our communities, and keeps us coming back for more. But what happens when we are unable to be together for the most important moments in sports? What if we can't put on our hats, jerseys, and attend the events we love in person? When the COVID-19 pandemic hit, empty stadiums became a crisis - not just because they decimated concession and gate revenue, but because they were thrust into uncharted territory, set to air games without fans in stands bringing an important level of energy to the viewing experience.

Enter co-watching.

Co-watching has emerged as a solution for enabling fans to watch together remotely. While the technology has existed for years, it's gaining prime time promotion and large technology investment to emulate the power of togetherness...digitally. Studies have demonstrated that posting to social media and watching in social settings increases the enjoyment of live sports, while other studies have focused on

how people who spend money on things they feel align with their personality are happier and less likely to feel buyer's remorse.

the satisfaction rating for the in-stadium experience. That means as an industry, we are letting the majority of our fans down,

clear focus in order to drive new revenue opportunities. Fluid Fans' expectations around a better mobile experience have

What is a Fluid Fan?

In the new age of sport, gameday is no longer enough, and neither is engagement. The new fan is not the die-hard fan who will suffer through 4 hours of a match in a hard plastic seat. They want stories that motivate them to come to the venue. They want unique experiences that are worthy of telling others about. The path to growth for the industry is called the Fluid Fan. Fluid Fans have more ways to spend their entertainment dollars than ever before.

Fluid Fans are:

Open to Change

More willing than ever to change their minds.

Empowered to Choose

Presented with more choices than ever before

Continuously Evolving

Constantly discovering new content to love

The Co-Watching Case for Fluid Fans

The at-home viewing experience has remained largely unchanged since the first TV broadcast. Sure the displays have grown larger, but when fans choose to watch at home it's largely alone on their couch unless friends and family come over. Despite the comfort of the couch, it's clear watching live sports with others is in high demand. According to Nielsen, more than 50% of television-related tweets are about sports, and more than 80% of fans used social media while watching a live game. Deloitte's 'The Future of Sports Broadcasting' report states that among fans they surveyed across demographic groups, the average fan satisfaction for streaming was just 39%, which is 15% lower than

as most fans don't have the luxury of attending games live, especially during the pandemic. With more entertainment options than ever before, Fluid Fans will go elsewhere with their attention and money if the experience doesn't get better. Better quality streaming, interactivity, and the ability to create small digital communities of fans remain a

also driven demand for new co-watching features. With 64% of sports fans aged 18-24 consuming sports on their mobile device, they're hungry for the features and functionalities they've become accustomed to from mobile platforms and applications to permeate and enhance their sports consumption.



THE CO-WATCHING CASE: IT'S BIG BUSINESS

In the US, the top three activities while watching live sports include using social networks, chatting with friends, and looking at email. Why do fans use these second screens? Because TV was not designed to be a social and interactive experience. None of this behavior is a response to the current health crisis. The need to connect and be part of a group is hardwired into our brains. In several university studies, as many as 75% of participants reported feeling closer to their socially distant partner after a co-watching experience. Fans clearly

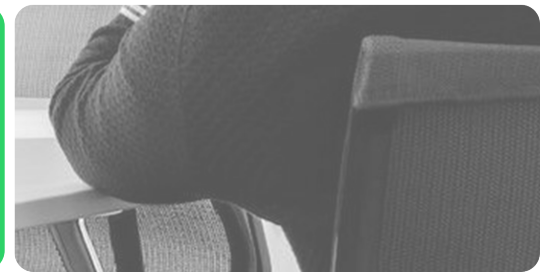
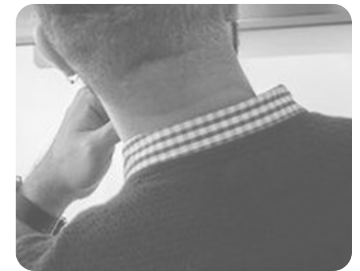
want to watch with friends and family. The entertainment providers who enable this opportunity will be able to sell premium advertising, charge better subscription fees, and collect better consumer data to target future products and services. We can expect co-watching to be woven into new voices and smart home devices in the coming years.

The Technical Hurdle of Video Synchronization

Anyone who has ever tried to watch a game with friends or

family using FaceTime or Skype knows that video synchronization is the biggest technical challenge to a co-watching experience. If the streams are even a few seconds off, one party knows a goal is scored and celebrates as the play still develops on the other end. This lack of synchronization can happen anywhere in the media delivery process. For co-watching to work reliably, leading vendors must be smart about where bottlenecks occur and smooth out the process for everyone watching together. While ubiquitous 5G and strong WiFi signals may level the playing field in the future, today it takes vendors with superior technology to provide flawless synchronization. A 2018 report said that 63% of sports fans were reluctant to renew subscriptions to a streaming platform because of buffering and quality issues. This churn

will only be exacerbated with the added strain of co-watching. The providers that fix these problems quickly will capture market share and boost subscription fees.



10 milliseconds:

Average latency between co-watching viewers in EE Matchday Experience powered by Scenic

30-90 seconds:

Average latency between digital sports streams, compared to traditional broadcasts

THE QUESTION OF DESIGN

The live broadcast experience was not designed to facilitate video interactivity and two-way communication. Traditional sports broadcasts are distributed in a 'one-to-many' format, and while they have changed mediums, the experience has remained consistent. Set-top boxes and game consoles provide

some level of interactivity, but distribution rights of sports content complicate how user experiences can be designed. Broadcast rights holders own the content. Digital OTT platforms and social media companies own the platforms. This is changing as media companies like NBC, Sky, and YouTube merge streaming and

sports content, but for the most part, content and social experiences are still separated. For example, Twitch recently rolled out its watch party feature, after testing it with specific streamers earlier in the year, giving anyone with an Amazon Prime membership the ability to watch any movie in their library together. The only

missing piece? Live sports. The EPL, NFL, NWHL, and NWSL all currently have broadcast deals with Twitch, but it remains to be seen if this functionality is designed for, and can support, the live sports experience at the same scale as broadcast.

PPI POWER PLAY INDEX

Our take:

Even before the pandemic, fans were using technology to be social while watching sports. The second screen has historically been seen as a detractor to what’s on the broadcast, but a 2018 World Cup survey of WhatsApp messaging during games found that fans were overwhelmingly talking about the broadcast they were watching. **The time has come for co-watching.** That said, there are few major players in the live sports broadcast space who offer the type of co-watching experiences that fans can tune into en masse. We do see a number of emerging companies like Scenic, LiveLike, and Scener tackling some of the challenges and building the case for the future.

Many of the larger media companies on our Power Play Index are working with these emerging players.

What are we measuring:

Technology Alignment: The score that powers where companies sit on the X-Axis of the Power Play Index. Technology Alignment is determined through a company’s signal score as it relates to: watch parties, video chat, and voice chat. **Market Validation:** The score that powers where companies sit on the Y-Axis in the Power Play Index. Market Validation is determined through a company’s signal score as it relates to leagues, venues, people, and partners.



Market Overview

This market is just emerging and we can expect serious entries from across the technology market. Few of the technology companies in this analysis have league-wide deals, and even fewer have proven that they can deliver on co-watching experiences with live content at scale. This analysis does not include the experiences that involve bringing fans to the stadium virtually. For example, Zoom created video walls for a soccer match in Denmark, and Microsoft has done the same during the NBA playoffs. This analysis focuses exclusively on the social benefits of co-watching, not virtual crowds.

GAME CHANGERS

The 2020 Game Changer Scenic and BT Sport gave fans the opportunity to watch live matches with friends and family on iOS, tvOS, and Android devices. The BT Sport Watch Together feature allows fans to watch and communicate with each other in the same app. In addition to BT Sport Watch Together, Scenic has a strong family of media partners that also includes BT Sport, T-Mobile Germany (Deutsche Telekom), NPO, ScreenHits TV, LaLiga, Virgin Connect, WeLoveGaming eSports, FIFAe, and others. Additionally, in October of 2020, EE launched the Matchday Experience for all 5G iPhone users, powered by Scenic, making it the first watch together experience in the 5G market.

MVPs

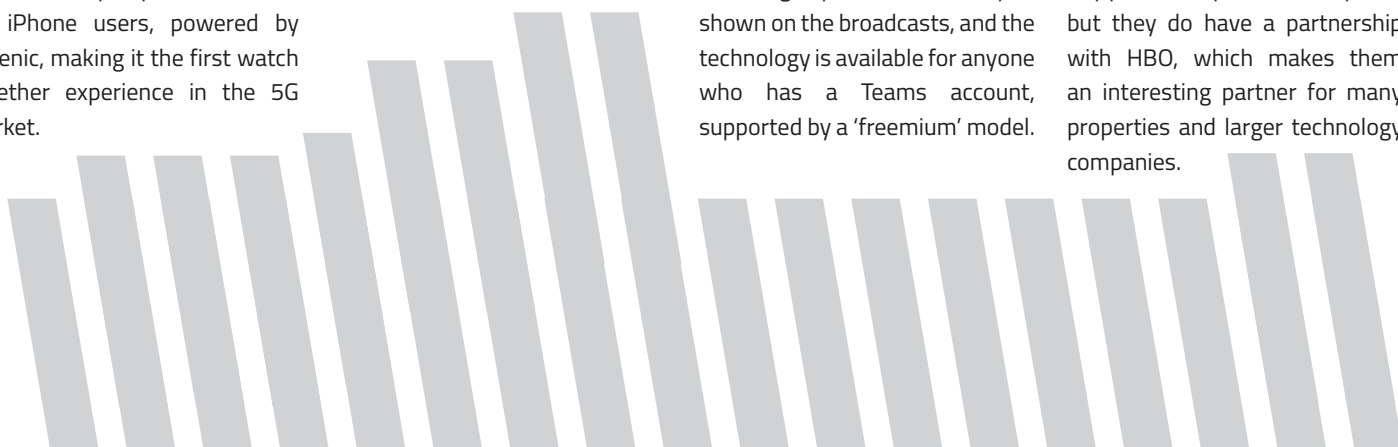
Yahoo and LiveLike are both debuting watch together features. Yahoo partnered with the NFL to let fans watch live games on their app with up to three friends. Fans don't need to be Verizon customers to take advantage of the experience, they simply need to have the Yahoo Sports app. Separately, LiveLike is working with Turner and the NBA to provide NBA fans the opportunity to host playoff watch parties this year. Fans can access the watch party feature either via NBA TV or TNT Overtime. LiveLike partners include FloSports, NBA Digital, and more.

CHALLENGERS

Sky Sports debuted its Fanzone for subscribers via the website or the app and allows fans to watch selected matches with friends in private rooms. The app uses features from LiveLike. Twitch continues to roll out features for co-watching, including allowing streamers to broadcast via Prime Video. Twitch also debuted Mod View, which allows any channel moderator the ability to have greater control over who is in the chat, what is said, and more, without the need to type. Microsoft's 'Fan Alliance' deal with the NBA provides the NBA with the potential for co-watching experiences, as they've shown on the broadcasts, and the technology is available for anyone who has a Teams account, supported by a 'freemium' model.

PROSPECTS

Facebook debuted its Watch Together mode where up to eight users can watch videos together via Messenger. YouTube became the live streaming destination for its proprietary esports competitions, including the Call of Duty League, Hearthstone Grandmasters, and the Overwatch League. Their content library gives them a head start as technology companies try to figure out the co-watching experience. Epic introduced Party Hub, which enables players, even when they aren't playing, to interact with their friends. Scener does not currently have any partnerships with live sports, but they do have a partnership with HBO, which makes them an interesting partner for many properties and larger technology companies.



OVERCOMING CHALLENGES

TO DRIVE MEANINGFUL FAN BEHAVIORS

Scenic Accelerates Innovation

It wasn't long into the pandemic before media owners and broadcasters recognized the fan desire for more connected and social viewing experiences, given fans were trapped at home without that physical connection. This desire to feel the power of "togetherness" was not new

during the pandemic; Scenic worked on getting BT Sport the co-watching experience they desired for years before the pandemic hit. What set Scenic apart from competitors was how turnkey their offering made it for video, OTT, IPTV, or STB providers to integrate their technology into existing platforms with customization.

Rather than scramble to develop the technology from scratch, or partner with vendors to develop a custom solution, both options which take time, money, and a whole lot of mistakes to learn from, Scenic offered media companies the chance to launch a GDPR compliant co-watching technology that is personalized and customized to the viewers.

Recreating Togetherness

While a platform like Twitch has significant scale in streaming to crowds, and offers interactive features for those watching together, it's not easy to create the intimate "with my friends" experience so integral to sports. Scenic's SDK includes features that allow "room owners" to control the volume of the stream separately from the volume of the participants, and allowing the OTT platform to customize and tailor the experience according to the design and technology requirements of their existing infrastructure. These thoughtful features go a long way in recreating a more communal feeling. Nearly 30% of sports fans in the UK already watch sports on mobile. BT Sport's mobile app has grown to become a destination for sports fans for years, and was the ideal destination to integrate a co-watching experience within. Instead of building something that requires new hardware, BT Sport recognized the opportunity to elevate the existing experience by bringing an unprecedented level of social connection and fan togetherness via co-watching. Jamie Hindaugh, COO for BT Sport said, "Scenic reflects what BT Sport is all about—which is bringing our audiences into our content, driving engagement, and connecting with our fans."

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BT Sport's approach to innovation is centered on strong relationships with our partners, enabling them to be at the center of our efforts. Scenic has worked closely with BT for several years to develop a product which uniquely fits our service.

Jamie Hindaugh
Chief Operating Officer



WHAT MAKES

SCENIC

A GAME CHANGER?

Solving for Synchronization

There were two components that created viable ecosystems for co-watching experiences to take shape. First, in 2019 the government in the UK rolled out 5G networks, minimizing latency through edge computing and network slicing which promises to eliminate the buffering issues that plague many sports fans. Second, the pandemic meant that sports fans were stuck at home using their WiFi to log into co-watching experiences, and the issue of weak cellular connectivity was no longer as significant a barrier.

Rolling Out Improved Design

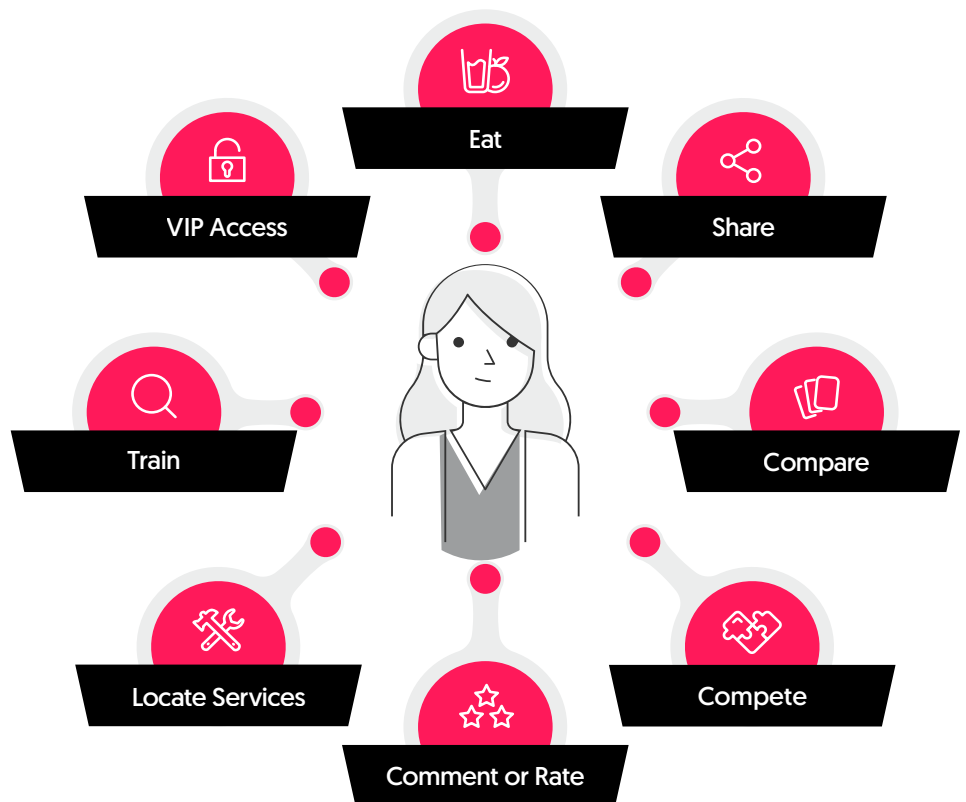
BT Sport Watch Together powered by Scenic launched in June 2020 when the Premier League restarted matches behind closed doors. Leveraging both WiFi and 5G the app brought a new-to-market feature for co-watching that had a great response among the users. In October 2020, EE (mobile network operator) unveiled the UK'S most immersive sports viewing service, EE Matchday Experience - available for all EE 5G users of iPhone 12. Enhanced by the optimization of the network BT Sport Watch Together became part of the set of ground-breaking new BT Sport App features that make the most of the 5G network and optimised for the iPhone 12's functionality, Matchday Experience, which also includes the enhanced option of watching on Apple TV by pairing the devices. Scenic's software solution was ready for 5G and BT Sport was able once again to meet their users where they are: on mobile and at home allowing them to enjoy the co-watching

experience available now on the app 24/7 for live matches and other sports.

Driving Adjacent Fan Behaviors

Giving fans the ability to feel the power of togetherness while remaining geographically remote provides opportunities for adjacent behaviors like playing fantasy sports, sharing highlights, promoting content, ordering merchandise and food, and more. Further opportunities to create communities of these co-watching fans could empower them with loyalty points, exclusive offers, and promotions. These adjacencies help

further diversify revenue opportunities beyond subscription fees and activate group commerce. The EE Matchday Experience is enabling some of those adjacent behaviors beyond co-watching. The experience offers augmented reality interactivity including, "in-game stats and graphics augmented on the pitch; a mini-map tracking the positions of all players for a tactical viewpoint; player names; player speeds; and tracers marking the path of shots." This allows fans to engage in multiple behaviors (co-watch, learn, compare) in one application.



MIC'D UP - SOUND BITES

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Aharon Yechezkel - Chief Technology Officer of Scenic

“The experience of the customer is the ultimate goal. A synchronized experience between all the components—the main video stream (Football game/Oscars/Live broadcast) and the participants’ video faces. To do that all the different SDKs must support this goal in unison, have a clear, simple but complementing APIs—that is our challenge as a development team. We developed a scalable architecture to quickly deploy and provide a personalized experience to our customers’ users. We enhance their platforms and by that help them realize their users’ expectations and address the market that we predicted when we built Scenic’s togetherness SDKs and APIs.”

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Jonathan Williams - Chief Operating Officer of Scenic

“We are delighted to be part of the UK’s biggest announcement in 2020 for the sport and the tech industry, revealing the journey both companies have been working on for the past few years to offer the best and most innovative solution for sports fans. The experience delivered inside the BT Sport app is unique and carefully tailored to bring the best experience for users. Matchday Experience is revolutionizing the meaning of watching sports for fans. We are proud of the amazing work done by the BT Sport and Scenic teams and it is very gratifying to finally see how the experience looks in the new app.”

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SUMMARY

This market is still emerging, and the pandemic accelerated the demand for co-watching experiences. As the current industry Game Changer, we expect Scenic to continue to gain market validation across global leagues and teams. The ability for client customization will play a major role in growing Scenic’s client roster, and the layers of data and information included in the experience will continue to be a differentiating factor.



BT Sport Uses 5G To Power Social Viewing And AR Stats On Mobile



5G industry news Media

Scenic showcased the first Watch Together experience on 5G



The Business of Sports Media

A campaign to promote BT Sport’s Watch Together feature. Ocean Outdoor’s first deal with BT Sport, and the first time that the company will air European club football on its boards.

