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# Blockchain: Disrupting entertainment

30 Aug 2019

*The technology could cut out the middleman for content*

Early this year, entertainment-focused blockchain company SingularDTV rebranded itself as Breaker to sell itself more on entertainment rather than touting the benefits of blockchain. While the basic model of consumers paying creators directly for their content – bypassing distributors – remains the same, the company conceded that “if we lead with blockchain [or] data sovereignty, people will be like ‘I’m going back to Netflix.’”

“Just because you have something on blockchain, it’s no guarantee that it will catch on,” explains **Ian McKee**, CEO of Vuulr. “As a consumer, if I want to watch cats and giggling babies, I’ve got hours of it on Youtube and I can watch it for free, even though I have to endure the advertisements. If I want to watch high value content, I’m happy to pay Netflix.”

“And Netflix has done a great job of acquiring customers and keeping them happy. Customers don’t feel like they have an unmet need for the delivery of entertainment content. [Companies like Breaker] are not giving something than I can’t get better and easier somewhere else.”

## DISINTERMEDIATING THE MIDDLEMAN

McKee made those observations at the recent SMU Centre for Marketing Excellence seminar, “The Impact of the Blockchain on the Entertainment Industry” where he highlighted the technology’s role in bypassing middlemen and distributors, ensuring control and higher monetary returns for content creators. Articulating Breaker’s business model, McKee says:

*“What these guys are saying is, ‘We can disintermediate. We don’t need Youtube. We don’t need Netflix. We’ll use the blockchain. You can publish your content on the blockchain and you can set the exploitation prices. If you’re an individual, it might be 10 cents. If you want to show it in a cinema, it might be \$100.*

*“These companies have too many tech guys at the top. What they don’t understand is how expensive it is to acquire an audience. They think, ‘If I have a thing, like a mouse trap with a piece of cheese, then all the mice will come.’ The reality is we have seen so many fail. Vimeo is well funded and allows exactly this to happen but it hasn’t caught on.”*

What could make the difference is compelling content. Noting that over-the-top (OTT) services such as Netflix, Prime Video and Hulu have spent considerable amounts of money acquiring an audience, “the thing they need to monetise that audience, whether by advertising revenue or subscriptions, is content; for the most part these OTT operators don’t produce any of the content”.

The place to get content is at trade shows such as the Asia TV Forum & Market (ATF) but that involves paying for tickets and hotels. Worse still, it can take up to six months for the paperwork to done. McKee says Vuulr can do that in a week or less.

“These deals at the trade shows are all done on paper,” he laments, even though up to US\$250 billion worth contracts are drawn up each year. “What we’ve done is build an online content rights marketplace where we can enable that same transaction for titles and content, but have it done on a laptop.” The convenience of doing deals online, he adds, also helps creatives who dread the business side of the industry:

*“Typically, the people who make the content are bad at going out and selling it. They just want to go and make the next show. They offload the job of distributing the content to a*

*middleman, a distributor. These middlemen have traditionally had a chokehold on the industry. If you don't work with a distributor, you don't get distribution – no returns on your work.*

*"Distributors will demand a three-year exclusive contract, they give you no minimum guarantee, and if they do manage to sell your stuff they'll keep 35 percent of the value. In the old days when the industry was massive and growing, this was fine. But now that money is gone. Digital advertising has kicked out one leg of the industry, and now there are OTT operators like Netflix that are transnational. We have never had a Netflix before that streamed content transnationally.*

*"We tell the content creators, 'It's free to list your films on Vuulr, we don't charge you. We only charge you a 10 percent commission when we find you a buyer for a rights package.' 10 percent is a lot less than 35 percent."*

## **A BRAVE NEW WORLD?**

While blockchain has been bandied about as a revolutionary technology it is still almost synonymous with cryptocurrency. McKee points to the Brave browser as an example of how the technology can indeed change how media consumption is conducted.

"The [makers of Brave] launched something called [Basic Attention Token](#)," McKee says of the feature that Brave describes as "blockchain-based digital advertising". "They do that with the Brave browser. It blocks all the trackers and the cookies and blocks the advertisements. You can enable some of these organisations to get access to your data and potentially show you ads, but they have to pay you for that. Or they have to pay you to be able to expose their information to you.

"Effectively they are paying for your attention. They're paying you, not the publisher. And you in return choose to reward the publisher that you find valuable with micro transactions in BAT to support them to create more content that you like."

While that paradigm might sound drastically different from how the internet currently works, McKee brought up how Uber and Airbnb have managed to change deeply-ingrained human perceptions and concepts of personal safety.

"We're told from an early age never to get into the car or the house of a stranger," McKee relates, which makes "changing people's perception and attitudes towards safety very hard to do. And yet Uber and Airbnb have done exactly that in a handful of years.

"We jump into the car of a stranger every day. When some of us go on a holiday, we arrive at the airport, call a stranger to pick us up to take us to a stranger's house, and we'll sleep in that stranger's second bedroom! But we're comfortable doing that! I use that as an indicator of the massive and fundamental shift that we as consumers have gone through over the last five or six years, all enabled by technology."

He concludes: "It's not blockchain but the thing that allowed that to happen was a two-sided reputation management system. Technology solved the trust problem. That's an example of how I think radical change that is coming will be avalanche-sized."

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