

A *vimeo* Resource

The Real Costs of OTT



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Introduction

Launching an over-the-top (OTT) video service is a huge opportunity for content creators and media companies to expand their business through the next generation of content delivery. Businesses of all kinds are turning to streaming across mobile devices, smart TVs, and the web, and it's no longer limited to major players like Netflix, Amazon, Disney, and Hulu.

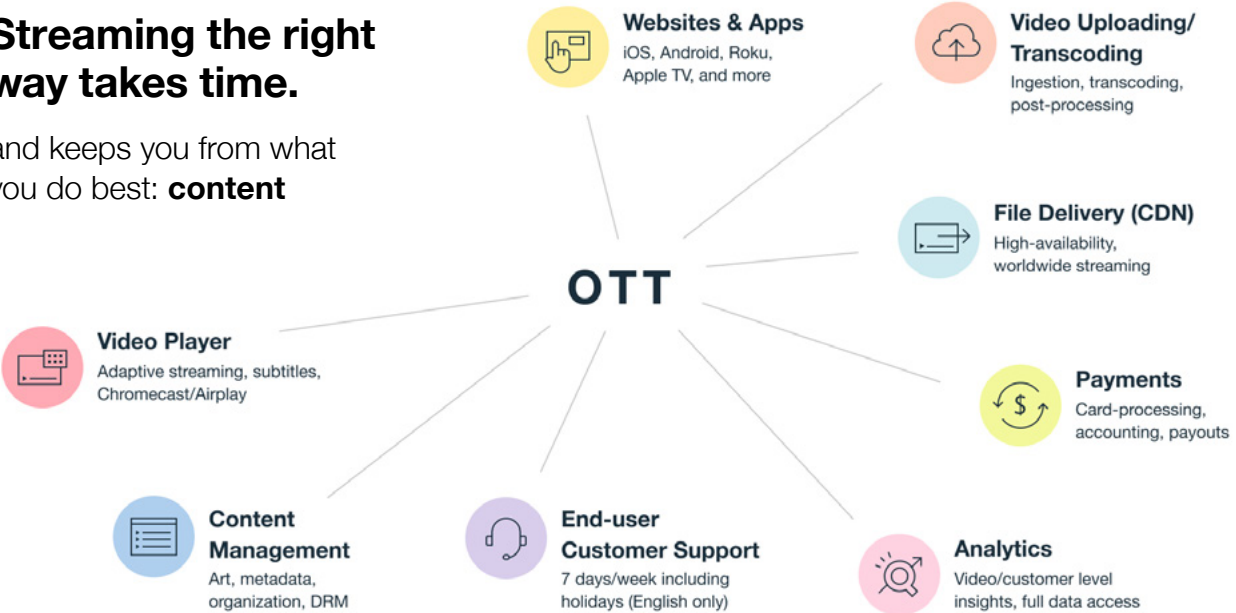
As brands turn to OTT, they have to navigate the myriad options to get their channel up and running. Audiences are used to the top-notch quality of their favorite entertainment streaming platforms. If your viewing experience lacks reliability, a simple user experience, and accessibility, the content you've spent time and effort to produce will falter.

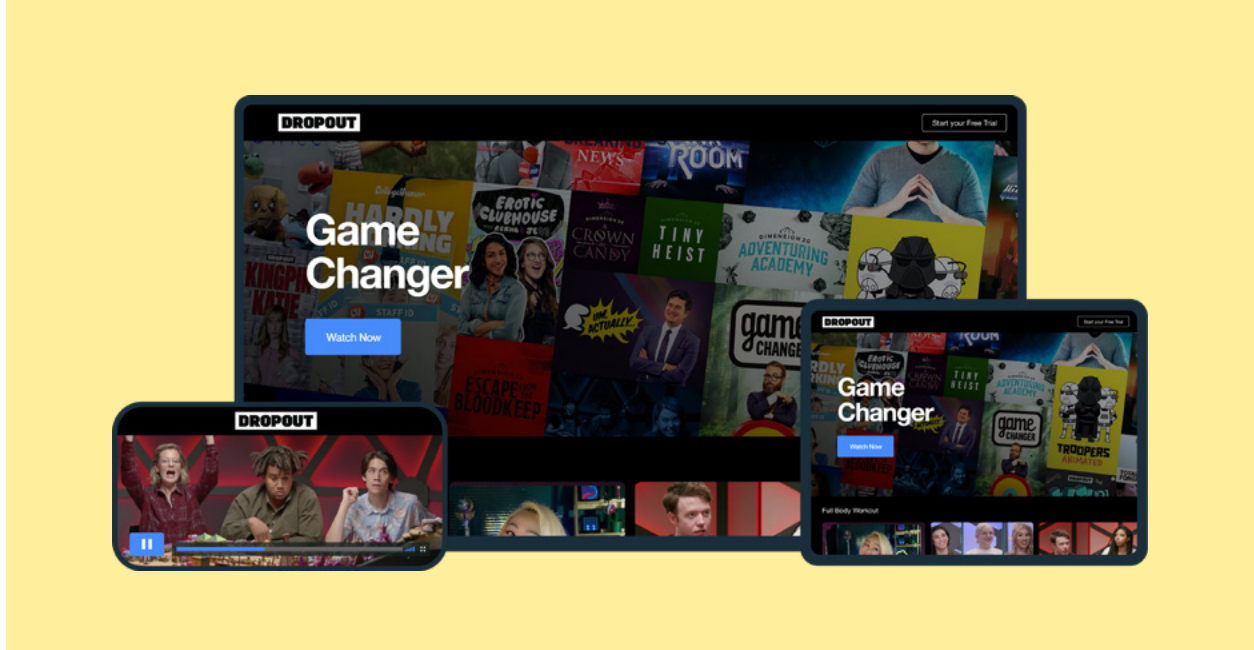
Streaming the right way takes time and careful consideration of your goals, tech, resources, and audience expectations. To meet modern audience expectations, some choose to build out a custom solution through agencies and freelance developers. This can quickly become complex and untenable, as juggling external parties, platforms, and technical aspects inevitably takes time away from content creation and strategy.

In this guide, we'll walk you through the ways to evaluate your OTT provider and tools and the costs associated with starting a channel. We'll explore ways to best serve your team, organization, and most importantly, your audience.

Streaming the right way takes time.

and keeps you from what you do best: **content**





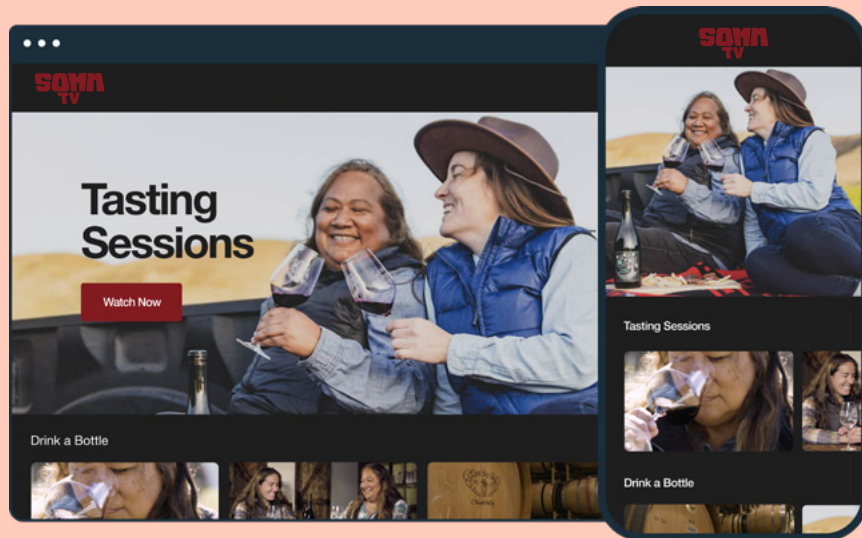
What really goes into developing an OTT streaming app?

Developing an OTT app is like an onion. Not because it might make you cry, but because it has lots of layers. And those layers get expensive when you add them up and factor in ongoing maintenance and upkeep costs.

A single custom OTT app can run well into the six figures for development alone. Just one app! Today, having your content distributed across multiple devices and platforms is non-negotiable. “We’re getting to a point where smart TVs are so advanced, that you’re at risk as a first-party SVOD of just disappearing into irrelevance unless you can get onto those channels quickly,” says James Carson, General Manager of [History Hit](#).

In addition to gaining access to streaming apps across platforms and devices, you’ll also need to consider how an OTT solution can support your content strategy. Will you require live streaming and on-demand video? What about offering a variety of monetization methods, such as subscription, transactional, and live pay-per-view options?

With each of these needs, a custom build for multiple apps will easily push your budget into the six figures.



Testing, designing, + optimizing

Behind every great streaming experience is a *lot* of user testing, troubleshooting, and ongoing development from a committed team.

Working on a custom OTT build from scratch requires collaborating with numerous teams or contractors — the onus is on you and your team to ensure things are moving along and deadlines are met.

Alternatively, with a turnkey OTT platform, app development is:

- Managed by a dedicated team
- Aligned to a robust product roadmap and timeline,
- Brought to market faster, with fewer bumps in the road

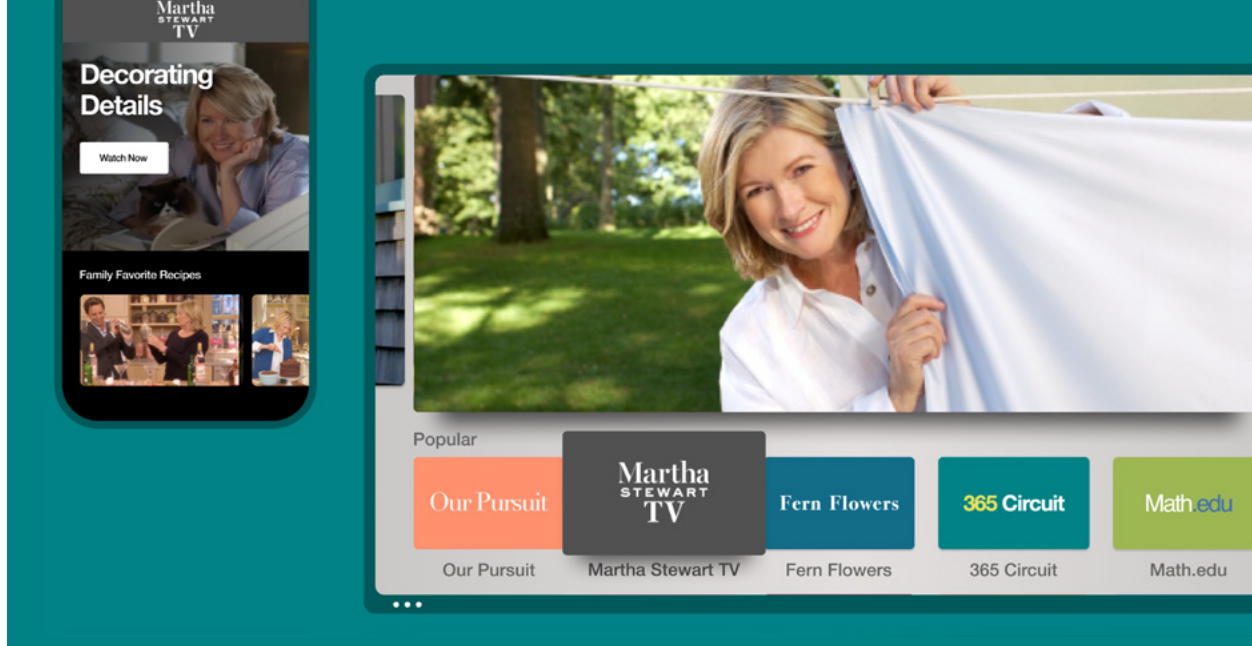
Your OTT journey doesn't start and end with the app launch, though. Managing and maintaining apps requires ample resources on an ongoing basis.



There really wasn't another platform that fit our needs for where we were as a company, both financially and in terms of our ambitions. Vimeo offered an ability to do something above our means.

Jason Wise

President and Chief Creative Officer, SOMM TV



App regulations and requirements

Apps require frequent updates and technical management. In the world of streaming apps, these requirements change far more often than, say, requirements to stream content on your own website. Apple, Amazon, Roku, and the others call the shots for creators who want to distribute on their platforms — and it's your responsibility to always adhere to them.

Someone on your team needs to ensure your app is up to standard, bug-free, and constantly monitored and updated for improvements. Not only this, but when you go to initially submit your app to the app store of choice, if your ducks aren't properly in a row, you might get rejected and have to start from square one. It's an often overlooked and sometimes arduous process of launching an OTT app. (Speaking of Apple, they [rejected 1 million apps](#) submitted for the first time in 2020. Yikes!)

For companies streaming across multiple apps, it's a juggling act to maintain high-quality video and audio streaming while being user friendly and on par with the latest tech.

In terms of functionality, Vimeo OTT is a bit like having a product that is as good as Netflix. There's been a standardization towards the fundamental experience of SVOD, and Vimeo has been able to meet that.

James Carson

General Manager, History Hit

Flexible monetization tools

When you're creating high-quality content and you have an audience hungry for more, you know you have something valuable on your hands. There are lots of ways to monetize video content, it all depends on your goals, your audience, and your content type or business model.

Here's a quick breakdown of the different monetization tools and strategies for OTT content.



SVOD: Subscription video on demand

A flexible subscription model where your audience pays a monthly or yearly fee to access your library of content. Ideal for classes or regular content that can be streamed over time, or for releasing limited content to a dedicated audience.



TVOD: Transactional video on demand

A traditional on-demand purchasing model for online videos where videos can be purchased or rented individually. Allows you to release exclusive and timely content like individual videos, series, or feature films.



Live PPV: Live pay-per-view

For live streamed events like concerts, performances, or fitness classes, you can sell tickets for access during the event using live streaming pay-per-view. Then, offer the content on demand for those who didn't opt to attend live.



AVOD: Advertising-based video on demand

A monetization model best used by those with an existing following, since you need to garner significant video views to see real revenue. You can work with advertisers and create an individual ad view revenue model.



FVOD: Free video on demand

Free videos are usually offered as free content within an on demand library. This can be used to showcase your content or offer certain shows or episodes for free.

Having the flexibility to implement different or multiple monetization methods is important to a successful OTT strategy. By offering both a subscription channel and live pay-per-view, you can create more exclusive content and upsell your existing audiences.

A word of caution, though: offering multiple monetization options across apps adds complexities in terms of tech. If you're doing a custom build, this may extend the scope significantly, leaving you to choose one option.

A smooth and seamless path to purchase

Other ways to expand your potential audience and offer more ways for people to access and pay for your content include making your content available worldwide and offering in-app purchases. To cater to an international audience, incorporate pricing options for your OTT app purchases that [use international payments](#). (Vimeo supports over [100 different](#) currencies.)

In addition, offering in-app payments within your OTT app (versus only offering payment on the web) is a straightforward way to help your users have a smooth checkout process. When your app supports multiple currencies and native payments, conversion rates improve and users experience less friction, helping all marketing efforts pay off even more. Of course, this kind of payment processing is yet another development layer to build, manage, and maintain — which only further adds to the price of a custom build.

If your brand or organization already works with an industry standard payment system, like [Tessitura](#) or [Mariana Tek](#), you'll want to make sure your OTT platform can integrate with your existing platforms.

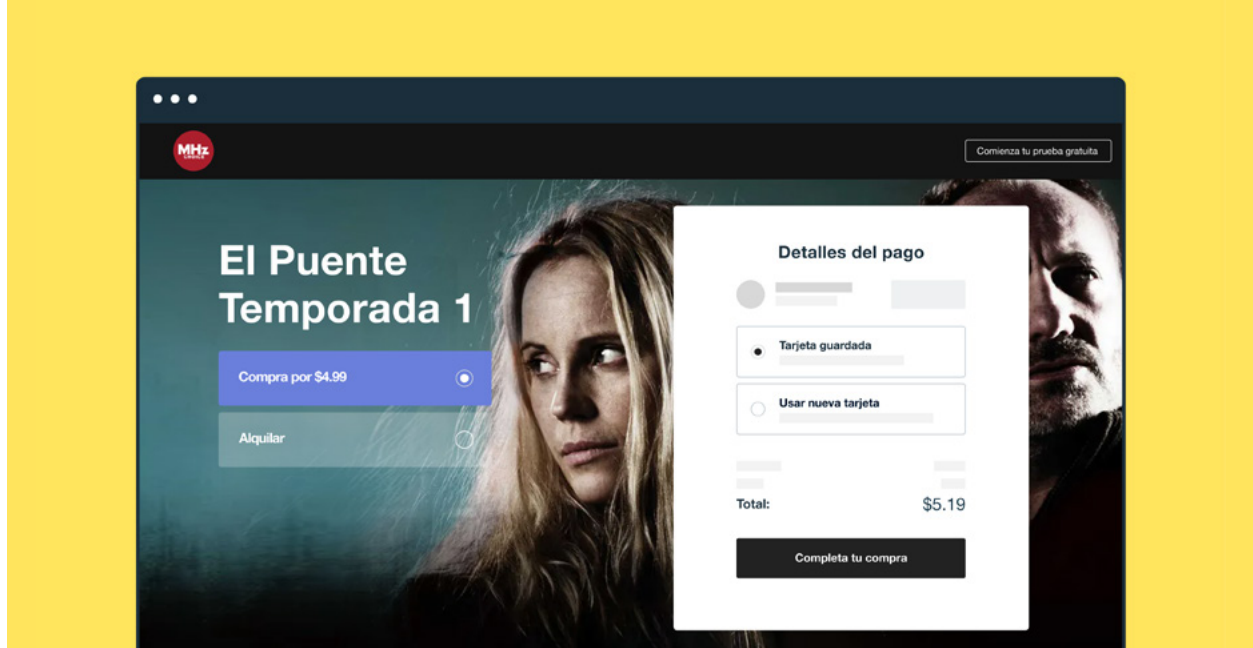
Launching your OTT network on a platform that offers the flexibility to test, experiment, and implement multiple monetization strategies will help ensure you're catering to your ideal audience.



Pay per view is never going to go away. It's something that, if used properly, if marketed properly, can provide a nice financial bump in your revenues. For us, working with Vimeo has been very easy because our content and transaction services are all handled in one place.

Emily McCarty

General Manager, Speed 51



Localization, language, and support

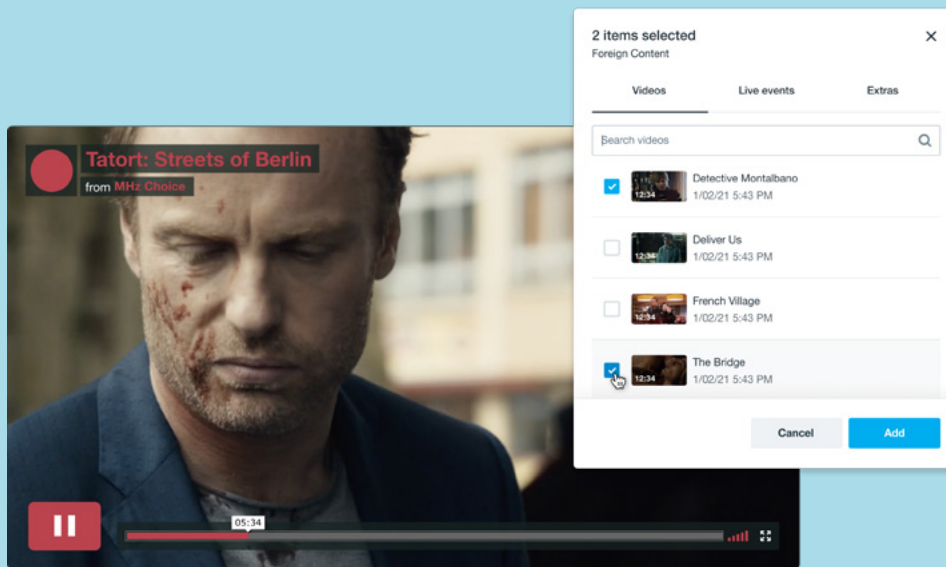
Providing a smooth user experience for your viewers is paramount to your OTT channel's success. While a significant part of that experience is rooted in streaming content, it extends into other areas, too, such as localization and customer support.

Depending on your audience, your business may benefit from offering the browsing and buying experience in [multiple languages](#) within your streaming app. Lessening friction at critical points in the buyer's journey, such as offering your app in their preferred language and currency, improves conversion rates as well as the experience for your global users.

Another factor to consider is what will happen when a subscriber has a question regarding their OTT subscription. Perhaps they need to update their billing information, or they're having trouble logging in. Who will own tracking, answering, and resolving tickets?

Customer support is an all-in effort, and taking it on yourself only eats up more time in your day. It's no secret that a poor customer support experience can lead to churn, so on top of a smooth tech stack, you'll need to plan for a streamlined and efficient customer support workflow.

End-to-end solutions like Vimeo OTT have a leg up over custom builds because they incorporate customer support into its offering (Vimeo even has support SLAs to guarantee a timely response). As your OTT channel grows, so will support questions, and you need to be prepared and equipped to address them accordingly.



Intuitive content management

A smooth viewing experience for your subscribers is paramount. But an intuitive content management system (CMS) for your team is just as critical. When you have fresh content to share, the last thing you want is a clunky experience uploading, publishing, and distributing it to your hungry audience.

An organized and easy-to-use CMS makes a world of difference for creators, even more so if you're on a small team.

Vimeo OTT was built and designed for anyone to upload and manage video content quickly and efficiently. It's intuitive and user-friendly, so anyone on your team can jump in to upload and distribute content in a pinch.



Vimeo — out of all the other options out there for someone wanting to build a content delivery system like this for their audience — is the most user-friendly, the most accessible, and the easiest all-in-one solution.

Carlos Bradley

Director of Marketing and Content, SOMM TV



Platform and partnership

All said, launching an OTT platform is no small feat, and maintaining one requires ongoing time, resources, and effort. One benefit of OTT platform providers over custom builds is the partnership provided through working with an entire company whose sole job it is to understand, iterate, and innovate in the world of OTT.

Having a support system, sounding board, and steady roadmap of new and improved features can be a game changer. Your OTT platform of choice will become a partner in your streaming offering, acting as a support for you and for your customers.



I really appreciated working with Vimeo and the quality of people on the team. Vimeo delivers on all of its promises. It's a professional, mature organization — as I think we are — so there was a really good fit.

Gregor Angus

Co-Founder & CEO, True Royalty



Onboarding and support

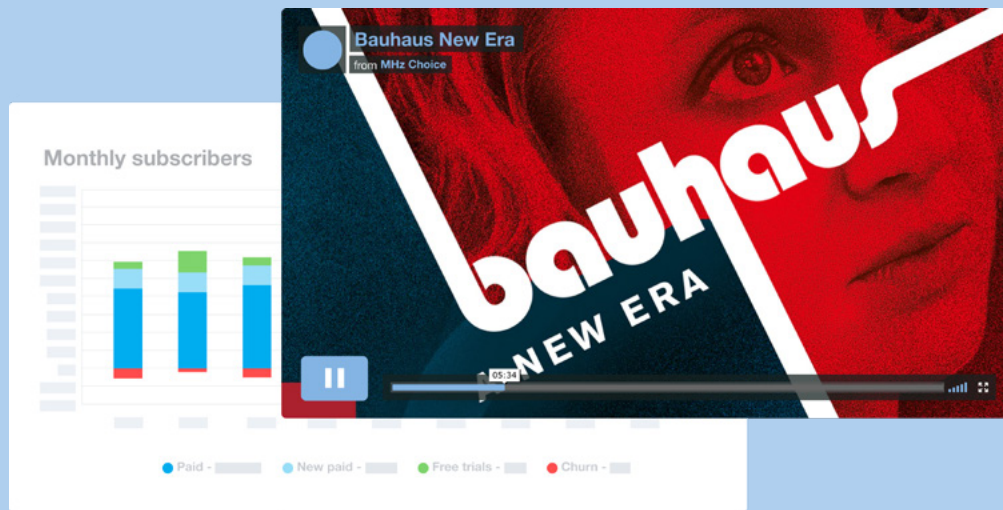
When you begin working with an OTT provider, whether new to OTT or not, having someone to guide you through the process of launching or re-launching your apps will help to ensure a smooth roll-out for you and your audience. With custom builds, developers may simply build the app and offer little to no help during the submission process.

At Vimeo, we see our rapport with clients as a true partnership. Our solutions team, comprised of friendly technical program managers, will help activate your site, offer consultation to ensure you understand how to use Vimeo OTT based on your business needs, and educate you on best practices based on our experience of launching over 2,000 OTT apps.

Once you're up and running, our account managers are in your corner to offer support, input, and suggestions for how to further grow and succeed on Vimeo.

We appreciate our partnership with Vimeo very much, because of what the platform brings to the table. To be in a place where we feel like our opinions matter really builds trust and furthers our relationship with Vimeo.

Greg Maish
President, ISC Sports



Data-driven video strategy

When considering a custom build, your business needs to extend beyond streaming video or in-app payments. You also need insights into how your viewers are behaving once they're subscribed.

As with any business strategy, initiatives around growing your OTT channel will be ever-changing. The best way to stay ahead of the curve is to ensure you can synthesize user data to make informed decisions around your future strategies.

Will your OTT apps offer insights on customer activity? What about tracking your monthly charges and revenue? How will you know what content or streaming they prefer the most? Access to granular data and analytics can help optimize your strategy and deliver the experience and content your viewers want.

Capturing and visualizing data

Crunching the numbers can be a manual and time-consuming task. OTT platforms often include analyzed data so you can quickly identify business trends and update strategy accordingly. Once you can access and understand your data, you can automate reporting to save time month over month.

The [Vimeo OTT dashboard](#) includes detailed sales and video metrics of your OTT channel.

Must-track analytics

Gross Revenue

How much money your OTT channel has brought in over a certain period of time.

Expenses

Regularly-recurring fees paid to power your channel. These can be things like fulfillment fees, subscriber monthly fees, or payment vendor fees.

ARPU: Average revenue per user

ARPU is calculated by month or year. ARPU for subscriptions can be tracked as gross revenue/total subscribers.

Churn rate: Month over month rate of customers who leave the platform

Calculate by dividing churned customers by paid users.

LTV: Customer lifetime value

Calculate by dividing your monthly churn rate into 1 (1/x% churn rate) to find customer lifetime in months. Then multiply customer lifetime by average revenue per user (ARPU) to find lifetime value for an average subscriber.

MRR: Monthly recurring revenue

Most subscription-based payment models use MRR to track growth.

Free trial conversion rates

This number of people who convert to paid subscribers after signing up for the free trial. This can be tracked over time or monthly.

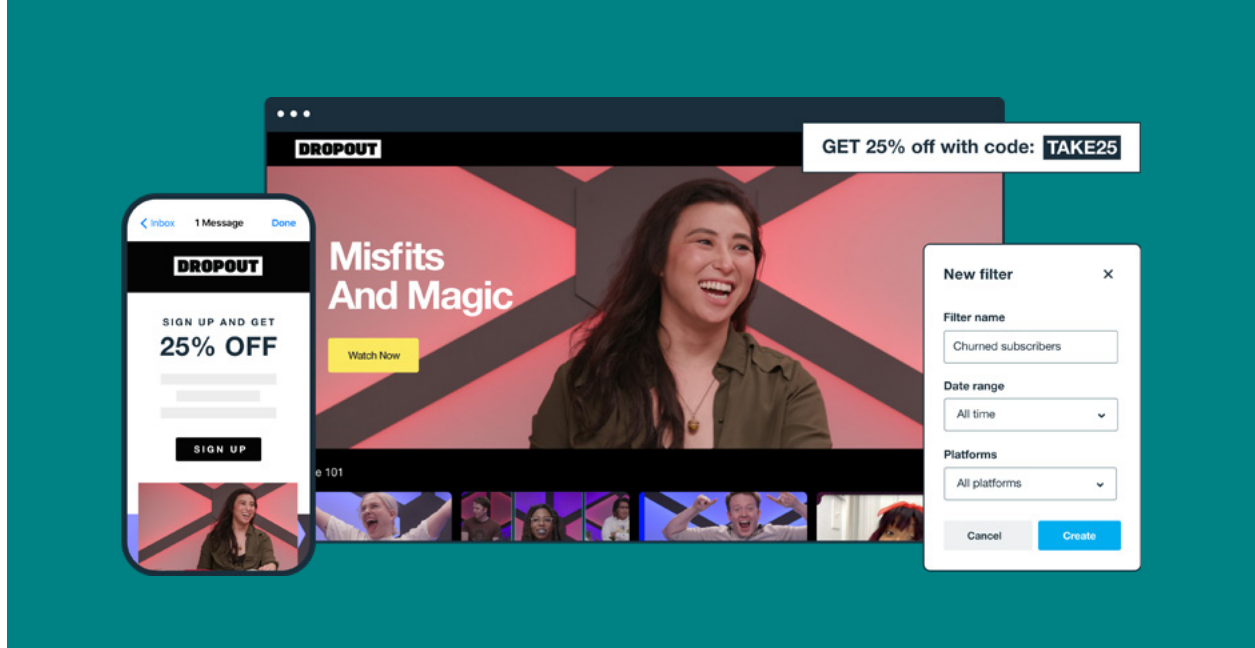
When choosing an OTT platform, ask yourself: Will this data be measured, accessible, and analyzed? As with so many factors when running a business, you need to think about how much your time is worth. Partnering with an OTT platform over a custom build generally offers improved and automated analytics to help you keep an informed pulse on your business.



Before partnering with Vimeo, one of the main problems we had was being able to predict expenses. There's a lot of data that surfaces in the Vimeo dashboard and I'm able to make important decisions about what content to buy and platforms to develop for.

Jason Connolly

VP Creative, MHz Choice



Marketing your OTT channel

Remember, launching an OTT channel is only part of the work. You also need to attract, convert, and maintain subscribers. All of that, of course, takes time, resources, and effort.

“A few years ago, SVOD had a bit of a ‘license to print money’ vibe,” says James Carson, General Manager at History Hit. “People thought, ‘Set up an SVOD and you’ll get lots of subscribers!’ The thing is, it’s actually really difficult.”

Vimeo offers in-app methods to establish and nurture relationships with potential subscribers, like:

Mailing list

Use segmentation to send targeted, personalized emails.

Coupons and discounts

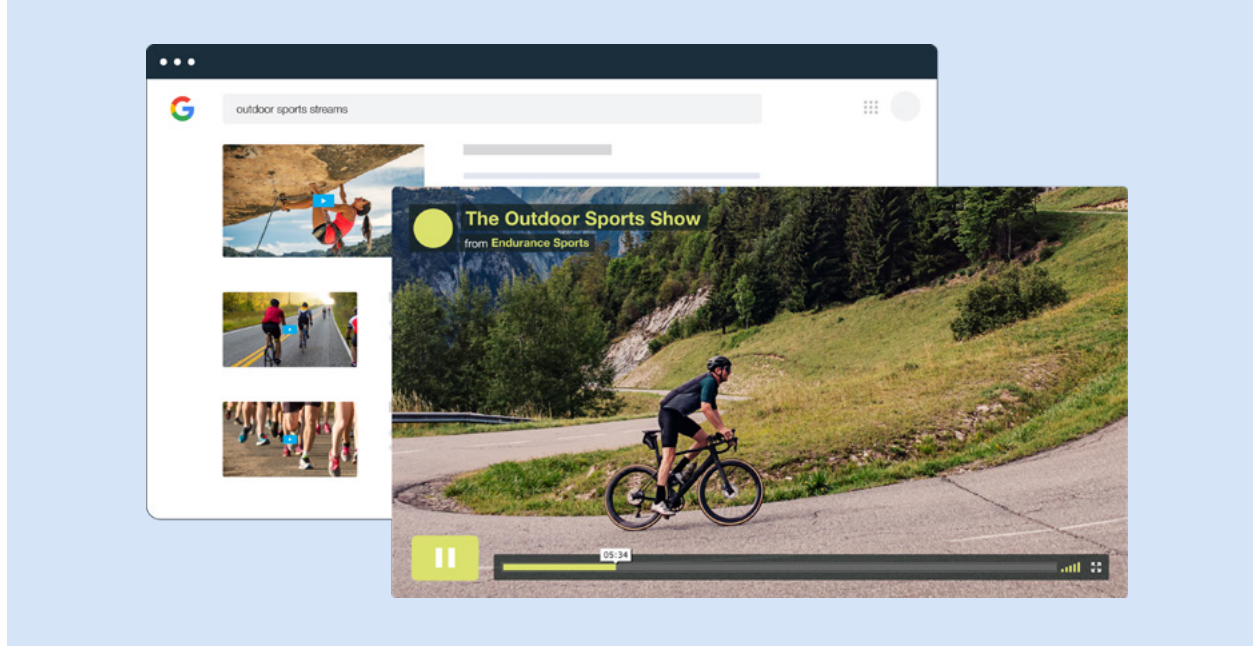
Discount prices seasonally or temporarily to boost viewership.

Promo codes

Provide a discount for one month or longer.

Free trials

Give prospects a risk-free taste of your content to lure them in.



Another key marketing strategy for launching and promoting your video channel is search engine optimization. Strangers finding your channel on the internet organically is a great way to find engaged new subscribers with genuine interest. Use [SEO tools](#) and best practices so your content can be discovered by folks beyond your existing audience.

In tandem with optimizing your video content comes [exploring advertising integrations](#). With the ability to retarget video viewers with follow up advertising, you can convert new subscribers with a solid return on investment.

A quick piece of advice on budget. Think about your OTT budget holistically with both app development *and* design *and* marketing in the same “room.” If app development eats up all your budget (which can happen quickly and unexpectedly), you’ll be left with a beautiful channel but no one to see it. By balancing your budget between app creation and distribution of your app, you’ll find that sweet spot of growth and showing off that app to the people who want it.

One of the things I learned was that you can very quickly be tempted to overspend on tech and put something out there with no means to market it. If you build it — they will not necessarily come.

Gregor Angus

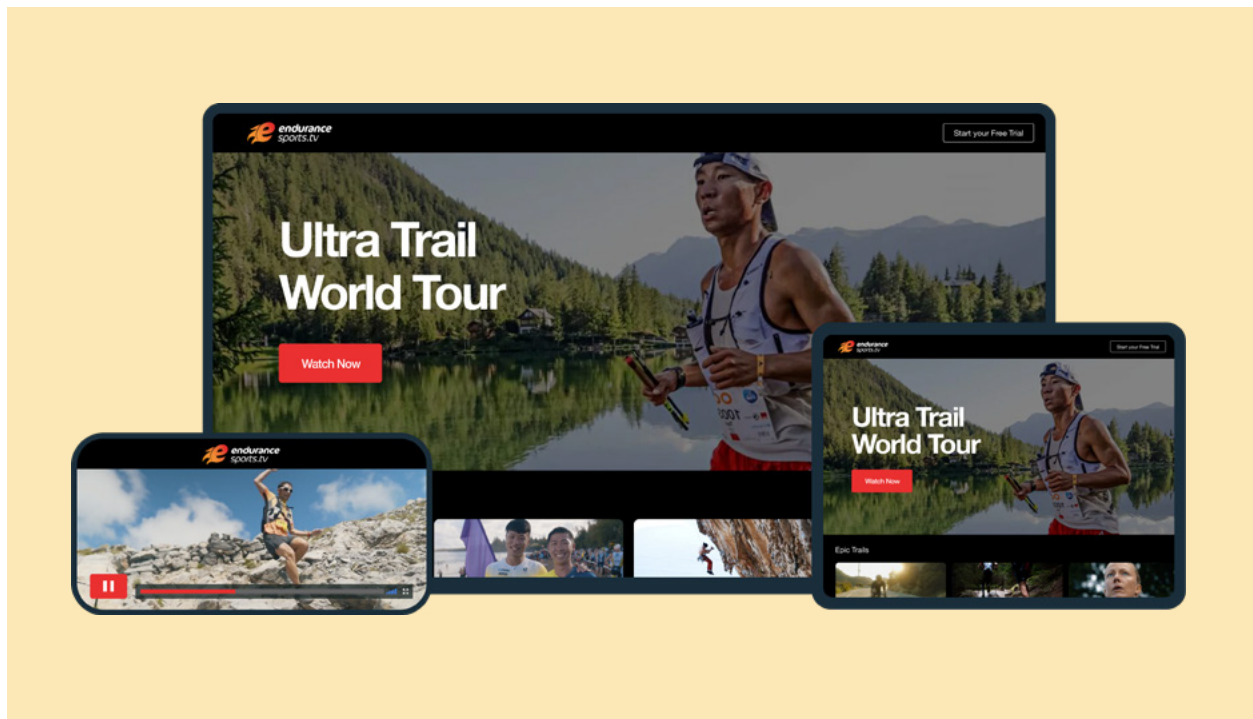
Co-Founder & CEO, True Royalty TV

How to get started

Building an OTT network from the ground up is complex. It spans app development and design, content management, creating a marketing plan, and distributing content across devices. It requires tech savvy, marketing know-how, and a robust platform to support internal and user needs.

Maintaining an app of any kind and particularly one that users rely on to work flawlessly 24/7/365 requires ongoing monitoring, updating, and often quick fixes. For small teams, this means tech debt galore.

Partnering with a full-fledged, comprehensive OTT solution solution like Vimeo allows creative content teams to grow and scale with the dependability of an enterprise platform and the collaboration of a team that's in your corner.



How Vimeo can help



We give you time back to focus on creating content.

Let us focus on the tech. We manage building, debugging, and maintaining your apps, along with payment processing, customer support, and an intuitive CMS.



Our platform offers rock-solid reliability.

Have a story about “That time your stream event crashed your platform”? Vimeo users don’t. A leader in the video space since 2004, we offer 99.9% uptime SLAs to give you peace of mind.



Your personalized dashboards offer actionable insights.

With dashboards tracking sales and expenses, video performance, user insights, and ROI, you can prove the value of your OTT channel, optimize content for your audience, and improve business outcomes.



Trusted customer and user support.

Our team is here to help you and your viewers. Don’t get bogged down with customer support tickets — let us handle ‘em.



End to end, ongoing maintenance and technical support.

Our onboarding and account management teams are here to work with you in partnership to help you succeed. We’re here to support your technical needs and troubleshoot any issues that arise, when they arise.



Insanely fast time to launch.

With Vimeo, you can launch your app in a fraction of the time it takes for a custom build. With built-in promotional tools, you can start marketing your channel right away.

Drop us a line. Questions? We’re here to help. [Contact us today](#) to see how Vimeo OTT can help you grow your channel.