

Welcome to The Elegant Workflow podcast, a member of the tech podcast network and now available on Stitcher. Today we are speaking with Eric Stein, Founder of Impact Global Media. Eric welcome to the podcast!

It's good to be here. Hi Dave.

Please tell us a little bit more about your career background and what led you to start Impact Global Media.

I actually have been in digital distribution or media and technology for over sixteen years. Having gone to film school at the University of Pittsburgh in Pennsylvania and having come out to Los Angeles to find work in the film business, I ended up starting to work and Trimark Pictures, which was a small independent film production, distribution company... which ended up starting an online video on demand service called CinemaNow, which I was lucky enough to be part of from day one which was quite an amazing experience... Working there for about six-and-a-half years... Wearing many hats as I'm sure you understand that at a startup level whether that be you know business development, licensing, programming, etc. You know as well as marketing and helping name the company... really enjoyed that experience... Watched it go from two people to over sixty-five people over the course of about six, six-and-a-half years. From there I then left to consult in the digital distribution space because I recognized that the space was starting to bubble quite a bit and gain momentum. After about two years of consulting I moved over to Hewlett-Packard where I was on their Digital Entertainment Services team, which was a project to focus specifically on bringing me brick and mortar retailers into digital distribution, which was challenging at best. We had Wal-Mart, Transworld, Sun Coast, Sam Goody, etc... and we were focused at the time on ensuring that these brick and mortar retailers understood, accepted, nurtured and really focused on the upcoming digital business. Specifically, EST and MOD (manufacture on demand), which was a particular expertise at Hewlett Packard at the time. Unfortunately, that project ended up not really succeeding and by not really succeeding I mean failing and I moved over to Warner Brothers and I was at Warner Brothers for about a year doing the EST sales, so rights out negotiations and then shifted over to Head of Programming and Acquisitions group in their digital distribution team under Home Entertainment, which was the rights in negotiations as well as being a service group because I was handling the global programming for digital for Warner Brothers, which was a lot of fun. I left there at the end of 2013, early 2014 and launched my own company in Impact Global Media which is a consulting firm focused on maximizing business and monetization for companies that are navigating the new digital transition... typically content distribution or technology companies within that ecosystem. It's been very good. As I'm sure you know there's a lot of companies in the space that are either new media companies looking to expand and understand what's coming, but more so, I would say you know, more traditional companies navigating the changes taking place in the marketplace and trying to get a grasp on, you know, ways in which they should apply their leverage or understand their leverage and shift accordingly to make sure they're relevant in the years to come, both one year, five year, ten years down the road. So that's really the past. It got me here really following and keeping my finger on the

pulse of the changes in the media business around digital and shifting to digital.

That sounds like your career followed along with a lot of changes in the industry as well.

It did. I mean I work hard to diversify myself in terms of my career, working at big company, a little company, content company, technology company. In terms of my roles at different companies... whether that be licensing, business development, rights in / rights out, programming, windowing. I exposed myself to a tremendous amount of different areas within the business, so as to just stay diversified. Never really want to get pigeon-holed, which can be challenging at some of these larger companies.

What have you noticed with the larger companies versus maybe the smaller ones or even the startups around business cultures and the challenges they have? I imagine the larger companies based on what you were saying earlier, a little bit harder to get them to see these some of these newer business opportunities.

Yeah I think some of the differences are obvious. Overall the ability to get things done and to execute is much more challenging in a larger corporation just due to the layers and the bureaucracy and the checks and balances. Whereas the ability to move swiftly within a startup is much easier because I think the entire boat is rowing in the same direction oftentimes. Whereas in a corporation there's just so many oars and to get them to move in sync can be extremely challenging. Now I've been lucky enough within all of the organizations where I've worked, even when I was in a larger corporation to be working with a more startup environment within a larger group. So often times it's referred to as the rich uncle, where a certain level of autonomy is used within the smaller groups, recognizing that you still have the resources and the clout and the representation of a larger company... So as digital has emerged from startup culture, I think that you know within these larger corporations - Hewlett Packard and Warner Brothers - the businesses get to nurtured as startups, but then eventually we'll need to be brought into the larger organization and levels and layers... So the other obvious difference is resources, but at the start up level you're dealing with the grounds of financing and funding verses real profit and revenue stream generators and there's a big difference there, so the hope is that you can you can have a certain level of camaraderie in either environment and I've been lucky enough to work with some really great people.

That doesn't mean being a big company that they're not gonna be responsive., but you're right. It's hard sometimes; they look at newer technologies and new ways of modernization and just say: "That's great that's that group over there. They're the experimental people. We've been making money the way we've always been making money in these other areas" and that was fine. For so many years there was just a basic way to create content and sell it, but now it feels like things are changing almost daily. There's huge shifts. There's over-the-top now. There's all these new ways of doing distribution.

Which is really exciting and I wouldn't even say you know almost every day. I would say every day. You could look in the news and find interesting things happening that represent what I believe are cracks in the wall and so you know the wall hasn't come down. It's not coming down right this second, but cracks occur where traditional distribution is being tested and there's an absolute shift taking place in the marketplace.

What do you see right now that's the most exciting thing? You look at this wall and you start to see the cracks. What are the most interesting cracks?

The most interesting thing is over overall sort of experimentation and whether that's from, again, new media companies who have their DNA in digital or traditional companies trying to navigate and figure it out. You know? We were seeing on the independent side collapsed windows. When I was at Warner Brothers the Day-and-Date theatrical model, the pre-theatrical model, which, you know, a lot of these new media distribution models and strategies are concerning to traditional companies and the ways in which they generated revenue in the past... and you know watching these things play out in the marketplace is exciting because I think a lot of us from working in new media distribution over the last fifteen years have been seeing the these changes taking place as opposed to it coming as a shock. Some of these new SVOD services (subscription video on demand services), the OTT as you mentioned... some of the new players the MCNs and the ways in which these YouTube channels and the AVOD revenues are being aggregated together and utilized and marketed through social networks, etc. I find the skinny bundles to be very interesting and the somewhat, I don't want to use the word collapse, but the collapse of the pay TV bundle... I find you know to be to be fascinating and the launch of Dish's Sling Media service of Sony's Vue service and basically bringing a linear television product that's delivered over the Internet is interesting to me right now I think that if there's a way to provide a more a la carte service offering to consumers... someone is going to crack that open and I don't... I think, you know, I think Sling and Vue are a good start, but I think these are very early days and we're gonna start seeing more experimentation in this direction. But most interesting I think is watching traditional players sort of realize how fundamental these shifts actually are in the marketplace. This is not VHS meet DVD. These are you know very transformative changes and I think if you're paying attention it, it's really exciting. If you're not, I think that a lot of companies are going to suffer from what I call, you know, Blockbuster syndrome - where they're just not paying attention. I think the business will creep up on them to a point where it will be too late and not necessarily that they'll go out of business but they will have to shift their business accordingly because they will have missed the boat.

Yeah I think you made a great point about VHS to DVD. It's almost like LP to CD. Everybody who was a collector ran out, got the DVDs, they replicated their library just like people, music fans went out and bought all the CDs of the LPs they had. It was really simple, when it was a nice kind of shot in the arm for the industry because all of a sudden you have people buying the content on another platform and they were happy to do it. Now nobody wants to do that. Now when you buy a DVD and you look at it, you have all these different options. You may have option

to a locker somewhere (Ultraviolet) or iTunes or a way to watch it online. They're realizing that they have to offer the content in multiple forms. They can't just say: "Great, you bought the DVD. Now, next week buy the Blu-ray and the following week buy it streaming online." People just are going to do that anymore.

Exactly and also, I mean, it's a fundamental difference in business model. So when you start talking about the shift from physical to digital you're dealing with going from selling units of the hard good of a week ago, right, a physical thing and selling in the number of units versus licensing rights globally. Just it's a very different business.

And on the other side: what do you see for the future of content because also you have distribution changing, but it feels like content is changing just as much? You have new platforms. You have virtual reality, augmented reality and even within the current forms like you mentioned with YouTube and the MCNs and that's a whole different way of looking at content consuming content from the traditional broadcast or movie model.

Yeah I mean I think it's a really exciting time for content and, you know, despite the fact that it's creating challenges for filmmakers and others within the ecosystem the key is to really focus in on what those changes are, understanding the ways in which consumers are desiring to access that content. The more that the people within companies, within the supply chain can stay on top of the ways in which the changes are occurring, I think they're gonna benefit. I would say the future is about three things: it's about accessibility (so really being able to find content everywhere - that doesn't necessarily mean you know every piece of content on every device, everywhere at any moment, but you know that it's working towards that goal); I think it's about discovery because there's too much content and so consumers need a personalized experience so as to understand what it is they're looking for not waste too much time; and then, I think the third area is interaction and that's where things get pretty interesting around social in the ways in which consumers are starting to access video content through the social networks, which ends up being sort of personalized based on your own social network and so you end up, you know, viewing content within a community and the ways in which the technology can actually and the marketing can nurture that community and build that community. You know the consumers watching House of Cards aren't necessarily the same as consumers, who are watching you know The Walking Dead - a show on traditional platforms. You know I think what's gonna end up happening is the content is gonna get more and more niche and these communities are gonna get more and more fragmented and you'll end up accessing more and more diverse communities of not only people but content. You know the days of the Colgate hour those days are over and when I say that I mean three broadcast channels into the living room all brought to you by one product. There has been an explosion of outlets, of shows and devices. It's, on the one hand, it's very exciting and on the other hand it's very fragmented and frustrating because there are truly too many choices.

That used to be called the "water cooler shows" and everybody would get together the next day and talk about what happened and now you don't have that

shared reality as much, maybe around sporting events. But you're right, you have the people they watch The Walking Dead or people watch House of Cards. House of Cards is a great example because of the binge-watching, so if you go by the "water cooler" Monday after they released the whole season and start talking about the last episode, people are going to kill you because they may not have gotten there yet.

Yeah and I think that consumers overall are starting to be more considerate about the spoils and say like: "Oh I finished the season four, where are you?" Right?... And to understand sort of because, you know, it isn't a live game anymore. Everybody is accessing content at their own leisure. And I think that's great because that's what consumers want... but you're right. We are shifting away from the "water cooler" mentality and, you know, you brought up VR. I think, you know I was at a South by Southwest this year, and frankly, you know, VR and AR (virtual reality and augmented reality) is very constantly being talked about. Although, you know, this year compared it to, you know, six years prior that I've been going to South by Southwest there wasn't that feeling like something was absolutely new and popped in the you know leading the charge in terms of the discussion. That being said, virtual reality and augmented reality are absolutely at the forefront. Everybody is talking about those things. I personally, I believe in them. You know, it's almost cliché to say that, you know, this is the next big thing... But it is and you know think one challenge so far with VR is that a lot of people haven't t really accessed it and experienced it. I had an experience at SXSW last year, with the Samsung Oculus headset which was absolutely mind-blowing. You know, once you've had that experience and, which is, you know, by far the most immersive experience you can have with content at least so far in my opinion. Once you've had that experience then you see the future; you see what's about to happen in terms of the ability to access this world and I always say choose your own adventure right. So maybe Dave you watch the film and you went through the door one and I watch the film and I went through the door two. You know would I pay to go and access the film again and go through a door one? Probably. Suddenly you've got a new revenue model... Or Dave, you and I, socially, are gonna be able to see and watch the film together and actually talk to each other and I'll be able to walk through an experience it together, which I think is absolutely coming. So I think that there's a lot of opportunity. The experiences are gonna get more intense, right? There's one thing to go into a movie theater and get really scared by a horror film, so you know the Paranormal Activity game which is being produced and released later this year is, you know, the demos that they're saying that people just dropped the ground. I mean it's just, it's so scary because it's so immersive and I know the guys who are producing that game and you know that it's gonna be a game changer. No pun intended.

There's a lot of possibility. There still, in my experience, I still get a little motion sickness from VR and that needs to be fixed and I know they're working on it. It gets better with each iteration of technology. There's a lot of possibilities and around business as well. Imagine we could be doing this right now on in a VR world and I could actually feel like I'm in the same room with you, like you mentioned, we could share together and it can bring a lot of shared experience

and I think that's what Facebook is thinking around with their purchase of Oculus is. How do we create community around this?... And I think there's entertainment value and then there's business value. Imagine if take a business take a large company and cut their travel costs by half because you could actually instead of doing a video conference room situation, everybody's in VR and maybe you only need to go once a year to the other office instead of having to go six or ten times a year.

Agreed and look at their educational applications as well, even, you know, journalism. Being able to put someone somewhere and truly make them feel like they're somewhere is something that you know we really haven't experienced yet and so I think it's it's pretty impactful at this point so... But again we're at the very, you know, I keep joking that in probably six months or eighteen months and definitely in two years we're all gonna look back at Google Cardboard and laugh, right? Google Cardboard is like the giant mobile phones that we're plugged into our cigarette lighters in the car right you know that we're gonna look back and see it as so archaic that we were using cardboard to try to access this world. But Dave I definitely I mean we have to mention augmented reality and think that that's really where you start to combine the real world and virtual reality in a meaningful way and that could be a lot of fun as well.

And once again back to business it doesn't have to just be entertainment. Imagine you're at a party and are terrible with names and your augmented reality glasses does the facial recognition match and reminds you who this person was, where you met them, all of that and then that embarrassing moment where they remember you and you don't remember them goes away. And you know that's something that I would love to have because I'm really good with faces but sometimes I forget names. Yeah there's a lot around that, I don't know about A.R. for entertainment, me, I think they'll be some uses for it, but I see it more around business and training, maybe for operating equipment. Imagine somebody on an assembly line with an AR headset, they wouldn't necessarily have to have as many controls at their fingertips or look at as many screens, so I see a lot of possibilities around that.

I just think it's just exciting to sit on the edge, right?... And know that this is coming. Nobody would've ever thought that we would you know carry phones in our pockets much less computers that also are capable of being phones in our pockets. And so if you apply that same sort of trajectory to present day, you know, I think there could be things happening and the next you know fifteen to twenty-five years that are absolutely unimagined right now and obviously, you know, I've got young kids and I tell them and explain to them that you know, while we're driving cars right now very likely the self-driving car, will get rid of the human intervention aspect of driving, things like that I think are very exciting.

I agree... And what advice do you have for old media to stay relevant in today's market because it has changed so much and you're right within the next two years I think it's going to almost be like the jump we saw from the flip phones to

the smartphones and how fast that happened I imagine as the virtual reality and augmented reality hardware drops in price as people get more used to their Roku, their Apple TVs, these OTT solutions, the skinny bundles. It feels like it's tsunami of change hitting at one time.

It is. Yeah I think the advice I always give is. This is and it's probably easier here to say then to do in practice, but to actually try these things, you know, I find all too often when I sit with executives and I'll ask like: "have you been on Snapchat;" right, "have you gone to these MCN channels, you know, the Fullscreen channels or Maker channels" and what I find is that a lot of people in the industry haven't truly experienced some of these things, even VR. I'll ask them to pull up their phone and show me VR they have and oftentimes very little if any and I think that that's really important. You can't just watch and read the headline. The headlines don't always tell the story; I mean they can navigate you through the space in terms of some of the changes happening each day. Wonder enough to actually go there and try it as a consumer. One of the things that I see personally see happening is that some of the shifts taking place in the marketplace are happening because consumers are generationally younger and they want different things and unfortunately at the corporation level oftentimes for obvious reasons people making the decisions are of an older generation and in older mindset and so sort of being out of touch and not recognizing what millennial or younger person is, what their world is like, related to pay TV, related to HBO, related to these newer services, how they feel about Apple, how they feel about YouTube and the ways in which they want to and are accessing YouTube and subscribing to these channels... And so often times, you know, the revenue isn't necessarily being generated there, but the eyeballs surely are shifting there and so what does that mean for your business. I think that all too often, I mean, Blockbuster's a great example, where, you know, they were on every street corner and the revenues were being generated and there was a slow decline. You know, not really seeing the forest through the trees.

Exactly and look at the chance they had to buy Netflix.

Yeah you know they were an early investor and CinemaNow, which was an online VOD. I mean, yeah, I think in certain ways they saw what was coming. You know when he stepped in, I think they made the decision to make it pure retail and sell mobile accessories and you know it's, it was just too late. You know, I always say the blue envelopes and the blue boxes came way too late after the red envelopes and the Redboxes. It's pretty short sighted. It's easy for me to say in retrospect, but I also believe that always in business you have to be looking a few steps ahead and innovative, so no matter what your need is. So again, it's an exciting time, but I think it's important for no matter how old you are, how long you been in the business or how much you think you know your business to keep your ear to the ground and to really want to try out these things first hand and get on to these social networks, play with them, so that you do understand why are kids gravitating towards it and what's special about it and how's content being accessed and spread.

I think those are all great points... And even if you don't understand it, recognize

there's a community out there who does understand it, does embrace it. Look at Snapchat. A lot of executives to this day are like, "Yeah that's where people go to put pictures, so that the pictures disappear and don't have to worry about it." Like they don't realize what Snapchat has turned into it. It's such a major force now and it's not just about what it was a year or two ago. It's now something that you do have to look at and do have to look at and do have to look at as a marketing platform... And same thing with Twitter, where the executives are like, "Yeah you have a hundred forty characters and you hear about what somebody had for breakfast." Okay that was Twitter maybe five years ago like it's interesting they look at it once they get something in their head. VR they tried Google cardboard. They think that's VR. It's not. It's 360 video. It's a whole different thing from VR although in some ways it's closer VR than a lot of other distribution platforms, but true VR is so different from that, yet they say, "Yeah I've done VR, Google Cardboard." They've never tried Oculus. They've never tried any of these new platforms coming out. They haven't even really been out that long, so how could they tried them.

Agreed. Well also I think it's just taking initiative to try, right? To put yourself in a position where you don't know and I think part of that's inherent with human nature. I think some people just like their comfort zone and other people inherently want to try things when they're approached by something new. You bring up a good point. I mean even live streaming and Twitch. I think a lot of people in the industry just don't understand and you look at the audience and how much Twitch was bought for. You know that is a force and this isn't just a certain niche of high level of gamers just watching each other play it's more than that. Esports - that's another one I just think that there's a lot of things happening where technology is intervening with content making it interactive and nurturing the communities. And if you're not part of that as they content provider or distributor tapping into those themes as well as sort of the global release strategies then you're sort of stuck with a more traditional mindset and the business is changing.