

**BIZ INSIGHT**

# Broaden investment opportunity with broadband-based TV

A DECADE ago, no one would have expected to take pleasure in accessing movies or TV shows with their smart phone or laptop. Streaming, Subscription Video on Demand (SVOD) and broadband-based television are now available to assist our needs. This technology has great for media consumers, the entertainment industry and long-term investment opportunities.

Netflix, a company based in Los Gatos, California; is the first company to deliver broadband-based television technology, making it a streaming business giant. Originally, it started off as a DVD-by-mail service and since then it has become a global television network leader. Thanks to insistent global expansion earlier this year, it now has a total of 83 million subscribers in more than 190 countries. The company has made it simpler for consumers to watch TV anywhere, with no commercial breaks. Moreover, Netflix has developed an algorithm platform that analyses consumer preferences and suggests new shows or programmes accordingly. Consumers spend nearly 2 hours daily, which adds up to a whopping 35 per cent of peak Internet traffic in American households. Therefore, the shift in technology is varying supply and demand for

TVs. On another note, Netflix is estimating a budget of \$6 billion to license content for the remainder of the year.

For an investor who does not fear risk, Netflix is a great opportunity to expect a high return in the long run. Recently, a report by ISH Markit claimed that Netflix's foreign subscribers would outpace its US base by 2018 with 100 million paying customers. Furthermore, it projected Netflix will be raking in

upwards of US\$13 billion in global revenues by 2020, with 53 per cent or \$7 billion of it coming from International markets. (Source: [www.investing.com](http://www.investing.com)) Despite all the competitors such as Amazon, YouTube and Hulu, Netflix plays a significant role in the future of entertainment network. Both Amazon and YouTube have invested a tremendous amount in paid streaming services to adjust with the paradigm change within the TV industry. Hulu, another world class TV stream provider is backed by Disney, Fox, Comcast and TimeWarner. In addition, traditional pay-TV is offering low-cost streaming options within the International market.

Moreover, the investor should be concerned with the increase in competition. However, the key point still relies on content creation, distribution and consumption trends. Based on research, the audience views content on devices because it is the most effective and efficient way.

Although, the main viewers being the younger generation there is no doubt that this movement will continue to grow and might even put an end to traditional cable service.

*Investment contains risk. Therefore, investors should revise thoroughly about prospectuses, product features, return conditions and risks before making a move.*

*Contributed by Asset Plus Fund Management*