

Tech start-ups

Iflix entrepreneur targets Asia with Netflix-style service

Video-streaming platform claims price and local content gives it a competitive edge



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YESTERDAY by: Louise Lucas in Hong Kong

When you run a business called [iflix](#) that streams movies and box-sets into homes from Iraq to Indonesia, being known as the “[Netflix](#) of emerging markets” is inevitable. But it is an inevitability that causes co-founder and chief executive Mark Britt to bristle. Rather, he prefers to highlight the similarities to Spotify — content on both the music streaming service and iflix is curated by celebrities and aficionados.

Certainly the battles facing Mr Britt, an Australian based in Kuala Lumpur, in building the two-year-old company are far removed from those faced by his opposite number at [Netflix](#). Reed Hastings never had to work out a way of collecting money without credit cards, or to fret about data servers — actual physical boxes holding 170 terabytes of *House of Cards* et al — being stranded at ports.

And Netflix makes money. Iflix, [valued at about \\$600m](#) and backed by Rupert Murdoch’s Sky TV and [Liberty Global](#), is generating annual sales of \$100m. “Are we making revenues? Absolutely. Are we making money? No,” says Mr Britt, speaking in Hong Kong at the Rise technology conference last month.

Price and local content is iflix’s competitive edge on Netflix, argues Mr Britt. Yet building the first emerging market video platform has entailed some unconventional methods. By way of

market research Mr Britt, a lawyer by training, talked to stores selling pirated DVDs, assuming they would know what was hot.

His hunch was correct: people prepared to pay for pirated DVDs were equally happy to pay \$2 to \$3 a month (depending on the market) to have the films streamed on to their phones or into their homes. But these customers were also used to receiving a top service. One store in Kuala Lumpur had a loyalty programme and a storekeeper who called his customers with personalised recommendations.

A wider appeal

Historically, Asia, home to almost two-thirds of the world's population, has not had much success taking home-made television programmes and films to western screens. Not even many of its actors do — Korean-American Randall Park has variously played a North Korean (*The Interview*) a Taiwanese (*Fresh Off the Boat*) and Chinese characters. But now a host of new content is bringing more Asian actors and content to screens further from home. So popular are South Korean soap operas that media companies hire teams of translators to switch them into Chinese, Japanese and other languages.

Chatri Sityodtong, a former hedge fund manager and internet entrepreneur, is rolling out the glitzy One Championship mixed

Mr Britt's research yielded some surprising cultural insights. Who would have guessed the top-selling DVD in Ghana is Korean? Or that 70m Indonesians watch football every week and *Mr Robot* is big in Vietnam?

“When the internet replaces piracy it's an \$8bn opportunity — you can watch a movie for the cost of a pirated DVD,” says Mr Britt. Consumers spent \$6.2bn on pirated DVDs globally, excluding China, in 2015, and the iflix founder is confident that market is within his grasp. The forecast size of the global video-on-demand sector by 2026, [according to Ooyala](#), the analytics company, is \$100bn.

Mr Britt's leap from corporate lawyer to entrepreneur was triggered by his experience working with internet companies in London. “I saw people who loved what they did every day, and lawyers who were tired and depressed,” he recalls.

The former lawyer is not the first, and will not be the last, to turn to the growing wealth of emerging markets. When he began his career, he says, just 5 per cent of the Fortune 500 hailed from emerging markets. By his retirement — he is now 41 — he believes it will be half.

martial arts competition. Asia has one of the world's oldest sports, he argues, and it is time to take it to the screens.

He applies similar arithmetic to iflix, which now boasts 4.2m customers and will reach — he hopes — 3bn people coming online over the next 15 years.

Not all the maths has stacked up so neatly. Mr Britt initially solved the problem of collecting payment from customers who lacked credit cards, bank cards and PayPal by sending motorbikes round to collect fees door to door, but that meant spending \$2 to collect \$2 or \$3.

So he switched to working with the telecom companies who can add on a fee — bundling packages in much the same way as cable television companies do.

In some markets, iflix streaming has been kiboshed by bandwidth. “Getting 80 terabytes of content into Myanmar does not work,” Mr Britt says. “You have to ship it into the country.” Which brings its own problems: he had data servers beached in Iraq at one point, awaiting customs clearance.

There have been other unanticipated hurdles. When iflix kept crashing the data was offering up any number of reasons. The truth, it turned out, was prosaic: jailbroken phones — devices where the restrictions of the operating system have been removed — are pervasive in emerging markets and the traditional digital rights management solutions, which protect content being redistributed, do not work with such devices.

“We wasted six months of our lives getting great insights from data and did not even understand the problem,” says Mr Britt. “Not forgetting your customer will still tell you more than your data will.”

As part of a breed of entrepreneurs looking towards Asia, Mr Britt notes that the US does not have a monopoly on great ideas. Referring to the Indonesian ride-hailing app that also does food delivery and other services, he says: “My hope is that someone someday will call Uber the Go-Jek of America.”