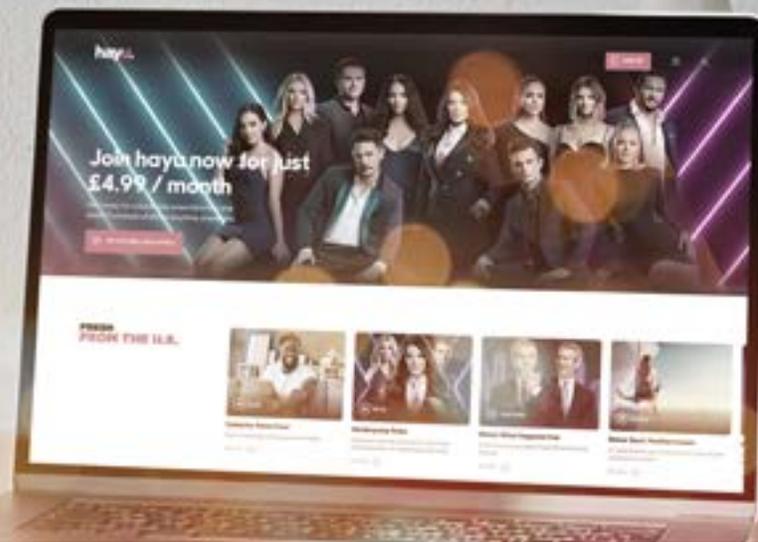# How Aptitude Subscription Management helped power hayu's successful expansion

Flexibility, agility and a suite of powerful features has enabled hayu to expand to 27 territories, reduce cost per acquisition (CPA) and minimize involuntary churn – all without the need for expensive, bespoke development.

Aptitude

Part of NBCUniversal, hayu is a subscription video on demand (SVOD) service specialising in unscripted entertainment. Hit reality shows include Keeping Up With the Kardashians and its spin-offs – along with The Real Housewives, Below Deck, and Million Dollar Listing franchises, as well as favourites such as Vanderpump Rules, Shahs of Sunset and Top Chef.

With over 300 shows and over 8,000 episodes, hayu offers a variety of reality TV content including sub-genres of True Crime as well as Home & Design, Dating, Cooking and Fashion shows, with the majority of the US shows debuting on the service the same day as their US debut. Launched in 2016, hayu remains the only streaming platform dedicated to reality TV.

A three-pronged subscription model

According to Hendrik McDermott, Managing Director, hayu; the hayu brand has a distinct position within the broader subscription video market: "We are an affordably priced product designed specifically to complement other SVOD services, one of multiple SVOD services in somebody's subscription wallet."

To facilitate that positioning hayu operates a diverse subscription model. "We have a three-pronged strategy, which has been in place since day one," McDermott explained. "We're primarily a direct-to-consumer subscription video-on-demand platform, with an owned

and operated platform across web and apps, and that will always be our primary model."

"In order to maximize reach, we also have two other subscription strategies," McDermott continued. "First there is direct-to-consumer the off-platform proposition, where we replicate our content proposition into platforms like Amazon Prime Video and Now TV. Then there is a B2B bundled proposition, which essentially means hayu content is made available to consumers via their pre-existing subscriptions to third-party SVOD platforms such as TV2's Sumo service in Norway."

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Hendrik McDermott,
Managing Director, hayu

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Aggressive growth plans

While hayu's subscription model created some technical complexities (e.g., the need for significant bespoke development to enable third-party integrations), it proved highly successful in driving early growth in hayu's three launch markets – the UK, Ireland and Australia.

"Back in 2016 we were a start-up, albeit within a major entertainment company, so that initial growth phase was obviously very important," McDermott said. "Overall, our strategy was highly effective, driving very significant growth in our launch markets – both direct-to-consumer and through partnerships – and, as we invested in content and marketing, that growth really started to pick up."

Beyond successfully establishing itself in three launch markets, hayu had an ambitious international growth strategy, according to McDermott: "It was always the intention to build on any early success, to take the learnings from our launch markets and expand very aggressively into new territories. By 2018, that process was well underway, with successful launches in Canada and the Nordic region – Norway, Finland, Sweden and Demark – but we wanted to expand much more significantly and pick up the pace, with the Benelux region very much on the agenda."

Market maturity: Revenue optimization

Meanwhile, in hayu's existing markets, the long-term goal was to reduce the cost of acquiring new subscribers and drive up Lifetime Value (LTV), with a focus on reducing subscriber churn.

"In terms of subscribers, we target the 18-54 demographic and the bulk of our subscribers are female in the 18-34 age bracket, which means that churn is more of an operational challenge for us than maybe some other SVOD platforms," McDermott pointed out. "The typical use case for our platform might be a young female student, which can create issues around payment collection. We see lack of funds as one of the big reasons for payment decline and involuntary churn, so finding innovative ways to maximize retention was another priority."

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Alongside that, lowering acquisition costs – by being more agile and flexible in terms of the subscription model, promotions and so on – was really important, too. It's a competitive market, so the better we can perform in both areas, the more we can invest in marketing and content.

Hendrik McDermott,
Managing Director, hayu

hayu.

Technical limitations affect growth plans

While those plans and priorities were crucial to hayu's long-term commercial success, it soon became clear that the technical limitations of its existing subscription management systems were presenting real barriers. McDermott said, "There are so many challenges around subscriber acquisition and retention, which vary from market to market. The dynamics in each region can be very different, so you need real agility and flexibility to address them quickly and efficiently.

Then there are huge technical challenges associated with entering new markets. Speed to market was the real challenge because the nature of our subscription management technology, at the time, meant that everything from addressing churn to entering new markets required significant bespoke technology development.

We found that particularly limiting when the time came to really accelerate our expansion. I think at the time, we were looking at launching in up to eight countries in the space of a year, and trying to deliver a suite of bespoke developments for each – spanning apps and integrations, payment method expansion and so on – it just became impossible."

It was at this point that hayu decided to enhance its subscription management capabilities. They needed to switch from building technology to configuring, so they decided to explore working with a specialist third-party vendor.

A comprehensive solution

McDermott and his team assessed various solutions, with Aptitude Subscription Management (formerly MPP Global) quickly coming to the fore. Commenting on the project, he said, "There was no doubt that this was the right solution for us, it was the only solution at the time that was able to offer all the core functionalities we needed, right out of the box. Remember, by then we were already a multi-national streaming service operating in multiple time zones and currencies, and Aptitude promised to work seamlessly across all those areas.

Clearly, acquisition tools like voucher codes, the flexibility to experiment with different free trials and subscription models in different territories were vitally important. Aptitude Subscription Management offers that and more, for instance through pre-integration with a huge range of payment methods, plus platforms like iOS, Android, Fire TV and so on.

That pre-existing technology was very attractive to us. It gave us the agility and flexibility we needed to deliver our international expansion plans, plus the tools we needed to drive LTV and lower acquisition costs – all without the expensive in-house development and technology overheads that would have really held back our strategic plans."

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A complex migration, de-risked

With the decision made, a complex migration followed that involved moving all of hayu's existing subscriptions from its existing environment, as well as numerous sign-up and payment platforms, into Aptitude Subscription Management.

"Whichever way you look at it, and whichever platform we'd chosen, we knew that the migration would be a necessary, but major, heavy-lift project," McDermott said. "Clearly there are potentially significant risks associated with that, both from a compliance point of view, but also in terms potential disruption to everything from payment collection to subscription fulfillment."

With that in mind, the hayu team worked closely with technical specialists from Aptitude, as well as an array of other technical partners, to plan the migration in detail – assessing risks and working to improve them. McDermott commented,

"Significant time was devoted from my team as well as the Aptitude team, at the outset, to identify all our various use cases. We probably spent two months on that, mapping out all the detail to ensure a smooth migration plan."

That process led to a phased approach to migration, with subscriber data from different sources each moved across to the Aptitude platform separately to reduce and manage risk. The execution was carried out over three phases across different subscriber groups – those from hayu's own platform, from app stores, and from third-party integrations.

"It was a challenging process that took around nine months overall, so it was a major project. There is no denying that it was pretty nerve wracking to move all our subscribers, who are our revenue source, but we had the comfort of knowing that no stone had been left unturned in detailed upfront planning. In the end we were successful, avoiding any significant issues and the collaboration with Aptitude was key to that."

Aptitude at the core

Aptitude Subscription Management is now fully integrated with hayu's wider infrastructure. It has played an important role in optimizing revenues in existing markets and delivering hayu's aggressive international expansion strategy." Mcdermott explained.

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The flexibility in terms of promotions and offers we can configure, the anti-churn features and the efforts that we've made to integrate other technologies means that the platform is getting ever more efficient at collecting payment and managing subscriptions. It's very well integrated now."

Hendrik McDermott,
Managing Director, hayu
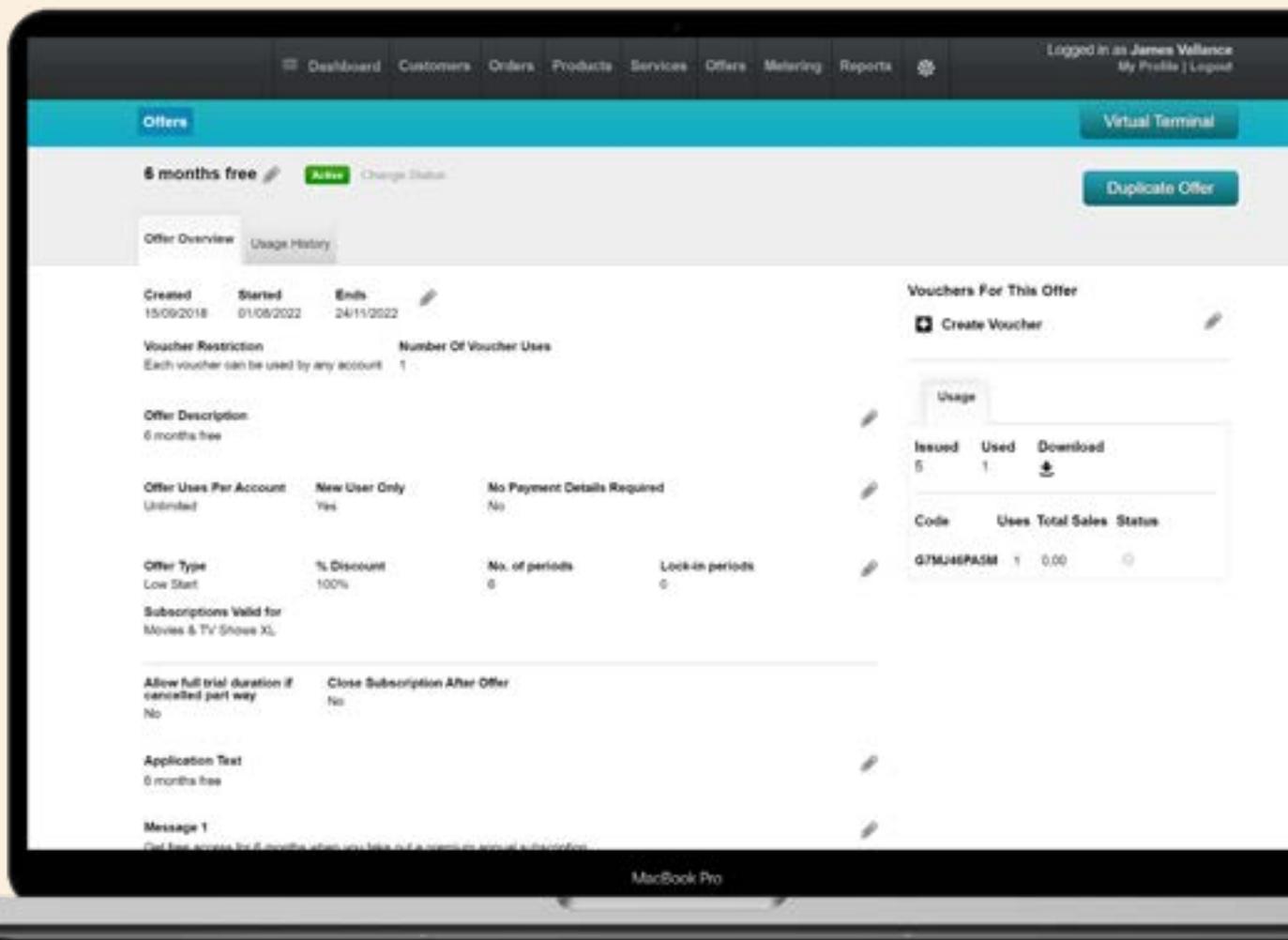
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Optimizing revenue: Driving down churn

Across all hayu's existing markets reducing churn has been a big focus, with Aptitude's Subscription Management solution enabling some innovative and highly effective strategies.

"In terms of subscriber retention, we've seen some really strong results," McDermott confirmed. "For instance, we worked with Aptitude to develop enhanced payment windows in all our territories, which are specifically designed to reduce involuntary churn. Essentially, that is about adapting to different local market conditions in different time zones because the optimum time to collect payment in Sydney will be very different from Vancouver. Bank algorithms will be operating with different risk profiles at different times of the day and so we have deployed enhanced payment windows to reflect that, and have seen very strong increases in payment success, which is obviously an important success metric."

Alongside that work, hayu has also made extensive use of Aptitude Subscription Management's intelligent retry technology, which enables a more nuanced approach to dealing with failed payments.

McDermott said: "Intelligent retries is essentially about applying sophisticated rule sets that determine how Aptitude Subscription Management responds to individual payment declines, driven by a comprehensive dataset of bank decline codes. For instance, if you have a decline code which means the card is lost or stolen, you know you're not going to get paid on that card ever, therefore we now have rules that stop retries in those scenarios, and in other cases Aptitude Subscription Management automatically applies retry rules depending on what decline codes mean. These innovations have had a significant impact. We make fewer attempts to collect payment but are more successful, overall, and have seen strong improvements in terms of involuntary churn through collaboration with Aptitude. Involuntary churn used to be more than half of our churn and has come plummeting down to well below half."

> **We worked with Aptitude to develop enhanced payment windows in all our territories, which are specifically designed to reduce involuntary churn."**

Hendrik McDermott,
Managing Director, hayu

International expansion at pace

The decision to migrate to the Aptitude Subscription Management solution has also borne fruit in hayu's international expansion, powering the brand into 27 markets in a few short years.

"International expansion is core to our strategy and we've been delighted with the pace that Aptitude has allowed us to inject into that process," McDermott confirmed. "We launched in three markets and, even though we've only been around for five and a half years, we are now present in 27, so that pace is obvious. We've delivered multiple launches every year, with the most recent taking us into 13 countries across Western Europe."

It's impossible to overstate the complexity involved in such rapid scaling. Every new territory has its own market dynamics, from dominant payment methods and preferred subscription models to everything in between, and McDermott is clear that Aptitude has transformed hayu's ability to adapt to those imperatives. "Aptitude has helped enable our rapid expansion from a scalability perspective, but also by giving us the flexibility and agility to implement different acquisition strategies from market to market. The difference is night and day compared with the technology we had before. For us, all that work to create propositions that work in different markets is no longer about lengthy bespoke development. It's about configuring the settings, features and capabilities we already have through the Aptitude Solution.

"Now we have such flexibility in every aspect of the subscriber acquisition journey. That's about vouchers and promotions – we can now roll out new campaigns in minutes because there is no need for weeks of bespoke development, but it's also about the subscription model. For instance, in the Philippines we operate a seven-day subscription model, which has a seven-day free trial, while in Canada we offer different kinds of promotions; for example, we periodically offer three months for $3.00 That flexibility, enabled by Aptitude, has been super important for us."

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> Managing Director, hayu

hayu.

Strategic fit: Integrations and insight

Aptitude Subscription Management has also proven the perfect fit with hayu's subscription strategy by making it easier to integrate payment and collect subscriber data from local market distribution partners.

"There is also a lot of flexibility with Aptitude in terms of integrating with third-party platforms and apps, which is crucial to our three-pronged strategy," McDermott said.

"For instance, we've recently built an integration with the Ziggo platform in the Netherlands, which required a bespoke app. But we know that payment integration, via Aptitude, will be straightforward because it has that extensibility built-in."

The move to Aptitude, and the resulting consolidation of subscriber data in a single platform, has also transformed hayu's ability to experiment and learn as it continues to expand.

"We also get a lot of data out of the Aptitude Subscription Management platform, which we gather and evaluate," McDermott explained.

"That certainly helps us to understand our own successes and mistakes, seeing the results and how we have done in our launch markets. We can be sure we don't repeat errors and really focus on repeating the successes."

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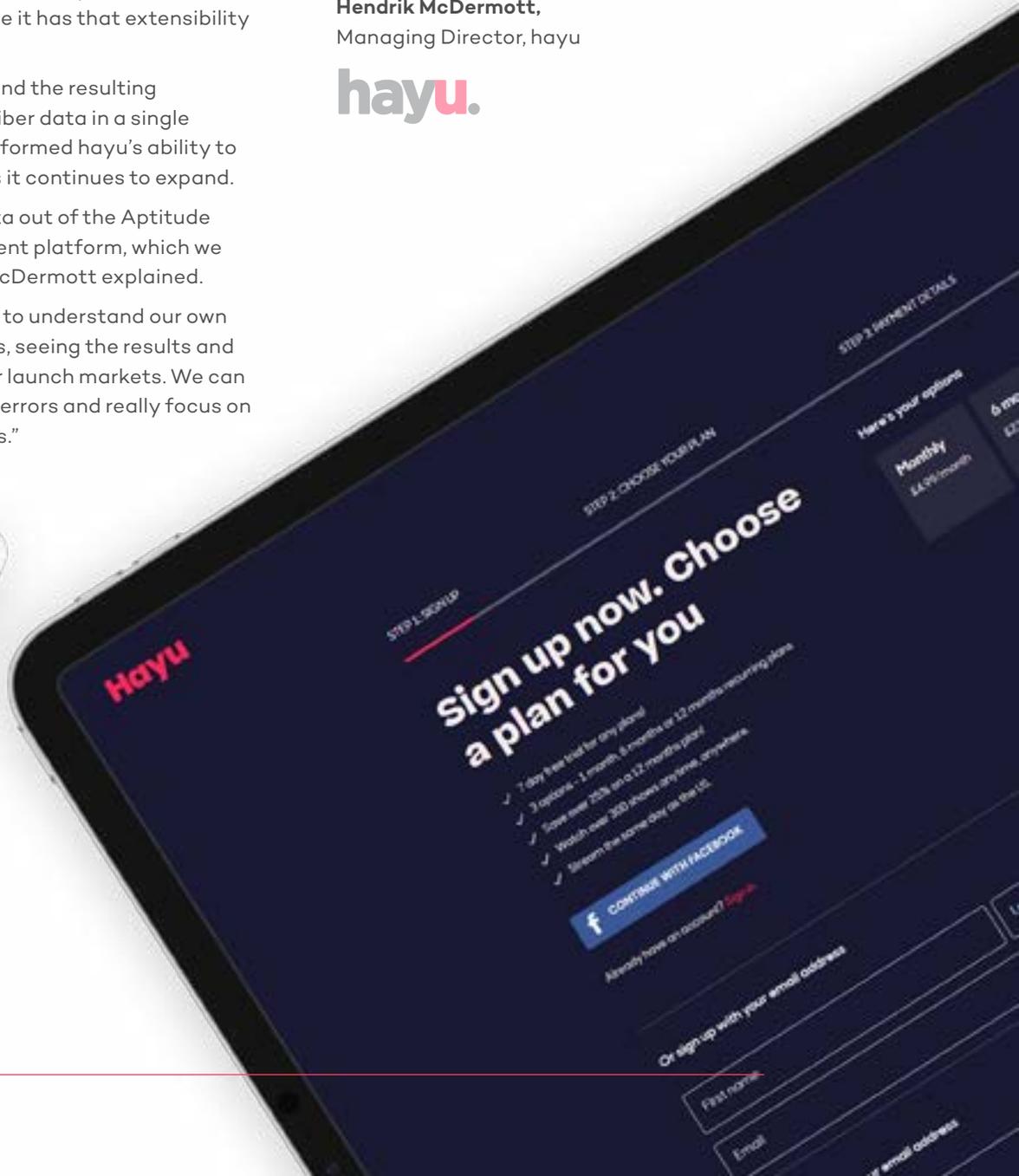
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The final word

Overall, McDermott is in no doubt about the value that Aptitude Subscription Management has brought to hayu, and points to the numbers as evidence.

"Our main goals are to drive down CPA through more targeted, flexible acquisition strategies and to drive LTV up, for instance by reducing churn, we've seen those figures going in the right direction every year in all our markets and there is no question that is, in part, down to Aptitude Subscription Management and the success of the partnership."

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Without Aptitude we were bound by bespoke development for every promotion, every payment integration etc. That would have slowed us down and added costs. One of the benefits of Aptitude's Subscription Management Solution is that it certainly does what it says on the tin. You can trust in the product. It delivers and has really become a core part of our technical infrastructure."

Hendrik McDermott,
Managing Director, hayu

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Contact us

London
Cheapside House
138 Cheapside,
London, EC2V 6BJ

Tel: 44 (0)20 3687 3200

Boston
Suite 1310
101 Federal Street
Boston, MA 02110

Tel: +1 (857) 201-3432

Singapore
Centennial Tower, Level 17
3 Temasek Avenue
039190 Singapore

Tel: +65 82282403

Toronto
Suite 700
2 Bloor Street West
Toronto, Ontario M4W 3R1

Tel: +1 (416) 642 6508

Warrington
401 Faraday Street
Birchwood Park,
Warrington, WA3 6GA

Tel: +44 844 873 1418

Wrocław
ul. Muchoborska 6
54-424 Wrocław
Poland

Tel: +48 71 35 83 010

Aptitude

www.aptitudesoftware.com

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