AlixPartners

# 2027 Media & Entertainment Industry Predictions Report



# 2027 is shaping up to be a year of contradictions

On the one hand, AI's staggering growth promises to continue to transform sectors across media and entertainment. The agency model that has long relied on time-based fees will shift towards performance-based pricing as AI rewrites industry standards. AI will also revolutionize casino gaming as agentic AI speeds up game development while cutting costs.

On the other hand, streaming and creator companies that have been growing for years will need to show signs of long-term stability for future investment. The U.S. streaming market primarily relies on viewer engagement, while outside the U.S., partnerships and consolidation will be necessary for broadcasters and streamers to efficiently reach audiences. The creator economy is due for a major valuation reset; building a successful business will prove much more of a challenge than building a large audience. The table is set for a flurry of M&A activity, with increased scrutiny around deal outcomes and their downstream implications.

We're eager to watch how the media and entertainment industries evolve in these turbulent times. The unpredictability and chaos bring with them opportunity; let's see who takes advantage.




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# Our fourth annual AlixPartners Media & Entertainment Report is split across the following six chapters

## 01 | Streaming wars 2027

### The year content spend has to earn its keep

In 2027, we predict three shifts: renewed content investment in North America of around 4%, underwritten on monetized engagement rather than subscriber growth; more partnerships and consolidation in Europe as broadcasters and global streamers seek local content, audience, and scale; and live sport as the main battleground for acquisition and advertising revenue.

## 02 | Media M&A

### From 'Will it happen?' to 'What comes next?'

In 2027, we predict more than $150B in media deal value, but with a critical shift. The conversation around the industry's mega deals will evolve from "Will the deal happen?" to "Did it work and what comes next?", a pivot from the value-and-volume scorekeeping of recent years.

## 03 | Transmedia IP

### The next billion-dollar franchise will be built rather than acquired

By the end of 2027, we predict that leading owners will manage transmedia IP as an always-on portfolio rather than through sequential windows. By 2030, this will shift $60-90B of annual franchise value toward licensing, games, and theme parks, and owners who run IP year-round will earn higher margins and a 20-40% valuation premium.

## 04 | Creators built the audience

### Can they build the business?

We believe that by the end of 2027, the creator economy will go through a meaningful business model and valuation reset. Within the next 18–24 months, one or more well-known venture-backed creator economy companies will fail, restructure, or seek an exit at a materially lower valuation than prior funding rounds implied. The winners will be creators and companies with diversified revenue and sustainable business models.

## 05 | Agency pricing in 2027

### AI kills the time-based fee, but the industry isn't ready for outcome-based remuneration structures

We predict outcome-based pricing will not become dominant in 2027, but brands will ask for it in more pitches, renewals and procurement reviews. We expect performance-linked fees to become a standard request in global creative and media reviews and procurement to ask agencies to put a defined share of margin at risk.

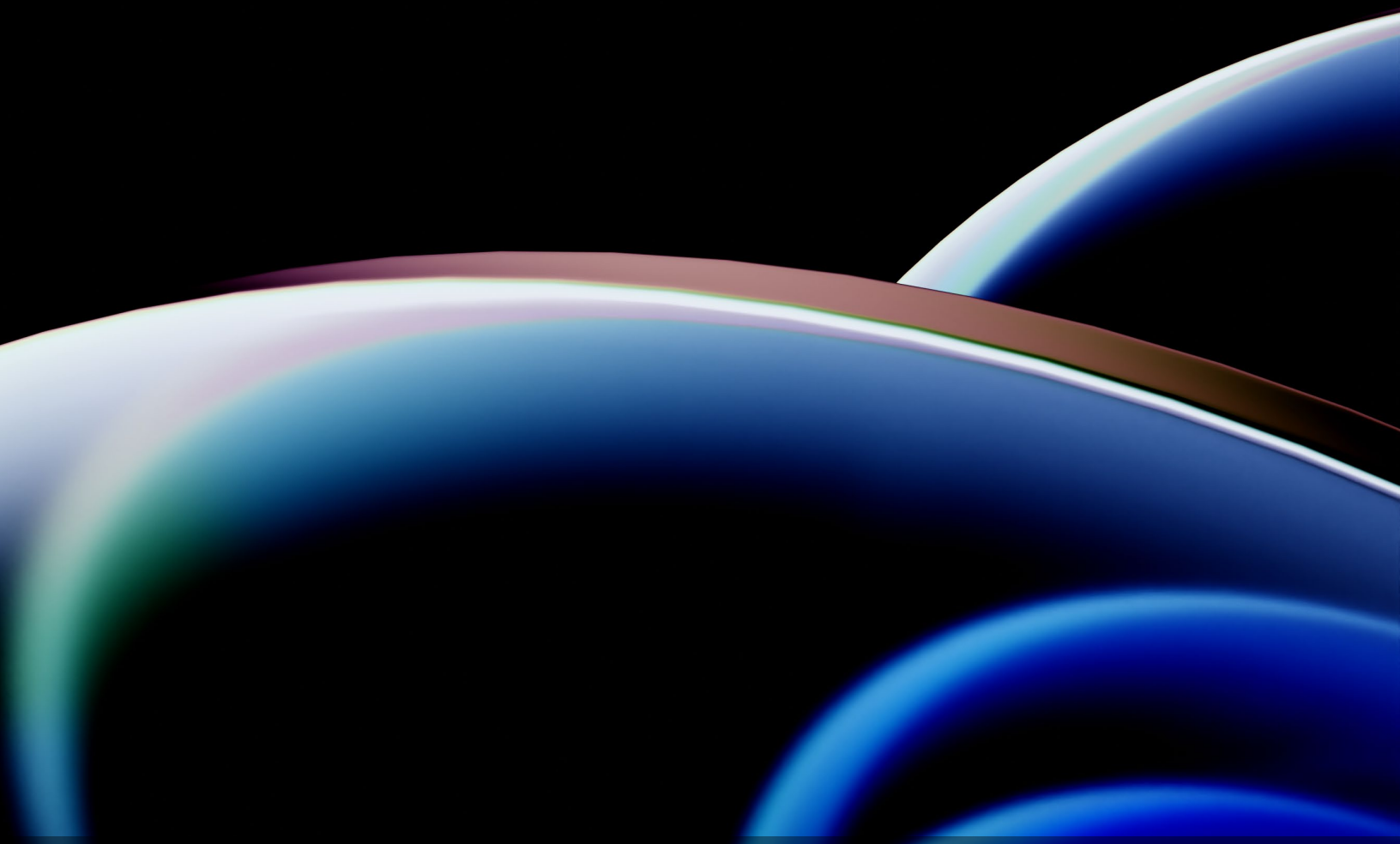
## 06 | The factory paradigm

### Casino game development's AI-native moment

By the end of 2027, we predict at least one Tier 1 supplier will rebuild its pipeline around agentic AI and remove 40-60% of labor costs. We also believe at least one Tier 1 supplier will acquire an AI-native challenger that moved faster than it did. Meanwhile, multiple Tier 2 and iGaming-focused suppliers will deliver titles through AI-native pipelines at commercial scale.

01 | Streaming wars 2027

# The year content spend has to earn its keep

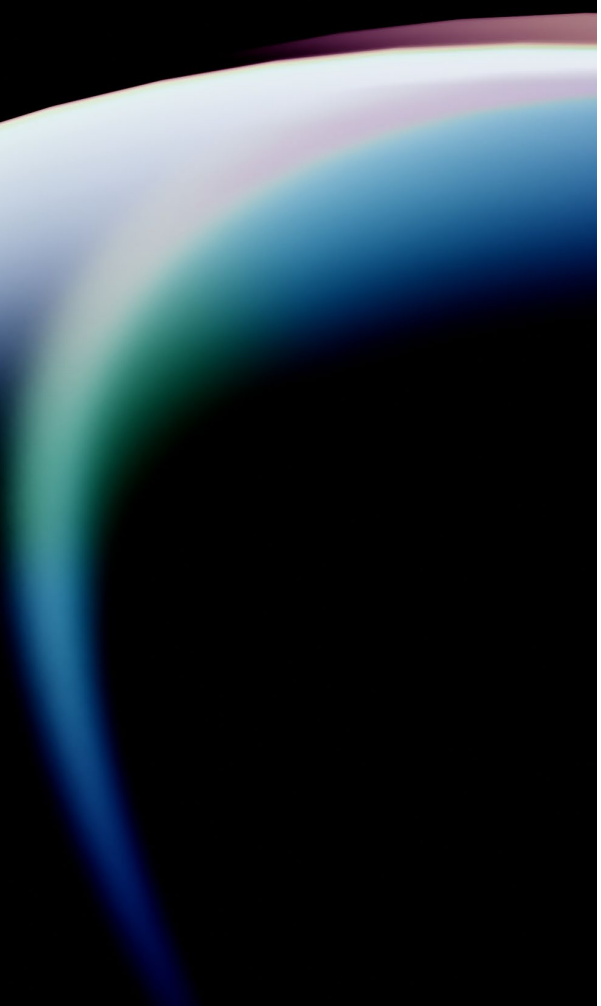


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# 01 | Streaming wars 2027

## The year content spend has to earn its keep



*We expect more disciplined investment in North America, more partnerships and consolidation in Europe, and intensified competition for live sports, with streamers expected to exceed $16B on sports rights in 2027. Operators should underwrite content and rights against the full monetization opportunity across advertising, licensing, distribution and IP extensions, while investors should look for revenue per viewing hour to rise alongside content spend.*

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For the fourth year in a row, we begin our Media & Entertainment Industry Predictions Report with the streaming wars. Last year, we predicted the rise of the "frenemy" and with it more competition, consolidation, and cooperation as streamers and broadcasters sought new ways to win customers, reduce churn, and improve profitability. YouTube leads on reach, but the contest in 2027 will be over engagement and margin rather than audience size.

**In 2027, we predict three shifts: renewed content investment in North America of around 4%, underwritten on monetized engagement rather than subscriber growth; more partnerships and consolidation in Europe as broadcasters and global streamers seek local content, audience, and scale; and live sport as the main battleground for acquisition and advertising revenue.**

## Why we believe our prediction to be true

Subscriber retention to underpin profitability and revenue growth is becoming the key metric ahead of subscriber growth, and so the focus on content investment continues to rise. Ampere Analysis forecasts global content investment will reach $255B in 2026, up 2% compared to 2025, with streamers increasing spending 6% year over year to $101B, or 40% of the total. Scale alone no longer supports returns. Each dollar must reach audiences more efficiently, sustain engagement for longer, and create more opportunities to monetize that engagement. Live sport sits at the intersection of these pressures as one of the industry's most valuable, and most fragmented, sources of engagement.

# How we expect it to play out in the market

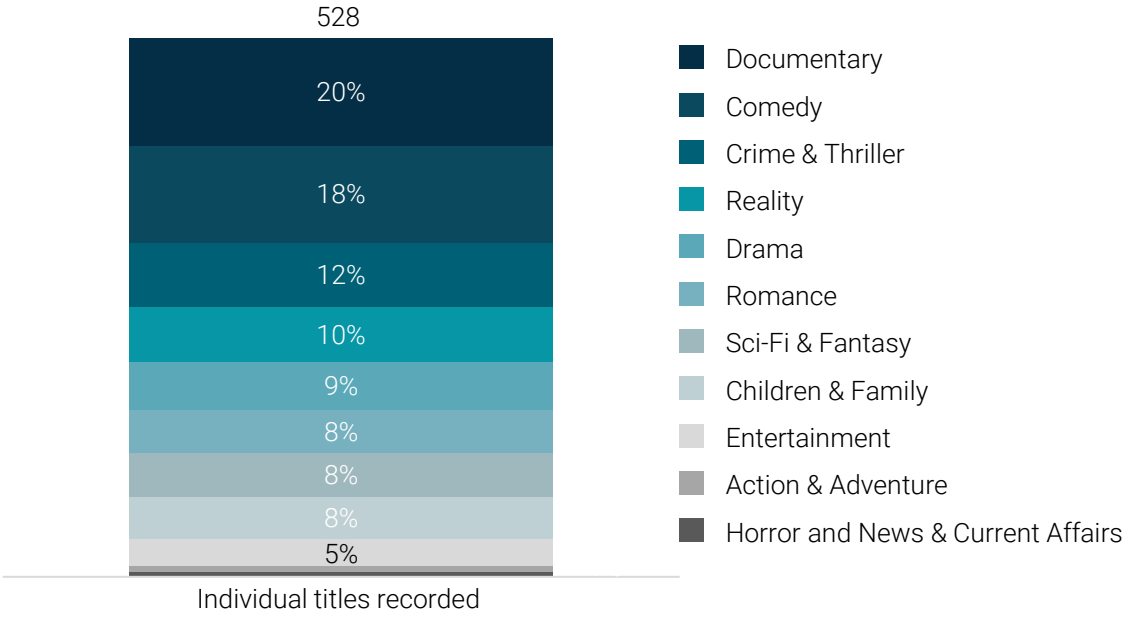
## North America

**A new content cycle built on retention, not acquisition**

After a period of profitability-focused discipline, we predict that streamers are set to increase content spending again by ~4%, but for different reasons than in the last cycle. The 2018–2022 cycle was about subscriber acquisition to scale direct-to-consumer services. The 2026–2027 cycle is about retention.

Keeping subscribers requires year-round slates, deeper libraries, and live appointment viewing. Netflix's content spend has increased by 10% increase to ~$20B in 2026; Disney is expected to spend $24B split evenly between sports and entertainment; and Paramount Skydance is adding $1.5B to its 2026 content budget. As spending rises, two metrics will define the cycle: engagement efficiency (viewing hours per dollar of content amortization) and monetization efficiency (revenue per viewing hour).

**Figure 1:** H1 2026 commissions by genre for North America highlights a focus on retention




Source: Ampere Analysis

At the same time, consolidation creates more ways to monetize without increasing production spend. Paramount's $110B Warner Bros. Discovery acquisition, which closed on October 6, pairs content scale with technology and operating efficiencies. The combined company is required to release at least 30 films annually, approximately in line with their combined 28 film 2026 slate.

The opportunity is to improve returns across the full monetization stack by combining several levers: stacking windows across theatrical, streaming, advertising, and licensing; extending successful IP into games, experiences, and merchandise; using sport to lift advertising yield; and expanding reach through bundles, wholesale, and aggregators. AI is becoming a core monetization infrastructure, improving personalization, discovery, ad targeting, yield management, and production efficiency.

By 2027, we expect top-quartile players could generate at least 50% more revenue per viewing hour than the bottom quartile by investing in content and layering monetization levers to convert that into operating margins of ~30% versus ~10% for subscription-dependent peers.

## Europe

**Partnerships and consolidation become sources of local content, audience, and scale**

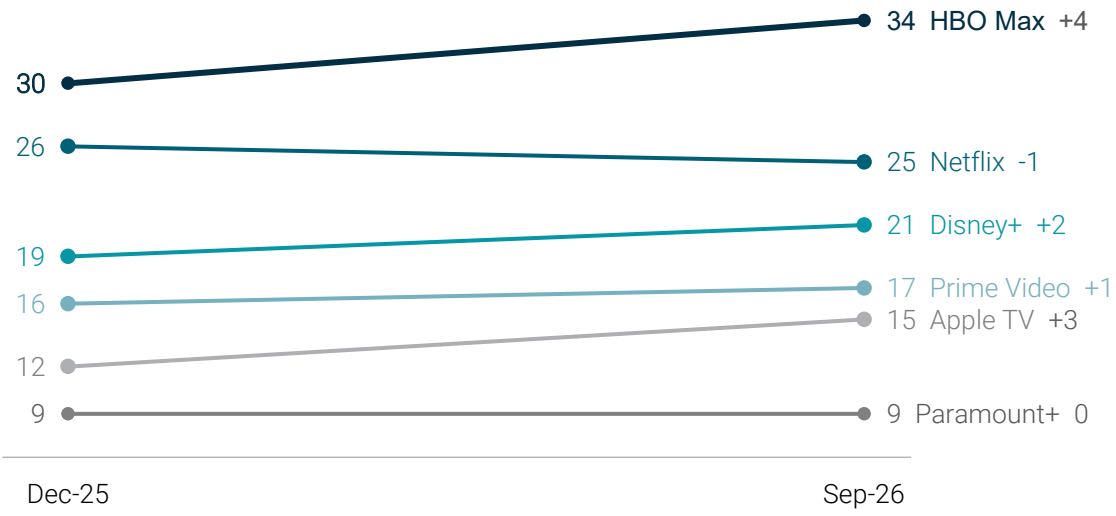
In Europe, the same pressure to increase engagement is producing a different response. The market is structurally fragmented by country, language, and viewing habits, and local broadcasters continue to hold valuable programming and established audience relationships. Streaming revenues overtook European public broadcasters' revenues for the first time in 2024 and are forecast to rise 37% to €38.4B by 2029. Yet public broadcasters remain major commissioners of European television, and their streaming services rank among the most used local platforms in several markets. Global streamers can therefore strengthen their local offering through partnerships rather than building the full content and distribution stack in every market.

Since the launch of TF1 content on Netflix, Ampere Analysis has reported that 17% of profiles have engaged with it on demand, 38% of accounts have watched it at all, and TF1 accounted for roughly 2.6% of total hours watched on the platform (excluding live viewing).

Consolidation is developing alongside these partnerships. In July 2026, Comcast-owned Sky agreed to acquire ITV's Media & Entertainment business for up to £1.6B, including ITV's free-to-air channels and ITVX. The deal would expand Sky's UK audience and advertising footprint against global streaming platforms.

For 2027, we expect total European audiovisual M&A to exceed the 2026 ~€10B, including at least three deals above €1B, and the number of streamer-broadcaster distribution and co-commissioning partnerships to rise by 25% or more as European players look for more efficient ways to add local content, reach audiences, and build scale beyond bundle partnering.

**Figure 2:** Number of bundle partners across Europe




Source: Ampere Analysis

## Live sport

**The most contested segment of the streaming market**

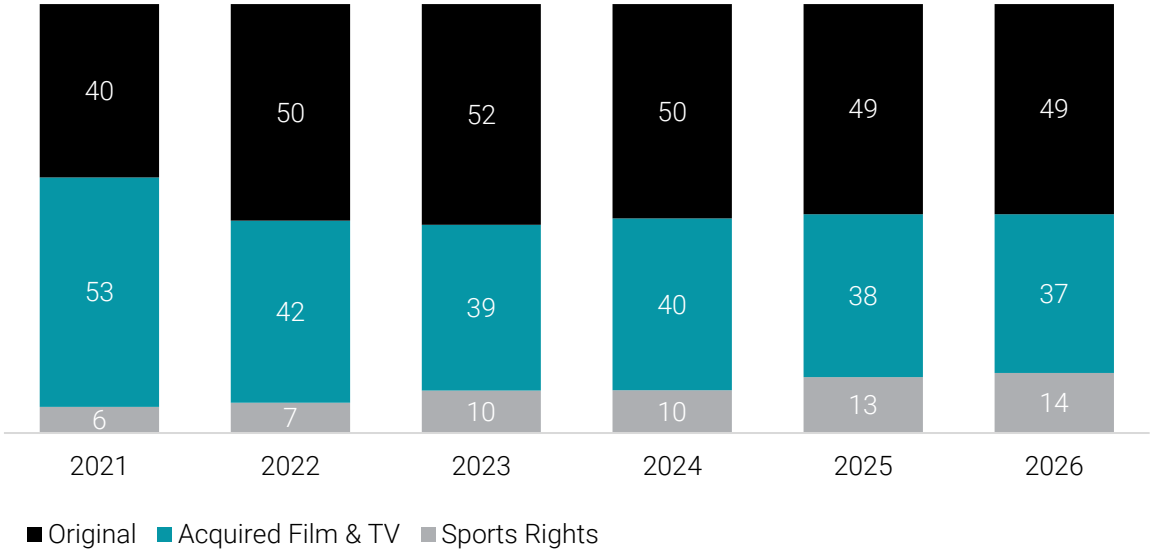
Live sport and events are where competition is most intense, and where the two metrics that define this cycle are tested hardest. Rights are expensive, but live programming drives spikes in acquisition, ad rates, and engagement that general entertainment now struggles to match.

On engagement, live events are proven acquisition levers. Fox One's exclusive U.S. English-language streaming rights of the 2026 FIFA World Cup drove an estimated 2.8M gross sign-ups in June 2026, more than double its previous monthly record of 1.1M, with 93% of them first-time subscribers. Live sport also has outsized cultural reach. In Europe, around 72% of live-sport viewers watch football and 36% watch tennis, making both natural tentpoles for brand campaigns.

On monetization, programmatic and connected TV buying are built around "moments." Platforms such as Sky's sports marketplace let advertisers concentrate spend around goals, high-intensity periods, or second-screen engagement, using real-time bidding and data to adjust creative and frequency. Live events can also justify premium tiers, pay-per-view, sponsorship, and high-CPM ad inventory.

Streamer spend on sports rights in 2026 is expected to land $14.2B, up 7% year on year, with generalist platforms such as Prime Video, Netflix, Paramount+, Disney+, and Apple TV accounting for 44% of that total (up from 31% in 2025). For 2027, we expect streamer spend on sports rights to exceed $16B, close to a quarter of global sports rights spend, with generalist streamers taking more than half. We expect the winners to be those who turn event spikes into lasting value. They will lower acquisition cost through bundles and ad tiers, and extend customer lifetime value beyond the event window by cross-selling into entertainment and non-live sports content.

**Figure 3:** Year-on-year, streamers are spending more on sports rights and less on acquired film & TV while originals continue to make up approximately 50% of their budgets (figure shows % of yearly spend by genre)




Source: Ampere Analysis

# The next phase of the streaming wars will be decided by monetized engagement

In 2027, content, sports, distribution, advertising, and technology will increasingly be judged by how effectively they deepen engagement and convert it into revenue. The industry is entering a new cycle focused on the return generated from each dollar, pound, or euro of investment.

For streaming and broadcast operators, the time to act is before 2027 budgets and rights commitments are locked. Every content and sports rights decision should be underwritten with a clear plan for the windows, advertising, licensing, and IP extensions that will monetize it. When partnerships or acquisitions can add local content, audience, or distribution rather than building from scratch, they should. For investors, the test in 2027 is whether management can show revenue-per-viewing-hour rising alongside content spend. Consolidation and partnership activity in Europe and the U.S. will create entry points for those prepared to move decisively.



02 | Media M&A

# From ‘Will it happen?’ to ‘What comes next?’



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## 02 | Media M&A

# From ‘Will it happen?’ to ‘What comes next?’

*In 2027, we predict more than $150B in media deal value, but with a critical shift. The outcome of the mega deals driving the media M&A landscape will determine who makes the next deal and who does not.*

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Last year, we predicted more than $80B in media M&A deal value for 2026, driven largely by media companies consolidating legacy assets while investing in new technologies.

Our prediction proved correct: Deal value grew 20% in H1 2026 to $112B, and mega deals across media subsectors continue to dominate the M&A landscape.

**In 2027, we believe media deal value will further expand to more than $150B. As mega deals become more common, the conversation will shift from "Will the deal happen?" to "Did it work and what comes next?", a pivot from the value-and-volume scorekeeping of recent years.**

## Why we believe our prediction to be true

Based on historical analysis, successful media mega deals command an EV/EBITDA premium nearly double that of failed integrations 3-4 years post-close. These mega deals directly impact subsequent M&A activity: Companies that integrate successfully have a history of additional moves, while unsuccessful integrations reduce follow-up transactions.

In 2027 and beyond, we believe this trend will accelerate.

## **Figure 4:** Major media and entertainment M&A over last 20 years

| Acquirer | Target | Follow-on deal capacity | Ownership changes since 2000 |
|---|---|---|---|
| **AOL** | Time Warner | No major M&A for over a decade. Spinoffs of AOL (2009), Time Warner Cable (2008), Time Inc. (2014). Combined entity was systematically dismantled rather than expanded. | Three Time Warner changes: AOL-TW 2001, AOL spun 2009, AT&T acquired TW 2018 |
| Source: Rutgers Business Review - AT&T/Time Warner culture clash analysis (2020); CNBC - AT&T fought DOJ for Time Warner only to spin out (May 2021) | | | |
| **Discovery** | Warner Media | Follow on activity primarily divestitures, no major acquisitions | Two changes post-Time separation: Discovery acquisition 2022, Paramount Skydance – WBD merger closed 2026 |
| Source: Discovery Education, Tencent Video VIP, and the April 2022 WarnerMedia merger: Warner Bros. Discovery 10-Q; Tencent Video VIP and AT&T SportsNets: Warner Bros. Discovery 10-K FY2024; BluTV: Warner Bros. Discovery 10-K FY2024; Merger structure (Discovery as accounting acquirer, 71%/29% split): WBD 10-K FY2022 | | | |
| **Paramount Global (ViacomCBS)** | CBS-Viacom re-merger | Negative capacity—forced to sell Simon & Schuster to raise cash. Ultimately sold to Skydance Media. | Three changes: Viacom split from CBS 2005, re-merger 2019, Skydance acquisition 2025 |
| Source: Paramount Global (ViacomCBS):; GuruFocus - Paramount Global (PARA); Variety - Paramount-Skydance closing (Jul 2024) | | | |
| **Disney** | Pixar | ~$79B deployed across 14 years: Marvel, Lucasfilm, 21st Century Fox | One change: public company acquired by Disney 2006 |
| Source: MacroTrends - Disney EV/EBITDA; Disney 8-K on Lucasfilm acquisition, October 2012 | | | |
| **Disney** | 21st Century Fox | Hulu $60B Disney Experiences continued strategic M&A optionality | Two changes: 2013 internal split, sold to Disney 2019 |
| Source: Investing.com - Disney historical EV/EBITDA; GuruFocus - Disney (DIS):; Disney SEC 8-K, March 2019 (Fox close) | | | |
| **Comcast** | NBCUniversal | ~$43B+ in follow-on acquisitions: DreamWorks Animation, Sky | One change: Comcast acquired 51% from GE in 2011, remained 49% in 2013 |
| Source: GuruFocus - Comcast (CMCSA), 10Y median 8.18x; Comcast 8-K on NBCUniversal full ownership, Feb 2013 | | | |
| **Comcast** | Sky | One of the largest UK broadcast deals in history, active EMEA acquirer | One change: 21st Century Fox held 39% prior to Comcast's 100% acquisition in 2018 |
| Source: GuruFocus - Comcast (CMCSA), 10Y median 8.18x; Comcast 8-K on NBCUniversal full ownership, Feb 2013 | | | |
| **Amazon** | MGM | Continued IP and content deals: full James Bond creative control, expanded Amazon MGM Studios as a core Prime Video pillar | Three changes: bought by Sony-led consortium 2005, emerged from bankruptcy 2010, Amazon 2022 |
| Source: Finbox - Amazon (AMZN) EV/EBITDA LTM ; GuruFocus - Amazon (AMZN), 10Y median 27.65x; Hollywood Reporter - MGM ownership history (May 2021) | | | |
| **Microsoft** | Activision Blizzard | Integration made Microsoft the world's #3 gaming company by revenue; continued active acquirer across AI and adjacent tech | Three changes: Activision Vivendi merger 2008, Activision-Blizzard buy back 2013, Microsoft first true ownership transition |
| Source: Sony 6-K SEC filing - EMI close, November 2018; Sony 6-K - EMI announcement, May 2018; GuruFocus - Sony Group (SONY) EV/EBITDA; Billboard - Sony EMI deal details (Nov 2018) | | | |
| **Sony** | EMI Music Publishing | Active catalog acquirer post-close: Queen catalog, Bruce Springsteen publishing, Bob Dylan recorded music, Pink Floyd catalog, Michael Jackson estate stake | Three changes: Terra Firma PE buyout 2007, Citigroup foreclosure 2011, Sony/Mubadala ownership stake 2018 |
| Source: GuruFocus - Microsoft (MSFT), 10Y median 19.52x Microsoft press release - Activision close, October 2023 | | | |
| **Banijay** | Endemol Shine Group | Continued bolt-on strategy across Europe, live entertainment expansion; ongoing consolidation of European production labels | Four changes (Endemol proper): Apollo takeover 2012, Apollo / 21CF JV 2015, Disney inherited Fox stake 2019, Banijay 2020 |
| Source: Banijay - Landmark deal completion press release (Jul 2020); Hollywood Reporter - Banijay $2.2B Endemol Shine deal; Variety - Banijay $2.5B refinancing (Feb 2020) | | | |

Historical ownership change can also illuminate drivers behind integration success. Mega deals in which target assets have changed ownership more frequently tend to be less successful than those with just 1-2 changes. We expect this to continue. Beyond historical ownership, financial discipline, strategic clarity around a target's business value and IP, and nuanced asset integration separate leaders from laggards.

# How we expect it to play out in the market

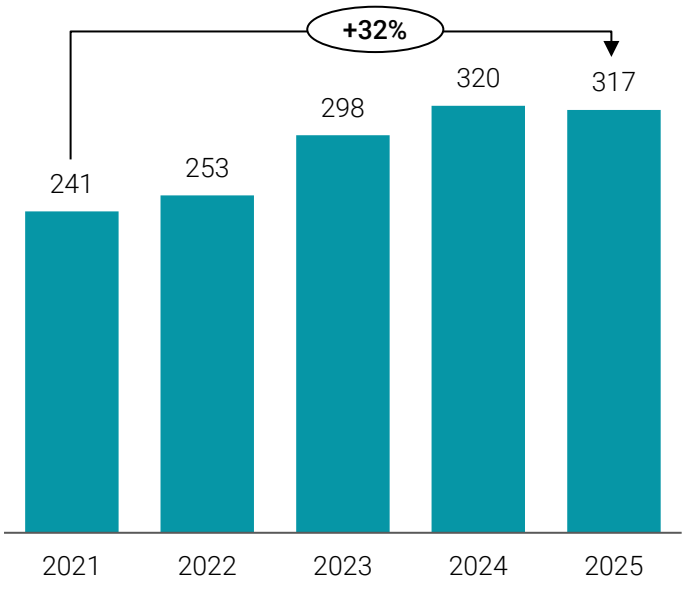
Following successful mega deals, strategic carveouts will supply additional media targets for downstream M&A activity. Legacy media organizations will pursue carveouts to redeploy capital to more beneficial assets or enter select media subsectors with strong growth potential. This prediction is already in motion through Comcast's announced spin-off of NBCUniversal and Sky that separates its media and entertainment outlets from its connectivity platforms.

In 2027, the increase in divestitures and the new targets they provide will bolster mid-market media M&A. We predict the redeployment will focus on where customers continue to spend more time; CTV, podcasts, and the creator economy all stand to benefit.

Fox's announced acquisition of Roku for $22B indicates a new customer-centric consolidation strategy may be on the horizon, in which linear TV asset owners combine legacy content with modern distribution channels to expand viewership and advertising revenue. High quality, structured customer data will also be a driver behind subsequent M&A activity as media companies seek to acquire a defensible moat in the AI era. We expect first-party data and data capabilities to become a key focus area underpinning M&A effort in 2027.

**Figure 5:** Media divestitures are increasing as mega deals push acquirers towards asset sales, particularly of legacy media holdings

Count of media divestitures (2021-2025)




Source: Pitchbook

# A new M&A chapter

As the media and entertainment M&A conversation shifts from deal activity to deal outcomes, and the downstream impact of those outcomes, successful integrations are more important than ever. Whether additional deals follow will be the new indicator of deal success.

For today's dealmakers, now is the time to undergo rigorous post-merger integration planning to ensure follow-on deal capacity and expansion into the top media growth segments tomorrow. For investors considering deal activity, rigorous M&A due diligence is more critical than ever to establish the foundation for a successful outcome. 2027 promises more competition and new consolidation strategies as "Did it work and what comes next?" becomes the critical question to answer.

03 | Transmedia IP

# The next billion-dollar franchise will be built rather than acquired

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Mark Endemaño, Julia Windsor



## 03 | Transmedia IP

# The next billion-dollar franchise will be built rather than acquired

*The next billion-dollar franchises are more likely to be built over several years than acquired. We predict that by 2030, $60–90B of annual franchise value will shift to licensing, games, and theme parks, rewarding owners who run IP year-round with higher margins and a 20–40% valuation premium. In 2027, value will move from distribution to IP, media groups will reorganize around franchise P&Ls, and AI will cut the cost of extending IP across formats. Leaders should act now, before release slates and rights positions are locked.*

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The boundaries between gaming, film, television, and sports continue to erode as entertainment companies compete to secure the next generation of global franchises. Consumers now choose from more content across more platforms, and competitive advantage now comes from owning the IP that audiences seek out on every screen.

According to AlixPartners analysis, the world's top 15 IP franchises have together generated more than $750B in lifetime revenue. Nearly all of them are 'four-quadrant.' meaning they appeal to male and female audiences of all ages. Three of the top 15 began as video games, second only to books, and six originated in Japan. They also share a passionate core fan base, and most reach well beyond their home market and win over each new generation of fans.

We believe the next generation of billion-dollar franchises will be built on transmedia IP, meaning characters and worlds that are extended across formats once they have proven their appeal. As dealmakers look beyond traditional studio consolidation toward cross-media acquisitions, they will prioritize ownable characters and universes that travel across film, TV, gaming, merchandise, and live experiences.

**By the end of 2027, we predict that leading owners will manage transmedia IP as an always-on portfolio rather than through sequential windows. By 2030, this will shift $60–90B of annual franchise value toward licensing, games, and theme parks, and owners who run IP year-round will earn higher margins and a 20–40% valuation premium.**

# How we expect it to play out in the market

We expect three moves to reshape the industry in 2027:

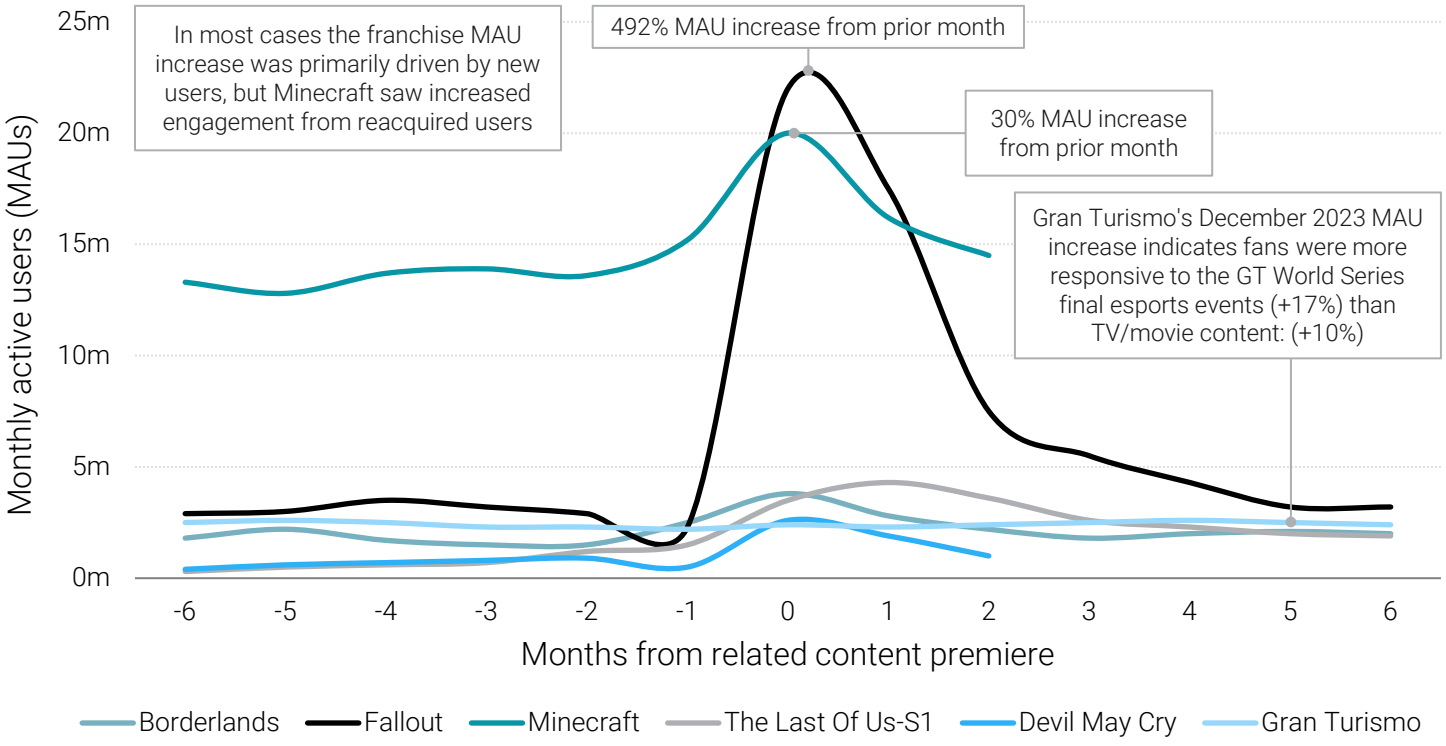
## 1 Value is shifting from distribution to IP

Distribution was once the primary source of competitive advantage and is now a baseline requirement. Value now sits with defensible, transmedia-ready IP that can travel across formats, cultures, and generations.

We see three sources of new franchise value. The first is gaming, the richest and least exploited pipeline, with roughly 3.5 billion active gamers and universes such as The Elder Scrolls, Mass Effect, and Grand Theft Auto that still have no screen adaptation. The second is IP from outside Hollywood and Japan: Minecraft, Bluey, and Squid Game came from Sweden, Australia, and South Korea. The third is creator-led IP, with YouTube acting as a farm system for Hollywood. Backrooms began as a single 4chan post before being developed into a feature film by A24, and grossing more than $400M worldwide. The Amazing Digital Circus and Hazbin Hotel followed the same path of YouTube pilot, audience validation, then studio backing.

Screen adaptations of games succeed when they rebuild the world rather than retell the plot. Recent hits, including Minecraft, Fallout, The Last of Us, and Super Mario, stayed true to the world, lore, and tone of the source material, were made with creators who grew up playing the games, and lifted game sales.

**Figure 6:** Transmedia-fueled game title awareness can convert audiences into engaged franchise fans




Source: Ampere Analysis. MAUs reflect monthly active users of the game; spikes align with the premiere month of related TV/streaming content (month 0).

Owners who cultivate IP as an ecosystem, rather than an asset to acquire, will capture the most value from the next generation of franchises. Bluey shows what this looks like in practice. BBC Studios retained the global rights and extended it across streaming, YouTube, licensing, games, and live experiences. The franchise is now estimated to be worth $2B with a feature film anticipated in 2027.

Most of the top 15 began as a single creative success that its owner then scaled with discipline planning. Universal's "Symphony" approach to Jurassic World shows the discipline involved: research with fans, a 10-year plan, and a deliberate expansion into animated series, theme parks, and games. Marvel took this furthest with the Marvel Cinematic Universe: 38 films that reference one another and feed merchandise, games, theme parks, and TV, with the brand planned by product and by market years ahead of release. Over time, deep lore and a large back catalog become a structural moat that widens the gap between IP-rich and IP-poor companies.

## 2 Media groups will reorganize around franchise P&Ls

Most media groups structure themselves around separate businesses: studio, streaming, linear, games, consumer products, ad sales, and licensing. In 2027, we expect more of them to follow what the Pokémon Company has done and reorganize around franchises and measure performance on the franchise P&L rather than by individual show or channel. The relevant KPI will become fan lifetime value, the cumulative contribution from subscriptions, ads, tickets, retail, and live events.

The Pokémon Company shows what Level 4 looks like in practice. It manages Pokémon as a single franchise across games, the trading card game, animation, film, licensing, and live events. Pokémon has generated an estimated $150B or more in lifetime revenue, the most of any media franchise.

Running a franchise P&L means balancing fan feedback, creative vision, and economics. Live-service games can test and adjust constantly based on player feedback. Film and theater depend more on a strong creative vision, because audience feedback arrives late. The economics are also harder to manage, because streaming buyers increasingly want all rights. As a result, owning the library and retaining a share of the equity matter more, which makes the choice of partners critical.

Companies whose film, TV, parks, and games divisions work closely together can also move quickly when a title breaks out, as Universal did with Obsession. But pushing a hit too hard risks overexposure, and some franchises need to be rested between releases. Interest in Marvel and Star Wars has already fallen. Audiences say they want originality, with 70% of U.S. consumers asking for more original content, yet every film in the 2025 global top 10 was a sequel, remake, or adaptation. The issue is quality rather than appetite: Poorly executed adaptations struggle to hold audiences regardless of budget, as the Rings of Power illustrated.

Figure 7: Companies making this shift move through four levels of transmedia maturity

### Level 1, Title portfolio

IP is managed as a portfolio of individual titles, each with its own P&L. Divisions build and own their formats separately, and licensing is negotiated deal by deal. Performance is measured by title-level box office, ratings, or unit sales.

### Level 2, Coordinated licensing

Core IP is extended into adjacent formats through licensing and co-marketing. Extensions are owned by separate divisions or partners with a central brand team coordinating release windows. Performance is measured by licensing revenue and title-level returns.

### Level 3, Franchise P&L

Priority franchises are managed as a single P&L across all formats. A dedicated franchise team owns the P&L and coordinates development, rights, and licensing across divisions. Performance is measured by franchise contribution and fan lifetime value.

### Level 4, Transmedia ecosystem

Characters and worlds are extended across formats and cultures as soon as they show traction. Franchise teams own development, rights, and audience data across every touchpoint, and AI is used to test concepts before greenlight. Capital is allocated by expected franchise lifetime value.

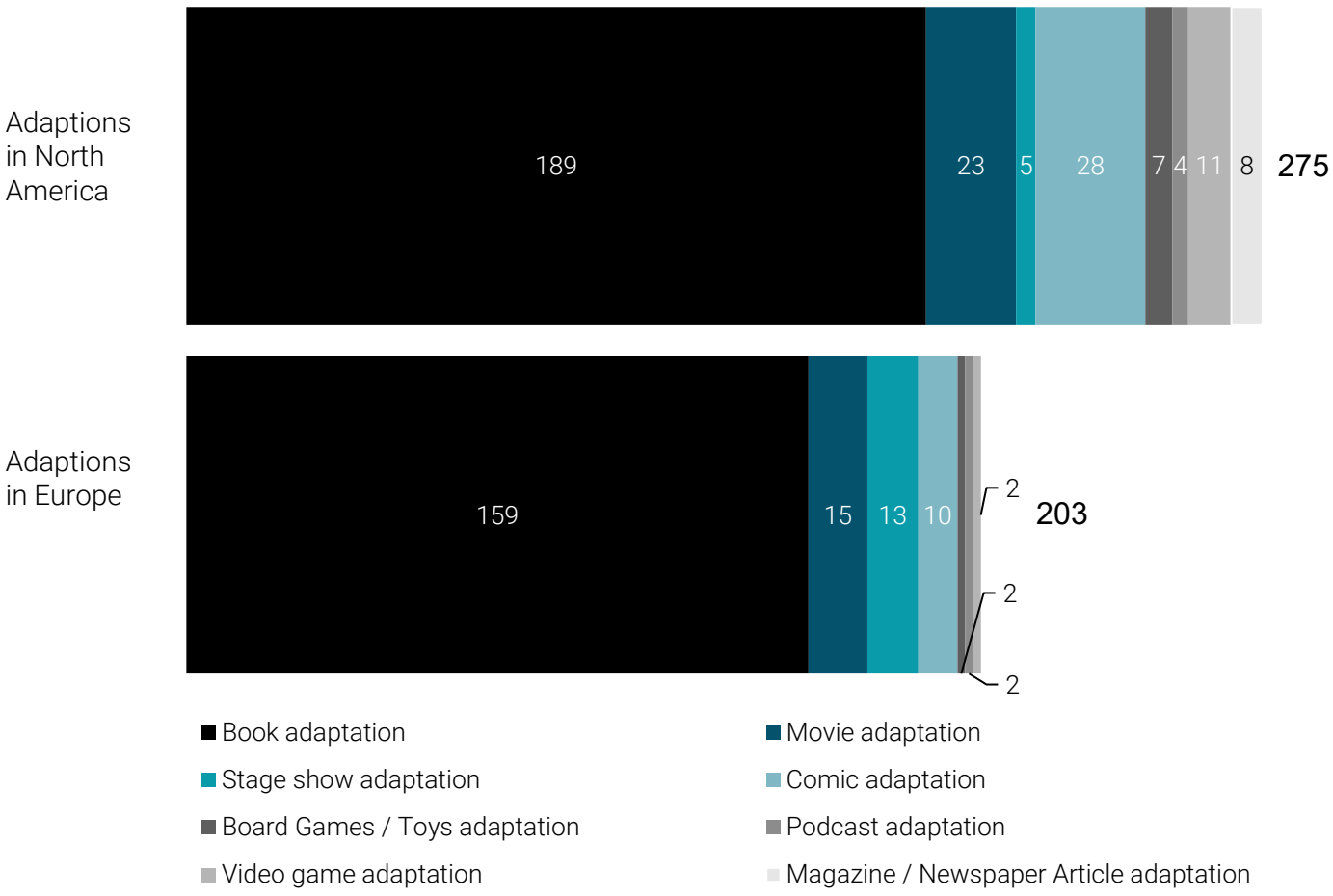
# 3 AI will reduce the cost of extending IP across formats

In 2027, studios will test more franchise concepts before committing to an expensive series or game. Industry executives see AI mainly as a way to iterate faster or cut costs, but caution that it could hurt quality. AlixPartners analysis suggests the larger prize is revenue: video game studios that combine advanced AI with durable IP will earn a 2–3x valuation premium, driven mainly by deeper engagement, higher revenue per user, and faster monetization, with cost savings playing a supporting role.

The largest savings will come in previsualization, concept art, localization and dubbing, and campaign production, where AI shortens work that once took months of specialist time. Localization matters most for our headline prediction, because faster, lower-cost dubbing lets franchises from Asia and other non-English-speaking markets reach global audiences sooner.

AI will also become a fan-facing format in its own right. In December 2025, Disney agreed to invest $1B in OpenAI and license more than 200 characters for fan-generated video on Sora. The deal unwound in 2026 when OpenAI shut down Sora. The episode shows that IP owners need control over where their characters appear and who captures the economics. We expect more character-licensing deals with AI platforms in 2027, with shorter terms, clear guardrails, and economics tied to fan engagement.

**Figure 8:** Adaptions from books remain the highest source of commissioning across North America and Europe




Source: Ampere Analysis

# What leaders should do in 2027

Companies should act before their release slates and rights positions are locked. We see five priorities:

1. Place each priority franchise on the maturity model and set a target level and timeline.
2. Stand up or refresh a franchise P&L for the two or three properties with the strongest cross-format potential, with a named owner and fan lifetime value as the KPI.
3. Audit rights across partners and territories to find gaps that would block extension into new formats.
4. Use AI to test concepts before committing capital, and redeploy the savings into franchises that perform.
5. Retain library ownership and equity in new IP where possible, choose partners accordingly, and pace releases so priority franchises are not overexposed.

**Figure 9:** The top 15 franchises earned over $750B by extending across screen, games, products and places

| # | Franchise | Lifetime revenue | Screen | Games | Consumer products | Publishing | Experiences | Digital / community |
|---|---|---|---|---|---|---|---|---|
| 1 | Pokémon | | ● | ● | ● | • | ● | ● |
| 2 | Hello Kitty | | • | • | ● | • | ● | ● |
| 3 | Winnie the Pooh | | ● | • | ● | ● | ● | • |
| 4 | Mickey Mouse | | ● | ● | ● | ● | ● | ● |
| 5 | Star Wars | | ● | ● | ● | ● | ● | ● |
| 6 | Anpanman | | ● | • | ● | ● | ● | • |
| 7 | Marvel | | ● | ● | ● | ● | ● | ● |
| 8 | Super Mario | | ● | ● | ● | • | ● | ● |
| 9 | Harry Potter | | ● | ● | ● | ● | ● | ● |
| 10 | Barbie | | ● | • | ● | ● | ● | ● |
| 11 | Dragon Ball | | ● | ● | ● | ● | • | ● |
| 12 | Transformers | | ● | ● | ● | ● | ● | • |
| 13 | James Bond | | ● | ● | • | ● | • | • |
| 14 | Gundam | | ● | ● | ● | • | ● | • |
| 15 | Minecraft | | ● | ● | ● | ● | ● | ● |

Channel strength: ● Leading ● Established • Limited

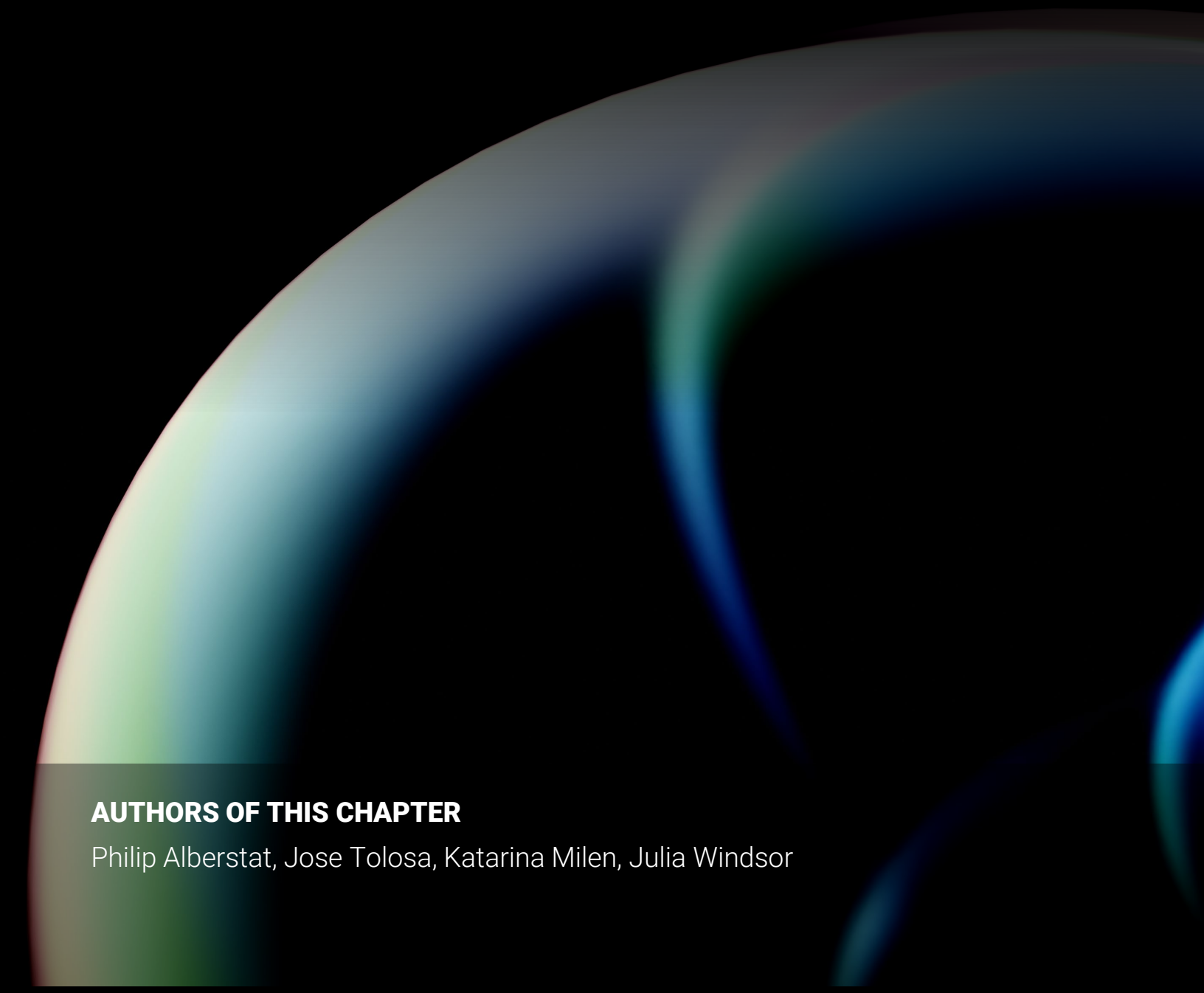
Bubble size shows the relative strength of each franchise in each channel. Bar length shows lifetime revenue relative to the largest franchise.

Source: AlixPartners analysis of estimated lifetime franchise revenue; figures are estimates that vary by source.

**What the ratings show:** Combined lifetime revenue passes $750B across the 15 franchises. 14 of 15 lead in consumer products, and 8 lead in three or more channels. Star Wars and Harry Potter lead in five channels. Six originated in Japan and three began as video games.

04 | Creators built the audience

# Can they build the business?



**AUTHORS OF THIS CHAPTER**

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# 04 | Creators built the audience

## Can they build the business?

*The creator economy is growing, but slowing ad growth, platform dependence, and fragmented economics are setting the stage for a major business-model and valuation reset by 2027. Within the next 18–24 months, one or more well-known venture-backed creator economy companies will fail, restructure, or seek an exit at a lower valuation. The winners will be creators and companies with diversified revenue and sustainable business models.*

---

The creator economy looks strong on the surface. But beneath that growth, the market is under pressure.

U.S. creator ad spend is expected to reach $44 billion in 2026, up about 18% year over year, after 26% growth in 2025. In the attention economy, creators are not only competing with other creators. They are competing with streaming services, sports, podcasts, gaming, social platforms, short-form video, and live experiences.

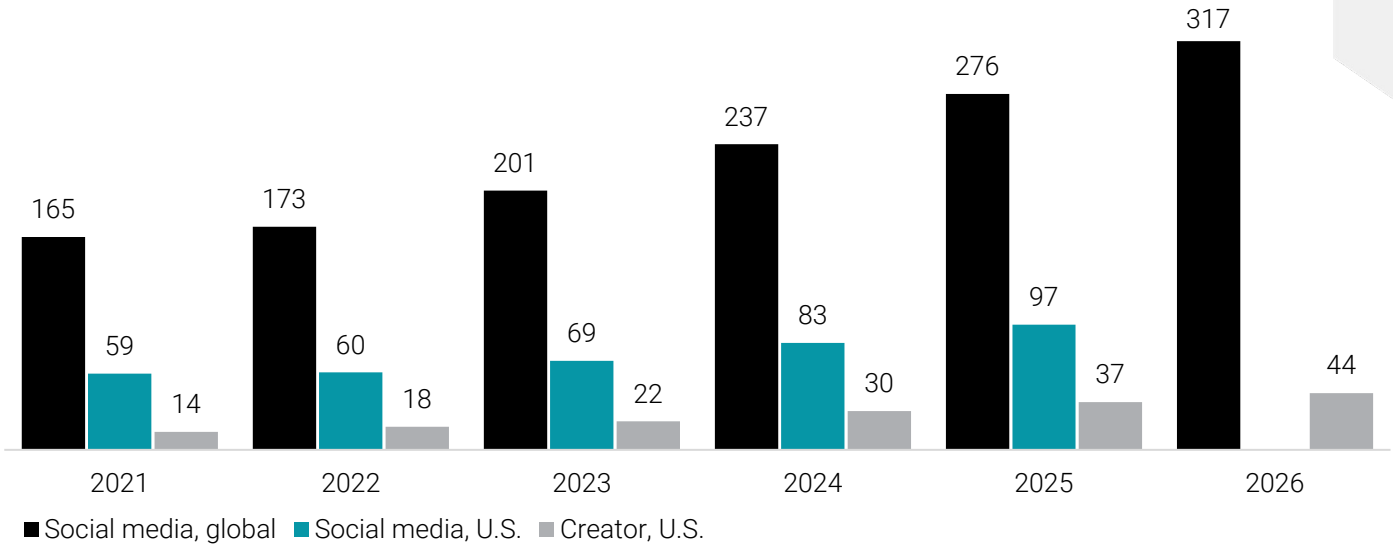
Creators remain highly fragmented, while the financial rules are still shaped by a small number of major platforms like YouTube, TikTok, and Meta. Those platforms control distribution, algorithmic reach, monetization rules, content policies, and access to audience data.

That creates a real imbalance. Creators may own their voice, their content, and the loyalty of their audience, but they often do not control the economic infrastructure around that audience.

Outside the major platforms, few creator economy companies have scaled into durable standalone businesses. Direct-to-consumer platforms such as Patreon can monetize super fans, but they do not solve creators' dependence on platforms where audience discovery and engagement still happen.

**We believe that by the end of 2027, the creator economy will go through a meaningful business model and valuation reset. Within the next 18–24 months, one or more well-known venture-backed creator economy companies will fail, restructure, or seek an exit at a materially lower valuation than prior funding rounds implied. This builds on our 2026 prediction that private capital would increasingly consolidate creator tooling and monetization infrastructure, as we expect that consolidation to be accompanied by a broader reset in creator economy valuations and business models.**

**Figure 10:** Advertising spend ($B) by segment




Advertising spend, YoY growth with '21-'25 CAGR

| Year | Social media, global | Social media, U.S. | Creator, U.S. |
|---|---|---|---|
| **2021** | - (base) | - (base) | - (base) |
| **2022** | +5% | +2% | +32% |
| **2023** | +16% | +15% | +20% |
| **2024** | +18% | +20% | +33% |
| **2025** | +16% | +17% | +26% |
| **2026** | +15% | n/a | +18% |
| **CAGR (2021–25)** | **+14%** | **+13%** | **+28%** |

Source: Social media, global - Statista, Social media; U.S. - Winterberry Group, reproduced by Statista Creator; U.S. - IAB, 2025 Creator Economy Ad Spend & Strategy Report (https://www.iab.com/insights/2025-creator-economy-ad-spend-strategy-report/)

# Why we believe our prediction to be true

This is not a negative view of creators. It is a recognition that creators are becoming a permanent part of the media landscape, but not every company built around the creator economy has a durable business model.

The market is starting to separate companies with real operating leverage from those built mainly on platform reach, audience scale, and 2021-era growth assumptions. Audiences can create influence, but they do not automatically create enterprise value.

The winners will be companies that can turn fragmented creator activity into scalable, defensible businesses. That means aggregating audiences, owning or controlling rights, improving monetization, building commerce, managing data, creating direct fan relationships, and reducing dependence on any single platform.

# How we expect it to play out in the market

**Creator economics will make consolidation between smaller players to gain leverage against the major platforms an inevitability.**

Even top creators such as MrBeast cannot build a standalone business on platform advertising revenue alone. The largest creators increasingly rely on revenue streams they own or influence more directly, including brand partnerships, merchandise, owned products, licensing, podcasts, live appearances, events, and premium content. In this model, the creator is no longer just talent. The creator becomes the front end of a broader media and commerce business. Businesses that aggregate creators, infrastructure, audiences, commerce, and rights have a stronger chance of creating durable value.

Night is an early example of this emerging model. The talent management company raised $70M in February 2026 to build, operate, and acquire businesses embedded in internet culture across media and entertainment. Its portfolio includes the Roost podcast network (relaunched as Podium in July 2026), Experiential Supply Co., and LFM Management. This positions Night as a creator holding company focused on ownership, infrastructure, and monetization.

The inclusion of experiential businesses is important. Aggregators are not only trying to represent creators; They are buying or building infrastructure that helps creators move into live, real-world formats and capture more of the attention they already generate online. There is also a growing ecosystem of companies helping creators monetize through management, brand deals, IP licensing, analytics, commerce, and direct fan relationships. Later's $250 million acquisition of Mavely is one example of creator-commerce and influencer-marketing infrastructure consolidating.

## Content quality is converging from both ends; legacy media is already being forced to loosen its rules and embrace new formats.

Since 2025, a growing number of scripted features originating with digital creators have moved into traditional theatrical release, arriving under different ownership structures:

**Figure 11:** Creator features

| Month, Year | Title | Classification | WW theatrical box office | Production budget | Box office / budget |
|---|---|---|---|---|---|
| **May 2025** | **Bring Her Back** | Creator & studio | $39.1M | $17.5M | 2.2x |
| **Jul. 2025** | **House on Eden** | Creator-led / controlled | $0.5M | $0.01M[1] | 45.6x[1] |
| **Oct. 2025** | **Shelby Oaks** | Creator-led / controlled | $8.1M | $1.4M | 5.8x |
| **Nov. 2025** | **Two Sleepy People** | Creator-led / controlled | $0.3M[1] | $0.1M | 2.5x[1] |
| **Jan. 2026** | **Iron Lung** | Creator-led / controlled | $50.0M | $5.0M[1] | 10.0x[1] |
| **May 2026** | **Obsession** | Creator & studio | $523.6M | $0.8M | 654.5x |
| **May 2026** | **Backrooms** | Creator & studio | $400.6M | $10.0M | 40.1x |
| **Jun. 2026** | **The Amazing Digital Circus: The Last Act** | Creator-led / controlled | $36.4M | n/a | n/a |
| **Dec. 2026** | **Gods Don't Give Gifts** | Creator & studio | n/a | n/a | n/a |
| **Feb. 2027** | **CoComelon: The Movie** | Creator-originated IP | n/a | n/a | n/a |
| **TBD 2027** | **Anything But Ghosts** | Creator & studio | n/a | n/a | n/a |
| **TBD 2028** | **The Mandela Catalogue** | Creator & studio | n/a | n/a | n/a |
| **TBD** | **Portrait of God** | Creator & studio | n/a | n/a | n/a |

Source: IMDbPro (1 - estimates)

Footnote: Production budgets exclude print and advertising. As a rule of thumb, a worldwide theatrical box office of roughly 2.5x the production budget approximates theatrical breakeven.

At one end are creators who no longer need studios to make the jump into premium long-form content. Iron Lung was self-financed and distributed to more than 4,000 screens by its creator, earning roughly 10x of its budget in worldwide theatrical box office before moving to an exclusive purchase window on YouTube rather than a traditional streaming platform. Other titles keep the creator's original IP and audience but bring a studio in on financing and production, with ownership and creative control set deal by deal. Obsession, for example, was produced with a budget of only $750,000. The creator-originated film went on to earn more than $500 million at the box office, ranking as the tenth highest-grossing worldwide theatrical release of 2026 (as of September).



## The investment opportunity

By the end of 2027, a private equity firm or other institutional investor could fund creator-led production directly. That would start to chip away at the traditional studio model in the broader battle for finite audience attention.

For PE firms specifically, the opportunity is to identify creator economy businesses with durable economics before the market fully reprices. The most attractive investments are businesses that help creators aggregate audiences, manage rights, improve monetization, build commerce, create direct fan relationships, and reduce dependence on major platforms.

For legacy media companies, the priority is to decide where to buy, where to partner, and where to compete. Creator-led formats, video podcasts, micro-dramas, and mobile-first entertainment belong in core strategy as part of the broader fight for attention.

For talent agencies and management companies, the question is whether representation alone is enough. The market is moving toward operating platforms that can help creators build businesses and negotiate deals.

The companies that win in 2027 will understand the difference between audience scale and durable economics. In the attention economy, scale only matters if it can be converted into owned relationships, monetization, and defensible enterprise value. The creator economy reset will create pressure, but it will also create opportunity for buyers, operators, and advisors who are prepared before the market fully adjusts.

05 | Agency pricing in 2027

# AI kills the time-based fee, but the industry isn’t ready for outcome-based remuneration structures

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# 05 | Agency pricing in 2027

## AI kills the time-based fee, but the industry isn't ready for outcome-based remuneration structures

*AI is making time-based agency pricing harder to defend, and in 2027 brands will push harder for contracts that tie fees to outcomes. Agencies that use the year to reprice around value, unbundle their offer, and invest in measurement will shape those deals. Those that wait will have the terms set for them.*

Agency pay models have been overdue for reform for years, and 2027 is when the pressure starts to bite. Budgets are flat, technology is rewriting how agencies work, and agencies can no longer justify fees brands cannot see inside. Appetite for change is real and dissatisfaction with current models is widespread across both agencies and brands.

Outcome-based pricing requires industry wide change as it is an operating-model change, not a contract change. What continues to hold reform back is a lack of shared goals between brands and agency, confidence in how to price outcomes and measurement to prove them.

To prepare, agencies need to do three things in 2027: 1) reprice around value rather than hours, 2) unbundle their offer so the right parts can be tied to results, and 3) build measurement both sides trust before signing outcome terms.

**We predict outcome-based pricing will not become dominant in 2027, but brands will ask for it in more pitches, renewals and procurement reviews. We expect performance-linked fees to become a standard request in global creative and media reviews and procurement to ask agencies to put a defined share of margin at risk. Agencies that use 2027 to move to mixed labor-and-performance models, and to build the measurement those contracts need, will negotiate from strength when those requests arrive.**

# Why we believe our prediction to be true

Coca-Cola set the precedent in 2008, when it put a value-based performance overlay across its advertising and media relationships globally, separating cost recovery from profit. A base fee covered costs and profit relied wholly on a performance score: nothing if targets were missed, and a mark-up of roughly 30% at the top threshold.

Little has moved since, with the recent WPP and JLR deal providing a publicly disclosed example of an outcome-based remuneration structure. Most briefs have ~20% of revenue linked to outcome-based metrics with time-and-resource pricing still dominant from an agency point of view. Brands, however, are looking to change this, with 63% of brands expecting to increase their use of performance-based pay in the coming years.

Three changes mean brands will push harder in 2027. AI is changing agency economics, brands have more data than ever on how customers respond to their products, and agencies are evolving how they go to market with integrated offerings.

# How we expect it to play out in the market—and how agencies should respond

## 1 Reprice around value before AI reprices the agency

AI is rewriting the fee model because the work it does is not measured in hours. As AI cuts the hours a job takes, firms that still sell time lose revenue faster than they lose cost, because brands claim the saving before the agency has banked it.

The displacement is also uneven: We see a major impact in production, media buying, account handling and reporting, but it's marginal in strategy and creative ideation. The effect is that it forces agencies to price judgement, data, and measurement. We expect brands to ask for AI efficiency savings to be passed through in 2027 renewals, and production and reporting to be the first services moved to fixed or output-based prices.

The agencies that are adapting fastest treat AI as a pricing enabler, not a cost-reduction story. Monks, for example, has completely reimagined its offering for the AI era and is shifting towards a subscription model that combines talent, technology, and continuous improvement. AI's most valuable commercial application is in forecasting, scenario modelling and performance attribution, the capabilities that give both sides confidence to link fees to outcomes.

The advantage now sits with agencies that can package expertise into solutions, price them against outcomes the brand cares about, and prove the result with data both sides trust. In 2027, agencies should identify which services AI is commoditizing, move those to fixed or output-based prices, and reinvest the margin in the forecasting and attribution capabilities that outcome contracts need.

## 2 Unbundle the offer, and decide which parts can be tied to results

Holding companies are folding individual agency brands into single operating companies, with WPP being the most recent to follow Publicis' lead. That repackaging makes a results-based contract more feasible. What is being sold is no longer a team but a named service or whole campaign with a defined scope and an agreed measure of success. Agencies and brands are also partnering for longer, with 44% of creative agency of record partnerships now exceeding five years.

Agencies like WPP that have started shifting to outcome-based pricing point to operational change, not a new rate card: cost-to-serve visibility, repeatable delivery, and measurement good enough to price against. The hybrid emerging most often in practice is the Coca-Cola model from 2008 of a base fee, project or sprint fees for variable scope, and a performance fee wherever outcomes can be credibly measured. We predict this three-part structure will become the default template in 2027 account reviews, with the performance element growing at each renewal rather than in a single step. Agencies should go into 2027 renewals with that structure already priced: cost to serve by service line, a defined scope for each named service, and a clear view of how much margin they are willing to put at risk.

## 3 Build the measurement before signing the outcome contract

Two things get blurred in pricing conversations: How the price is set and how upside is captured. Any new model must win approval from everyone involved in the buying decision. That means expressing value using the terms each buyer cares most about: effectiveness and strategic access for marketing, predictability and a business case for finance, and comparability and auditability for procurement.

The hardest part of an outcome-based agreement is often agreeing on which outcomes count, over what period, and how to treat the high-impact variables neither party controls. We expect outcome definitions, not fee levels, to be where most 2027 negotiations stall. Agencies should draft those terms before brands do; those that wait will inherit the downside and share little of the upside.

What goes into an outcome-based framework? Marketing-mix modeling carries the cross-channel view multi-touch attribution can no longer supply; geo-based incrementality testing provides the causal read modeling alone cannot; clean rooms make the brand's outcome data usable without handing it over; and an agreed baseline sets what the business would have delivered unaided.

Someone has to fund that infrastructure, and the answer shapes the negotiation more than the fee formula does. An agency that builds the measurement itself gains speed and loses the argument on independence. A brand-side build settles independence and leaves the agency negotiating against numbers it cannot interrogate. A jointly commissioned third party is slower and more expensive, and the only version both sides can defend to a board. While agency measurement is currently the norm, concerns over Publicis' recently announced agreement to acquire LiveRamp and the renewed industry call for neutrality leads us to expect brand-side data to stay with brands in the long term. Agencies should decide which model they will propose, and what it costs, before the next pitch rather than leaving the choice to the brand.

# Bringing the market along

Changing to outcome-based pricing takes more than adjusting a contract. It means changing how the agency sells, measures, and delivers services. Agencies that treat outcome-based pricing as a procurement problem will trade margin for volume; those that treat it as an operating model will set the terms for the next generation of agency relationships. By the end of 2027, we expect a visible gap between agencies that can price what they deliver and those still defending headcount, with the former winning a disproportionate share of reviews.

Agencies cannot make this change alone; the entire industry must change. Brands will have to stop judging agencies mainly on input costs and be clearer about the outcomes they want. Procurement teams will need ways of assessing value, not just comparing day rates and headcount. Intermediaries need contract templates and benchmarks that allow for hybrid models. Agencies that wait for the rest of the market to move will find the terms of their next contracts have already been set by brands and procurement teams, and do not reflect the value they bring.

The time to act is now, not at the next renewal. Agencies should go into 2027 with cost to serve by service line, a priced three-part fee structure, and a proposed measurement model. Brands and procurement teams should agree the outcomes they will pay for and the baseline they will measure against before the next review opens.

CFOs and procurement teams should ask three questions:

1. **Do we understand the cost to serve by service line?**
2. **Which parts of the fee can credibly be linked to outcomes?**
3. **Have we agreed how those outcomes will be measured?**

The parties that do this work first will set the terms of agency remuneration for the rest of the decade.

Reference: AlixPartners practitioner interviews of senior media executives (2026).

06 | The factory paradigm

# Casino game development's AI-native moment

**AUTHORS OF THIS CHAPTER**

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# 06 | The factory paradigm

## Casino game development's AI-native moment

*By the end of 2027, we predict at least one Tier 1 casino game supplier will rebuild its pipeline around agentic AI and remove 40-60% of labor costs. We also believe at least one Tier 1 supplier will acquire an AI-native challenger that moved faster than it did. Meanwhile, multiple Tier 2 and iGaming-focused suppliers will deliver titles through AI-native lanes at commercial scale.*

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Much of the casino gaming industry is embedding AI tools into its existing game development model, but it's missing the mark. Retrofitting AI into a legacy architecture simply moves the bottleneck of siloed teams, manual handoffs, and rework at each developmental stage. To remove the bottleneck, the industry needs a paradigm shift, not a technology upgrade.

We see three distinct paths for gaming operators and tech suppliers to respond to AI, only one of which provides the needed shift:

**Model A, the AI-enabled approach**
Embeds tools into the existing pipeline stage by stage. Disruption is low and early wins are real, which keeps the internal politics easy. But handoffs, approval gates, and structural waste all stay. Labor savings cap at 10-30% ; the ceiling is the architecture.

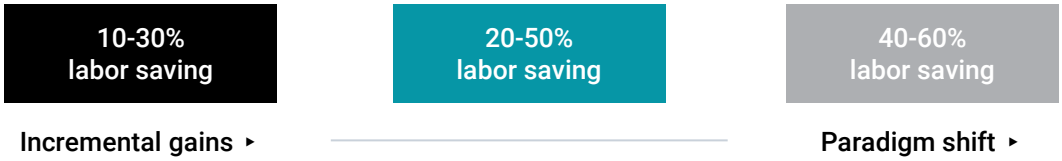
**Model B, the AI rebuild**
Replaces the same sequence with a cleaner, AI-first toolchain. Savings reach 20-50% and governance improves, but it remains trapped in one assumption: that a multi-stage pipeline of specialized teams, with handoffs between them, is right for game production. The waste at the boundaries persists.

**Model C, the AI-native studio**
Replaces the multi-stage sequence with four agentic lanes: Spec & Design, Build & Integration, Asset & Localization, and QA/Cert & LiveOps, each owning a large end-to-end scope with humans in the loop at key decision gates. This is not a hands-off system; agents handle the work in between, and humans supervise and sign off on the outputs that carry commercial and regulatory consequences.

Agentic pipelines without accountability will not survive a first serious defect. Most other handoffs become agent-to-agent events, not cross-team meetings, and the rework that accumulated at every boundary disappears with the boundaries themselves.

**Figure 12:** Three AI responses to the studio challenge, and why only the third is a paradigm shift:

| Dimension | A \| AI-enabled<br>Retrofit into current studios | B \| AI-rebuild<br>Greenfield rebuild of multi-stage BP | C \| AI-native<br>AI-only studio with 4 mega-agents |
|---|---|---|---|
| **Operating model** | Existing multi-stage blueprint unchanged | All stages rebuilt AI-first from scratch | 4 agentic lanes replace multi-stage structure |
| **AI role** | Tools layered on top of current roles | AI within each stage; stage structure preserved | AI IS the pipeline; humans at key gates only |
| **Handoffs** | All legacy handoffs and gates remain | Reduced within stages; boundary waste persists | Agent-to-agent via canonical game graph |
| **Scope** | All studios, all title types | One or two new-build studios | Porting factory (ports, reskins, variants) |
| **End-to-end saving** | **10-30%** | **20-50%** | **40-60%** |
| **Speed gain** | **Marginal** | **Meaningful within stages** | **3-6x vs. legacy for ports/reskins** |
| **Time to value** | 6–18 months | 9–24 months | 12–24 months to first certified title |
| **Risk** | Tool sprawl, uneven adoption | Dual models, integration complexity | Narrower initial scope, higher build complexity |




Source: AlixPartners multi-stage studio blueprint analysis
Note: Internal production cycles only. Lab certification queues excluded.



**The AI-native studio handles ports, reskins, and value-add variants; new flagship IP stays in legacy studios. The efficiency case is grounded in concrete numbers. AlixPartners estimates up to 40-60% labor reduction for porting and reskin work versus legacy baselines. Internal production cycles that take three to six months compress to four to eight weeks, not only because the work is done faster but because the boundaries that generated most of the rework no longer exist.**

That range tracks with the broader industry signal from adjacent gaming. Morgan Stanley analysts estimated in an April 2026 note that AI-driven automation across environment creation, dialogue generation, and software testing could cut development costs of AAA video game titles by roughly 44%, unlocking around $22 billion in annual profits across the global games sector.

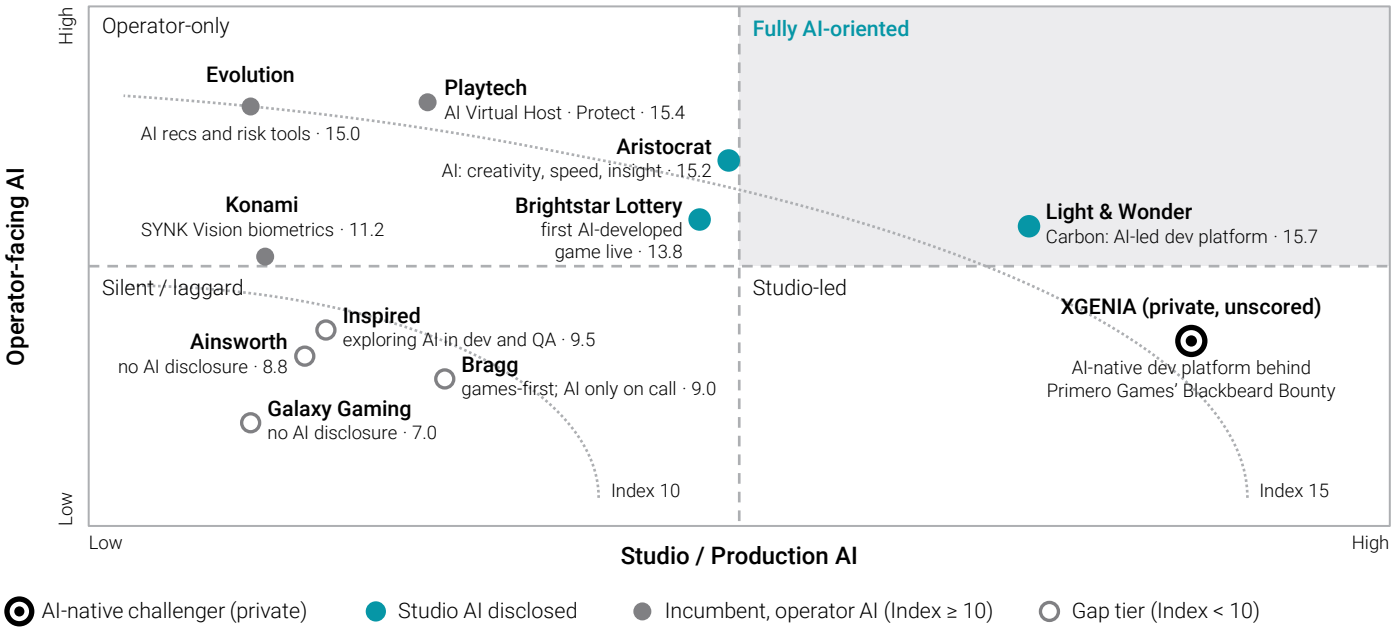
# The market is already moving, and most of it is happening out of view

The field has already embraced AI. The part that is visible is operator-facing: personalization, player tracking, trading, CRM, and floor optimization. This is proof the sector can put AI into production inside a regulated, revenue-critical environment, which is the hard part. What looks thin in the public record but is in the works at many companies to some degree is the game-production side. Game development AI is a margin mechanic and a competitive moat; a supplier that has reorganized its pipeline around it has no reason to describe it.

The competitive divide is no longer between firms that use AI and firms that do not, but between firms that have redesigned how the work gets done and firms still organized around a labor-heavy model; the same split between Model A and Model C. On the challenger side, XGENIA is the reference point: A small startup that emerged in 2024, launched publicly in 2025, and by January 2026 was demonstrating "Blackbeard Bounty," a slot developed by Primero Games (owner of Storm Games) on its platform, at ICE Barcelona. The path from platform launch to playable game is measured in months, with no legacy architecture to work around.

Among incumbents, Light & Wonder is the one Tier 1 casino name whose game-development AI has surfaced in public. Its Carbon platform, an AI-led toolchain rebuild (Model B), delivers full game portability across land, social, and web; the first Carbon titles are scheduled to reach market by the end of 2026. The work became visible because investors pressed management on AI disruption. Once AI becomes the investor story, the incentive flips from concealment to disclosure.

**Figure 13:** B2B casino supplier AI orientation of studio/production AI versus operator-facing AI



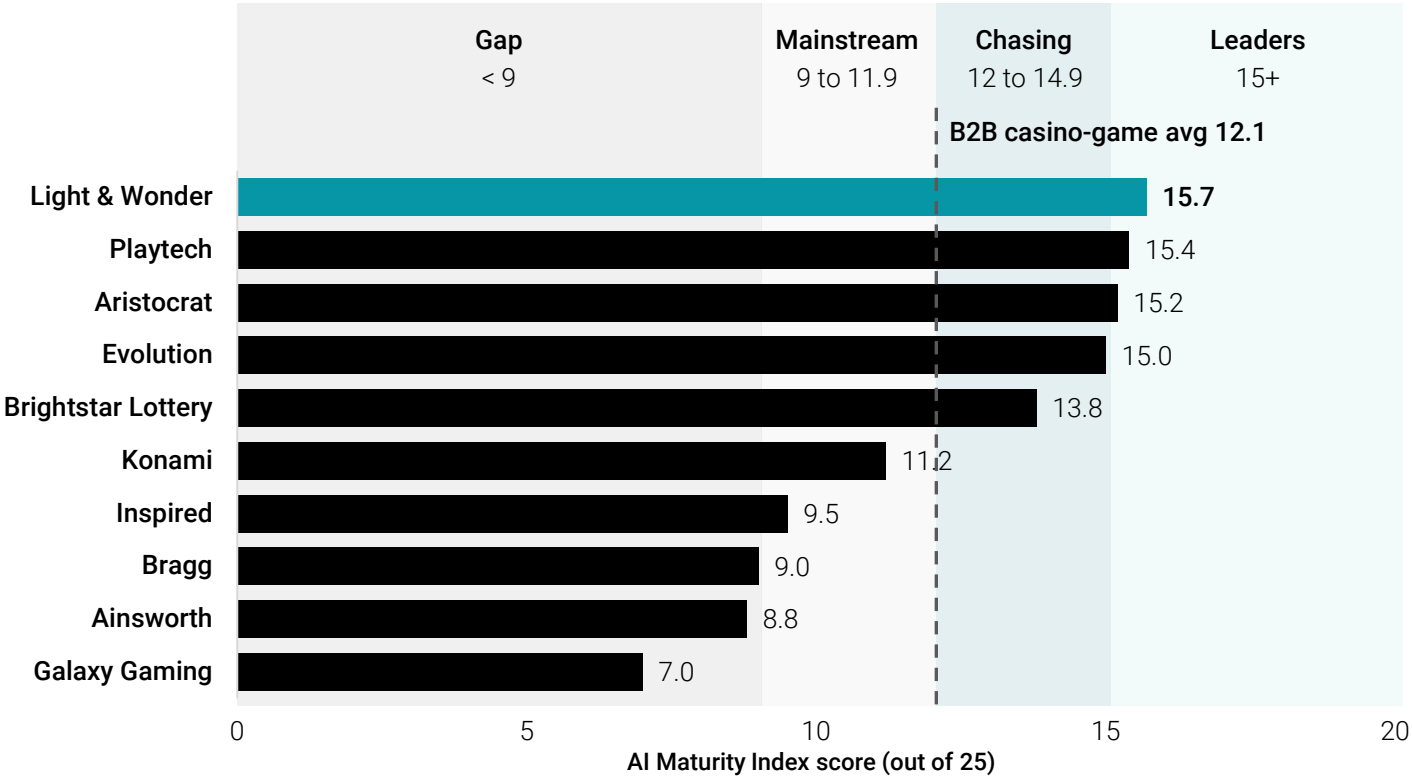

Not included because privately held: IGT (Apollo), Scientific Games (Brookfield). XGENIA is private and unscored; it is placed on disclosed capability, not on the index rule.

Source: AlixPartners analysis of public disclosures, earnings calls, and conference presentations, October 2026. Distance from the origin scales with the AI Maturity Index score; the angle reflects the share of disclosed AI applied to studio work. XGENIA is private and unscored; it is placed on disclosed capability.

The maturity data, read with that asymmetry in mind, sharpens the picture. The October 2026 AlixPartners AI Maturity Index for Gambling & Gaming graded 10 publicly traded companies across five pillars: strategy, execution, technical capability, organizational design, and innovation, each out of five for a 25-point maximum score. Because it is built on public disclosure, it reads the operator-facing dimension well and under-reads game production by construction.

Light & Wonder (15.7) is the only Tier 1 supplier whose score reflects a public Model B rebuild of game development. Aristocrat (15.2) has elevated AI to a named strategic pillar (though its methodology in game creation remains less specific than L&W's). Brightstar Lottery (+1.5 to 13.8) took the largest revision: its first AI-developed game is already live. Beneath the leaders, the field thins quickly.

**Figure 14:** AI Maturity Index: B2B casino-game suppliers (10 companies), October 2026




Not included because privately held: IGT (Apollo), Scientific Games (Brookfield)

Source: AlixPartners AI Maturity Index, October 2026. Scores out of 25; axis shown to 20. B2B casino-game suppliers (10) average 12.1. Sports-betting suppliers excluded

Read together, the two views point one way: The capability is in place, the work is under way, and the structural move—reorganizing the company around AI rather than running AI inside the existing pipeline—is the part still mostly unclaimed. The open questions are speed and who steps up first, which is why we expect that move to surface in 2027.

# The model of the future

The AI-native studio of our Model C is a full operating-model change, not a tooling upgrade, and the build takes time. The 12-24-month build timeline for a production-ready AI-native studio means the investment decisions made in 2026 determine the 2027 competitive landscape.

If you're stuck in Model A, it's time to leapfrog to Model C; there is no value in transitioning to Model B. And those in Model B must move ahead to reach the AI-native level that Model C promises. These first steps can help:

**Model A:** Baseline cycle time and labor hours on one port or reskin backlog, then pilot one agentic lane.

**Model B:** Remove handoffs at stage boundaries and define human decision gates with regulatory sign-off.

**Model C:** Align on the AI-native path with early tests, then plan for scale. Contemplate a quantified investor disclosure.

The direction is set, and once one supplier operationalizes the model, it will compound with every title shipped. We expect the first operational AI-native studio to surface in 2027, and the gap to quickly open.

AlixPartners advises casino gaming suppliers, operators, and investors on operating model transformation, AI strategy, and M&A. Our gaming practice has worked across game economics, studio productivity, and digital transformation in both land-based and iGaming verticals.

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## About us

For more than forty years, AlixPartners has helped businesses around the world respond quickly and decisively to their most critical challenges—circumstances as diverse as urgent performance improvement, accelerated transformation, complex restructuring and risk mitigation.

These are the moments when everything is on the line—a sudden shift in the market, an unexpected performance decline, a time-sensitive deal, a fork-in-the-road decision. But it's not what we do that makes a difference, it's how we do it.

Tackling situations when time is of the essence is part of our DNA—so we adopt an action-oriented approach at all times. We work in small, highly qualified teams with specific industry and functional expertise, and we operate at pace, moving quickly from analysis to implementation. We stand shoulder to shoulder with our clients until the job is done and only measure our success in terms of the results we deliver.

Our approach enables us to help our clients confront and overcome truly future-defining challenges. We partner with you to make the right decisions and take the right actions. And we are right by your side. When it really matters.


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