



MVPD Game Changers

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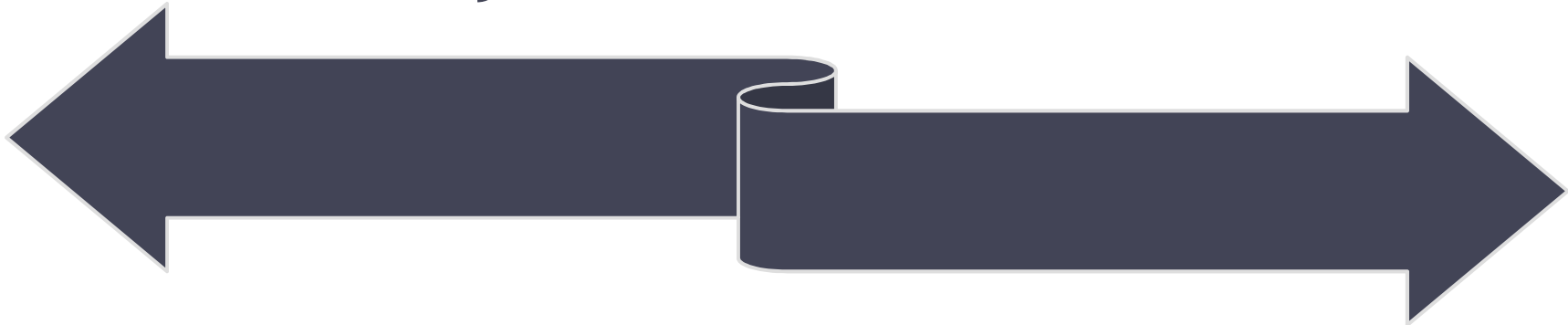


The MVPD Marketplace is changing...

Is this really something new in our industry?



A short 50 year timeline



Analog off-air content
with no program fees

Analog Linear

HD Video/4K

VOIP

Ad Insertion

Pay Per View

TV Everywhere

WiFi Hotspots

Digital Channels

VOD

OTT

Internet

Premium Channels

Audio Services

Home Automation



Competitive Forces

Traditional CATV

Overbuilds

DBS

Subscription OTT

Free OTT

Programmers Bypassing Carriers

Red Box & Video Rentals

Multicasting Broadcasters



Emerging Alternates



PlayStation™Vue



Financial Trending Ratios to Benchmark

- RPU (revenue per unit)
- Debt per subscriber
- Cost and source of capital
- Tier ratios of your subscribers
- Cash flow per subscriber
- Programming cost as a percentage of revenue



Consider the future of video services through the eyes of the content owners

Programmers control content rights

Content Owners are not likely to desire reduced income

The distribution timing model

OTT supplementary services

OTT stand-alone services

Wholesale/retail model



Terrestrial delivery still offers the greatest capacity

Wireless is spectrum and distance limited and is best used for itinerant or mobile devices

The internet of “things” will place new demands on networks

4K Ultra HD bandwidth demands

OTT, best effort or managed network



Total screen time is increasing

However, it is increasingly divided by appliances

Active viewing vs passive viewing



Skinny Bundle Trends

Breaking up larger tiers into smaller “ala cart” options

- Marketing Packages
- Contractual Obligations



Example home data usage

- Real world sample home
 - Family of 4 “Cord Cutters” (no linear television service), Multiple screens (TV’s, tablets, smart phones), Multiple services (hulu, Netflix, YouTube)
 - **Average 600-900Gb of data per month**
- Monthly cost of **\$60** per month for uncapped data usage at industry average service speeds.
- Based on industry trending cap+ model of \$40/250GB, and \$10 per 50Gb overage, average monthly cost is **\$145**.
- Industry average LTE data of \$15/Gb would be over **\$1000** per month.



The Real “Game Changer”...

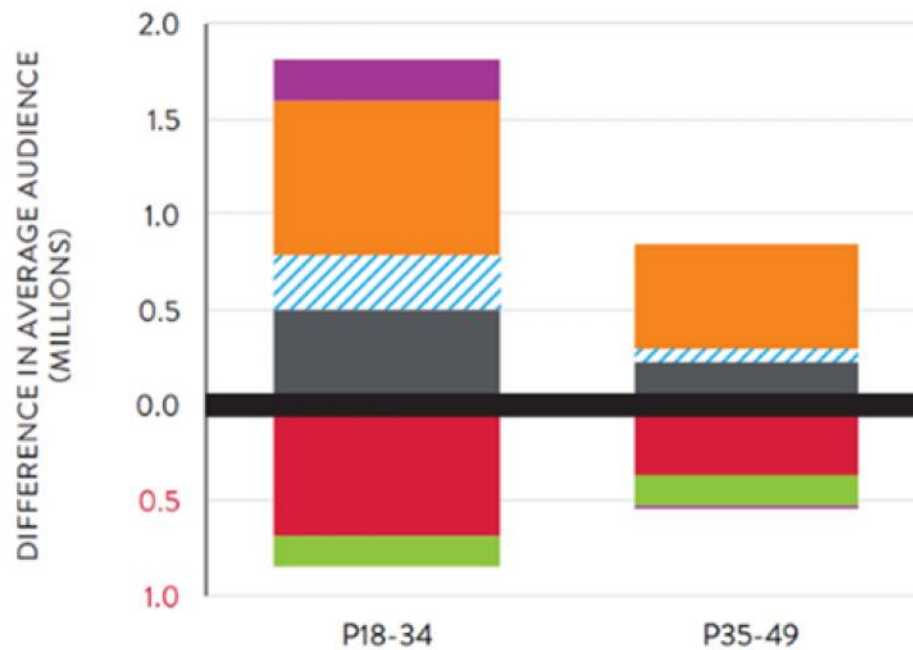
is the shift to VOD
like consumption
from multiple sources
on varied screens.



GAIN/LOSS IN OVERALL MEDIA USAGE

USAGE MOVING TO MOBILE AND TV-CONNECTED DEVICES

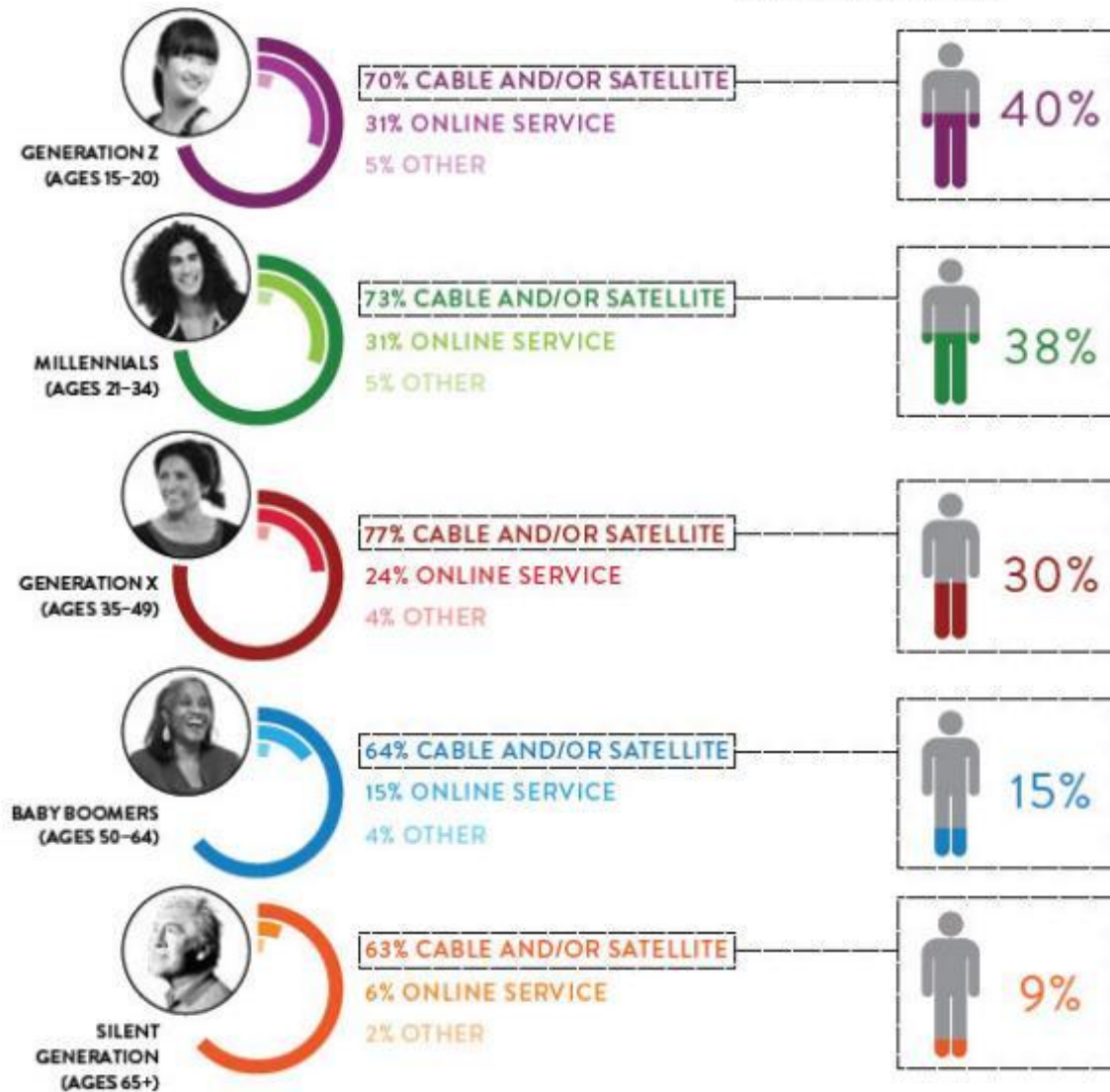
AUGUST 2014 - AUGUST 2015 DIFFERENCE IN AVERAGE AUDIENCE



● TV ● RADIO ● TV-CONNECTED DEVICES ● PC* ● SMARTPHONE ● TABLET
(DVD, Game Console, Multimedia Device, VCR)

PERCENTAGE OF RESPONDENTS WHO CURRENTLY PAY PROVIDER FOR PROGRAMMING*

PERCENTAGE OF CABLE/SATELLITE SUBSCRIBERS WHO SAY THEY PLAN TO CANCEL SERVICE IN FAVOR OF ONLINE-ONLY SERVICE





We Are Video!



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