



Goldman Sachs TMT Conference Recap

September 2018

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Altice USA Continues To Look For Accretive Acquisitions To Strengthen Their Cable Business

BROADBAND

- **Continue to see growth of their data product, both on the Optimum footprint and on Suddenlink**
 - Seeing double-digit growth in data ARPU based on the combination of price increases and reinvigoration of new homes built effort
- **Continue to see average user speed and usage continue to rise as people consume more and require more speed**
 - The average download usage is currently 220GB, with the top 10% taking 1TB, which is growing at 25% a year

VIDEO

- **Video is the core product and will remain a profitable business for many years to come, even based on all the renewals ahead**
 - Has great customer churn enhancement features and allows them to do other things, like the advertising platform
- **Altice One is part of the preparations to potentially not be the primary video provider in the home**
 - Anticipate it having attractive churn slowdown effects, and possibly at some point, can actually increase monetization of video customers
 - Seen a lot of proactive migration requests from customers, but still determining how actively they want to migrate existing customers

ADVERTISING

- **Developed an advanced advertising platform off the back of the #1 DMA in the country to be able to go national, both on the linear and the digital side**
 - a4 is a multiscreen, national addressable advertising business which means they have customer reach across TV, mobile, tablets, laptops, etc
- **News 12 is the hyper-local piece of it, and have recently made some exciting investments into the business**
 - It is their most watched channel by a long shot
 - i24 has only been on the air in the U.S. for about a year but they continue to grow distribution

MOBILE

- **Using the MVNO with Sprint, they are launching a mobile product in 2019 for customers, particularly in the Optimum footprint**
 - Have some flexibility to offer a bundled product to existing customers and a stand-alone product to non-existing customers
 - Will be offering an attractive per-gigabyte pricing level
- **As a facilities-based MVNO, they have their own core network and not beholden to white labeling their service**
 - Can control/prioritize the offload of traffic between Wi-Fi and roaming partner in a very smart and effective way
 - Can market in DMAs where they have B2C and B2B customers

Can they leverage the expertise of its sister company to build out the mobile business in the U.S.?

AMC Networks Is Using The Core Network To Enhance The Distribution Of Their Smaller Networks

DIRECT TO CONSUMER

- **Want to get into the direct-to-consumer business in a way that is complementary to core cable business and content ownership**
 - Have 6 various different direct-to-consumer services, some of which are very targeted and niche
 - AMC Premiere is a hybrid and really new form of direct-to-consumer service
- **Scale and level of investment for each service is very different and they can be profitable at very reasonable levels**
 - They've all had a growth pattern and are now expanding overseas in markets that they think are appropriate

OTT

- **In the emerging new world of domestic distribution, incumbency has less to do with what occurs because it's a free-er market**
 - AMC Networks is carried more widely among those virtual MVPDs than any other independent programmer
 - The distribution position that they have in the U.S. on these new skinny packages is an indicator of their long-term vitality
- **As the world is changing, there is price pressure on the video component that MVPDs offer**
 - They are in a preferred position, because they have great shows, channels and an extraordinarily attractive price

ADVERTISING

- **There actually are a limited number of places to buy advertising around prestige TV and that's not lost on people**
 - It creates paucity that creates demand for them and they saw a very good pricing increase
- **The most important thing is the ability for cable TV to have the genetics and the granularity that's inherent in digital**
 - Have a set of analytics that allow TV commercials to go in 25 different versions, which can kick up CPMs radically
 - There are many allied companies that are setting out to bring the implementation of that to the TV screen

STUDIO

- **They are disciplined about cost and like to think they have excellent relationships with the creative community**
 - Put the fate of TV shows in the hands of creative people and support them in what they want to do
 - Some segments of this world has seen huge price escalation in bidding, but the piece they operate in has not
- **Have distribution infrastructure across the globe, so the content licensing business will remain a strong business**
 - While every show is not a hit, there is a consistency to the quality that helps develop brand name recognition

As the premium scripted space gets more crowded, will they be able to produce another franchise show?

AT&T Has The Ability To Offer A Suite Of Different Video Offerings To Increase Their Subscriber Base

OTT

- **Customer base has been very resilient to the price moves of DirecTV Now as they put new functionality in the platform**
 - Causing them to really begin to think differently about how to align the video portfolio over the next few months
 - Stood up WatchTV as their key over-the-top product and is actually a profitable product, the way it is structured
- **If they are going to own premium content, it's imperative to have direct-to-consumer capabilities**
 - Most media companies are exclusively wholesale models, and while they will be important for the foreseeable future, they're going to be stressed

CONTENT

- **Have as good a portfolio of premium content as anybody in the industry and it's important to have a good scripted long-form content as well as digital content**
 - Will step up the investment in content to make sure that they have a more robust cycle of content coming throughout the year
 - Not talking about Netflix-like investments, but something that retains the quality of the brand
- **There's an amazing library inside of Warner Bros. of media and entertainment content that is really not being put to work**
 - HBO will be the core but can bring in WB IP to build up the platform

ADVERTISING

- **Having the ability to monetize advertising may be one of the largest synergy opportunities over time**
 - Using data today and the business is growing 16% YoY despite TV subscribers are declining 4% YoY
 - Don't have sophisticated technology or any great advertising executives running the business
- **Adding together the Turner inventory, the tech of AppNexus, and the data insights of AT&T presents a very sizable opportunity**
 - Over the next 18 months, will start funneling Turner advertising inventory through the programmatic platform and generating higher yields

SUBSCRIBERS

- **It's a hypercompetitive market, but seeing stability in the market that they haven't seen in quite some time**
 - Tend to have a very high-end customer base so there has been a good effort to position the value proposition with customers
 - Have a nice cadre of add-ons to go with this and premium video is proving to be a very powerful driver
- **5G Evolution is the next step as they wait for standards-based handsets and standards-based software to be put into service**
 - Will cover 100 million POPs by end of this year, and will get to 50% of the U.S. with this capability by first quarter of next year

How quickly can they integrate the vital components to build up their advertising business?

Charter Is Using Video To Create More Customer Relationships And Sell Higher Margin Bundles

BROADBAND

- **Growing quite rapidly in broadband and expect to continue to grow, and to even accelerate it**
 - Continuing to be better than competitors and to see products be developed that require the use of broadband
- **Long-term key is to make sure that they are a platform on which bandwidth-intensive developers develop**
 - OTT products that are bandwidth intensive make the network superior to competitors because there's more utility by using their network
 - Want to see TV continue to develop, as well as VR products and other diagnostic products that require massive capacity

VIDEO

- **The biggest issue rather than the rise of streaming products, is the fact that consumers can't afford the bundle**
 - The second biggest issue is that 30% of households in the country don't need extra streams, and yet they're available by password sharing
- **Will continue to make margin on video content for a long time, but no longer look at is a stand-alone product**
 - Primary objective is to make margin on the customer relationship and video is included in that relationship
 - Think they can actually make the consumer experience better than other competitors can make it

MOBILE

- **Now that it's available to everyone, they are mass marketing the mobile product and integrating it into their selling machine**
 - Mobile will be bundled into packages in a way that's highly valuable to the consumer
 - Will have margin in the wireless business itself as a stand-alone product, although that's not the main objective
- **Pay for the use of the wireless network when it's being used but 80% of the traffic on wireless devices is on their network**
 - To the extent that mobility is causing demand in a particular place, they can put infrastructure up to move that traffic onto their network

CUSTOMER ACQUISITION

- **Each customer is an individual relationship and the objective is to increase the average life of those relationships**
 - May spend more per transaction than previously, but there will be service cost reductions, and all other things being equal, margins will go up
 - Can grow business efficiently and each incremental customer that they create costs less than the ones they already have
- **Repriced the SMB business to accelerate the customer growth rate, but revenue is now lagging behind**
 - That will turn and at some point in the relatively near future, revenue growth and subscriber growth will be the same

Can they build up their enterprise customer base to capitalize on the potential power users of 5G?

Cinemark Has Seen Early Signs Of Progress In Its Subscription Program After Launching At The End Of 2017

SUBSCRIPTIONS

- **Launched in December 2017 and they now have 400,000 active members**
 - Geared towards moviegoers who go 6 to 24 times a year
 - 50% of members are coming from outside of Connections loyalty program
- **Key element is that this is not a breakage model, and they are completely aligned with the studio to drive incremental attendance**
 - Not just a reduced ticket program, but they are actually reducing concession as well

STUDIO RELATIONSHIPS

- **Relations with the studios are really good across the board, from the majors to the mini-majors to the independents**
 - Have multiyear agreements with studios on sliding scales, so they don't have to bicker and argue over film rental terms
 - A lot of the discussions now are more on the element of how to utilize all the data that they are collecting
 - Marketing teams are highly engaged with studio marketing teams to determine how they can pinpoint and personalize messages
- **PVOD is just a non-issue at this point but that doesn't mean it won't come back up a year from now**

FOOD AND BEVERAGE

- **Food and beverage area is an incredibly important part of the whole guest experience as customers walk in**
 - 65% of theaters offer expanded food beyond traditional concessions
 - 35% of theaters have either beer, wine or full bar and by the end of the year, it will be 45%
- **Thinking about the business as a traditional retailer would as they expand all the product categories and reconsider the layout of the theaters**
 - Biggest limiting factor of why people don't go to the concession stand is because they feel like there's nothing for them

RECLINERS

- **Doubled down in '16 and '17 to be in current position of having the highest concentration of recliners among major circuits**
 - More than 50% of circuit has luxury electric recliners and by the end of this year, it'll be 55%
 - Continuing to recline into 2019, but it will be at a slower pace, simply because there are fewer opportunities that will meet their hurdle rates
- **Look at redoing the whole theater because recliners drive increased revenues through 4 major places**
 - Increased attendance, pricing power, more customers buy online tickets which have extra fees, and higher concession sales

Will they add new tiers to their subscription to plan to capitalize on more frequent moviegoers?

Comcast Is Starting To Build The Elements Of A Premium Broadband Offering That Goes Beyond Speed

VIDEO

- **Going to compete for video, but want to compete for profitable video and that is a change in strategy**
 - Used to having plenty of competition, but with the vMVPDs they are all coming onto the scene on basically the same day
 - People are starting to raise prices on their introductory offers so towards the end of the year they'll see improvements in their churn rates
- **Another pivot they made is that they don't care whose content you watch, as long as its consumed through the X1 experience**
 - Looking at AI to anticipate customer needs and deepen the relationship by making it even easier to watch with that much content available

BROADBAND

- **For the first generation, it has been about speed and that will continue, but they are adopting a strategy called Broadband 2.0**
 - Unique road map of innovative products just like they did with X1 and have rebranded it all to xFi
 - 4 main pillars are: Speed, Coverage, Control and Capacity
- **The power users and top 10% of power broadband users consume at least 600 gigabits a month**
 - That's 90x the capacity of the average wireless customer and triple where their average customers are today

MOBILE

- **Have 800,000 customers, so they are a meaningful competitor but still only selling Xfinity Mobile to existing customers**
 - Seeing more wireless in the future with Xfinity Mobile and beginning to prove out the core thesis of being able to add value to their best customers
 - Pricing is cheaper, but customers have to take broadband, so they are beginning to see better stickiness
- **After a few years and enough scale, every relationship will be profitable on an individual basis**

NBC UNIVERSAL

- **Continue to feel that there is growth in all parts of NBCUniversal whether it's theme parks, film, or television**
 - Have more television viewing than any other media company based on any kind of ratings or viewership share
 - In the last 12 months, they have #2 film studio based on box office
 - Every new OTT player took all of their products because they wanted and needed to have them as part of their bundle
- **The notion that it's all or nothing is wildly wrong and if the growth is being powered by the newest kid on the block, they will make sure they are well positioned for that**

Will they make mobile a stand alone offering or keep it as a feature to add value to the overall customer relationship?

Discovery Is Leveraging Its Newfound Scale To Negotiate Better Deals With Distributors And Advertisers

SKINNY BUNDLE

- **Consumers want to pay less for TV and when they buy skinny bundles, they don't want just broadcast and sports**
 - Don't see that high entry point anywhere else in the world, so it's exciting that there's a new ecosystem in the U.S.
 - Puts them in a position to promote to the younger generation so they will be rooting for those platforms
- **Signed deals with Hulu and SlingTV and are now carried in a way that's more compelling than any other media company in the U.S.**
 - Did a big SVOD deal with Hulu at the same time and got very good economics on both pieces

DIRECT TO CONSUMER

- **Have optionality that few others have because they own all their content and continue to look for attractive options in the U.S.**
 - Could take their channels and go direct-to-consumer themselves or they could partner with other networks
- **Developed the GO app for each of their linear networks for consumers to watch their favorite shows live whenever they want**
 - Authenticated viewing, with advertising in it, but the demo of the users is about 20 years younger, and so the CPM is higher
 - Another kind of signpost that they have great content for young people and they have to be really aggressive about getting it on their phone

ADVERTISING

- **Need to continue to drive this narrative that they are a larger company now and can serve a bigger audience than the broadcasters which are more expensive**
 - Before the Scripps acquisition they represented about 10% of viewership in the U.S which put them around #6 on the totem pole
 - Together with Scripps, their reach on any given night is as big or bigger than any broadcaster in America
 - Created a product called Discovery Premiere, which is a collection of their 40 top shows and allows advertisers to buy this hits package

SPORTS

- **Have learned some lessons in sport and the overall approach is to own the content on all the platforms**
 - Short-term rental of sports is really dangerous, so they need to buy carefully for long-term deals
 - Plenty of media companies will buy soccer rights in Europe to nourish another business that they're in
- **If they can build a golf ecosystem globally, there will be other sports federations that will want to provide a similar offering**
 - Unique ability to deliver content across the world, in over 50 languages, on all platforms

How many other second tier sports have a global fan base that is under monetized?

IMAX Will Continue To Reap The Benefits From The Concentration Of Tentpole Franchises

EXHIBITORS

- **Exhibitor consolidation is great because the bigger ones have a better capital structure and almost certainly existing IMAX clients**
 - In terms of brand implementation, it's really a great thing because they can manage the network a lot better
- **The global blockbuster business is thriving because that's what's making the theatrical experience more popular today**
 - Right in the middle of the ecosystem so exhibitors will want to make themselves relevant by putting an IMAX in
 - Exhibitor subscription programs are unequivocally good for us because a lot of consumers are choosing to go to IMAX

STREAMING PLATFORMS

- **The development of streaming, and particularly streaming blockbusters, is a real positive**
 - Everyone in the streaming business recognizes that they need to event-size and the #1 way to event-size is through IMAX
- **In active discussions with all the streaming platforms about an IMAX release**
 - Will respect the windows but it's inevitable that these big blockbusters are going to have a theatrical release
 - The economics of a blockbuster are based on creating a franchise and ancillaries rather than just recouping from the theatrical run only

INTERNATIONAL

- **In China, as the market becomes more mature, there's a divergence in taste, so they need to program in different ways**
 - Need to be more nimble and can't be closed minded and only release Hollywood films for 2 week runs
 - Tier 3, 4 and 5 cities like local content and certain kinds of film more, while Tier 1 and 2 cities prefer Hollywood a little bit more
- **Generally, a vast majority of theaters, are profitable and they just have to continue to evolve with the environment changes**
 - Japan has been going very well, despite not having many theaters there a few years ago

LOCAL LANGUAGE

- **Doing more local language films and definitely see it becoming a larger part of their box office**
 - In China, they are very much a part of the ecosystem and this year, it'll be between 10 and 20 films
 - Vast majority of them in China but more outreach from potential partners in different markets
- **Want to become even more of a curator of global content and mix it and match it with audiences across the world**
 - Will be one of the few companies in the world that sees content on a global basis

Which streaming players are willing to make their content available outside of their platform?

Lionsgate's Extensive Film Library Is A Unique Asset In The World Of Increasing OTT Services

STARZ

- **Starz programming strategy is to concentrate on different demographic groups**
 - Trying to connect different programs with different groups and then being able to widen and deepen the relationship with them
 - Good programs when they stay on, they start to expand their viewership base, and you see other demographics groups coming in
- **It's very early, but they are getting better at accumulating the data, and getting better at analyzing the data**
 - Really important to be able to have a business strategy, not just behind the product, but behind each program

OTT

- **They are good partners for vMVPDs and can drive additional revenue and add to the stickiness of the whole bundle**
 - The combined retail and wholesale OTT business would be their fifth largest distributors
- **Some negotiations are tough due to their insistence on being able to get data, which somewhat surprisingly they don't want to share**
 - Try to show how it can benefit both sides when they share more data
 - Amazon relationship is successful because they come armed with information that they've been sharing with and saying here are some ideas to put together campaigns with them

LIBRARY

- **Doing bigger licensing deals for its library than ever before because when somebody launches a new service, the first thing they're going to try to do is bulk up**
 - Always stayed nimble and done relatively short-term deals, so year-to-year they have a lot of ways to slice and dice the windows
 - The value of libraries is going up every single day
- **Combination of Starz originals and Lionsgate library gives them a push-button content offering that can get to market very quickly**
 - The #2 reason that people are disconnecting Netflix is that they're not satisfied with the movie offering

LINEAR

- **There's been a lot of effort for MVPDs to have a better relationship with the customer, and innovate in packaging**
 - Very flexible from a rights point of view, and how they are willing to package with them so that they are embedded more impactfully
 - Ramp up of programming for the OTT business also helps the linear offering
- **MVPD business is really a hold the fort business, and that's showing signs of being a reality, more in their control than in ours**
 - OTT seems to be where new customers are coming from and they don't seem to be cannibalizing each other

Can they manage the relationship with MVPDs as they expand the Starz OTT platform?

Live Nation Is Creating Several New Revenue Streams By Shifting To Mobile Digital Ticketing

DIGITAL TICKETING

- **Secondary market has exploded to \$8 billion because it's a bar code and there is no access control so anyone can distribute it**
 - There's a whole safety issue about knowing who's actually in the stadium, and the secondary issue is how to talk to the patrons
- **Mobile digital ticketing will rollout very quickly over the next few years, where there will be a direct relationship with the consumer**
 - Fabulous for content owners because now they have some ability to decide how is that ticket transferred
 - Starts to fuel the strategy of having a really robust data set that they can do a bunch of things around upselling, marketing, etc

STREAMING

- **Artists are not getting rich on streaming revenue, and for the top artists, 80% of their income comes from touring**
 - Artists have accepted and understood that the 3-minute file called their song is probably not going to have huge monetization on its own
 - Feeds the much larger agenda that if they have a hit, they are going to become a touring artist and can monetize it overall
- **Hope that global streaming businesses are healthy and consumers are listening to the latest and greatest or the catalogs**
 - The hits matter because they have to be distributed and can drive demand for concerts

DATA

- **Over the last 5 years, they've been able to turn traditional dollars into digital dollars and have a much more sharpshooter strategy**
 - Getting much more sophisticated with using data channels that are available to deliver directly to customers
 - Rather than use mass marketing tools like billboards, algorithms can more efficiently target potential fans
 - The richer that data gets, the less need to spend money externally because they can market to customers directly
- **Biggest challenge is telling brands that the audience is actually prone to buying their products and providing better accountability**

ON SITE SPENDING

- **In the last 3 years, they've really looked at on-site as a skill that needed to start growing on its own as a separate business**
 - Have been outsourcing that historically for many years, but in the future it's going to be one of their important businesses
- **In the early stages and they've just been doing the easy stuff to date but there is a lot of runway left**
 - 3 to 4 years of just get getting better at monetizing on site at a higher rate will provide ongoing growth
 - Long term objective is to become a great hospitality company for when those 100 million walk in the door

Can they build out a successful hospitality business or will they look to make a bolt-on acquisition?

Pandora's Strength In Digital Audio Advertising Makes Them A Complementary Asset For SiriusXM

NON-MUSIC

- **First foray into spoken word content will start with podcasts and that will be launching by the end of the year**
 - Creating a contextually aware service that is like radio and that is a combination of spoken word and music that highly personalized
 - It will be more national content, but over time, they will build out the capability to go more local with the strategy
- **Well positioned because most spoken word content is going to be monetized through advertising rather than subscription**
 - Similar to music, most spoken word content is non-exclusive, but there may be some opportunities for exclusive content

CONTENT COSTS

- **Did original direct deals 2 years ago when it entered the premium subscription whereas before it relied on CRB's statutory rates**
 - Assumed a premium service that would launch earlier than it actually did and would grow to really unrealistic goals
 - Company got caught in large minimum guarantees deals that were greater than the number of subscribers that they had
- **Opportunity to renegotiate these deals with the record labels and improve gross margin by hundreds of basis points**
 - Working on a favorable working capital structure so they can send a report to the labels on music played rather than prepaying for it

MARKETING

- **Biggest opportunity is to really focus more on using data and creating product features that can create hooks for their marketing**
 - Premium Access is a feature that allows artists to promote on Pandora where the listener can directly play the music that they're promoting
- **One of the important themes is how to build the business not just with internal marketing, but actually leveraging partners**
 - Have done a really good job getting its application on lots of devices and distributing the application but hadn't used those relationships in a marketing way

ADVERTISING

- **Digital audio is the next frontier in ad formats and while it's still relatively early stage, they represent 2/3 of the market**
 - They are a price maker, not a price taker and can control how much inventory they put in and manage that yield optimization
- **AdsWizz acquisition provides a platform business, where they can power programmatic for the world's largest audio publishers**
 - Do a good job of selling inventory through direct sale, so they look at programmatic as a different way to transact with advertisers
 - There's more to do on automating order flows and increasing self-service tools that allow them to go after smaller advertisers

How does the acquisition impact the relationship and negotiations with music labels?

Spotify Is Building A Two Sided Marketplace To Provide More Value To The Artists And Labels

MARKETPLACE

- **Building a 2-sided marketplace, rather than trying to be a label or directly compete with labels**
 - Can create valuable services that have never previously existed to help grow revenue and help drive discovery for their artists in targeted ways
 - Can shift some of the marketing money labels spend on mass media onto their platform and it becomes much more productive
- **200,000 artists are participating in their artist platform and they account for 70% of the streams on Spotify**
 - There are 3 million artists on the platform so that means the remaining 2.8 million are struggling to be discovered

INTERNATIONAL

- **Figuring out which market to launch in is based on the availability of broadband and payment-enabled devices and infrastructure and size of music market**
 - Largely a licensing exercise and it's hard to predict when they will have accumulated enough rights that give it the critical mass to launch
- **In 65 countries where they have launched, there are 1.3 billion payment-enabled smartphones, and they've penetrated about 13% of them**
 - Big opportunity for audio streaming services because U.S. broadcast pays labels nothing and only a small percentage of revenues in Europe

FREE TIER

- **Belief is that if they make the free user experience better, the business will become more profitable with ecosystem**
 - Goal is to increase engagement because it drives revenue, lifetime value, retention, lower churn, and all kinds of goodness
- **Music is very price elastic, so they need to make it a better service to convert people to pay, rather than raising the price**
 - Effectively, they lower the price of the service by increasing the features, functionality and the amount of content
 - Podcasts are one way they can broaden the occasions to use the service and make it more valuable

TECH

- **Scale matters because if all services have access to the same 35 million songs, then the company with the most data insights wins**
 - Will be able to provide the best discovery through machine learning algorithms and offer the best user experience
 - Trying to build a bigger ecosystem in total than the iPhone with partner companies which are substantially bigger outside the U.S.
- **Substantially increased investment in tech and automated tools for advertisers in order to move away from CPM-based business**
 - Looking to sell performance instead, and are testing ways for people to skip ads and move to rates on a per view per click basis

Will the balance of power shift back in their favor as licensing deals come up for renewal next year?

Sprint Is Struggling To Gain Market Share And Is Changing Its Customer Acquisition Strategy Again

SUBSCRIBERS

- **Industry has an uplift in postpaid and some pressure on prepaid, which was not so good because Boost was very successful**
 - Customers which were not able to afford the postpaid bundle in the past, can now access postpaid, which requires specific financing
- **Trying to shift the model and put more emphasis stabilizing ARPU and decreasing churn, which is the highest of the industry**
 - Churn in 2018 will be higher than '17 before going down in '19, because it takes a little bit more time for it to translate
 - Improving the quality of the customers that we are taking in by increasing the pricing of our price plans

CONTENT

- **Content is a key driver of their offers but there is no need to own content, they just need to be able to distribute it**
 - Trying to improve the type of unlimited services for customers by bringing some new tiers with additional content
 - Have seen very strong and positive reaction from customers to the Hulu and Tidal content layers
- **Have to continue to monitor it closely because the theory on content is that it helps to improve ARPU and to reduce churn**
 - Bringing content into the offers basically for free, so that means they are paying all of the costs

5G

- **Massive MIMO is their secret weapon because it allows them to use 2.5 spectrum in a split mode, meaning for 4G and 5G**
 - Can be really be fast in their ability to roll out 5G and gives them a competitive edge
 - Try to invest in capabilities, which will be foundational whatever they do later on, whether they merge or don't
- **5G is very critical and they are expecting to launch a commercial wireless 5G network in first half of '19**
 - It will cover 9 major cities and have already announced a partnership with LG, which will provide a 5G handset device in first half of '19

DIGITAL

- **Investing in analytics because it is key to help frame better investment decisions and the way they operate in the long run**
 - Leveraging QoE in order to figure out where, when, and how to invest in the network to deliver the best experience to our customers
 - Using analytics in marketing campaigns to become more efficient, which is something that the industry has not done a lot in the past
- **Want to step up in digital because the U.S. market is probably not as advanced as elsewhere in the world from a digital point of view**
 - Leveraging digital channels doesn't have a real impact on ARPU, but has a big impact on the cost to acquire and serve the customer

As the industry shifts towards fixed convergence, will the merger with T-Mobile be approved?

Take-Two Concentrates On Creating Blockbuster Titles With Long-Term Engagement

DIRECT TO CONSUMER

- **Core console business does not have a direct relationship with the consumer in most of those cases**
 - Have a direct relation through the PC and mobile businesses so they have a lot of those customers' data
 - Have Rockstar Social Club, and numerous other ways to interact with consumers and know who they are
- **The bottom line is they need to aggregate because each company having a subscription business isn't the answer**
 - There are exceptions, but consumers generally don't go directly to the purveyor of content to buy that content

STREAMING

- **Eventually a lot of titles will be available in a cross-platform world, and Microsoft is already there between console and PC**
 - Closed system walls are coming down, and streaming is going to accelerate those walls coming down
- **Technology companies that have hyperscale data centers all around the world are best positioned to pursue streaming**
 - Have to be pretty close to the consumers in order to address latency issues
 - Better, faster, cheaper distribution as long as it's high quality is always good for them because it's good for the consumer

DIGITAL SALES

- **Frontline releases still are primarily physical worldwide but have no doubt that the world is heading towards digital distribution**
 - Not creating specific incentives as physical retail is a key primary business partner
 - Catalog is largely a digitally delivered business and frontline is about 30% digitally driven
- **Their job is to be ubiquitous and supply titles to the consumers in the way they want to buy them**
 - In every existing digital storefront, but not trying to influence consumer behavior, except to be broadly available on favorable terms

RECURRENT SPENDING

- **Strategy is about keeping consumers engaged, but are aware that if the title isn't a hit, they're not going to want more of it**
 - Recurrent consumer spending is now 10x what it was in 2012 and was 48% of net bookings last fiscal year
 - There won't be an in-game monetization opportunity for every title, but there will be some opportunity to stay engaged
- **The good news is the costs related to creating additional content is vastly lower than the cost of creating a new game from scratch**
 - Create a calendar but no one expects it at a certain time, they have more flexibility in releases

Will they look to take a bigger step into the Esports community with their upcoming titles?

T-Mobile's Latest Un-Carrier Initiative Is Centered Around Improving Customer Service For Subscribers

5G

- **Essentially done with the 5G readiness from a fiber standpoint and on course for going to a nationwide 5G network by 2020**
 - When 5G standards are absolutely finished and deployed commercially, it's just a software upgrade versus touching that tower again
 - Business case for 5G presents new opportunities to transform the way that people live every day
- **Upside for new T-Mobile is to attack the least competitive and most hated industry in this sector, which is the cable companies**
 - Will market home broadband in 52% of U.S. ZIP Codes, 2/3 of Comcast territories

CUSTOMER SERVICE

- **Historically, customer service in the industry have been run completely wrong, and they are taking a big risk to change it**
 - Cohorts of customers are assigned a small Team of Experts that are measured on the health of that customer base
- **Have been working on it for 2.5 years and finally unveiled it nationally when they could see it demonstrably reduces costs**
 - Might be a little counterintuitive because there is more cost associated with doing Team of Experts
 - Leads to a significant reduction in callbacks to resolve the same issue, which is a much more sensitive piece of the economics

SUBSCRIBERS

- **Overall industry dynamics in terms of postpaid growing at the expense of prepaid are pretty good right now and there is pro-consumer competition, but not crazy town stuff**
 - promotional intensity will change on a seasonal basis but all the carriers are seeing consistent decreases in churn
- **There is an elongation of handset life due to the minimal differentiation of new-generation launches**
 - Not doing anything strategically different, but encouraging an upgrade cycle internally to help customers find their way to new devices
 - Need to give customers the handset that best showcases their network

EXPANSION

- **First wave of retail expansion is now complete and they have over 260 million POPs and are starting to double down in these areas**
 - Overall nationwide rural market share is 7%, so there is a huge opportunity to capture the other 93% with their value proposition
 - Creating more localized marketing campaigns and getting involved in the communities in the places where they have a single digit market share
- **Want to get into those rural markets with a super competitive service, because economically, it's a much better return**
 - Can expect better household penetration per distribution and marketing dollars spent in the area

Can they capitalize on the under-served rural market through a combination of 5G and Layer3 TV?

New Fox Moved Away From Content Ownership And Is Focusing On Distribution Of Live Programming

SPORTS

- **The NFL is an important asset of New Fox and believe there is scarcity value to Thursday Night Football**
 - Initially, they are not going to get full return on an advertising-only basis so they'll look to affiliate fees as well
- **Sunday package is sacrosanct for the NFL from a broadcast standpoint because it's necessary to reach its massive audience**
 - There's not an internet platform that has proven they can reliably deliver 25 million concurrent streams in HD quality
 - Can probably start to experiment with slicing up some digital pieces of it like what they're doing on Thursday

RSN

- **Working with Disney very aggressively to sell the RSNs as part of the consent decree**
 - Through the RSNs, they are the #1 broadcaster of basketball and hockey despite not having a national package
- **There is synergy in offering the RSNs along with Fox News and FOX Sports but not sure that New Fox gets real revenue kick**
 - No huge growth trajectory but it is a consistent cash flow generator with almost no working capital invested into the business
 - From a cost synergy standpoint, there's very little overlap between Fox today and the RSNs

CONTENT

- **Strategy was always to bolt the production studio and the network together and 80% of its programming was in-house product**
 - Used to be focused on the profitability long-term of the assets generated by the producer
- **Have no intent to acquire a studio, so they can go to the market for the 6 or 8 hours a week that they are open for programming**
 - Have received a lot of pitches from third-party producers on how they can partner with the network
 - Paradigm completely shifts in New Fox, where they are focused on the profitability of the broadcaster

FOX NEWS

- **Fox Nation will be an over-the-top streaming product, independent and adjacent to the linear channel**
 - There will be live programming but it'll be a different lineup instead of a simultaneous broadcast
 - It will launch and be available in the late fall, pre-election
- **Not dialing down any investment or brand activity on Fox News because it continues to be their biggest asset**
 - Substantially more than 60% of the revenue is from affiliate fees, so they are less dependent on advertising

Will the investment in Caffeine lead to the creation of a sports centric OTT platform?

Verizon Is Using The Strength Of Its Network To Be The Premium Distribution Partner For Content Owners

OATH

- **Have not changed any previous ideas or plans for the future and see Oath as integral to Verizon and are committed to its success**
 - A lot of hidden value comes from the technology expertise around AI, machine learning and data centers
 - Need to evaluate how to make it together and be transparent about how they can monetize the data
- **Had a lot of different assets coming together, from Yahoo!, AOL and others and have recently launched one ad tech plan platform**
 - Have 6 super channels that they are now adding both content to and new things to

VIDEO

- **Given their network and distribution, their model is to partner with content owners, rather than own it themselves**
 - Not looking at linear television assets at all
- **With Oath, they have various content channels from finance to entertainment to news and that creates great possibilities**
 - Going to work a little differently and the strategy will be based on their fundamentals, which is the network and customers

5G

- **As soon as you get the software in the network, the network is 5G-enabled, and there are 3 main business cases**
 - Mobility 5G where they have a great customer base but will need the 5G handsets
 - Fixed broadband wireless is being launched right now and is an incremental new business
 - Mobile edge which will mainly be enterprise solutions based off the new use cases based off the capabilities of 5G

HOME BROADBAND

- **Tried 5G wireless broadband in 11 cities and the results make them confident they can deliver a very good home experience**
 - Talked about ultimately making this service available to up to 30 million homes, over time, there's no reason why they cannot do it wider out
- **Including content (i.e. YouTube TV) is not essential, but they want to create optionality for consumers**
 - Want to use their competitive assets, the network and distribution, to get partners to hang on to that and make an even better offering for customers

Can Oath integrate its assets to create a business that is more valuable than the sum of its parts?

Viacom Is Rolling Out A Multi-Pronged Direct To Consumer Strategy That Is Very Reliant On Other Platforms

DIRECT TO CONSUMER

- **Not developing a mass-market SVOD service, à la Netflix, because it's a crowded space and a very capital-intensive game**
 - Will provide some limited brand reach broadly, but the best collection of branded product is going to be in the pay-TV ecosystem
- **Taking a set of niche DTC services, the first of which is Noggin, and using partners like Amazon to expand their distribution**
 - More than doubled the subs very quickly in the U.S. and are in the late stages of adding some other distributors
 - It is a very effective strategy, and they will add other products along the lines of Noggin to that

STUDIO

- **Feeling great about their television production business, which didn't exist 4 years ago and now does \$400 million in revenue**
 - Producing for linear and OTT platforms and will go from 9 shows to 16, but more importantly, they are making hits
 - In the very late stages of beginning to produce films for different third parties, including the streaming platforms
- **Ability to create value out of assets they already had, such as library, IP ownership, scripts as well as talent relationships**
 - Opportunity to reach incremental fans of the brand and bring some of them back to the larger pay TV ecosystem

LINEAR

- **Starting to see really dramatic improvement in the state of their domestic distribution and MVPD relationships**
 - Rolled out a more partner oriented strategy and brought new forms of value to the table, including advanced advertising and co-productions
- **MTV has had a string of growth quarters that's been driven by a different programming approach**
 - Shift towards more reality-based programming versus scripted that has allowed them to bring more content to the air
 - Demographic is actually a little larger than it used to be and that larger audience delivery strengthens the brand

ADVERTISING

- **AMS creates advanced inventory that can be deployed in a targeted way rather than being deployed nationally where everyone sees the same spot**
 - Delivered through O&O apps, OTT platforms, VOD platforms and in the beginning stages of being delivered on MVPDs
 - Fox licensing the tech shows they are a market leader and demonstrates that it's an incremental business with a new revenue stream
- **Branded content will grow nicely and is an important part of the equation and was one of the drivers behind the AwesomenessTV acquisition**

Can their digital studio successfully rejuvenate their flagship brands with younger audiences?