



JPMorgan TMT Conference Recap

May 2019

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## Altice USA Acquired Cheddar As They Look To Extend Their Linear News Offering To A Digital Platform

### NEWS

- **Acquisition of Cheddar turbocharges their existing news platform and provides another element to their advertising capabilities**
  - Inherited the i24 platform, which they have been growing in terms of distribution, but it's not profitable today
  - From a complementary standpoint, they are a perfect fit in terms of what they can do with a full suite of products on the news side
- **Have a linear platform that hasn't really broken out of its old format and doesn't really have a digital following**
  - Cheddar is a digital first platform today that gets 500 million views over the web every month and has a big following in millennials

### ADVERTISING

- **In the U.S., advertising business is \$150 billion market and while they may not become a massive player, the aspiration is to grow that business**
  - Traditional local ad sales business continues to do a slow burn, in many respects a downward based just purely on video RGUs
- **Invested in the ability to target digitally outside of the linear world, both on the local side as well as at the national level**
  - Developed a front-end iPad platform, which allows advertisers to plan and order marketing campaigns, whether it be digitally or linear, in a very short order

### MOBILE

- **Will launch a beta test to make sure that everything is working flawlessly before launching more aggressively to the public**
  - Expect to be profitable right away out of the block if they price it very similar to their MVPD peers who have MVNOs
  - Have full integration on one of their handset providers, and are working on integrating the second handset provider on a timely basis today
- **With an infrastructure-based MVNO, they control the way they push off traffic based on strength of signal**
  - Allows them to have a lot more applications and features, which they would control relative to a third-party

### CONVERGENCE

- **The M&A landscape will change one way or another, depending on whether the T-Mobile/Sprint merger goes through or not**
  - That's the starting point, and then thereafter, they will follow some of the larger players out there as to what they want to do
  - If it happens, their focus will be on integrating their businesses rather than looking for strategic transactions
- **Most companies in the developed world have full integration between their fixed and wireless networks**
  - There is a tremendous amount of CapEx, OpEx synergies, even revenue synergies, whether it be on the churn or just on the distribution side

*How aggressively will they integrate OTT services into the Altice One set-top-box in order to retain customers?*

## AT&T Is Focusing On The Combination Of Customer Data And Advertising To Drive Revenue Growth

### WARNER MEDIA

- **Key video product will be centered around HBO, but will surround it with all of the content library of Warner Brothers and Turner**
  - Going to take a lot of the great content that's been licensed elsewhere and begin to bring that content back into the fold
  - Using the data from those 170 million physical points of distribution to create a unique advertising model to sell into all these media capabilities
- **Will launch this product on a beta version in fourth quarter of this year and it will be full-scale launch in first quarter of next year**
  - Will be a significant driver of growth over the next few years as they stand this product up and expect to have tens of millions of subscribers

### DIRECTV

- **This is going to be a year of just cleaning up the video business and in 2020 customer numbers can begin to improve significantly**
  - Have been hard at work on getting content agreements done in a way that gives them sustainability of profitability in this business
  - Have a number of very low-ARPU customers and don't see any line of sight to getting them to a profitable level
- **The lion's share of their video over the next couple of years will be this thin client solution, which a satellite replacement product**
  - Takes their subscriber acquisition costs, cuts them in half, and actually changes the profitability model for this TV business

### 5G

- **50% through the deployment of the First Responder Network and on path to have a nationwide 5G footprint by next year**
  - 1 gig throughput using millimeter wave spectrum requires a lot of small cell deployments, which can take time to get the permits and approvals
- **5G will produce all kinds of new business opportunities into the world, more than just faster speeds**
  - Can give businesses a 5G router so they have high-speed connectivity as a substitute for their LAN
  - Virtual reality and augmented reality become truly potential when you have a no-latency capability

### ADVERTISING

- **Have seen the potential of advertising over the last few years as they've been monetizing the small inventory they have in DirecTV**
  - Bringing together everything they know about their subscribers, of what are their viewing habits, information from mobile devices and so forth
  - Have a lot of conviction that pairing this data with other content can actually stand up a unique advertising model
- **Aggregating advertising inventory from other media companies into a marketplace that will really take fruition in 2020**
  - It will grow over time as advertisers begin to get familiar and comfortable with it and understand what that inventory can produce

*Are they willing to sacrifice the short-term licensing revenues in order to keep content exclusively for their DTC platform?*

## Charter Is Accelerating The Roll Out Of Their Mobile Offering To Maintain Overall Customer Relationships

### MOBILE

- **Mobile is a way to drive penetration in connectivity services, much like the way they did with fixed line voice over a decade ago**
  - Not only will it accelerate share shift over time but it expands the broadband market over time as well
  - It's fully rolled out across all of their channels and their goal is to accelerate the amount of net additions each quarter
- **At some point, will need to determine if they should start building their own small cells so that they can offload some of the traffic**
  - Have visibility where that is occurring because 80% of the traffic going over these mobile networks is really on their small cells through WiFi

### BROADBAND

- **The broadband market today is only about 80% penetrated and expect that to continue to grow over time**
  - They are about 50% penetrated of their passings today and think they are underpenetrated relative to the opportunity
- **By having speed increases over time, they have created a really good platform for people to develop new products and services**
  - AR, VR, and interactive gaming have the demand for that type of speed, throughput and edge compute that they already have available today
  - They can make upgrades as fast as they need to go, and they can go slow as well if that's what the market dictates

### SUBSCRIBERS

- **Biggest priorities and opportunity is really to drive high-quality subscribers into the system with their pricing and packaging**
  - Churn is coming down in all 3 legacy environments, and is coming down across all types, whether that's voluntary, mover churn, or non-pay churn
- **Going forward, instead of acquiring a customer to replace one they just lost, they are acquiring the customer as a net addition**
  - When you do that on a fixed network, it means that each new customer has a better margin than the last customer
  - Taking out some of the rotation that exists can maintain or grow customer relationships at a lower marketing and sales cost

### INTEGRATION

- **Through the largest part of customer-facing integration but still have a fair amount in the back-end systems that's taking place**
  - Biggest priority for this year is to become more efficient and provide better service, which will have multiple years of ongoing benefits
- **The business is changing in ways that they probably didn't imagine when they put it together**
  - Opportunity to have a majority amount of self-installs going into 2020 remains a real possibility
  - Ability to have self-service, meaning online portals and chat bots, can take transaction costs out of the business

*After trying to protect their video product for so long, how open will they be to offering skinny content packages?*

## Cinemark Has Reconfigured Their Loyalty Program To Act As A Better Funnel For Their Subscription Product

### WINDOWING

- **Disney has been very supportive of the theatrical window and it is in their interest to establish these movies as big cultural icons**
  - Making a few less movies is not really going to affect them, but it's much more important that they continue to make the high-commercial movies
  - Operate on a sliding scale with Disney and are currently not in negotiations to change that
- **2 years ago there were a lot of discussions about early windows and PVD, but that is really not front and center at all anymore**
  - Would love to play Netflix's major motion pictures, but only ask that they adhere to the same distribution window as the other studios

### INTERNATIONAL

- **There are good growth opportunities in Latin America because the screen count per thousand is significantly less than the U.S.**
  - Typically, they are growing screen count in Latin America 4% to 6% on an annual basis compared to 1% to 2% in the U.S.
  - In Latin America, the pricing strategy is to try and get as close as possible to mirroring inflation
- **Have been in Latin America for 25 years now, and have lived through all kinds of economic cycles**
  - Brazil has been challenged recently, both politically and economically, but have made that up in the other 15 countries they operate in

### BOX OFFICE

- **This will probably be a year where the box office will actually crack \$12 billion for the first time in the history in the U.S.**
  - If the studios make great content, and they build theaters and improve theaters, it proves that guests will come
- **Overall structure of the year looks really good and their footprint plays very strong on family product and action-adventure films**
  - Learned pretty early on, don't ever bet against Pixar because they have creative geniuses
  - Marvel has translated the comic book world to a modern culture and are doing it with both unknown actors and very well-known actors

### MOVIE REWARDS

- **Reenergized the loyalty program under an overall umbrella called Movie Rewards, which consists of Movie Club and Movie Fan**
  - Creates loyalty and can gather customer data so they can market more effectively to their members
  - As they gain those members in the free tier, they have the ability to upgrade them to the paid tier
- **Movie Club growth has been very consistent with a very low churn rate and high satisfaction rate among members**
  - People are going to the movies more often, and they're buying more concessions because of the discount

*How will their relationship with Disney change as they become an even bigger concentration of the box office?*

## Comcast Agreed To Sell Their 30% Stake In Hulu, Giving Disney Full Operational Control Of The Business

### NBCU

- **The scale they have both in the relationship with the consumers they have and the content they create is 2 powerful assets**
  - Content spend of \$24 billion to either acquire sports rights or create content between the movie business, NBCUniversal and Sky's platforms
  - Strategies of big nights and great programming from late night to news to sports and prime time entertainment have all done well
- **Don't think it's an all or none world in terms of properly monetizing the content that they create**
  - Open to putting each of their entertainment assets on broadcast airwaves, keeping it for their own OTT product or licensing it to others

### HULU TRANSACTION

- **Wanted to protect their content by making sure it stays relevant and well-monetized until they are ready to do anything with it**
  - By September 2020, most of everything that's under the existing agreements would be available to them for their own DTC platform
- **Didn't want to sell at today's prices, so they negotiated a fair market value put/call at the end of 5 years**
  - The minimum equity value of Hulu at that put/call date is guaranteed to be no less than \$27.5 billion versus the \$15 billion today
  - Wanted to make sure they had protection against dilution, so there are equity calls of \$1.5 billion per year, which are optional for them to fund

### ENTERPRISE

- **Beginning to invest specifically behind the commercial opportunity in a way that benefits their residential businesses**
  - Similar characteristics to their residential businesses, where their product is excellent relative to the competition
- **Strategy continues to be to not try to disintermediate the most complicated enterprise customers**
  - Started with small, moved up to medium-sized businesses, and for a few years, have been going after the right kind of enterprise customers
  - The runway continues to be very good and focus is on ensuring that they make sure they are going after the right kind of business

### BROADBAND

- **High-speed data penetration in the U.S. is only 80% so there's going to be room for more penetration**
  - Homes passed will continue to grow in their footprint, and they will get their fair share of that
  - Focused on innovation, consumer experience and value to the customer as they have been for several years now
- **They are well ahead of consumer expectations and that will continue to hold at bay potential threats from alternatives**
  - Data usage continues to grow 40% year-over-year, and they have made gig speeds available in their entire footprint for those that need it

*How quickly and how deeply will they integrate the Sky platform in order to become a global connectivity provider?*

## Discovery Has Partnered With BBC To Extend Their Portfolio Of Global IP Portfolio Outside Of Sports

### CONTENT

- **Have all this global IP and the most important thing is that they are completely different than everyone else**
  - Everyone is going after the same great entertainment packages that consumers pay between \$6 and \$20
  - 50% of what people consume on TV and on every device has nothing to do with scripted series or scripted movies
- **They are very clear about who they are with each of their brands and more and more, that's going to become really powerful**
  - Have something that's really unique, and are really scaled and big around the world in each of those genres

### SPORTS

- **Have been DTC for a couple of years with Eurosport and one of the key takeaways was that people tend to love particular sports**
  - Saw a lot of churn when people would come into the majors in tennis and they would leave because they didn't love the cycling
  - Led them to this idea of owning great IP that was dense that people loved and where they can nourish an audience all year round
- **Wanted to double down on the full-on ecosystem of golf because they have all the great live content with the PGA Tour**
  - Have a global digital golf platform where not only can you see live golf, but you can get instruction and find the best golf equipment to own

### OTT

- **They have proved how important their channels are and think that the skinny bundles are going to start to grow**
  - In most cases, unfortunately, some of these skinny bundles aren't so skinny, which is holding them back a bit
- **Have seen these skinny bundles grow outside of the U.S., where traditional cable is still growing 2%**
  - The reason that it's declining here in the U.S. is that the entry point is \$100, and it's really because of the overstuffing of sports, retransmission and regional sports

### INTERNATIONAL

- **Scale has increased around the world, and almost all the Scripps content hasn't been seen anywhere**
  - Already converted what they think is some of the best stuff into multiple languages, but haven't been right all the time
  - Cost of that content is 0 and they are starting to see market share and viewership growth
- **International is a growth business, but it's also a very important element in making this turn to direct-to-consumer**
  - They are on the ground in every language in every country with an ability to promote from their linear channels

*Will they be able to attain the revenue synergies they initially forecasted when completing the acquisition of Scripps?*



## Fox Is Restarting Their Business Around The “Power Of Live” After Selling Most Of Their Assets To Disney

### DISTRIBUTION

- **There is not a meaningful market for creating a D2C product out of the Fox corporate bundle**
  - All they have is their in-the-moment live programming because they sold all of their content libraries
  - Will provide digital access both for their own authenticated apps and then through the platforms’ apps
- **It may look different, but a bundle of products drives consumption and that will be the way Americans consume TV**
  - vMVPDs are vitally important to them and the biggest growth in their industry is coming from these digital players

### GAMBLING

- **Entered into a pretty wide-ranging relationship with The Stars Group, where they took a nearly 5% equity interest in the public company**
  - Received a brand license for Fox Bet, which will have state-by-state wagering, mainly as a free-to-play game
  - There's a media spend that the ventures will have back to Fox, including to the local markets that they are in
  - In the longer term, they expect the engagement level and viewership level of these sports to just ratchet up

### NEWS

- **Fox Nation is a complementary piece of what FOX News does on a linear basis and they are going to put money behind growing it**
  - It's a younger product so the on-air talent is younger and has a different feel to it than the linear channel
  - Advertising on news channels caters to an older demo, and they know that and they know their audience
- **FOX News is the one asset they have where they own all the content so they can offer it differently, particularly internationally**
  - It has a passionate audience that engages completely and stays with the channel longer

### SPORTS

- **There's nothing that's really available for them to jump in and acquire rights where they can expand their sports presence**
  - Local stations are a factor because they provide a promotional platform to drive audience into a game
- **The NFL has been a really important part of Fox, and Fox is a really important part of the NFL**
  - They find broadcast television is incredibly important to their league to get production quality and mass audiences
  - Have no idea what the NFL intends to do with their windows but their #1 priority is to maintain the package they have

*How much additional value can news and sports programming extract from the declining linear TV ecosystem?*

# The New York Times Key Takeaways

## The New York Times Is Emphasizing Data To Drive Engagement And Improve Lifetime Value Of Subscribers

### PODCASTS

- **Don't think they have fully optimized the way they use The Daily, but are absolutely seeing an effect in terms of subscribers**
  - It was the most downloaded iTunes podcast last year, but it's not plateauing to a point where it's found its audience and it's done
- **One of the reasons they like podcasting is because it's a more personal and empathetic way of connecting with audiences**
  - See it as a way of potentially introducing an entirely new audience to their journalism and their brand
  - Prospect of future growth behind the success of The Daily is greatly enhanced because they have a new medium to reach consumers

### SUBSCRIBERS

- **Ultimate addressable market of people who speak English, have college degrees and expressed curiosity, is over 100 million**
  - The 10 million target number for 2025 is roughly 2x from where they are today and absolutely regard it as a milestone
  - Terminal penetration of The Times could be at a substantially higher number than that if they execute well
- **The idea of a product for thoughtful and curious people, wherever they are, is very close to the bedrock of their appeal**
  - Historically have had a somewhat older and more affluent demographic, though college education is more important than disposable income

### PRODUCT

- **They are trying to progressively get better at optimizing the mechanics of engagement and the customer journey**
  - There's much more they can do to drive habituation, frequency of use, breadth of consumption of Times' journalism
  - Applying machine learning and other technologies to make sure, they are getting better at putting the right content in front of the right people
- **Thesis is very strongly subscription-first, but don't regard subscription as the only way of making money**
  - Most of their subscription acquisitions are organic as they are people who find The Times, get used to it and eventually become subscribers

### CHURN

- **Have got very good at managing churn, and are getting better and better at trying to figure out individual user propensity**
  - Have some experience segregating users and working out who they can graduate to full price and who they should take to a step-up price
  - Got better at identifying people who weren't using the products and retargeting them with e-mails and newsletters
- **Improved churn drastically through moving to introductory offers, which retain well, essentially typically longer-term offers**
  - Long offers have a habituating effect itself, and discovered that worked better for most consumers than \$0.99 for 4 weeks or free for a month

*Will they need to expand internationally in order to meet their stated goal of 10 million subscribers by 2025?*

## Twitter Is Experimenting With New Features That Can Stimulate Conversation Around Topics And Events

### ADVERTISING

- **Have been communicating to advertisers that this is the place to go to launch new products and connect with what's happening**
  - Reach the most valuable audience when they're most receptive and where they're going to tell other people about it
- **Working on ad formats and relevance to create products that allow advertisers to reach customers as best as possible**
  - Currently benefits their largest advertisers, but ultimately will be in service of small businesses as well
  - Mobile application promotion product will allow them to do more around attribution and relevance for advertisers on direct response

### USERS

- **The top of the funnel of people who come to Twitter every day looking for something has been remarkably consistent**
  - Need to organize information better so they can do a better job of getting more of them to find what they are looking for faster and faster
  - Improvements to the service on a regular basis, whether around the timeline, events, topics and conversations, are having real impact
- **Important opportunity to make sure that when a new user clicks through, it isn't just one tweet and an obligation to log in**
  - Needs to be a whole experience around the topic that brought them to Twitter, and shows all the other amazing things that are there as well

### FEATURES

- **Delicate balance to figure out the right time to send notifications or what to do with the valuable real estate at the top of a timeline**
  - Noticing causal impact when they do make changes because there's so much happening on Twitter that people do want to know about
- **Video is an important part of the consumer experience both the user-generated content, as well as the deals with content owners**
  - View these as complementary experiences to the conversation that is already happening on the platform
  - Video ads make up over 50% of the ads and can be a more compelling way to have people to learn more about products and services

### HEALTH

- **Declared health as their #1 priority from a resourcing and a mindset perspective and view it as a growth factor over time**
  - Not just important to the people who use the service though, it's also really important to advertisers
  - Want to engage with regulators all over the world, and want to help them understand their priorities and the work that they are doing
- **Want a product that can largely enforce policies and have people behind it who can help with the more ambiguous situations**
  - In Q1, 38% of abusive tweets actioned were surfaced through machine learning as opposed to being notified by somebody on the service

*Will a dramatic improvement in the health of the platform accelerate growth of their daily active users?*

## Verizon Has Reorganized Their Business Structure In Order To Fully Capitalize On The Shift To 5G

### STRATEGY

- **Strategy is slightly tweaked from 4G where they talked a lot about creating their own applications and devices**
  - A little bit more inclined to do big partnerships where they are leveraging their network, distribution and brand
  - There might be areas like telematics where they handle the platform and connectivity themselves because they have strong software
- **Creating different-type options for their customers wherever they want to go and how they want to consume content**
  - It is really about giving them a seamless experience and understanding the quality they have, and in 5G, that is going to be even more important

### 5G MOBILITY

- **Building in urban areas with the most data usage, in order to have enormous throughput and a great experience for consumer**
  - Initially, will reach 30 cities, but over the next few years, the majority of their map will have 5G
  - Want not only protect to protect their market share, but have high ambition that they can increase the TAM and create higher market share
- **Every new wireless technology is better than the previous one, and 5G in the network will help deal with data more efficiently**
  - Targeted to enterprises where you can transform logistic flows by having 5G with extreme low latency, enormous throughputs

### NETWORK

- **Used to run their different networks for different units but have decided to collapse that to make it 1 horizontal network**
  - As part of that transformation, they can actually address new types of services for customers and they can also take out cost
- **Have 4 different customers that they can monetize the fiber on, so that's why it is better for them to build in these markets**
  - Have fiber in more than 60 markets and adding over 1,000 fiber miles a month, which no one else in this country is even close to
  - Gives the customer an even greater experience and will have a better network than anybody else in this market

### OATH

- **Want to be the best over-the-top solution in their 4 super channels of sports, finance, entertainment and news**
  - Create that sort of footprint to where they actually have as much engagement as possible with their customers
- **They are a branded house, based on trust and innovation, and any asset or business they have needs to live up to the same standard**
  - Have a strong pool of competence in AI and machine learning but are not planning on sharing on data or monetizing it like that
  - Have 1 platform that can secure how they are going to advertise and allows customers to have a much safer environment for content

*With a renewed focus on their network, how will they try to turn around the slow decline of the Verizon Media Group?*

## Viacom Has Been Very Acquisitive Over The Past Few Years As They Try And Turn Around The Business

### PLUTO

- **It's early days but Pluto will become an integral part of their distribution strategy, as well as their advertising strategy**
  - Opportunity to provide value to broadband-only subs that MVPDs can participate in, without having to create a product themselves
- **IP owners are gravitating to this because it's the only AVOD service that presents content in a familiar linear framework**
  - Already launched in the U.K., Germany, Austria and Switzerland and will launch in Latin America this calendar year
  - Will launch a U.S. Hispanic version of it on July 1, which will offer Spanish-language channels in a targeted offering

### ADVERTISING

- **AMS can combat headwinds in the linear ecosystem by bringing new forms and incremental inventory to air and more targeting**
  - The timing is ripe for growth given the supply constraints in the ad market and have had robust conversations with agencies and key clients
  - Will be able to substantially grow volume even with strong linear pricing because they can accommodate volume
- **Pluto adds substantial pools of incremental inventory that they can attach to their existing agency and client relationships**
  - Inventory is better because it's long-form ads, delivered in long-form programming, viewed overwhelmingly on a smart television set

### LINEAR

- **Focused on widening the aperture of things they can do with their distribution partners, beyond just licensing the linear feeds**
  - Working on truing up their video on-demand rights and content as well as creating value for both of them in the advanced advertising space
- **Demonstrated that their brands matter following the most important quarter of distribution renewals in their recent history**
  - Completed the stabilization of their traditional sub base and locked in annual escalators across that
  - Secured meaningful new distribution, including in the mobile and skinny bundle arena

### NETWORKS

- **MTV shows what they have done to stabilize and revitalize their core, allowing them to layer on top a set of growth initiatives**
  - Moved back in an unscripted direction, which made sense for the brand, and for the business
  - Strategy is to go and complement new franchises by mining their 20-year-plus library of youth-skewing IP in television
- **At an earlier stage, about 6 months, into the arc of Nickelodeon revitalization, but it's the same playbook**
  - Quickly built a new slate, leveraging great relationships across the industry, and will have 40% more original hours this summer

*Can they maximize growth of their digital platforms while keeping their best content tied to the traditional ecosystem?*



## WWE Is Still Working Through Their Media Right Renewals In Key International Markets

### MEDIA RIGHTS

- **Thought a lot about dual broadcasters, and are excited to continue the partnership with NBCU and starting with Fox**
  - With multiple partners, they will look at what the other person is doing and learn from each other and it will be a good dynamic for everybody
- **China is their most recent major market entry, but it's incredibly important and they will be doing events there later this year**
  - Had less of a focus on the indigenous Chinese platforms 10 years ago, but changed that 3 years ago with their partnership with PPTV
  - Have seen a great trajectory on social and digital engagement, but are still far behind where they are in the rest of the world

### SPONSORSHIP

- **Have 2 preeminent media brands really focused on WWE as part of their strategy and that will be a real benefit for sponsorship**
  - Global opportunity, but there is a huge focus on the U.S. market specifically because it is the largest media market in the world
- **The roster of advertisers on RAW and SmackDown today, versus 5 years ago, is fundamentally different**
  - Not just the number of advertisers, but the number of categories represented and the number of Fortune 500 companies
  - The hope is to continue broadening it, and just as important, is that brands really understand the value

### CONTENT

- **Have seen around the world that highlight shows can add value by driving engagement, not dissimilar to social platforms**
  - The FS1 show is going to be something similar where you kind of continue the excitement and people are going to love it
- **Content needs to drive engagement, some level of direct monetization and/or indirect monetization as a promotional tool**
  - Provide unique blend of the immediacy of sports and a layer of entertainment from the integration of pop culture and storylines
  - Have got a lot of great talent that's brought them this far and are always trying to get better in the people, process and tools

### TALENT

- **Most important asset they have is their talent and are always trying to determine the best utilization**
  - Focused on what really is going to move the needle and the best way to engage with their fan base
  - There is this virtuous circle of, they give talent a platform, and they're able to perform on that platform, and it benefits both parties
- **Have had a developmental system of people, process, and tools attracting, developing, and retaining the best talent in the world**
  - Opportunity to extend that academy model around the world and have a presence locally in each of the markets

*As contracts with talent come under more scrutiny, will any key superstars try and threaten to move to the new AEW?*

## Zynga Is Closely Monitoring Gamer Engagement In Order To Build New Titles Into Forever Franchises

### M&A

- **Have been acquiring companies over the last couple of years and see a very rich environment for teams and talent globally**
  - Have a capital allocation strategy in place that will allow them to go after potentially acquiring more companies in the future
  - The first thing they try and do is get a sense of the leadership and the culture because that's the most important thing in game development
- **Attractive to smaller developers because they are mobile-first and bring a lot of energy, passion and knowledge about the space**
  - Provide access to data science, product management, UA, tools and can work with their Apple and Google teams to get promotion and placement

### STREAMING

- **There's been a number of times in the industry where companies have blown a platform transition, such as physical to digital**
  - Platform transition is going to happen, so they try to look forward into the mobile ecosystem and embrace these things
- **Games that are across multiple platforms, and especially with mobile attached to it, opens up their total addressable market.**
  - There's clearly a place for gamer communities that used to be segregated to actually mingle, play and can bring the experience forward
  - In the West, the biggest games are free-to-play, all mobile's free-to-play, and how that starts to get into the console ecosystem will be interesting

### ADVERTISING

- **Fundamental goal is to serve ads to the right people at the right time and in a way that doesn't impact engagement**
  - Use a lot of systems to make sure that they are measuring player engagement post-ad to see if the frequency was right
  - As a total, it's going to be about 20% of their total business, but the ads really work to their benefit, and have very high margins
- **Rewarded video with game currency is a really compelling unit that can be very positive brand experiences for players**
  - Focus a lot of context and product development against those types of ideas, rather than bombing players with banner ads

### LIVE SERVICES

- **Have a unique model where they combine product management with data science along with their marketing teams and dev teams**
  - Ship frequent product updates to bring in new users, get existing users to play more and recapitalize players that have lapsed out of the service
- **Some of their games do have loot boxes, but the majority of revenue comes from other things than loot boxes**
  - If it's done right, you get value that the player appreciates and can use inside the game, which creates positive player experiences
  - When it feels like it's gouging or it's on top of a premium price already paid, or if it's pay-to-win, that's when you get a lot of blowback from fans

*Will they acquire any console or PC developers in order to capitalize on the industry shift to cross-platform play?*