



UBS TMT Conference Recap

December 2019

[Sign Up For Additional Research From Evolution Media Capital](#)



UBS TMT Conference Recap

December 2019

Altice USA Is Focusing On Fine-Tuning Their Mobile Offering To Drive Volume Without Hurting Their P&L

MOBILE

- **Putting a business plan in place that's going to get to profitability as quickly as possible while also driving volume**
 - The levers are obviously ARPU/gross margin versus volume versus the amount of OpEx to spend on marketing and distribution costs
 - Every month is a learning experience, trying to play around with those 3 levers to drive incremental volumes
- **Have 3 to 6 months of additional little features to add before they have the real flexibility to do things that they really want to do**
 - Going to start thinking about offering gig pricing, given that they have an attractive per-gig pricing with their MVNO partners

M&A

- **Best use of their capital is M&A and there's a handful of bite-size cable acquisitions out there that are tiny, but are very accretive**
 - Can really plug that into their system very easily, but need to have sellers out there
 - Also interested in companies that could drive their advertising platform to the extent it's technology-based or inventory-based
- **Large-scale M&A is inevitable and not just amongst cable operators, but across infrastructure players, fixed and wireless**
 - Duplicative infrastructure getting built makes no sense and soon enough some people are going to start to see revenue pressures

NETWORK

- **Disintermediating OpEx and CapEx costs by investing in technology that leads to better performance and customer usage**
 - Recent focus has been on mobile, but 2020 will be really about rolling out 3.1, and then the speed increase will really come into effect in 2021
 - In the first half of next year, they will start marketing their triple play that includes fiber-to-the-home and expect to be north of 1 million next year
- **There's no need to roll out fiber-to-the-home in uncompetitive areas because there is limited benefit from increasing the speeds**
 - Hasn't been a massive priority because they don't see customers gravitating towards competitors with the 1 GB product

SUBSCRIBERS

- **Have really focused on the churn issue, and 3/4 of it is related to the timing of multiple promotions rolling off at the same time**
 - October was a bad month, November wasn't as bad, and December has come down significantly, so the trends are all in the right direction
 - Can see 2 to 3 weeks out on churn numbers, and are seeing all the right dynamics coming into place to have a very normal first quarter
- **Installed base is stickier than the legacy set-top boxes and as they launch fiber-to-the-home, they shouldn't overinvest in coax**
 - Altice One reaches 15% of the base, and is pacing at 2% plus incremental penetration per quarter, and expect to reach 25% by the end of 2020

After recent subscriber losses, are they willing to offer promotions to accelerate the penetration of the Altice One?

Key Takeaways

AMC Networks Is Partnering With Traditional MVPDs To Increase Distribution Of Their Niche OTT Services

DIRECT TO CONSUMER

- **Their niche genres translate very well overseas, and the international market opportunity remains relatively untapped**
 - The pace of broadband has moved much more rapidly than anticipated and the potential market size for each service is 10M globally
- **Portfolio of 4 DTC services have in aggregate over 2 million subscribers and expect to become profitable by year-end 2020**
 - Looking out 3 to 5 years, expect these services to have a subscriber base that is at least 2x to 3x larger than it is today
 - Currently generate about \$100 million in revenue on a run rate basis and expect them to generate over \$500 million in revenue by 2024 run rate

STRATEGY

- **Developing a group of niche SVODs with a radically different strategy that leverages favorable stack and churn characteristics**
 - Seeing an interesting pattern of consumers choosing generalized entertainment services and complementing those with specialized ones
 - Programming costs are in a different world because they are not bidding for Friends and not doing \$100M-plus overall deals with showrunners
- **DTC relationship has its advantages, including proximity to data and economics, but will maintain multiple consumer touchpoints**
 - Taking advantage of third-party entities that have a robust presence, led by Amazon, but now increasingly joined by the traditional MVPDS

STUDIO

- **Have a strong slate of known IP and new projects that cut through the noise and distinguishes them as a premier content producer**
 - Central strength is owning the material and monetizing it in a way that allows them to continue to produce results and grow their owned library
- **Focused on the pragmatic maintenance and performance of their linear channels that still feed the majority of their economics**
 - In a holistic way, these DTC services leverage off their owned content and they can move it through the system and get 2 chances to receive money
 - Taking a show-by-show approach to determining the best economic interest that still maintains their relationships and value propositions

LINEAR

- **There has been increasing drama around renewals, but they are not unfamiliar with some of these tensions**
 - With some distributors, they are starting to drop the channels first and then try and discuss later, which is a new form of how to say no
 - Contracts get stale, so 6 years after they are signed, the interpretation of the terms change
- **Cable ecosystem is catching up to targeting features of digital advertising and soon enough will be more efficient for marketers**
 - Increasingly the best place to go to because the majority of premium scripted dramas are now on streaming services that don't have ads

As competition and spending heats up, will they still be able to acquire and develop shows that can be global hits?

AT&T Is Performing A Lot Of Blocking And Tackling In Order To Optimize The Upcoming Launch Of HBO Max

HBO MAX

- **There will be macro brand building, but will also utilize innovative techniques that they have developed in their other OTT services**
 - Going to see it threaded through a lot of the existing platforms that they advertise on for purposes of position in promotion to drive awareness
 - Have been managing customer life cycles on subscription-oriented services for a long time and feel pretty comfortable in their skill set
- **Will continue to license library in the Warner Bros portfolio where it doesn't fit the character and the marketing strategy of HBO Max**
 - To be the right place for creators, need to make sure that they can go and sell their content anywhere they choose and wherever it's appropriate

INTERNATIONAL

- **Starting from a fairly strong position and are very bullish on what they can do with full control of the HBO Latin America operation**
 - Given that it's still a developing market, don't have the entrenchment of other players that will impede their growth
- **Sky is a formidable competitor with an established presence and don't want to put capital against customer acquisition in the UK**
 - Opting for long-term licensing agreements for the vast majority of their output because they can still push it through in that market
 - In other parts of Europe where they have experience launching HBO, can run the exact play they are doing domestically and expand the base

WIRELESS

- **2020 will be a major transition year, which means customers are going to say, it's now worthwhile to upgrade their device**
 - Opens up opportunity to move customers into unlimited, which drives the ARPU increase
 - Can drive value back to the customer through an entertainment bundle, which ultimately helps churn over time
- **More so than in the past, they are navigating this upgrade cycle from a position of strength due to the launch of HBO Max in May**
 - It's going to be a great product and the promotional tie-in gives them something they have never had before going through that cycle

5G

- **Pleased with network build-out and performance improvement and are getting past the tipping point where momentum carries**
 - Put an unprecedented amount of capacity in their network, and are 70% through that first tranche of deployment, getting the new bands up
 - Positioning all of their infrastructure for the 5G transition as well as lighting up the spectrum that they have had waiting
- **They are coming into a position of strength and capacity that gives them flexibility on customer acquisition strategies**
 - Can step back and ask if they want to be more aggressive in the wholesale space where they have not been for the last several years

How quickly can they integrate their wireless capabilities, ad-tech, and entertainment offerings to drive ARPU?

Charter Is Distributing OTT Services, But Taking A Cautious Approach To Maintain The Value Of Linear Video

BROADBAND

- **Have a superior infrastructure and the ability to mix and match products that are going to drive them deeper into the marketplace**
 - There's some questions about if they have built a network that has too much speed, and consumers don't have any practical use for it
 - Have a reasonably efficient, and relatively inexpensive way to continue to supply capabilities as bandwidth utilization increases
- **Testing advanced WiFi products that gives consumers visibility and management of every device connected in their network**
 - Going to roll it out across the whole country and it's going to be a significant attribute of their relationship with the customer

VIDEO

- **Pressure in video will continue, mostly because the bundle has become very expensive, and nothing really has stopped that**
 - A lot of the subscriber losses are already out of the system, but expect it to continue to decline, but maybe at a slower rate
 - Have managed to move customers out of more expensive packages into less expensive packages to some extent
- **Video is like wireline was in the triple play 10 years ago, where it was designed to just enhance the value of the total relationship**
 - 3 years from now, the cable business is going to look pretty much the same, where most people are going to continue to buy the big package

MOBILE

- **Rolling out a whole series of marketing tools and expect mobile to be a major driver of their relationship growth for years to come**
 - Have 350 million wireless devices connected and 80% of the data on mobile network subscriber devices is coming through their network
- **Have a much more efficient distribution network because of the capacity of their wireline infrastructure connected to WiFi**
 - Have been doing a series of experiments with dual SIM technology to reduce MVNO costs by moving traffic onto their own network
 - Traffic is not widely dispersed, it's quite dense, meaning there's a few geographies where most of the mobile data usage is coming from

OTT

- **Have the ability to sell other companies' streaming products to their customer base in a traditional kind of pay TV relationship**
 - Would be smart to have a device that provides customers easily upgradable access to all the OTT video products that are being offered
 - Most people already have TV sets that can have apps on them or mobile devices that don't require any set-top box or additional equipment
- **Do not expect many content companies to become distributors because they don't have the skillset to be a subscription business**
 - Distributors have to manage churn, marketing and security, so it's much different than being a scheduler of content into creative packaging

Will they aggressively market their mobile service to attract new customers, or will it remain a churn-reducing feature?

Comcast Is Developing New Broadband Products And Services To Deepen Their Customer Relationships

PEACOCK

- **Have a pretty special opportunity to go after the relatively underserved segment of premium ad-supported content**
 - Consumer demand is evident and advertisers are going to be looking in this world for opportunities to reach audiences
- **Will quickly ramp spending, with \$2B of aggregate investment in years 1 and 2 together and achieving breakeven by year 5**
 - Achievable by being able to rely on advertising, ramp through distribution partnerships and reach and offering a free quality product to the customer
 - Not going to walk away quickly, but also not going to commit to do things for a decade when there is earlier evidence it falls one way or the other

BROADBAND

- **Biggest priority is to continue to drive growth in the broadband businesses by adding more value and differentiating the product**
 - Continuing to thoughtfully invest in the network and innovations to stay ahead of customer expectations
 - Increased focus on making sure they capture the folks that want broadband, even if they don't want video
- **Fixed wireless is the most efficient way to deliver high amounts of data into the home and there is nothing really better about 5G**
 - Can't see 5G succeeding on a wholesale basis anytime soon because of the technological challenges based on the differential experiences

NBCU

- **Linear model has been tough because of vMVPD growth abating, together with the dynamics of losses of traditional subscribers**
 - Don't have any significant renewal deals coming up until 2021, so not expecting to drive affiliate revenue of NBC cable networks until then
 - There's still opportunity, given the strong performance of NBC, MSNBC and Telemundo and will look to capture value in the next cycles
- **Exhibiting financial discipline by only signing up for sports rights packages at prices that are sensible for their business model**
 - Addition of Sky positions them well for future rounds of rights deals as global reach becomes more important to sports teams, and leagues

VIDEO

- **There is a growing number of homes where they can no longer make money by proving the full experience**
 - Churn is well under control in video in the places where the X1 product and the full bundle makes the most sense
- **Flex enhances value because it supports a key reason why people are looking for great broadband, which is to consume video**
 - Will add value and for those relationships where it's deployed, will be the best path to stickiness and lifetime customer profitability
 - Have robust focus on it internally and are ramping up the deployment as they get set to really make it widely accessible over the next year

How will NBCU adjust their content strategy across cable networks and film in order to build awareness of Peacock?

FOX Is Embracing The Linear Bundle As Their Core Platform, Rather Than Follow Competitors Into Streaming

DIRECT TO CONSUMER

- **It's not a winning strategy to blindly follow others into the DTC space, where they are sub-scale and sub-scope**
 - From their perspective, look at it on the basis of what they can expand on from their core business right now
- **Have the toolkit to deliver the core product on a D2C basis, but the vast majority of their subscribers are still in the bundle**
 - If that gets compromised, then they would absolutely look at supplanting what was left in the bundle with what they can do independently
 - Don't think they are solving a consumer problem by having a D2C sports app that people can buy on a standalone basis

SPORTS BETTING

- **For sports betting to really catch fire, it needs to get legalized in more jurisdictions, but early signs are strong in NJ and PA**
 - 1 million registered users have played Fox Bet 15 million times, making it one of the most widely played free-to-play games in the sports market
 - Not looking for the gambler that wants to put \$100,000 on a game, but instead those that want to have a wager to keep interest in the game
- **Helps viewership because of the increased level of engagement a sports viewer has if they have a bet on the outcome of the game**
 - Becoming an increasingly important advertiser category, particularly for local stations, and have 13 different sports wagering advertisers in NY

STRATEGY

- **Have to rethink what the entertainment side of the business looks like, and how they leverage their high audience properties into creating successful new entertainment shows**
 - Get the direct monetization through advertising revenue, but the ultimate payoff is being able to drive that \$1 billion of retrans growth
- **It's incumbent on them to use their high-profile sports as promotional platforms to build audience flow and create asset value in other parts of the schedule**
 - If the programming proposition is strong enough to be on-air, then they want to have an equity position in as much of that show as possible

LINEAR

- **In the summer of discontent for affiliate renewals, they were able to pretty much get all of theirs done without too much acrimony**
 - They are such a concentrated group of high-profile channels that, they are pretty much carried in all of the basic tiers across virtually every provider
 - Pretty much negotiate the whole portfolio as one, so they are indifferent to whether the value goes to the cable side or the television side
- **There are going to be swings but there's no doubt that there is a really strong advertising market based on scatter pricing**
 - Reinforces their strategy of the importance of live event programming that differentiates them versus the rest of the landscape

Will they be able to build complementary businesses that enhance the monetization of their massive live audiences?

Netflix Has Received Critical Acclaim For Their Films, But Have Yet To Win Over The Major Movie Theaters

FILM

- **Started making movies that would otherwise be difficult to make, but quickly evolved to movies that everyone wished they made**
 - Monetization is different and enables things that are different, so they don't have to rely on a big opening weekend to get the payback
- **Perfect distribution model is day and date in as many theaters as possible because they want to give the consumer choice**
 - Tried to work with theaters to try to figure out some window somewhere in the middle but couldn't land anything that both sides agreed
 - With independent theater owners all over the world, about 80% of the ticket buyers are Netflix subscribers, and it's great brand reinforcement

TELEVISION

- **Bias towards new creates a massive opportunity cost to cling on to shows that would be radically overpriced relative to viewing**
 - If they get too bogged down in trying to keep everything, no matter what the price, they'll never get into trying to create the next Office and Friends
 - They are taking a lot of swings to produce their own hit, but it requires a lot of at-bats, and they will have some misses, but the wins are worth it
- **Historically, the measure of success of a TV show has been how many seasons it has run, but that is slowly evolving**
 - First season is super-creative driven and everything after that is business driven, and it's pretty rare that shows that are better than Season 1

TALENT

- **All the new competitors were making programming for other outlets before, so it's not like there's been a massive change**
 - There are a few projects that get very heated, and the price goes up, and they still want to buy it if it is going to have an enormous business impact
- **Creators mostly want to be in the culture and want their work to be seen, recognized, and talked about**
 - Really important to stay creative driven first and shouldn't get too hung up on what the business model is for each individual project
 - Offer great freedom and there is interaction with their creative team, but insist that it's an invited process driven by the creators

INTERNATIONAL

- **Goal isn't to export Hollywood content around the world, but to tell stories from anywhere in the world to everywhere in the world**
 - It's not meant to be a cost savings because the main thing they want to do is keep upping the ante on that international programming
 - The art of dubbing and subtitling into English has been underappreciated and underinvested in
- **When entering a new market, the first thing they do is figure out the taste of the local culture and ensure it matches their content**
 - Also examine how well the internet works, how the banking infrastructure works for credit card payments, and the development of mobile

How many local languages shows can become a global hit that can reinvigorate domestic subscriber growth?

Key Takeaways

The New York Times Is Enhancing Their Product To Drive Subscriptions, Rather Than Grow Ad Revenues

PRODUCT

- **Using machine learning to understand the user better and push more relevant content without distorting the news agenda**
 - Figuring out the best way of matching the right content with the right user, depending on geography and/or prior consumption
 - There's a kind of natural architecture to the print version, but have yet to crack the code on how to do that on a smartphone
- **Believe the actual products should do more of the subscriber acquisition work and the paid marketing should do somewhat less**
 - Drives engagement and helps them get into a relationship with the user, which ultimately improves subscription conversion rates and retention

PRICING

- **It's becoming more widespread, not just in the U.S. but around the world, that consumers will have to pay for best content**
 - Having assumed everything should be free on the Internet, need to figure out the best way of getting people to becoming a paying subscriber
 - People in many households will want to pay for news, but they're unlikely to want more than 1 or 2 subscriptions
- **Initially started with classic print style promotions, but found out quickly that they don't retain very well, and lifetime value is low**
 - Year-long introductory offer works as an engagement tool and retains well so they will be successful at graduating them to full price subscribers

SUBSCRIBERS

- **Don't aspire to be as universally accepted as a Netflix or a Spotify, but think there is still a very big global market**
 - Not expecting to have journalists around the world, but rather expand through regionalization, pricing and marketing tactics market by market
 - Podcasting could strengthen their core subscription or become a subscription product in its own right, and has them considering bundles
- **The challenge with millennials is engaging them more deeply and moving them to become subscribers**
 - It's a long-term bet as they get people used to their brand, even if they can't necessarily persuade them to part with the money today

ADVERTISING

- **Like the advertising revenue stream, and the fact that it's difficult to model, doesn't mean it doesn't produce pretty high margins**
 - In print advertising, they have a great product, but there are fundamental secular pressures working against it
 - In digital, they are developing differentiated products and have a series of distinct partnerships with very big brands, often integrations
- **Registration model gives them first-party data that lets them develop effective ways for advertisers to target audiences**
 - Still going to be in the programmatic business for some time to come, but are removing open market programmatic advertising from their apps

Will they capitalize on the breakout success of The Daily by developing a subscription-based podcast platform?

T-Mobile Is Still In A Waiting Phase As The Merger With Sprint Has Taken Much Longer Than Expected

SPRINT

- **Main focus right now is not only getting their transaction with Sprint done and approved but getting the integration going**
 - Reaffirmed that the \$43 billion of synergies that they initially communicated at the launch of this deal 2 years ago are fully intact
 - Potential for settlement right up until the verdict, which is some weeks after the trial, and there's plenty of reasons why that might make sense
- **Have had a little extra time to plan this than initially expected, so they have benefits of having a game plan that is ready to go**
 - Developed go-to-market strategy to build this differentiated network that's going to leapfrog AT&T and Verizon, and are just ready to execute now

5G

- **Introduced a ton of new spectrum across a big geography and that speed and performance is cumulative with their LTE network**
 - Putting 5G on low-band isn't the whole journey; it's important, and makes a difference, but it's a step in what is going to be a fantastic journey
- **Combination of T-Mobile and Sprint can create a suite of 5G assets that can't be matched by anything else that is out there**
 - Bolting on new lanes of freeway, which are completely wide open and free with no LTE encumbrance, so their intent is to leap ahead of the duopoly
 - Dynamic spectrum sharing is cool in that it can combine both LTE and 5G traffic but it's going to be a 2020 feature, and will take time for maturity

WIRELESS

- **They are an aggressor and usually responsible for bringing competition to the space and like it when things heat up a little bit**
 - Over the last 1.5 years, as people have kept their handsets longer, they've stuck around longer and churn has fallen
- **5G can be a catalyst and some of this competitive intensity right now might be a function of the coming 5G wave**
 - When there's a period like this when everybody is leaning in, more consumers are asking themselves if they are with the right carrier
 - If next year is a super cycle and people are starting to get 5G handsets, maybe there will be higher churn in the industry next year

PARTNERSHIPS

- **Have their own assets, relationships and technology that they can inject into partnerships with content providers**
 - Have offered Netflix On Us for over 18 months, and it's been so successful and so popular that finally you're starting to see duplications of it
 - Doubled down and decided to be strategic partners with Quibi, and will have more to say about it coming early in the year
- **Cable companies are the second fastest growing in the industry and making a difference, but not taking market share from them**
 - 7 year MVNO with DISH will enable them to put all their spectrum to use and allow them to be a significant player

Will the change in CEO result in a new strategy, or can they continue to disrupt the industry through Uncarrier initiatives?

Verizon Is Utilizing Content Partnerships To Push Their Subscribers Into Higher Priced Unlimited Plans

5G MOBILE

- **Will continue to develop 5G ultrawide band in dense urban areas and when the markets are ready, will turn on national coverage**
 - New phone cycles are a pivotal time and the best network will have a huge possibility to gain market share in those first 24 months
 - Going to use dynamic spectrum sharing to allocate between 4G and 5G and should be ready in the first half of 2020
- **C-band is going to be a global spectrum and all applications will be developed on that, so it will have enormous scale of economy**
 - Very important to be on that mid-band because they can bandwagon on the whole telecom industry and reduce prices of handsets and chipsets

PARTNERSHIPS

- **Apple Music and Disney+ are exclusive deals where they add value through the strength of their network and distribution**
 - They get a good churn reduction in the beginning, and new acquisition based on it, but also can step up their customers into higher priced plans
- **Partnered with AWS to build a virtualized network with 5G mobile edge compute so developers can start creating new services**
 - Bethesda Games, one of their first customers, cannot have their games on 4G because it's too much latency and throughput is too low
 - In 2020, going to open more centers because the distance to the user and the application developer is important

5G HOME

- **Majority of the cost building broadband is from the curb to the home and having the field operations coming out and installing it**
 - Still have more work to do with the self setup, which is a totally new way of thinking from a consumer experience point of view
 - There will be customers still saying that they don't want to self-install, but they'll offer a separate service for that so they can generate fees
- **Waiting for the next generation of chipset coming in the second half of 2020, which will be the base for their next CPE**
 - Will have better coverage and can receive more better signals, so that's when they are going to ramp up on 5G Home

WIRELESS

- **Mix and match structure has created a possibility for them to move a lot of subscribers from metered plans up to unlimited**
 - Ultimately, when 5G comes, they can move up to that because the jump is too big right now from some of the metered plans to be a 5G customer
- **Market is not without competition, but with their transformation and improvements they find new ways to compete every day**
 - At the moment, 4G is their base, and have enough things in the funnel to continue its growth
 - Have much more in the pipe to continue the revolution of personalization and layering on applications and services to customers

Will recent organizational changes create the right structure to gain an early advantage in the race to 5G?

ViacomCBS Is Doubling Down On Their Strategy To Be The Premium Content Supplier For Everyone

DIRECT TO CONSUMER

- **Going to be active in free and pay because it is critically important to serve the largest possible consumer base**
 - Will have product that spans genres, and includes film and television, which is comprised of scripted, news, sports and live programming
- **All-Access is a differentiated play because it is the only SVOD product with entertainment, news, sports, and local stations**
 - In the domestic U.S., have about 10 million subscribers between All Access, Showtime, and some of the niche Viacom SVOD services
 - Operating footprint is substantial outside the U.S., and plan to enter the streaming space globally

PLUTO

- **Hypothesis that there is demand at the free price point is proving right and other content owners are embracing the platform**
 - Have a tremendous breath of content and time spent with the platform is growing even faster than MAUs
 - Have about 175 content suppliers, and are now at a point now where they are getting rid of some content in order to add some more
- **Great substitute or companion product to traditional Pay-TV, as about half of the Pluto users are cord cutters or cord nevers**
 - Early stages of rolling out internationally and are live in the UK, Germany, Austria, Switzerland, and will launch in Latin America, in early 2020

LIBRARY

- **There is a very significant demand for content on a global basis and they will probably be the most important dealer in the world**
 - Have a massive library of 140,000 TV episodes and 3,600 films and tremendous ongoing production around the world
 - Some competitors are pulling back from licensing, but they think there is an opportunity to continue to benefit financially from it
- **The consumer base is segmented and they are not going to be able to serve everyone through 1 door**
 - Have a framework around where they place IP and it's about the financial value as well as the strategic value

LINEAR

- **General structure is staggered multi-year deals, so benefit will begin next year and will take a few years to get the full benefit**
 - 1/3 of the CBS deals are up in 2020, providing an opportunity to improve the power ratio of fees to audience share
 - Have 2 vMVPD deals expiring in 2020, where Viacom doesn't have carriage, and will be the first big opportunity of the combined platform
- **CBS has a long-standing, highly productive partnership with the NFL and their linear broadcast reach is tremendously important**
 - Viacom clearly brings young adult reach both linear and nonlinear, as well as a global reach that CBS stand-alone did not have

Will they combine OTT under one roof or keep them as separate branded services, akin to the flagship network strategy?



WWE Network Is Redesigning Their OTT Platform To Incorporate A Free Tier Than Can Build A Bigger Funnel

OTT

- **Have migrated to a more modern platform that gives them the ability to add new UX and UI enhancements**
 - For the last 5 years, the content's only been in English, but they are really focused on the ability to have different flavors of localization
- **Excited about the ability to tier within the DTC platform and bring multiple elements of WWE for a portion of their subscribers**
 - Have had a lot of short-form content but felt like there was a wall between what users paid for and what could be accessed for free
 - Gives viewers an ability to experience the product without having to pay and can funnel a portion of those into the full product subscription

STRATEGY

- **Balancing investments across multiple time horizons and brought costs forward to drive engagement that can be monetized later on**
 - Significant portion of revenue is locked in, which eliminates a lot of risk, but they are tied to the contractual cycle to generate a big jump in value
 - As an IP business, some investments have direct economic return, but some are geared towards the indirect economics of building the brand
- **Avoid putting the same piece of content on multiple platforms to help manage cannibalization and create less confusion for fans**
 - In 2018, had 5.8 billion hours of consumption, with 60% in Pay TV outside the U.S., 15% in the U.S. Pay TV system, 20% on AVOD, and 5% on OTT

DATA

- **Data is central to their operations and touches every part of the business from developing new products to targeting audiences**
 - OTT network doesn't have as rich of data as the AVOD services, but they still get much more than traditional Pay TV
 - Gives them the opportunity to really understand their fans and determine where the best place they should be deploying their time and resources
- **Data engineering is about building the platform that allows insights and it will be a much bigger part as they go forward**
 - Individually, it's a lot of little things, but when added up with the scale of their fan base, it becomes a really powerful tool

MEDIA INDUSTRY

- **Believe live is very valuable in the bundle, and think it's going to continue to be and maybe to an even greater degree**
 - Have announced scripted and unscripted programs with other partners and targeted pieces of content that can reach a specific audience
- **As people get more comfortable using multiple apps, there is a bigger comfort level in exploring and that actually helps everyone**
 - WWE Network is a premium product for their passion audience, so don't think the general entertainment SVODs will necessarily impact them
 - Continuous growth in broadband, both in the availability and the strength of the connection speeds are really important for streaming video

Has the substantial increase for domestic rights created unrealistic expectations for their international renewals?