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# The three pillars of next-gen distribution

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# Amdocs/Vubiquity at a Glance

**29,000**
employees

**$4.5B**
FY21 Revenues,
**7% YoY**[1]

**85**
countries

**~75%**
recurring revenue

**350+ customers**
industry in society's backbone

**$1B+ investment**
in our next-gen cloud platform

**850+**
Media companies relationships

**200+**
Partner innovation ecosystem

## Media Expertise

Content Licensing
Post Production, Editing, Storage
Localization, Packaging & Distribution

## Industry's best technologies

Emmy Award Winning Tech
AI based high throughput workflows
Certified cloud integrator (AWS, Azure, GCP…)

## Committed to sustainability

Dow Jones Sustainability index
Top workplace for women in India for 2021[2]

1. On a pro forma & constant currency basis. Excludes the financial impact of OpenMarket (which was divested on December 31, 2020) from the current fiscal year and comparable fiscal year and assumes exchange rates in the current period were unchanged from the prior period
2. Indian Economic Times




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# Vubiquity Overview & Capabilities

## About Vubiquity

- **600+ M&E staff**
  across 5 locations
- **~400 unique 'Live' streaming channels**
- **2000+ onboarded end points**
  (Post houses, localization shops, broadcasters, MSOs, MVPDs, OTT & Mobile)
- **99.99% Availability**
- **99.9% On Time delivery**
- **700k+ packages a year**
- **2M minutes a month distributed**
- **Secure & Audited partner**

## Managed Services

**Post & Mastering**
Full editorial, color, DFX, & audio services on a global scale

**Packaging**
Ad hoc content adaptation, transcode & delivery

**Localization**
Subtitling & Dubbing Project Management and Origination

**Linear Video**
Video aggregation, transcode and delivery via private networks

**Library Mgmt & Fulfillment**
Content Curation, Storage, Remastering and Delivery

**VU Creative**
Full Creative Marketing & Services

## Tech Solutions

**Asset VU**
Content Mgmt solution with On Demand Transcode and Delivery

**MetaVU**
Metadata aggregation, creation and adaption via a cloud native service

**Content Cloud**
Curated and hosted MBR content ready for global consumption

**OTT Storefront & M1**
E2E creation of consumer facing SVOD & AVOD app experiences




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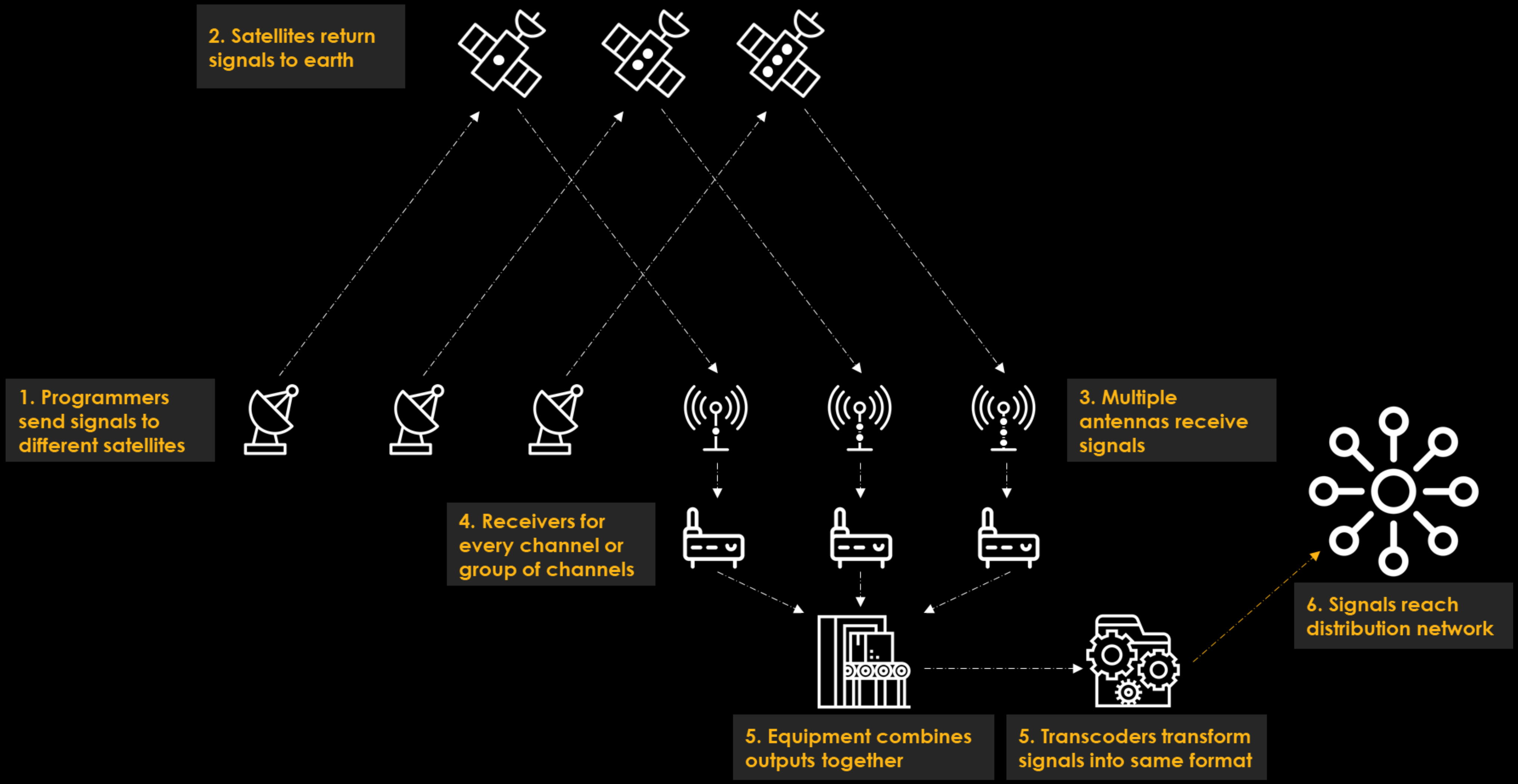
# The three pillars of next-gen distribution

1. Channel Aggregation
2. Migration to IP Streaming
3. OTT Bundling

# Channel Aggregation

# The current headend for most operators



# The costs of running a headend add up

| | | | | |
|---|---|---|---|---|
| Antenna damage | Managing interference | Satellite failure | Satellite changes | Receiver failure |
| Support and monitoring | New channel additions | Terrestrial distribution | Electricity costs | Software licensing |
| Blackout management | Maintenance costs | Cooling Costs | Operational costs | |

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# Operators are moving to outsource aggregation


# Recap: Why Move to Outsourced Headend

Outsourced Headend Benefits

- Eliminate antennas and receivers and transcoders
- Programmer changes are taken care of with no hassle
- Full monitoring and alerting included
- No software maintenance costs
- Reduced power/cooling costs
- Blackouts management handled by headend provider

# Added Benefit – Expanded Lineups with Tiers

Premium

Ethnic

Religious

Sports

Niche

+ Antenna

+ Receivers

+ Transcoders

+ Capital

# Migration to IP Streaming

# Current CSP Distribution Network

## Traditional Cable Network

- Live channels are broadcast on the network
- Live channels allocated valuable bandwidth on the network
- Proprietary STBs are required to view content
- STBs with HDDs support DVR services – storage in STB
- VOD requires standalone VOD architecture width dedicated capacity on the network

# CSPs moving to IP Streaming Network

| Traditional Cable Network | | IP Streaming Network |
|---|---|---|
| Live channels are broadcast on the network | → | Live channels are 'published' to an origin server - content pulled |
| Live channels allocated valuable bandwidth on the network | → | Video traffic is now IP traffic – shares capacity with all other IP traffic |
| Proprietary STBs are required to view content | → | Low-cost STBs AND consumer devices supported (Smart TVs, Phones, Tablets) |
| STBs with HDDs support DVR services – storage in STB | → | DVR is serviced from the Origin – not on devices. Lookback also enabled. |
| VOD requires standalone VOD architecture width dedicated capacity on the network | → | VOD content published to origin server – no standalone architecture or capacity required to support VOD |

# Requirements to Launch IP Streaming

## Roadblocks to IP Streaming

- Multi-bitrate transcoding of all live and VOD content
- Streaming Headend including origin server and caching platforms
- Replacement STBs for some subscribers
- Middleware/Applications

# Hosted IP Streaming Implementation

## Roadblocks to IP Streaming

- Multi-bitrate transcoding of all live and VOD content
- Streaming Headend including origin server and caching platforms
- Replacement STBs for some subscribers
- Middleware/Applications

## Hosted Streaming

- Headend provider transcodes all channels into MBR format
- Hosted origin at headend provider – only cache server at operator
- Still need to replace many STBs

# Hosted IP Streaming Options

| Roadblocks to IP Streaming | | Hosted Streaming |
|---|---|---|
| Multi-bitrate transcoding of all live and VOD content | → | Headend provider transcodes all channels into MBR format |
| Streaming Headend including origin server and caching platforms | → | Hosted origin at headend provider – only cache server at operator |
| Replacement STBs for some subscribers | → | Still need to replace some STBs |
| Middleware/Applications | → | Cloud-hosted middleware platforms with low barriers to entry |

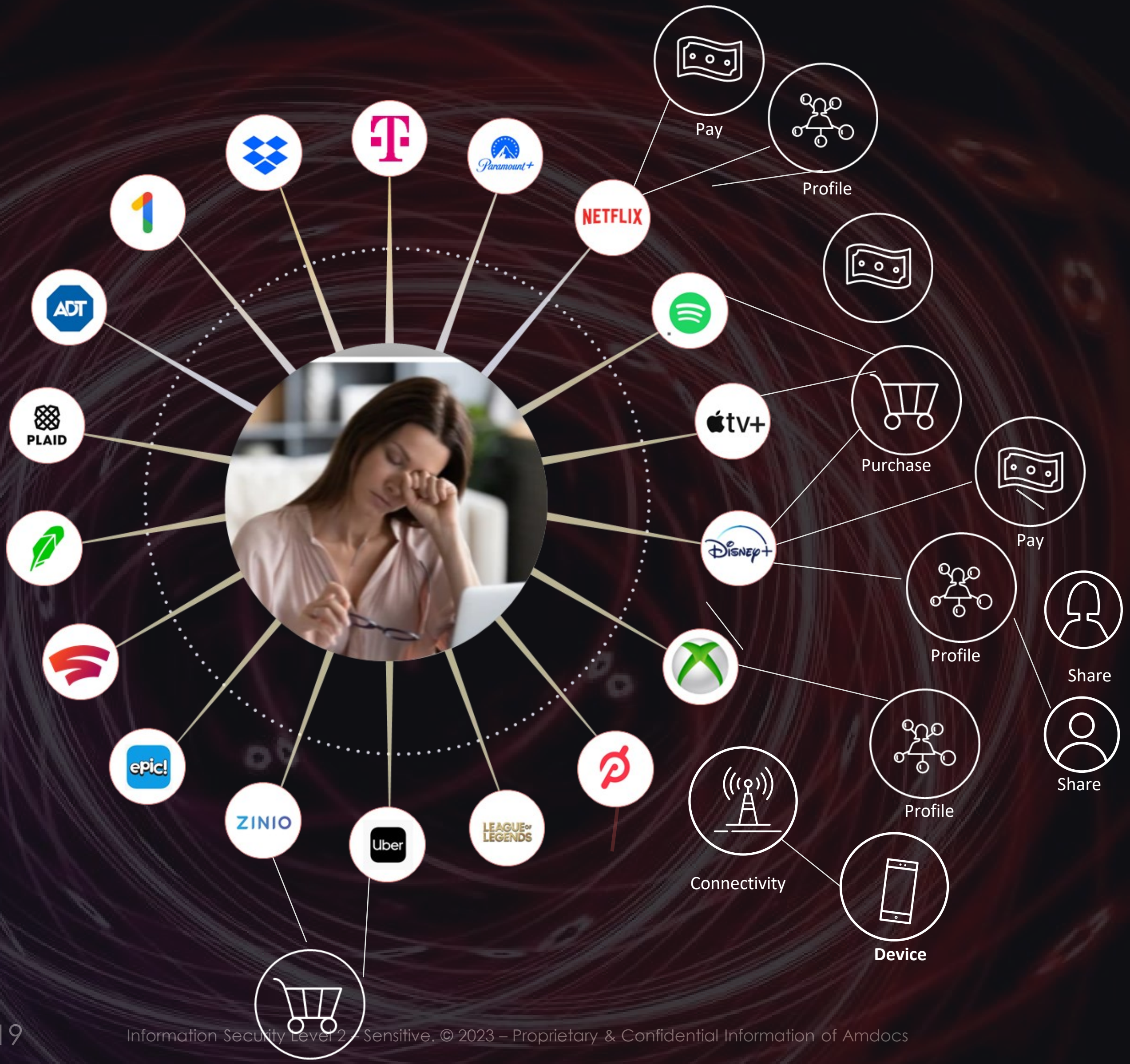
# Recap: Why Move to Linear & VOD Streaming

**Linear & VOD Streaming Benefits**

- Eliminate the need for costly STBs
- Support for low-cost STBs and customer-devices
- Optimize network architecture
- Network DVR (versus expensive STBs with HDD)
- Lookback/Start-Over Services (new capability)
- Ability to easily integrate community content

# OTT Bundling

# Customer pain points with current offering model




1. Could I have one place to buy and manage my apps?
2. Why is my wireless bill so high and what are all those prorated charges?
3. How can I trust this new app with my credit card?
4. How can I keep a tab on my overall spend on subscriptions?
5. Can I just buy a quarterly or a weekly subscription package?

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# The industry is moving towards bundling

## And beyond

PARTNERSHIPS **SEAMLESS**

- All apps available on all devices
- OTT bundles available like pay TV today
- Customers see value and ease of use
- Apps beyond content (gaming, fitness)

## Future

PARTNERSHIPS **UNLOCKED**

- OTTs go from exclusivity to ubiquity
- OTT/TV bundles emerging
- Faster/cheaper to market
- Easier to find/sign up/use

## Present

PARTNERSHIPS **EMERGING**

- OTTs on NextGen TVs/STBs
- Some OTT billing, few bundles
- Hard for distributors to monetize
- Scalability & RoI challenges

## Past

LIVING IN **SILOS**

- Pay TV and OTT are islands
- Few apps on TVs
- But only on OTT bill
- Integrations slow, expensive

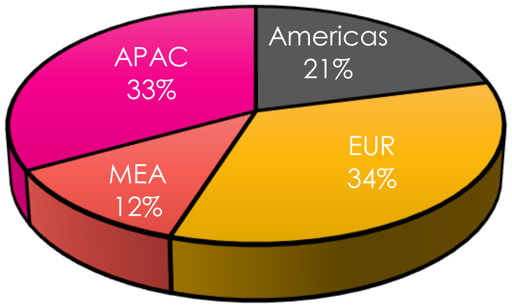
# Moving to a world of partnerships

Manage your subscriptions to entertainment + 12 months subscription to Netflix free

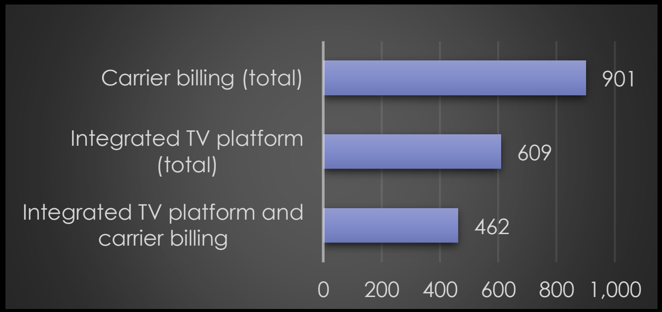
**Mobile** video content for millennials and partnership with Microsoft for gaming, Netflix for free with Magenta

Premium **video, gaming wellness** subscription services offered bundles with discounts

**Bundled 4K TV** with Sports, Netflix, Disney+ and more



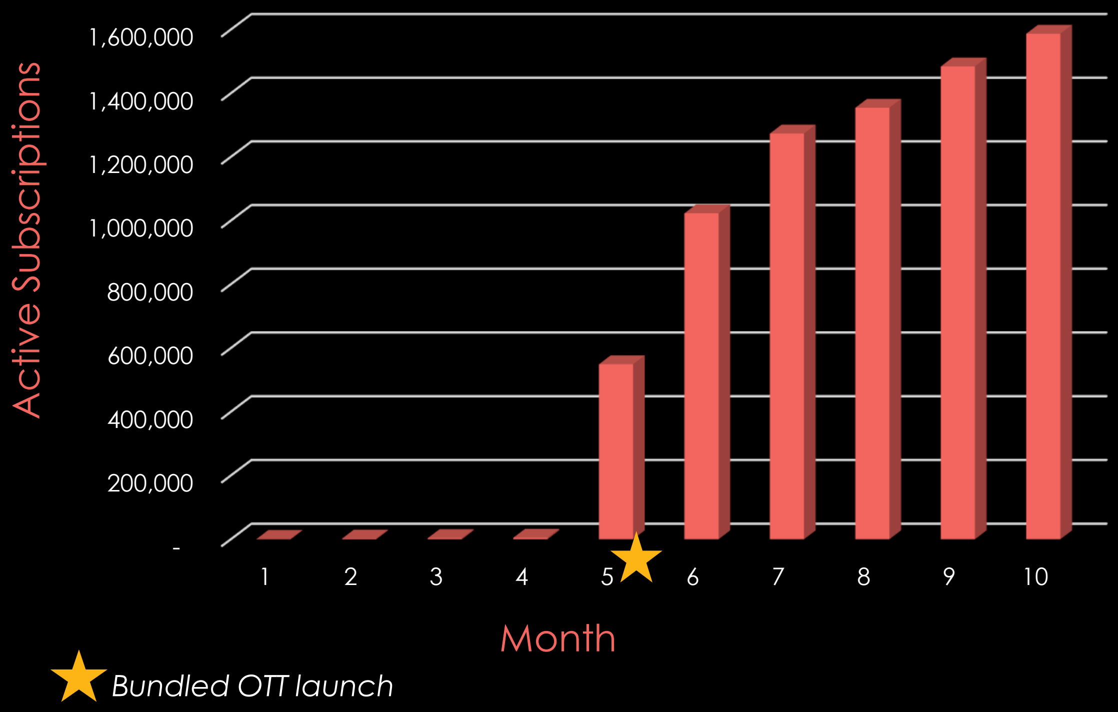

**...but majority leaning to Direct Carrier Billing**




*Online Video Bundling and Partnerships Tracker_ 3Q2*

# CSPs who bundle offers can get 15% - 20% penetration vs selling passively get 2-3%

## OTT adoption by CSPs' users growing exponentially and driving higher ARPU




- Flawless OTT launch: **1.5 M users** – **proven scalability**
- **Increase ARPU** - Monetize via promotions, freemium & appealing bundles
- Increase customer retention and customer acquisition through bundling
- Accelerate TTM for new services with launch **less than 2 months**

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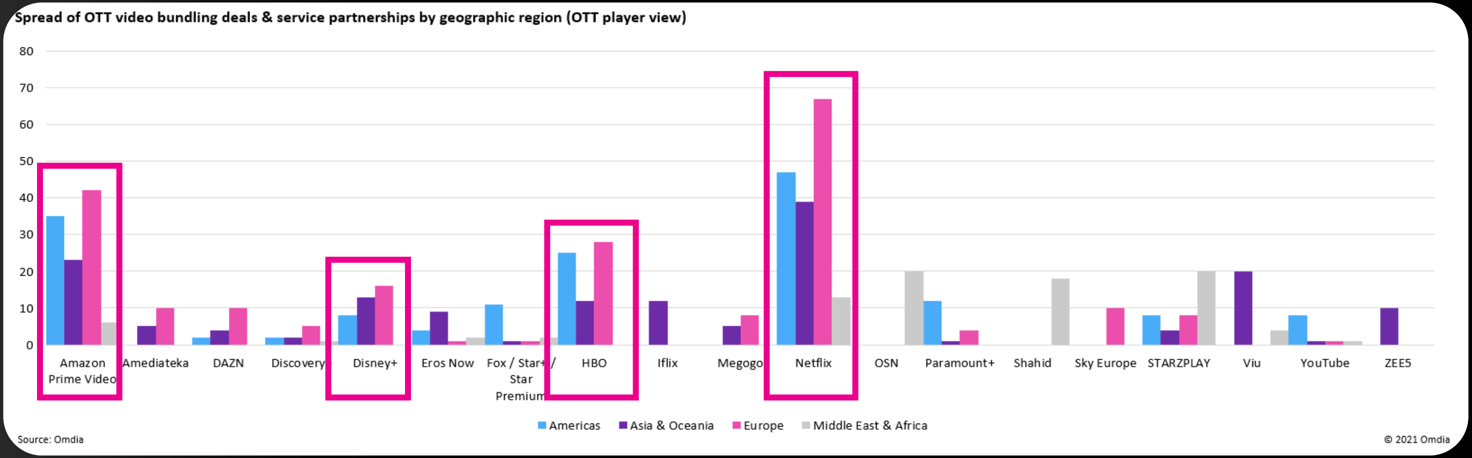
# Partnerships hard to deliver beyond #1,2 in each market

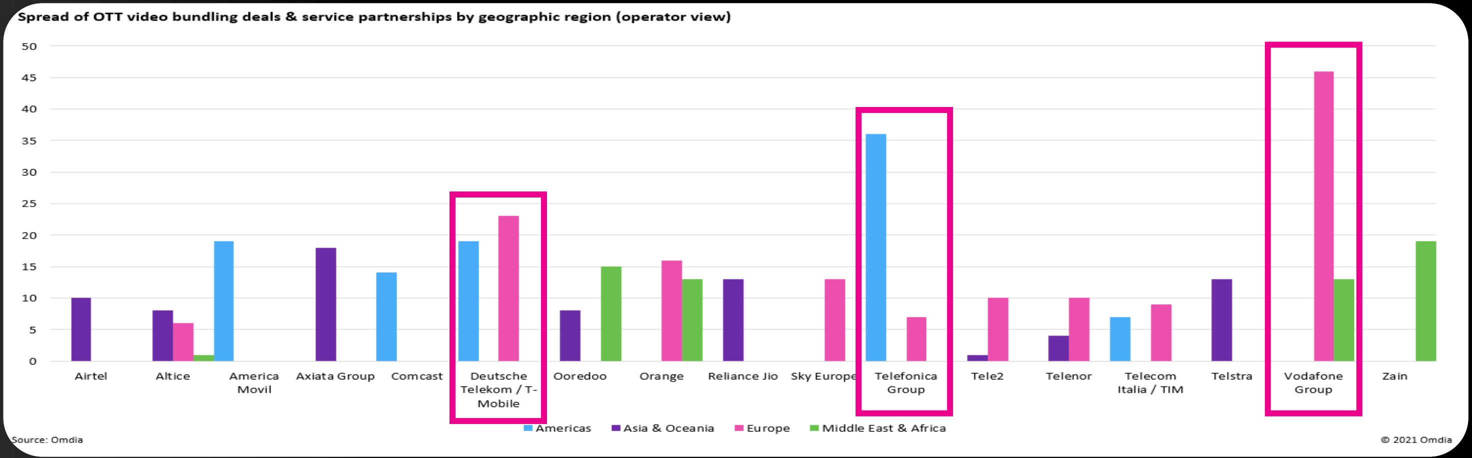
## Pure-play OTTs trailblazing

- Netflix and Prime leading the way
- HBO and Disney following
- Outside the big 4, most deals ex-NAM




## Tier 1 CSPs first to market

- Global CSPs are dominant - Voda, Comcast/Sky, Tmo/Deutsche, Orange
- Regional tiers 1s following
- Mid & Small tiers slower to launch





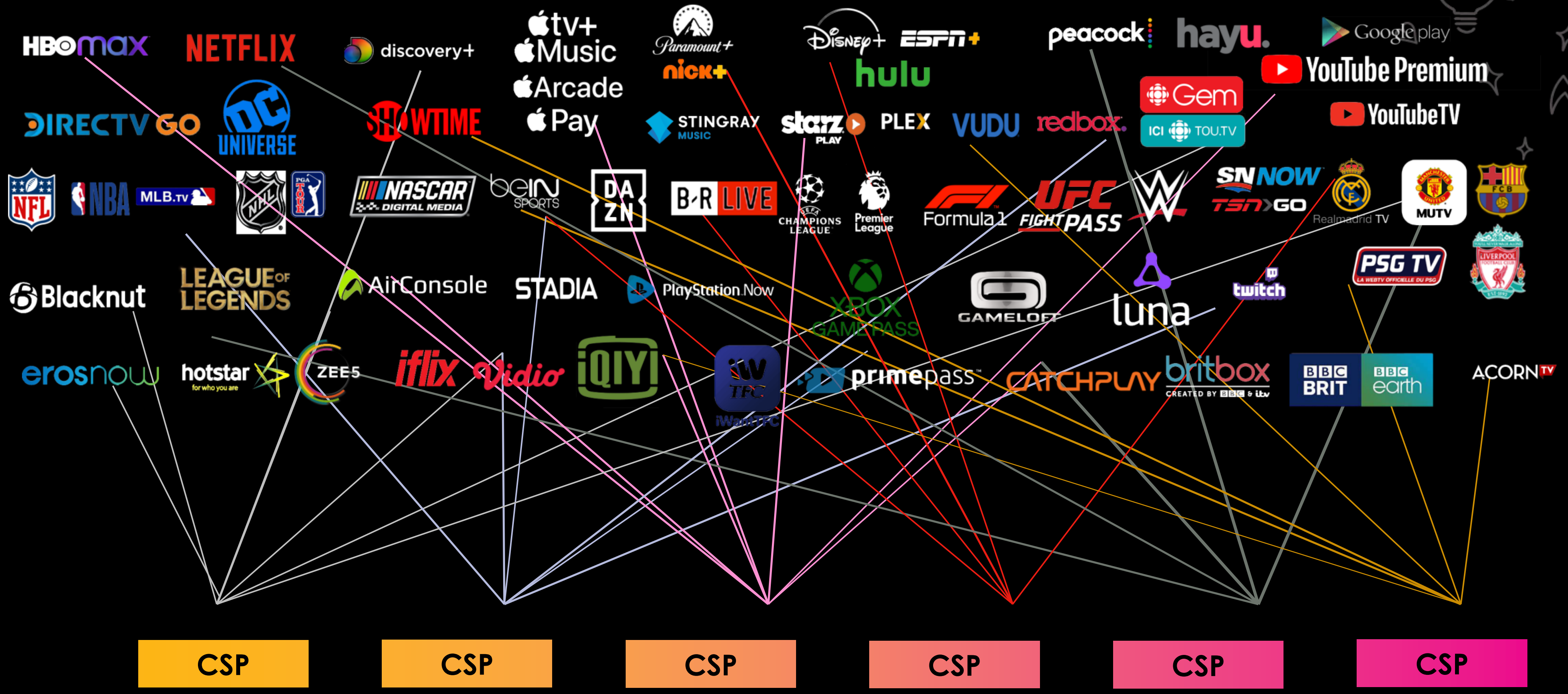


*Omdia Online Video Bundling and Partnerships Tracker_ 3Q22*

make it amazing

# CSPs pain points with current model

## Challenges around Partner onboarding, integrations, and user journeys




**Point-to-point Integrations** For **Every** Ott-carrier **Partnership**

**Clunky, Duplicative User Journeys** To Onboard & Activate **Services**

**Long Time To Market** And Expensive IT **Projects**

**Lack Of** Settlement & Reconciliation **Tools For Payment**





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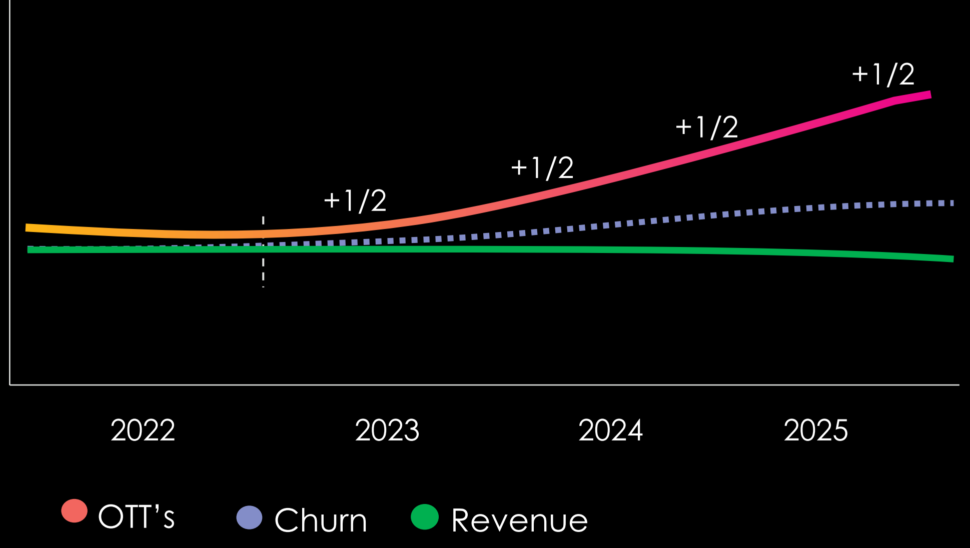
# Typical CSP Internal-Built Experience

## OTT monetization opportunities starting to be taken… but slowly

### Slow OTT Adoption – expensive to launch & battle for resources




**Still impact of churn + flatlining revenues**

**Complex & time-consuming to onboard**
Max 1-2 OTTs a year

**$ barrier to partnerships** - high cost only viable for largest OTTs – no scalability, and brittle

**Churn** – still accelerating, though now slower

**Revenue** – some monetization… but slow as few OTTs launched and not yet offering bundles

**Missed opportunity** – By 2024 OTT dominant, 35.4% households no longer use pay TV*

**Negative (though less so) ARPU** + **Positive (but lower) Churn**

*eMarketer

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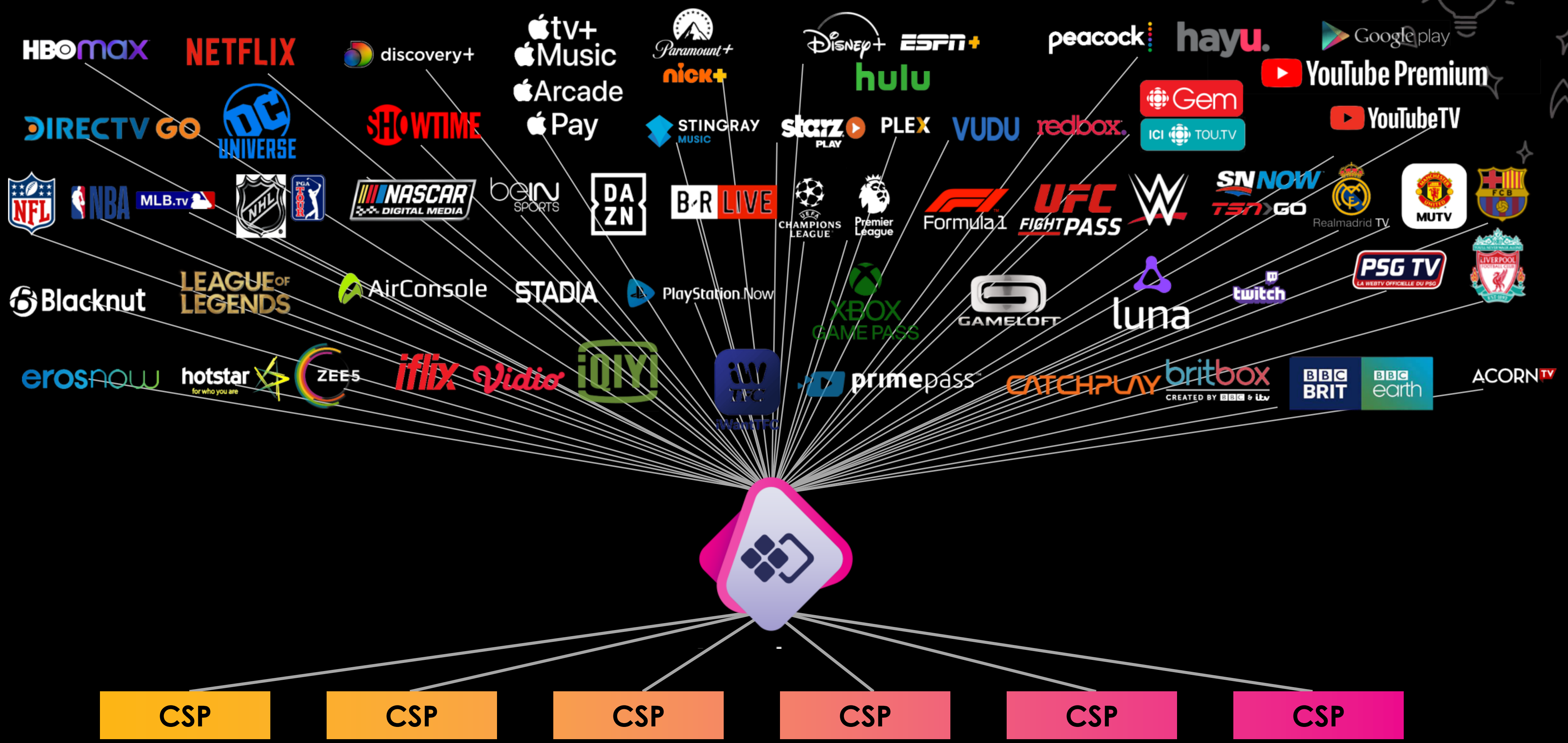
# Aggregator marketplaces resolve complexity




No need for Point-to-Point integrations

Single User Journey

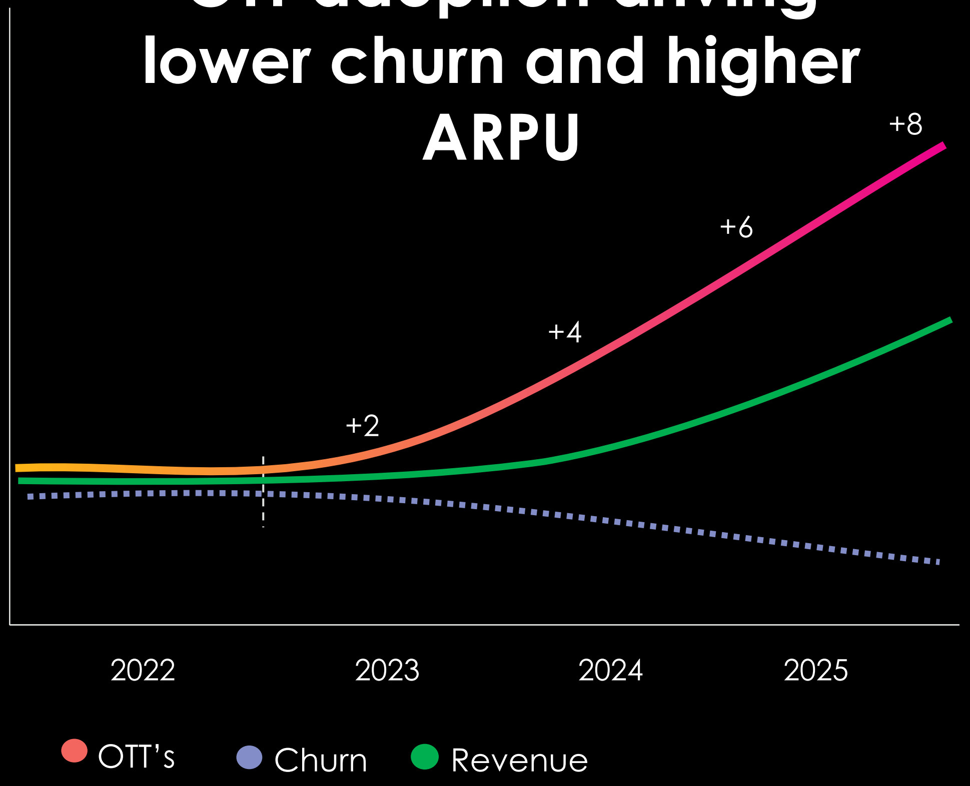
Quick Time to Market

Built in settlement & reconciliation

# Achieve more, faster with Aggregator Marketplace

## Growing revenues through OTT monetization and reduced churn

### OTT adoption driving lower churn and higher ARPU




**Revenues growing, churn decreasing**

- **Pre-integrated partners** – piggy back off other telco's onboarding (quick/cheap to launch)
- **Partner/internal resource/costs mitigated** – clearing the path for commercial agreement
- **Telco-Managed Subscriptions,** supporting bundles, cross product discounts, promotions
- **Enhanced UX** – improves L2R/QoE
- **Comprehensive OTT line up**– increases stickiness

**Positive ARPU** + **Negative Churn**





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# Recap: Why Bundle OTT Services

OTT Bundling Benefits

- Customer Acquisition – Reduce Churn
- Customer Satisfaction
- Incremental Revenues
- Direct Integration with OTT's super challenging
- Consider an aggregation partner
- Own your subscribers the digital life




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# Thank You

# Amdocs Subscription Marketplace Ecosystem

| | Onboarded Partners | Onboarding next 6M | Partner engaged |
|---|---|---|---|

Media

Edutainment / Lifestyle / Work

Gaming

Sports & Wellness