The Future of TV

Terence Kawaja

LUMA partners

The First Half of My Career Was in TV

COX COMMUNICATIONS
SBC
CBS
LIBERTY
at&t
comcast
verizon
TAFT Broadcasting Corp.
TELEMUNDO

LUMA partners

The Second Half Was in Digital

The Third Half? Convergent TV

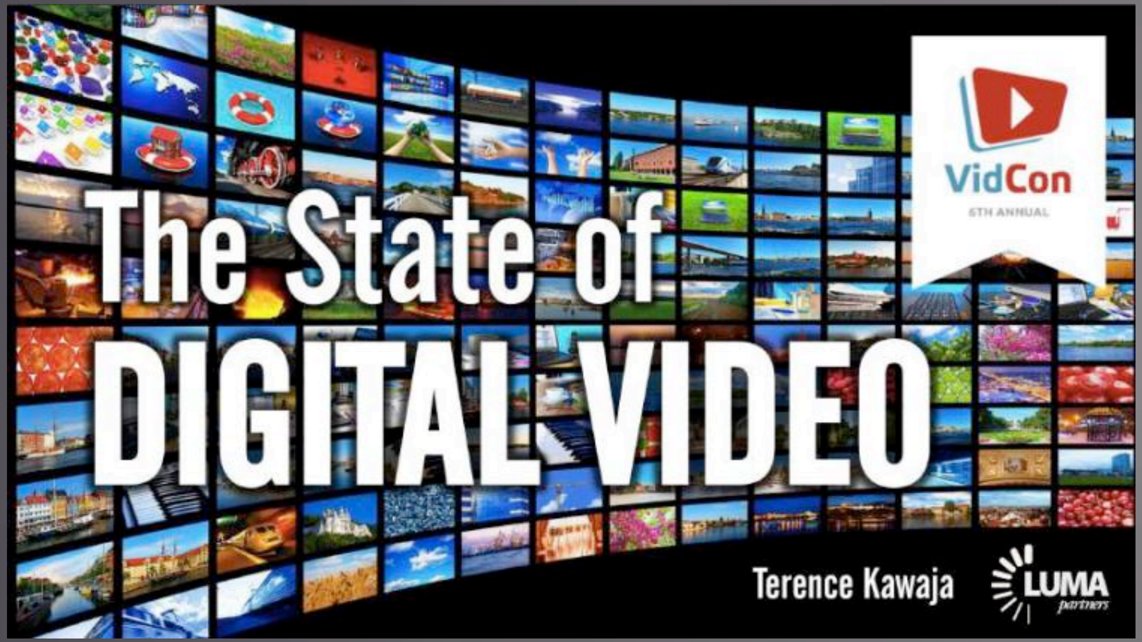
The Third Half? Convergent TV

merged with

January 2001

Too Early!

LUMA is a Leading Authority on Convergent TV



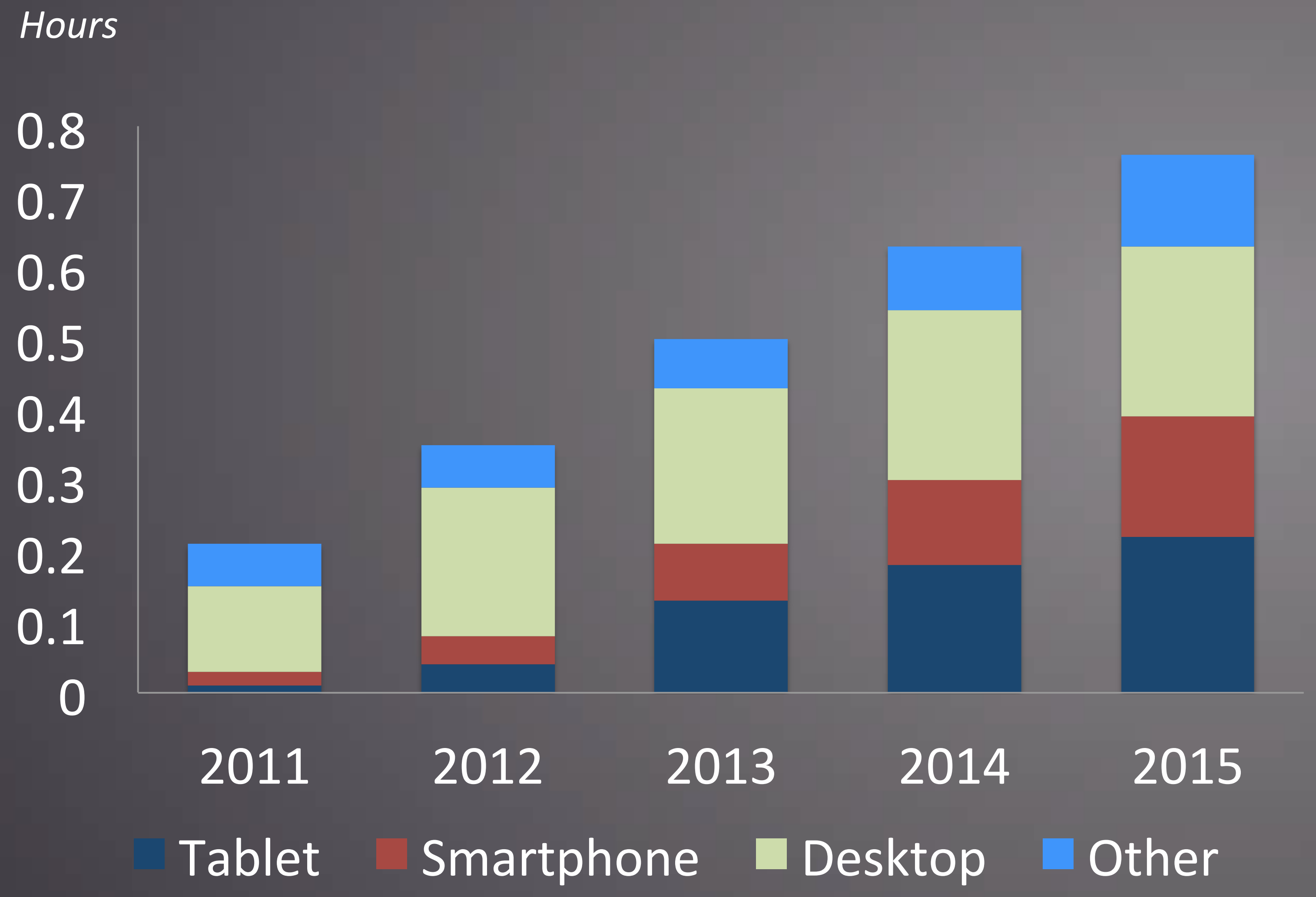
Over 600,000 Views

The State of DIGITAL VIDEO

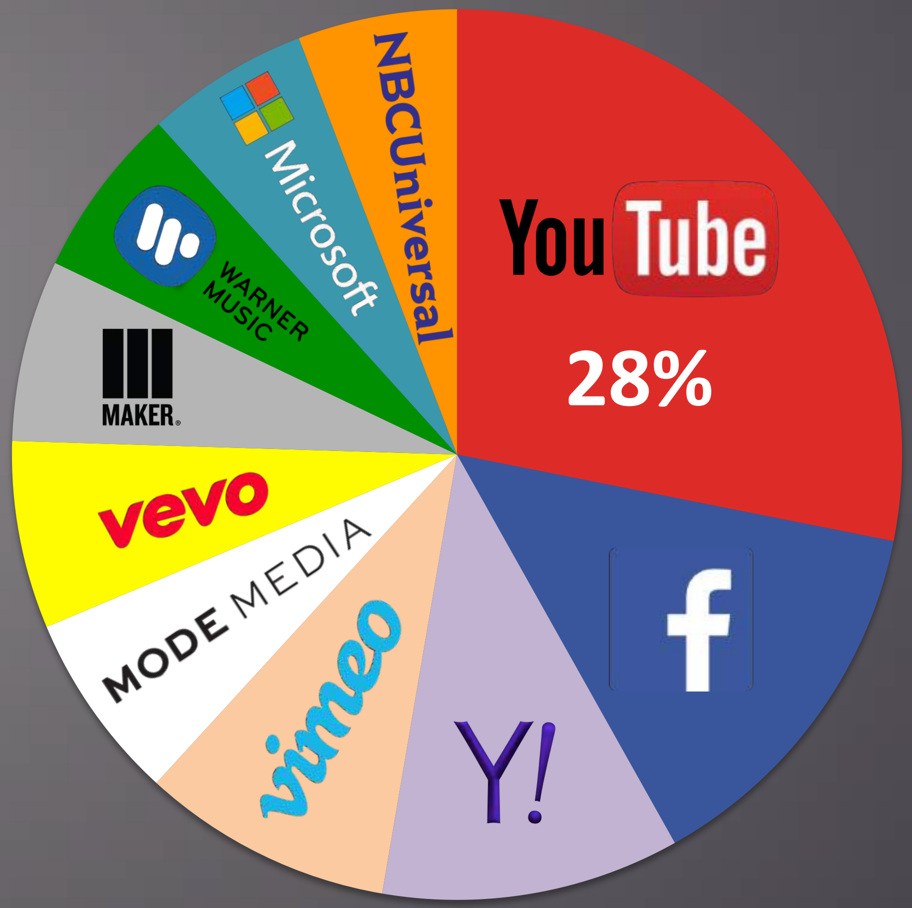
Upfront Summit

YouTube Has Dominated the Rise of Digital Video

Average Time Spent per Day with Digital Video by Device in U.S.



U.S. Digital Video Properties Ranked by Unique Video Viewers



Source: eMarketer, comScore Video Metrix December 2015

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But Now It's Not the Only Game in Town

Facebook Auto-Play Videos are Ubiquitous

facebook

8 Billion Daily Views

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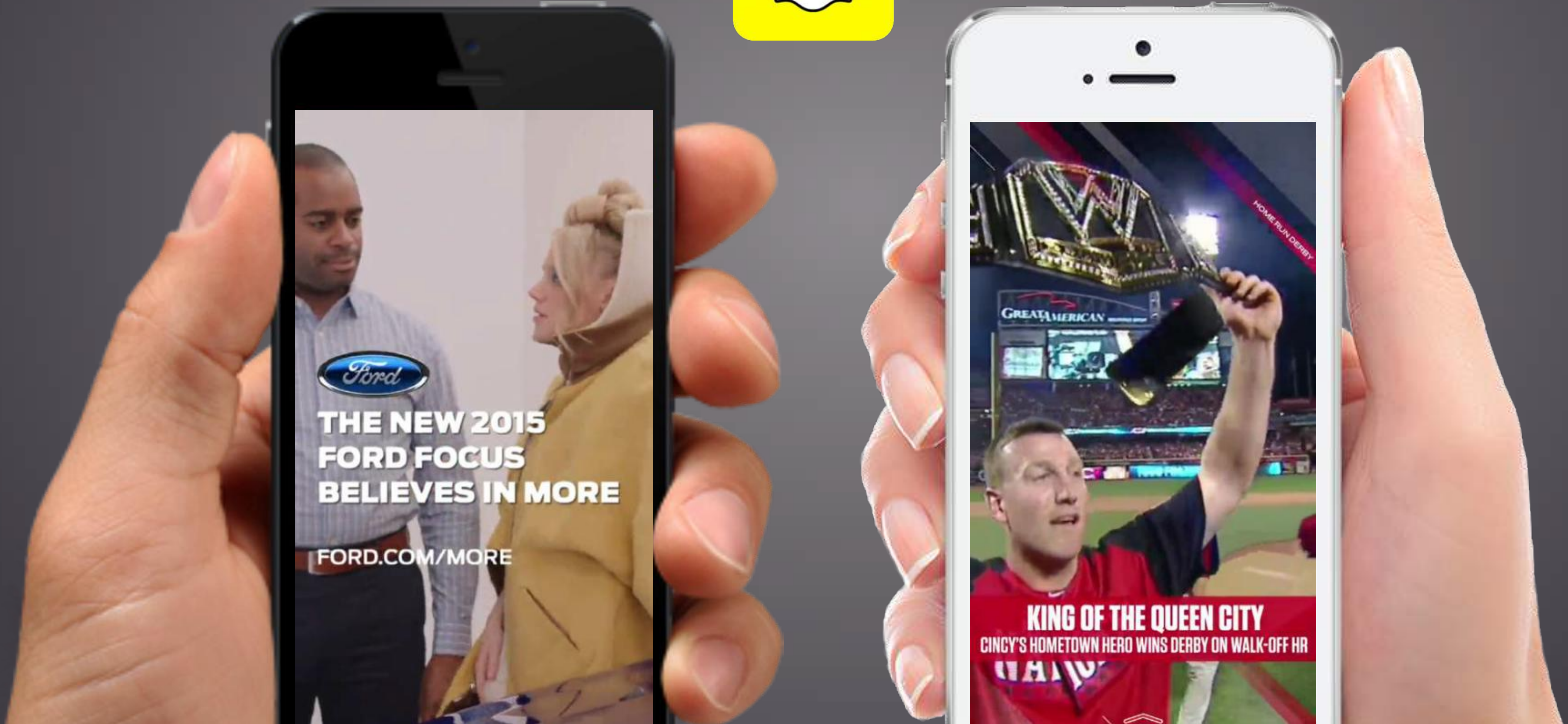
Mobile Apps Bring Live Content to Your Fingertips

LUMA partners

Snapchat Has Built Mobile-First Advertising



LUMA partners

Publishers of All Kinds Are Investing in Video

LUMA partners

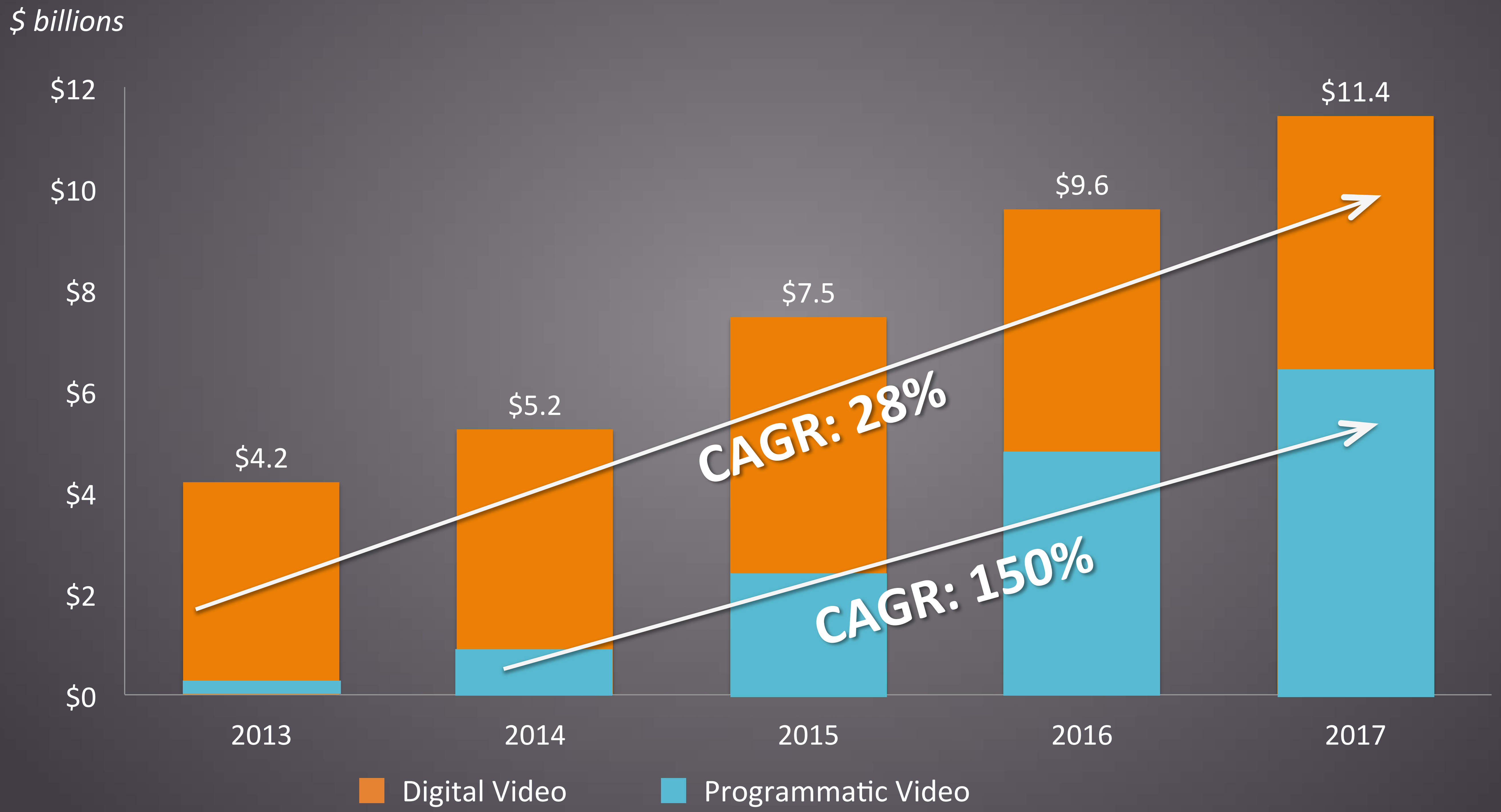
There Just isn't Enough Supply!

Display Ad CPM
$1.90

Video Ad CPM
$24.60

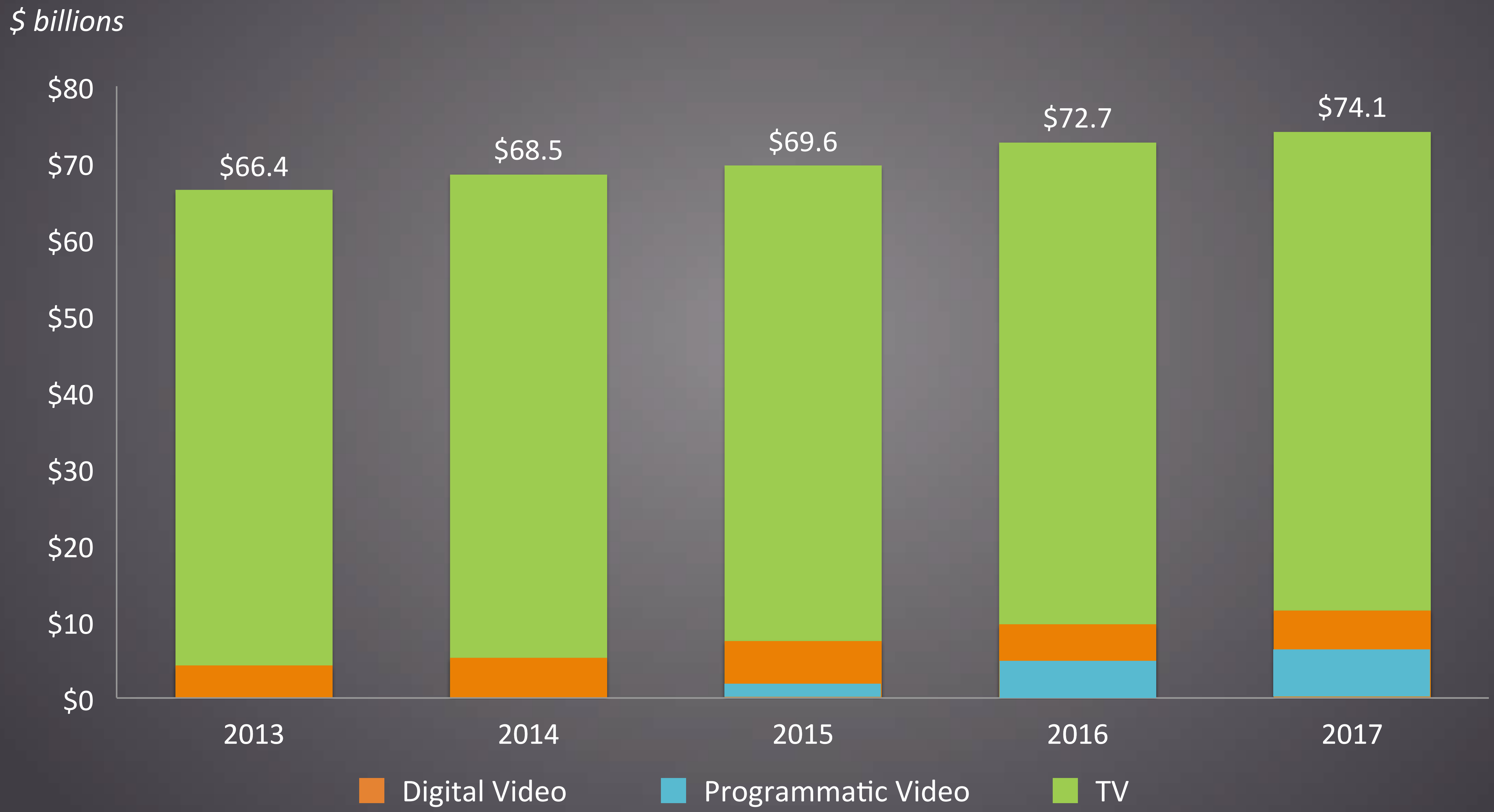
Source: ZenithOptimedia, Note: Average CPM

Digital Video Spend Continues to Rise



Source: eMarketer

But is Still Only a Fraction of the TV Market



Source: eMarketer

THE FUTURE OF (Digital) TV

A Collaborative Perspective on Convergence

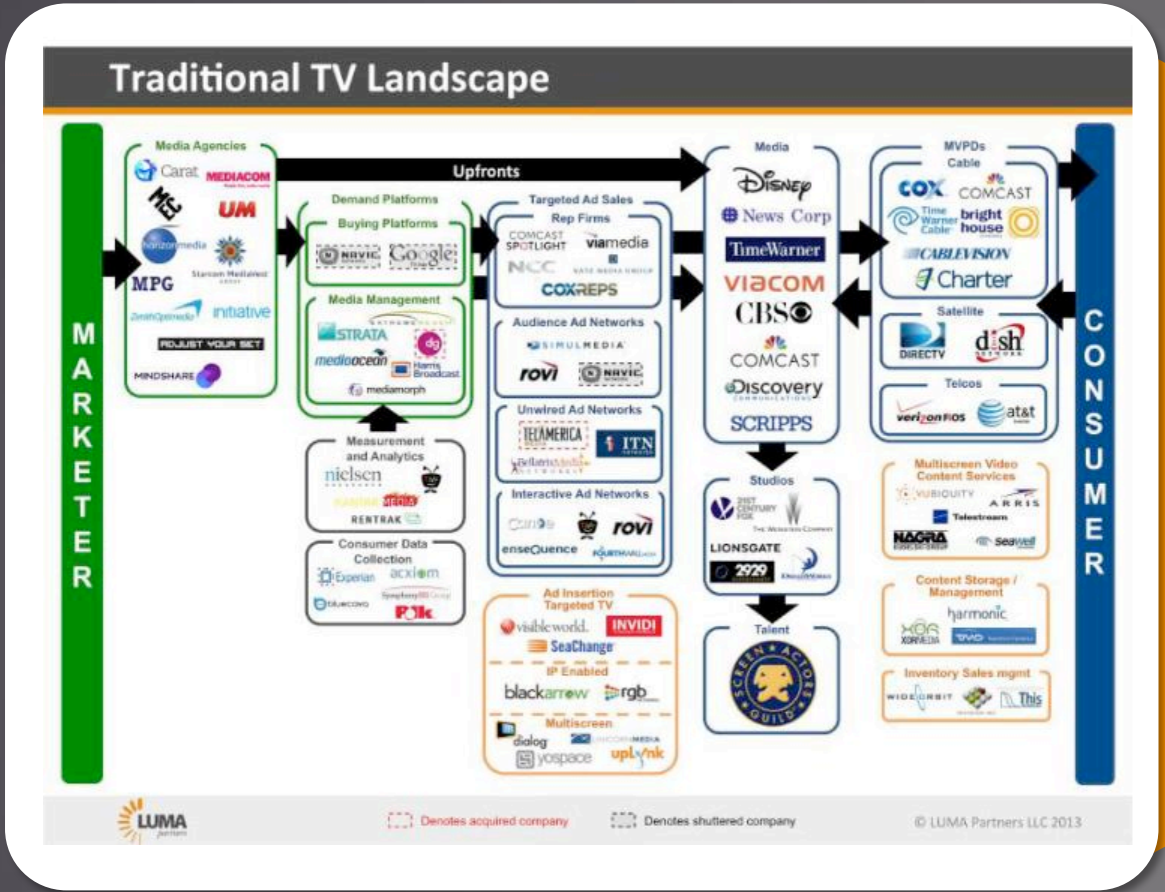
Traditional vs. Digital

SONY
Time Warner Cable
Disney
COMCAST
TimeWarner
TiVo
21ST CENTURY FOX
scrippsnetworks interactive
CBS
DIRECTV
viacom
nielsen
NBC
verizon
at&t
rovi
WPP
dish NETWORK
abc
LG
COX
OmnicomGroup
HBO
PUBLICIS
SAMSUNG

YouTube
FreeWheel
NETFLIX
vevo
SIMULMEDIA
Big Frame
DEFY MEDIA
ZEFR
Roku
hulu
Microsoft
TubeMogul
mediaocean
amazon.com
Adobe
operative.
FULLSCREEN
MAKER
Akamai
TREMOR VIDEO
BrightRoll
Tastemade
LiveRail
EXTREME REACH
mitú
YuMe
videology
INNOVID

Traditional vs. Digital

Traditional TV vs. Digital Video Players

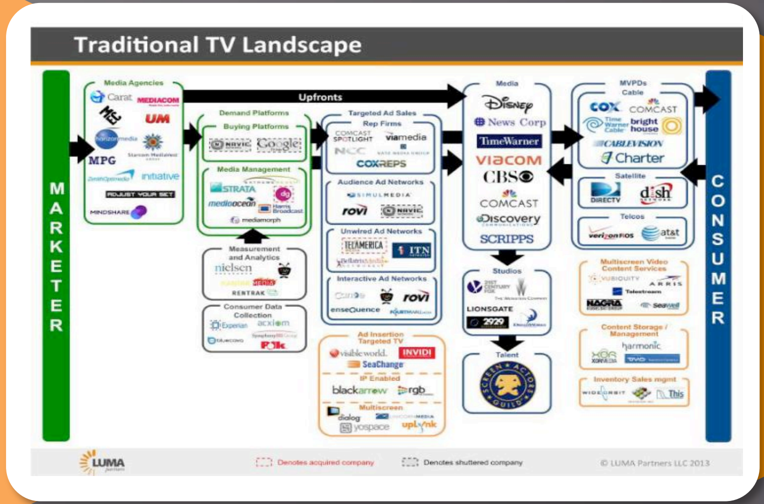


100 : 1

19	Buckets	36
~ 100	Companies	~ 400
$150 Billion	Total Spend	$6 Billion
$1.5 Billion	$ / Company	$15 Million

New Entrants Have Plenty of Money to Build or Buy

5x
Cash



100 : 1

Market Cap: $2 Trillion
Cash: $400+ Billion

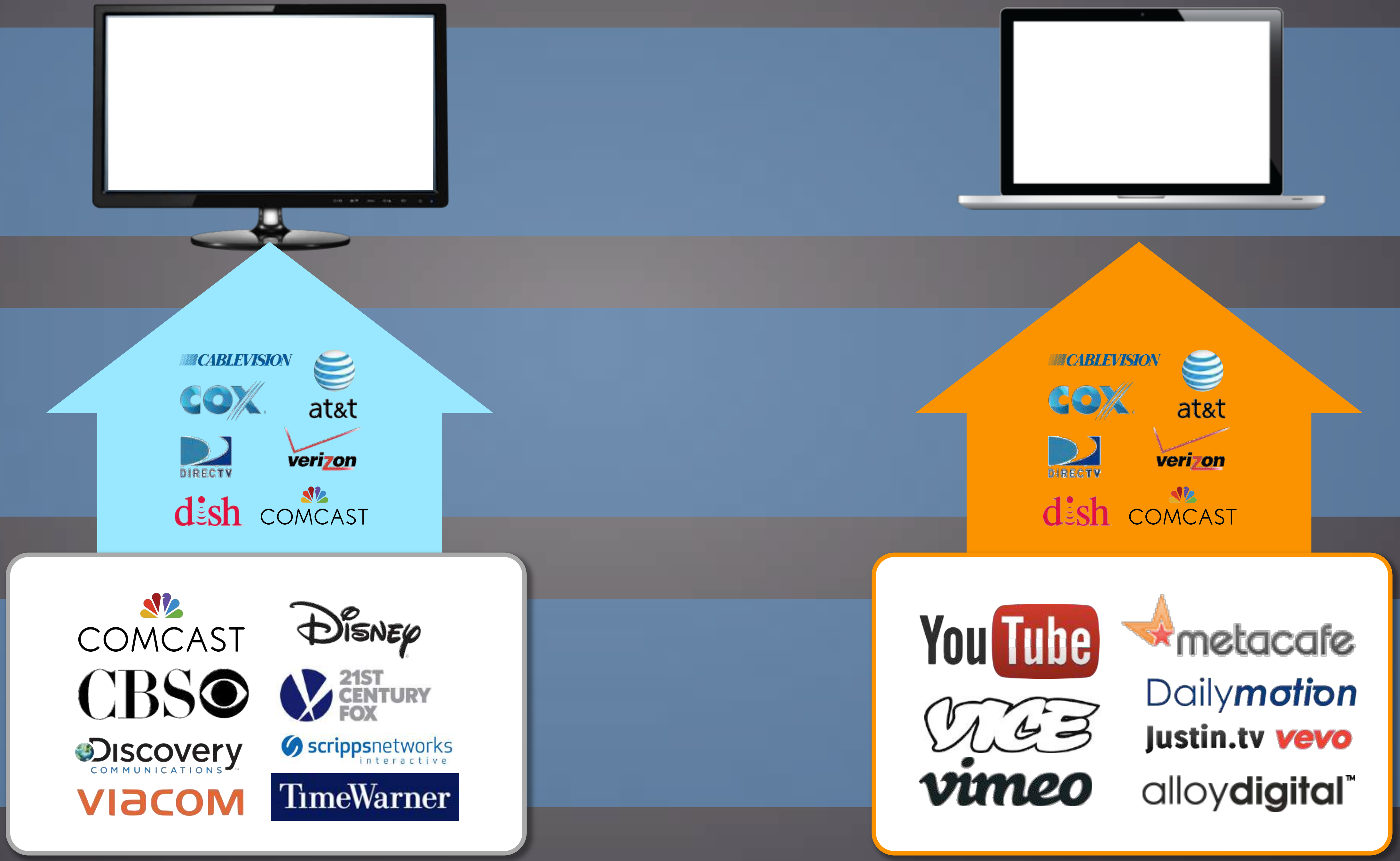
Source: Needham & Co. estimates the TV ecosystem to be ~$400 Billion

2008 Was So Simple: Traditional & Digital Silos

Screens

Delivery

Content



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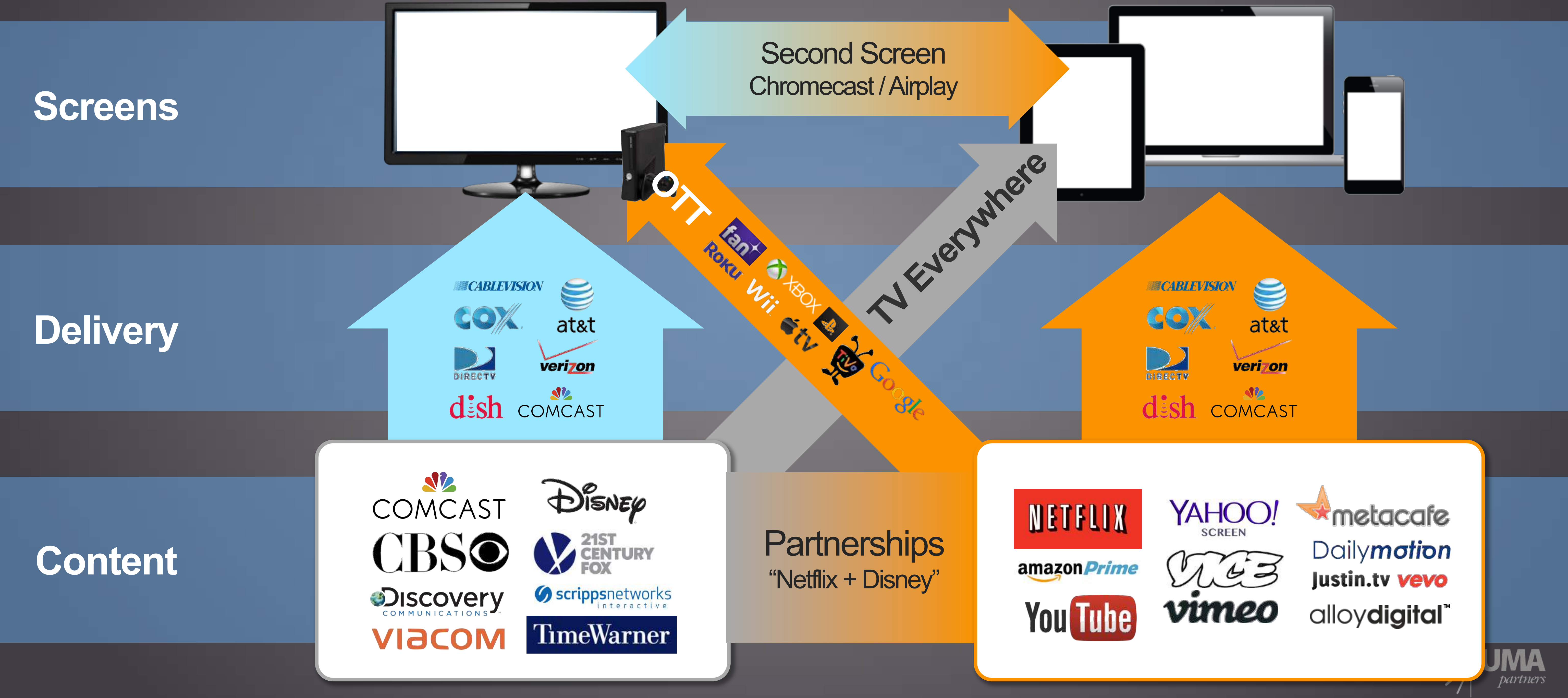
Convergence Begins with Device Proliferation



Screens

OTT/CTV

fan XBOX Wii TiVo Roku Google tv

Delivery

CABLEVISION
COX
at&t
DIRECTV
verizon
dish
COMCAST

Content

COMCAST
CBS
Disney
21ST CENTURY FOX
Discovery COMMUNICATIONS
scrippsnetworks interactive
VIACOM
TimeWarner
NETFLIX
amazon Prime
YAHOO! SCREEN
YouTube
VICE
vimeo
metacafe
Dailymotion
Justin.tv vevo
alloydigital™

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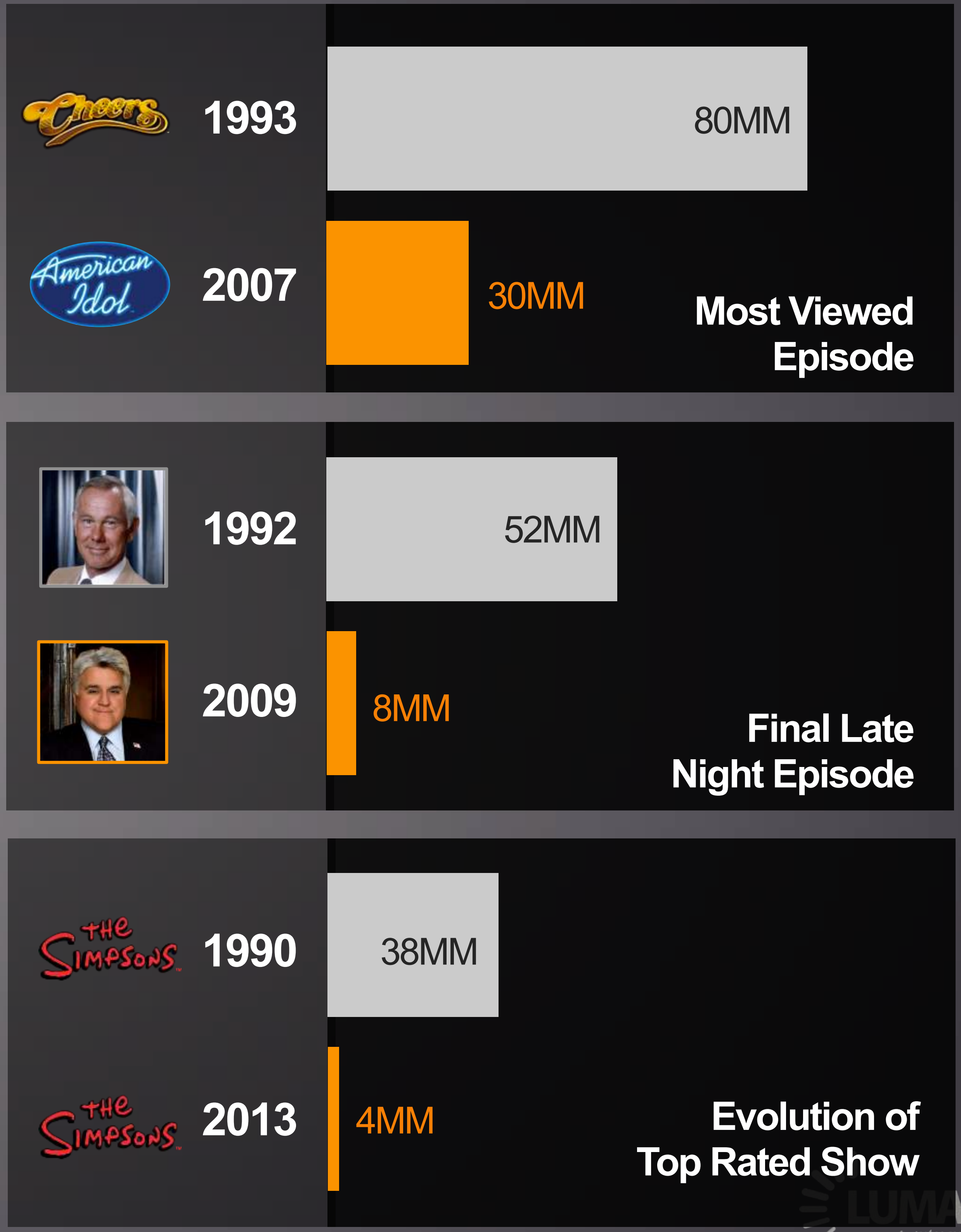
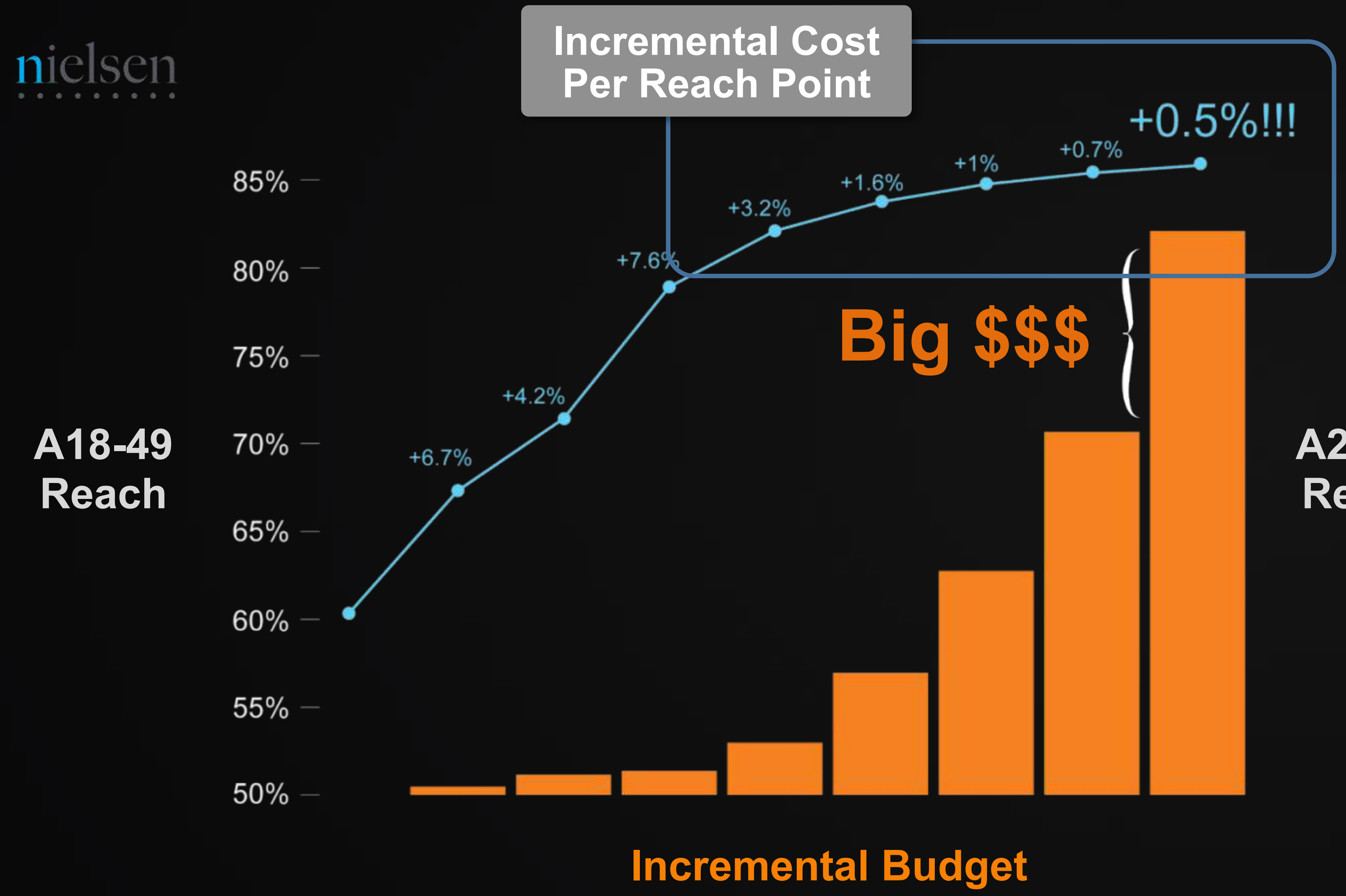
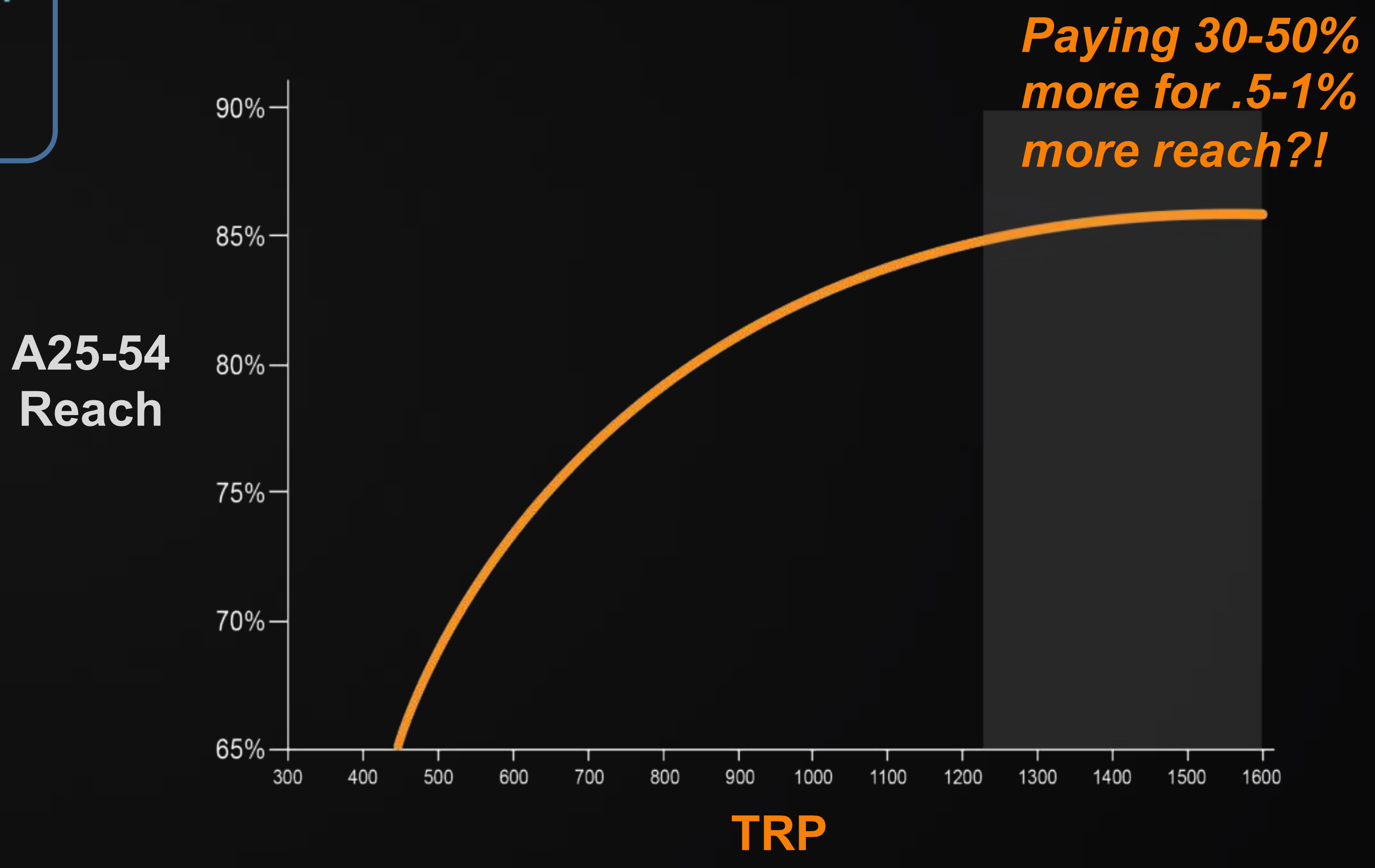
Traditional TV Content Model

Cross channel devices killed the television star!



Incremental is Increasingly Expensive on TV!





Source: Needham & Co. , Nielsen

Slack in Demand for Upfront Buys

THE BUSINESS OF TELEVISION
B&C
BROADCASTING & CABLE

Multiplatform TV: Starcom Exec Sees 'Weaker' Upfront But Other Bright Spots

VARIETY
MAY 6, 2015 | 11:39AM PT

Upfront 2015: Major TV Networks Face Severe Pressure on Ad Prices

THE WALL STREET JOURNAL.
June 13, 2014, 4:10 PM ET

The TV Upfront Market Is Turning Out As Anemic As Some Forecast

Los Angeles Times
TV ad sales fall short of target
JULY 24, 2014, 5:00 AM

AdAge.
TV Upfront Trudges Along, Some Advertisers Hold on to Dollars
Negotiations Co... as Advertisers Push Ba...

AdAge.
Programmatic Ad Tech Dominates Omnicom Earnings Call
...How Omnicom and Clients Go to Market

AdAge.
Cable TV's Upfront Haul Declines for First Time in Four Years
Networks Secure $9.6 Billion, a 6% Decline in Ad Dollars
By Jeanine Poggi. Published on October 23, 2014. 2

AdAge.
Brutal TV Upfront Ahead As Buyers, Sellers Toughen Bargaining Positions
By Jack Neff. Published on April 20, 2015.

Selling Points Reversed in 2015

Upfronts

ESPN NBCUniversal
AMC CBS VIACOM
FOX A+E NETWORKS TURNER BROADCASTING SYSTEM, INC.

Premium Dollars

$

NewFronts

MAKER BuzzFeed hulu Aol.
Time Inc. YAHOO! VICE
YouTube The New York Times VOX MEDIA

Selling Premium Content

Selling Data-Driven Approach

Selling Points Reversed in 2015

Upfronts

ESPN, NBCUniversal, AMC, CBS, Viacom, FOX, A+E Networks, Turner Broadcasting System, Inc.

Selling Data-Driven Approach

Premium Dollars

$

NewFronts

Maker, BuzzFeed, hulu, Aol., Time Inc., Yahoo!, Vice, YouTube, The New York Times, Vox Media

Selling Premium Content

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Now TV is Being Aggressive with Data

NBCUniversal

COMCAST

Subscriber Data

+

Experian acxiom

Credit Card Data

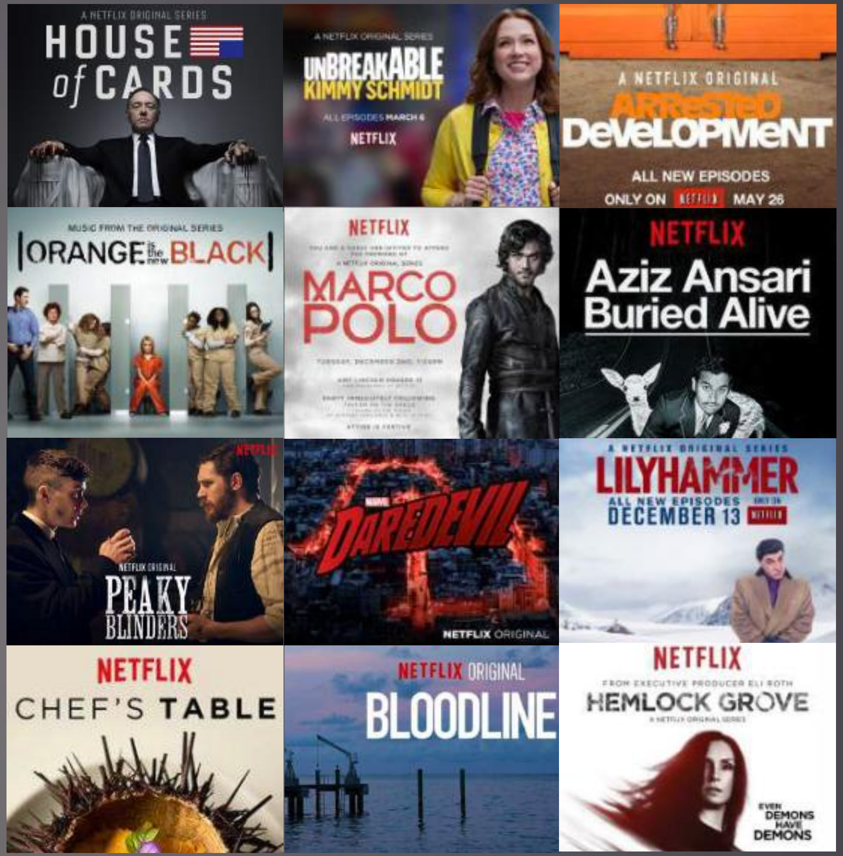
CHOBANI
GREEK YOGURT

Target Audience

- Yogurt Buyers
- Wireless Data Users
- Frozen Snack Buyers

Digital is Increasing Investment in Original Content

NETFLIX



Everyone is getting in on the game

amazon.com YAHOO! Aol. YouTube facebook

?

Convergent TV Through OTT Distribution

Screens

OTT/CTV

fan XBOX Wii TiVo Roku Google tv

Delivery

CABLEVISION
COX
at&t
DIRECTV
verizon
dish
COMCAST

Content

CBS
COMCAST
NETFLIX
YouTube
HBO
Disney
21ST CENTURY FOX
amazon Prime
VICE
metacafe
Discovery COMMUNICATIONS
scrippsnetworks interactive
Dailymotion
Justin.tv
vevo
viacom
TimeWarner
YAHOO! SCREEN
vimeo
alloydigital™

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OTT Options Are Growing

amazon.com Prime	PlayStation Vue
$99/year	$50-$70
sling TELEVISION	HBO NOW
$20	$15
COMCAST Stream	NETFLIX
$15	$9
hulu	CBS ALL ACCESS
$8	$6

verizon FiOS, Time Warner Cable, COMCAST, dish, DIRECTV

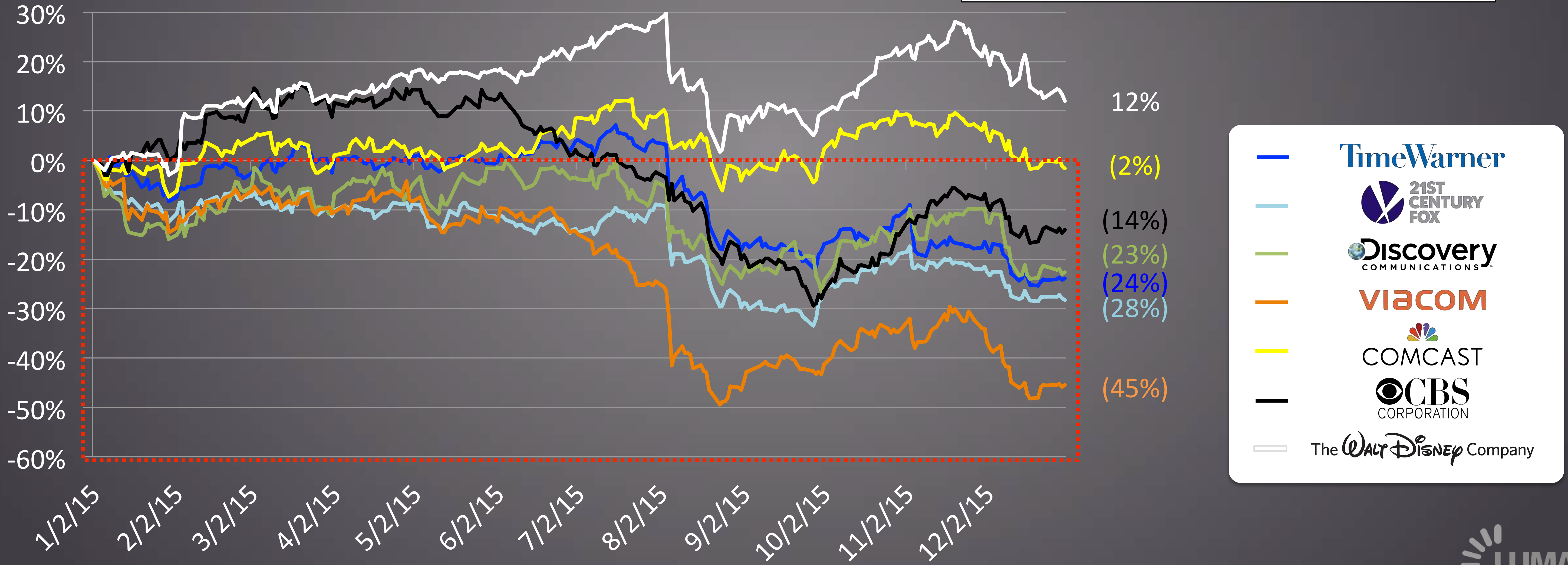
Average Basic Cable Packages
~$120

Source: NPD Group

TV's Year of Doom

THE WALL STREET JOURNAL.
Year in Review: Media Stocks Slide in 2015

billboard
Cord Cutters Wreaked Havoc on Entertainment, Media Stocks in 2015



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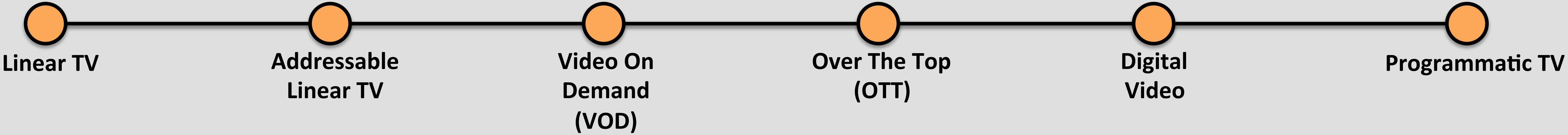
Note: Market Data as of 1/27/16

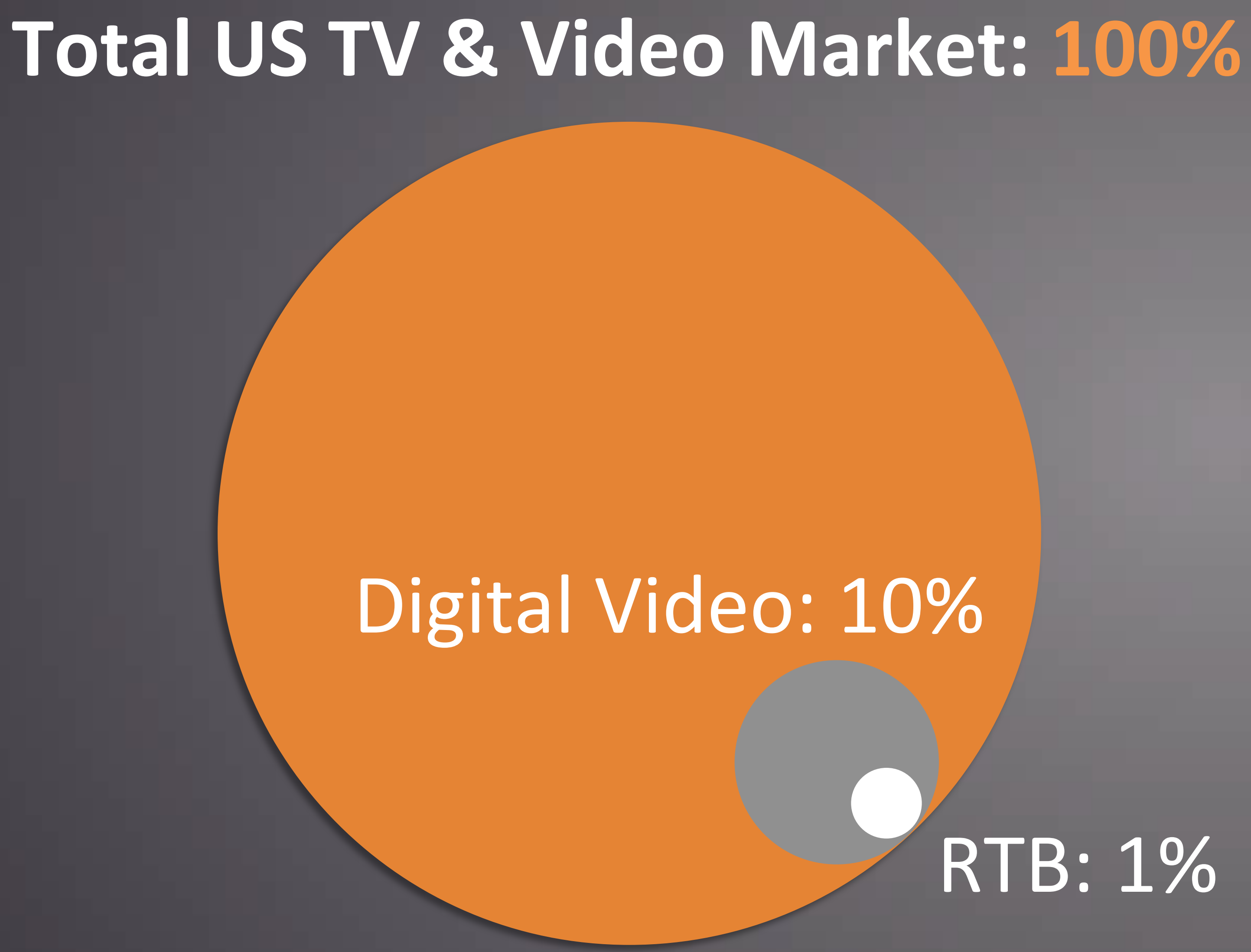
Perception vs. Reality in Addressable TV

Perception

Reality



Focus on the 100% Opportunity



- RTB is attracting a small fraction of the Video Market
- The winners will provide tools that help the TV AND Digital stakeholders

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What TV Stakeholders Want

Marketer

P&G

- Premium supply / content on digital
- Consistent ratings across platforms
- Accurate ROI analysis

Agency

WPP

- Strategic planning
- One platform for campaigns on TV and digital
- Programmatic workflow and RTB capabilities

MVPD

COMCAST

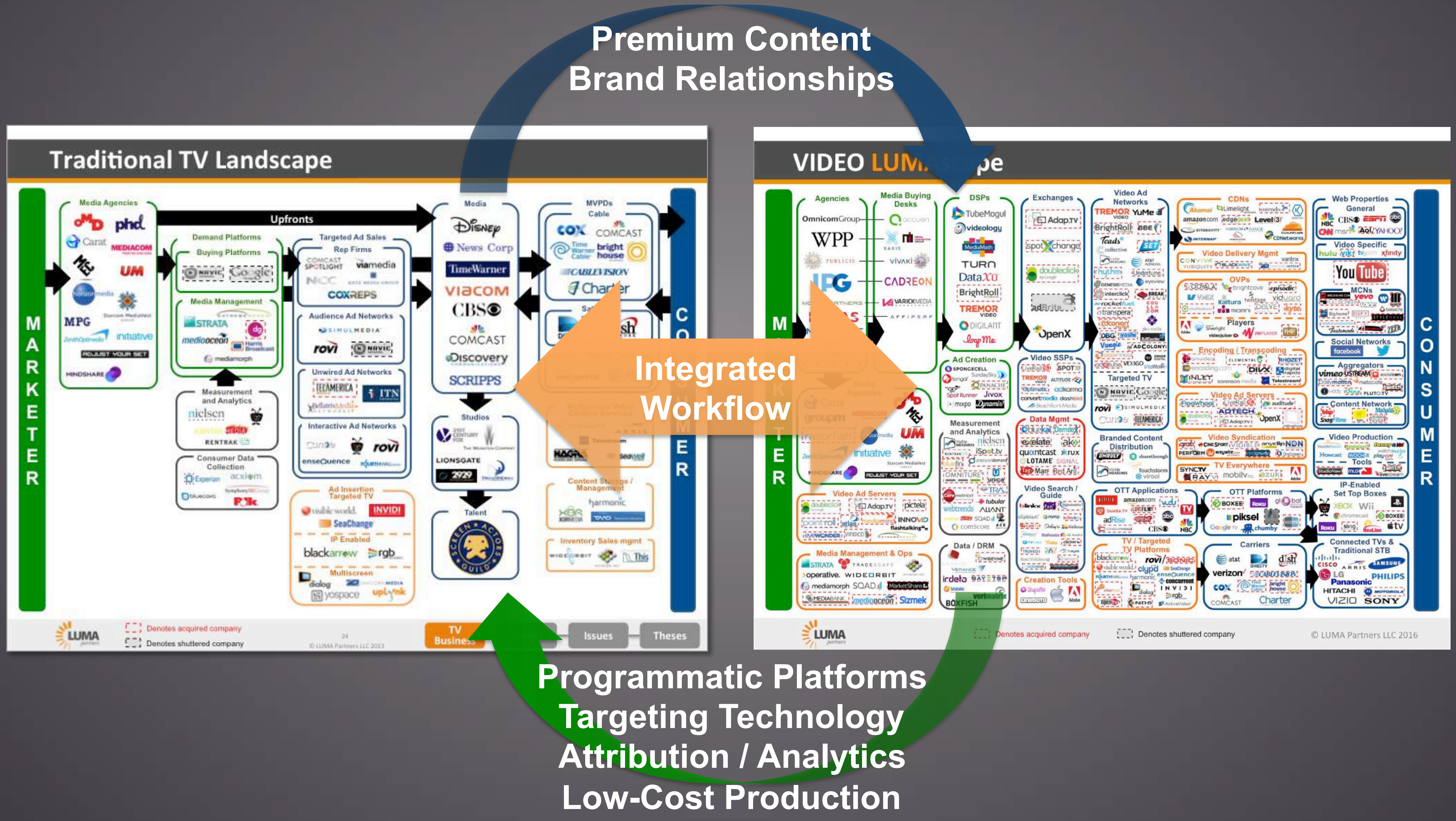
- Cross device matching
- Audience extension
- Programmatic capabilities for TV supply

Network

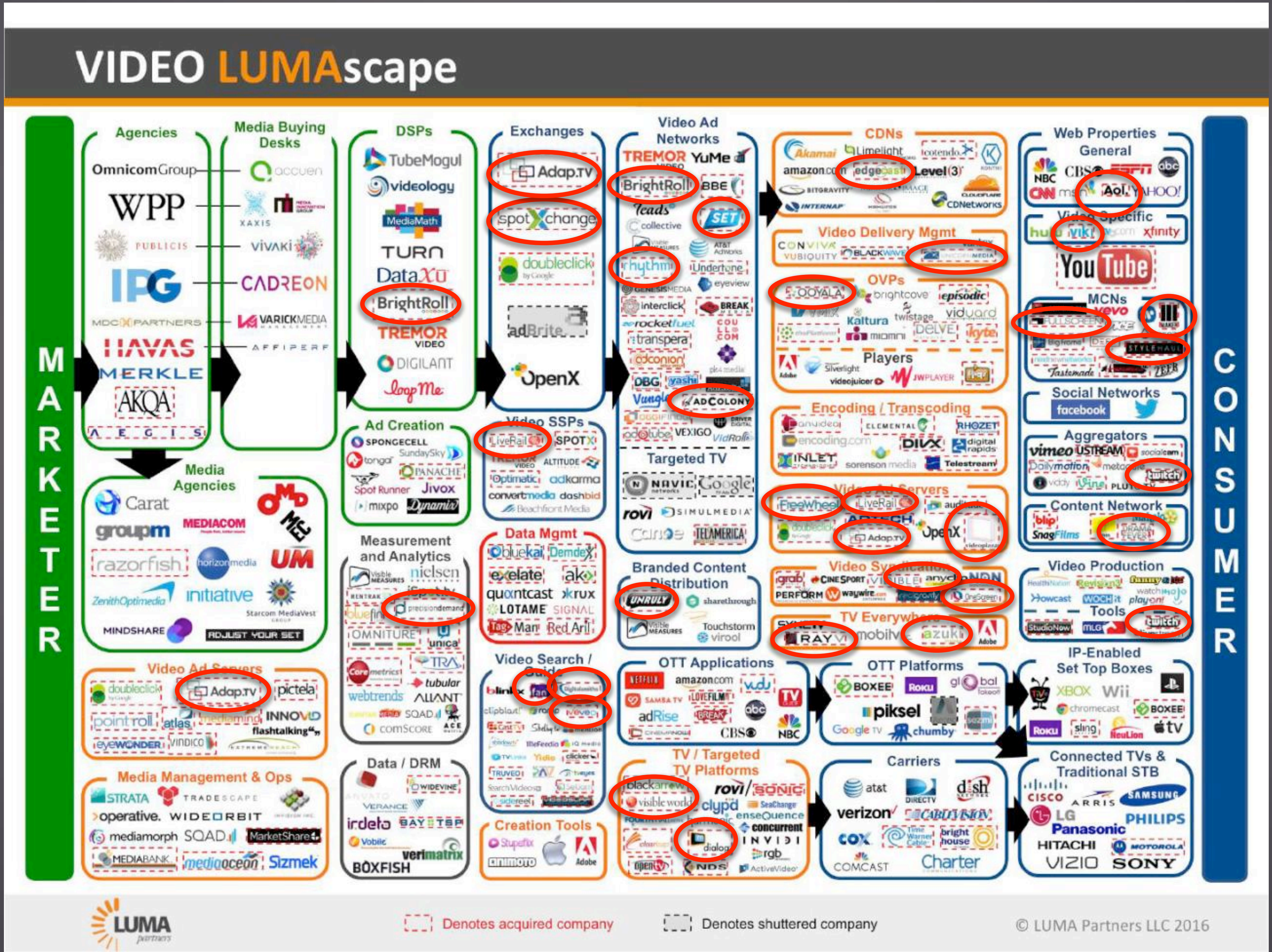
CBS

- Yield management for TV and Digital content
- Attract TV quality advertising spend for digital content

Convergence of Two Worlds



33 Video Deals in the Last 2 Years



LUMA partners

33 Video Deals in the Last 2 Years

LUMA partners

Convergent TV via M&A

CONTENT	Disney	Maker
	DreamWorks	AwesomenessTV, Big Frame
	amazon.com	twitch
	at&t	Fullscreen
	RTL Group	StyleHaul
DISTRIBUTION	verizon	intel Media
	at&t	DIRECTV
	Charter	Time Warner Cable
MONETIZATION	Aol.	Adap.tv
	blinkx	rhythm
	Comcast	FreeWheel
	Opera software	AdColony
	facebook	LiveRail
	Yahoo!	BrightRoll
	verizon	Aol.

Major Strategics Now Focused on Convergent TV

verizon
COMCAST
at&t
OPERA software
RTL GROUP
Singtel
Telstra
21ST CENTURY FOX
facebook
Google
sky

A Reflection of a Growing Buyer Pool

Right Time Decisioning of Consumer Data

(Ad Tech and MarTech)

CONSUMER INTERNET
facebook, Twitter, Snapchat, LinkedIn, Pinterest

COMMERCE
amazon.com, Walmart, ebay, Alibaba.com, Rakuten, Priceline Group

TELCO
COMCAST, Singtel, verizon, at&t, Telstra

MEDIA
Disney, News Corp, HEARST, GANNETT, BERTELSMANN

MARKETING
WPP, nielsen, PUBLICIS, dentsu

TECH SERVICES
IBM, accenture, pwc, Deloitte., pitney bowes

DATA
neustar, Experian, AllianceData., acxiom

MARKETING TECH
AppNexus, Marketo, rubicon PROJECT, MediaMath, dun & bradstreet

INTERNET ORIGINALS
Google, YAHOO!, Aol., Microsoft

CRM SOFTWARE
ORACLE, salesforce, Adobe, SAP, TERADATA

Potential TV Game Changers

Regulation | **Technology** | **Content**

LUMA's Commitment to LA

Over 170 Exits

in past 2 years

CONVERSANT

TRUECar

CONVERTRO

MAKER

Gravity

legalzoom

AdColony

Oculus

true[X]

cie GAMES

ib Internet Brands

STYLEHAUL

FULLSCREEN

LUMA

LUMA's Commitment to LA

Over 170 Exits

in past 2 years

December 2015

MarketShare

has been acquired by

neustar

The undersigned acted as co-financial advisor to MarketShare Partners.

LUMA partners

September 2015

LOOKSERY

has been acquired by

Principals currently at the undersigned acted as exclusive financial advisor to Looksery, Inc.

LUMA partners

July 2014

adconion direct

has been acquired by

[a·mo·bee]

a subsidiary of

SingTel

The undersigned acted as exclusive financial advisor to Adconion Media Group Limited

LUMA partners

April 2014

rubicon PROJECT

Initial Public Offering

$116,799,660

LUMA Securities, a wholly-owned broker-dealer of the undersigned, acted as underwriting co-manager to The Rubicon Project, Inc.

LUMA partners

Thank you!

@tkawaja

LUMA partners

LUMA capital partners

Access. Insights. Execution.

New York | San Francisco | Palo Alto