

EX-STREAM DISRUPTION
How Binging Could Purge the Television Business

Adjunct Professor Edward Sabin

Tuesday/Thursday: 4:00 – 7:00PM

Room xxx

Office Phone: _____ Cell Phone: (310) 614-7751

Email: _____@ucla.edu

SYLLABUS, COURSE REQUIREMENTS, AND GRADING CRITERIA

Please read this syllabus in its entirety; it contains a lot of useful information.

The television business is changing at such a dizzying pace... is “television” still the right word for it? Streaming content in all formats, on all devices, from myriad sources is flooding the market and leaving your mother’s experience of television in the dust. Chances are, as a graduate from a top university in the media capital of the world, you may end up wanting to play an important part in this ecosystem – at a studio, streamer, network, digital publisher, or perhaps a fund seeking to invest in those firms... but what are the fundamentals of these businesses? A successful career in media demands a deep understanding of the key pillars of this fast-changing business. A junior executive must truly understand the commercial imperatives that motivate decision-makers. This course will feature a thorough review of the foundational elements of the television ecosystem, how they interact, and how the digital-centric competition for your attention is causing seismic changes in the business. You will leave with a thorough understanding of the levers that move all aspects of the television business -- scripted, unscripted, linear, digital, short form, domestic and international. Who’s fighting for what rights and revenues, and what difference does it make to the CEO and shareholders? Who are the key players in these negotiations? What interests are they protecting and why? What leverage does each party bring to bear? ... All in the context of understanding how the hurricane of digital disruption is wreaking havoc on the entire industry.

The course will be led by Edward Sabin, a media executive with almost 30 years of experience. Edward began his career as a litigator at Greenberg, Glusker. After becoming partner, Edward transitioned from law firm life to running Business and Legal Affairs at Fox TV Studios, and has since held positions as Group COO, Discovery and TLC Networks, and most recently Executive Managing Director at A+E Television Networks International.

I. REQUIRED COURSE MATERIALS

The required text is *The Business of Television* by Ken Basin (referred to below in the reading assignments as “*TBTV*”) and *Television is the New Television* by Michael Wolff (“*TINT*”). There will also be photocopied materials drawn from media industry periodicals, and sample entertainment industry agreements, which will be made available to students on the first day of class. We will read only a few chapters of *TBTV*, and the whole of *TINT*.

II. COURSE REQUIREMENTS

A. **Class Preparation**

Students are expected to have read the assigned materials. Class discussion will commence with the assumption that everyone is thoroughly familiar with the assigned materials. The give-and-take of classroom discussion is a critical component of the course, and coming to class prepared is a prerequisite to participating meaningfully in the discussion.

B. **Attendance**

Regular and punctual attendance is required.

C. **Grading Criteria and Evaluation**

Your grade will be based on class participation (20%), an individual mid-term paper (50%), and a final group paper and presentation (30%). See below for more details on these papers.

Grades for this course will be awarded based upon an alphabetical system in accordance with the grading policies of UCLA.

D. **Rules Regarding Electronic Devices**

Recording of class meetings is permitted only if the professor is first asked and gives permission. Recording a class without permission is prohibited. If a student is granted permission, recording is conditioned upon the student's agreement to share any recording with any classmate who makes a reasonable request.

E. **Office Hours/Instructor Availability**

I will not have standing office hours, but I will make myself available for office appointments before and/or after class sessions, which appointments may be scheduled by email at _____@ucla.edu.

III. READING ASSIGNMENTS

The reading assignments and topics covered in the course are set forth below. The whole of *TINT* should be read by the end of the second week. Other assigned readings noted below are due before class. Assignments are subject to change or supplementation. Furthermore, although dates are indicated for each reading, some assignments may take longer to cover than the time indicated. Consequently, the material in class will not always match perfectly with the dates indicated in the syllabus.

	Topic	Assignments	Speakers
Class 1	<p>Introduction – How media firms are organized.</p> <p><i>What's a studio?</i> <i>What's a network?</i> <i>What's a production company?</i> <i>What's an MVPD?</i> <i>What's a streamer?</i> <i>How are all these firms organized, and what are the silos young executives can (but don't want to) fall into?</i></p>	<p>READ: <i>The Business of Television</i>, Ken Basin (TBTU) – Chapter 1</p>	
Class 2	<p>Streamer Business Models</p> <p>SVOD AVOD Digital Linear Original commissions Acquisitions Short form vs. long form International footprints Windowing The future – bundle of bundles?</p>	<p>READ: <i>Sample agreement between producer and OTT</i></p>	<p>Jeff Shultz – EVP and Chief Business Officer – Pluto TV</p>
Class 3	<p>Television Network business model</p> <p><i>How does a television network (broadcast and cable) make money?</i> <i>How does the advertising business work?</i> <i>How are ratings measured and how do they impact revenue?</i> <i>How are cable subscription fees arrived at?</i> <i>What ancillary revenue sources do networks enjoy?</i> <i>How has the business model been informed by competition from streamers?</i></p>	<p>READ: <i>Hollywood Reporter</i> – TV Long View: A Guide to the Ever Expanding World of Ratings Data https://www.hollywoodreporter.com/live-feed/tv-ratings-explained-a-guide-what-data-all-means-1245591</p> <p>READ: <i>CNBC Explains</i> – How Do Cable Companies Make Their Money https://www.cnn.com/2015/04/20/how-do-cable-companies-make-their-money.html</p>	<p>SPEAKER: Sandra Dewey, President of Business Operations, Production at Turner Network Television and HBO Max</p>
Class 4	<p>Threats to the Network Model; Responses</p> <p><i>Where have all the TV viewers gone?</i> <i>The impact of aging demos</i> <i>Pricing pressure from Google/Facebook</i> <i>Addressability of advertisements</i> <i>DVR ad skipping</i> <i>Cord cutters</i> <i>Cord shavers</i> <i>Cord nevers</i> <i>Piracy</i> <i>A la carte demands</i> <i>Direct to Consumer offerings</i></p>	<p>READ: <i>Forbes</i>: TV Ad Rates (But Not Revenue) Are Dropping. https://www.forbes.com/sites/bradadgate/2019/10/15/tv-ad-rates-but-not-ad-revenue-are-dropping/#66568682119f</p> <p>READ: <i>Variety</i> - Broadcast Takes a Back Seat at 2019 Upfronts - https://variety.com/2019/tv/features/upfronts-2019-broadcast-nbcu-disney-warnermedia-1203221919/</p> <p>READ: <i>HBS Case: Comcast Corporation</i></p>	<p>Mike Greco – Former EVP, Content Strategy and Business Planning, MTV, VH1, Logo</p>

		https://hbsp.harvard.edu/product/715457-PDF-ENG READ: <i>Washington Post</i> – You Was Ignored on Lifetime; Then it Blew Up on Netflix https://www.washingtonpost.com/lifestyle/style/you-was-ignored-on-lifetime-then-it-blew-up-on-netflix-what-does-it-mean-for-tvs-future/2019/01/17/900fab9c-1a86-11e9-88fe-f9f77a3bcb6c_story.html	
Class 5	How Streamers Have Flipped the Legacy Script Storytelling formats Pitching Investment in talent Order pattern Budgets Creative freedom 24 Hour Prime time		SPEAKER – Lisa Holme, VP Content Acquisition – Hulu
Class 6	How Networks Decide to Order Shows <i>Who weighs in on decisions? Balancing input from development, ad sales, marketing, programming, digital legal and other executives What does a network P&L look like? How are decisions evaluated after air? How have streaming services impacted the decisions network make?</i>		SPEAKER - Nancy Daniels – President and Chief Content Officer – Discovery Inc.
Class 7	Legacy Reaction to Streaming Disruption Library D2C services Rich authenticated offerings Streaming alternatives (HBO Max, Disney Plus, etc.)	READ: <i>HBS Case: The Video-Streaming Wars in 2019: Can Disney Catch Netflix?</i> https://www.hbs.edu/faculty/Pages/item.aspx?num=56204	
Class 8	Studio Business Model and Threats <i>How does a studio make money? What does a studio P&L Look like? How are greenlight decisions made? How does the model change depending on buyer? New opportunities to sell to streamers</i> <i>Threats:</i> <i>Vertical integration Production cost increases Competition for talent Limited rights retention Ownership of show brands</i>	READ: <i>TBTV – Chapter 9</i> <i>Read: Sample network license agreement</i> READ: <i>LA Times - Peak TV Hits Another Peak</i> https://www.latimes.com/business/hollywood/la-fi-ct-peak-tv-fx-2018-report-20181213-story.html	Mark Pearson – Former EVP, Business Development & Strategy at Twentieth Century Fox Television

	MIDTERM PROJECT DUE		
Class 9	<p>How a Production Company Makes Money</p> <p><i>What's the difference between a studio and a production company?</i> <i>Scripted vs. Unscripted productions</i> <i>What incentives drive production companies?</i> <i>How are greenlight decisions made?</i> <i>What new opportunities exist in the digital world?</i></p> <p>New creative and business opportunities with streamers</p>		SPEAKER – Carlos Williams, Head of Business Operations – Bad Robot
Class 10	<p>MVPD Business Models, Threats</p> <p><i>What is an MVPD?</i> <i>Digital entrants</i> <i>How do MVPD's make money?</i> <i>Cord cutting/shaving/never</i> <i>DTH vs. Cable</i> <i>Net Neutrality</i></p> <p>Exclusivity of content vis a vis streamers</p>	<p>READ: HBS Case: Net Neutrality: A Managerial Perspective https://www.hbs.edu/faculty/Pages/item.aspx?num=51382</p>	
Class 11	<p>Digital Publishers – Vice, Refinery 29, Viacom Studios</p> <p><i>Content production/curation</i> <i>Ad sales</i> <i>Integration with traditional media players</i> <i>Digital agency</i> <i>The precarious relationship between influencers and publishers</i></p>	<p>READ: <i>New York Magazine: A Company Build on a Bluff</i> http://nymag.com/intelligencer/2018/06/inside-vice-media-shane-smith.html</p>	Speaker – Kelly Day, President Viacom Digital Studios
Class 12	PRESENTATIONS OF FINAL GROUP PROJECT		

MIDTERM INDIVIDUAL PROJECT: Pitch a Show! Now that you know what goes on behind the boardroom doors at a network greenlight committee, come up with a concept for a show (scripted or unscripted – your choice) for any ad-supported network you wish, and get ready to sell your heart out! Unlike most producers, who only get to speak with the (sometimes very junior) network development executive, you'll have the opportunity to have a virtual seat in the room with each of the key stakeholders. Your project should describe the show concept, and include a separate pitch (of no more than two paragraphs) to each of the following heads of department, as to why your show will deliver for their specific needs:

- Programming/scheduling
- Ad sales
- Digital (including how the show can be used on the network's streaming platforms)
- Marketing

- Press/PR
- Affiliate sales
- International
- Ancillary sales

In addition, to keep your own CFO on-side, put together a one-page summary P&L of the project from your production company's/studio's POV.

FINAL GROUP PROJECT: You might say Viacom/CBS is at a digital crossroads. A newly merged entity, it has historically been at the forefront of digital innovation. It was among the first of its television peers to embrace digital platforms way back in the mid-90's with original short form content on MTV.com. It stands apart from the pack with its well-funded digital producer and publisher Viacom Digital Studios, and has a significant array of channel-branded, individually marketed and sold D2C services led by CBS All Access. It has also pursued a D2C strategy through its acquisition of Pluto TV, an ad-supported library service streaming Viacom-owned as well as third party content over digital platforms. It also has a very strong program sales business, selling its content in second windows to third party platforms around the world. At the same time, it is watching each of its peers betting the house on scaled streaming services bundling masses of content in an effort to take on Netflix and Amazon. HBO Max, Disney Plus and Peacock will amass the thousands of hours of programming owned and controlled by each of its subsidiaries, as well as significant original programming, under a single brand, for a single sales proposition to digital viewers.

Viacom has hired you to advise them on their next step. They need to decide whether to continue their current strategy — multiple digital consumer touchpoints, third party program sales, etc., or to get into the scaled streaming bundle business like the other studios. Or is there a third approach?

What do you suggest, and why? What are the risks and opportunities to the approach you are recommending?

10 pages max