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MIPTV 2012 SPEECH

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THANKS ANNA. AND ON BEHALF OF AMC NETWORKS AND SUNDANCE CHANNEL GLOBAL, THANKS TO REED MIDEM FOR INVITING ME TO SPEAK AT MIPTV. IT IS A TREAT IN EVERY WAY.

I WOULD LIKE TO TALK ABOUT WHERE THE PAY TV BUSINESS IS TODAY.

SPECIFICALLY, ABOUT THE PARADOX THE BUSINESS CURRENTLY FINDS ITSELF IN:

THE ENORMOUS SUCCESS OF PAY TELEVISION WORLDWIDE....AND THE SIMULTANEOUS CHALLENGE THAT THE INTERNET AND DIGITAL VIDEO POSE TO ALL THAT SUCCESS....

AND MOST IMPORTANTLY, WHAT WE CAN DO ABOUT IT.

[SLIDE - PAY TV]

PAY TV -- WHETHER DELIVERED VIA CABLE, SATELLITE OR A TELCO -- CONTINUES TO BE THE SECTOR TO EXPERIENCE THE GREATEST GROWTH IN ALL OF TELEVISION...

TOTAL REVENUES, INCLUDING ADVERTISING, ARE PROJECTED TO GROW AT A HEADY PACE.

AND FOR ALL THE TALK ABOUT HOW TV IS THE LEAST FAVORITE SCREEN AMONG YOUNGER AUDIENCES, TEENAGERS TODAY ARE ACTUALLY WATCHING MORE, NOT LESS TV.

BUT HERE'S THE PARADOX...

WITH ALL THE STRENGTH OF PAY TV, IT BECOMES MORE FRAGILE AS IT BECOMES MORE SUCCESSFUL -- DAY BY DAY.

YOU CAN'T WALK THROUGH THE PALAIS, OR THE LOBBY OF THE CARLTON, OR THROUGH ANY TV CONVENTION ANYWHERE WITHOUT HEARING THE WORDS:

"CORD CUTTING"
"DIGITAL DISRUPTION".
OR "BINGE VIEWING"

WE HAVE A CLIP FROM ONE OF OUR SHOWS ON IFC CALLED PORTLANDIA THAT DOES A TAKE ON BINGE VIEWING.

[VIDEO - PORTLANDIA CLIP]

THAT BINGE VIEWING HAD THE CHALLENGE OF DVD'S, BOTH THE PRICE OF A BOXED SET AND THE NECESSITY OF BEING IN FRONT OF A TV AND NOT A MOBILE DEVICE. WHEN THE INTERNET IS SERVING UP

THE EPISODES, IT'S THAT MUCH EASIER TO BINGE. AND IT IS IN FACT THE INTERNET AND ITS GREAT FACILITY TO PRESENT A CHALLENGE TO THE PAY TV ECOSYSTEM.

THE INTERNET HAS ALREADY PROVEN TO HAVE TSUNAMI LIKE QUALITIES.

THE EROSION OF THE NEWSPAPER BUSINESS -- AND THE REDUCTION IN THE RECORDED MUSIC BUSINESS TO ONE FIFTH OF WHAT IT ONCE WAS -- ARE CLEAR CAUTIONARY TALES.

[SLIDE - CORD CUTTING]

CORD CUTTING IS A FACT AND, WHILE THE NUMBERS ARE SMALL, THEY ARE GROWING.

YOUNGER PEOPLE, ESPECIALLY, ARE INCREASINGLY WATCHING TV ON INTERNET SERVICES LIKE:

NETFLIX
HULU
AMAZON
GOOGLE
AND LOVE FILM, AMONG OTHERS.

A RECENT REPORT FROM THE RESEARCH FIRM NIELSEN CONFIRMS THAT MORE HOMES THAN EVER ARE NOW BROADCAST

AND BROADBAND ONLY... THAT MEANS THEY GET THEIR TV CONTENT IN EVERY WAY BUT PAID CABLE AND SATELLITE.

ON THE TECHNICAL AND DISTRIBUTION FRONT, THE MOVE TOWARD WHAT IS REFERRED TO AS "TV EVERYWHERE" OR "AUTHENTICATION" -- THE ABILITY TO RECEIVE THE TV CHANNELS AND SHOWS THAT ONE PAYS FOR ON ANY TABLET, MOBILE DEVICE OR COMPUTER -- IS AN IMPORTANT ELEMENT FOR THE SUCCESS OF THE BROADER PAY TV MODEL.

WHAT WILL KEEP PEOPLE WANTING TO WATCH TV EVERYWHERE AND PAYING EACH MONTH TO WATCH ON ALL OF THESE PLATFORMS... WHETHER IT'S AT HOME, ON IPADS, IPHONES OR ON SAMSUNG TABLETS... IS <u>CONTENT</u>.

CONTENT DRIVES AUTHENTICATION/TV EVERYWHERE.

<u>BUT NOT JUST ANY CONTENT.</u>

[SLIDE - AUTHENTICATED ICONIC CONTENT]

<u>IT'S SOMETHING THAT WE OFTEN REFER TO AS ICONIC CONTENT.</u>

THERE IS A CERTAIN TYPE OF SHOW THAT IS SO DURABLE, ENDURING, AND SATISFYING THAT WHEN SOMEONE WHO REALLY LIKES THAT SHOW IS WITHOUT IT, THEY MISS IT --- IN A BIG WAY.

UNLIKE MOST TV SERIES, <u>THESE</u> TYPES OF SHOWS, MANY OF WHICH AIR ON SUNDANCE GLOBAL, ARE MISSED IN SUCH A WAY THAT THEY AREN'T EASILY SUBSTITUTED BY FLIPPING A FINGER OR PRESSING A THUMB. IN A WORLD OF A GAZILLION CHOICES, THESE SHOWS AREN'T EASILY REPLACED BY ANOTHER SHOW ON THE NEXT CHANNEL OR ON-DEMAND MENU.

FREQUENTLY, PEOPLE HAVE 1 OR 2 OR A FEW OF THESE "HATE TO DO WITHOUT" FAVORITE TV SHOWS.

THESE SHOWS STAND APART FROM MOST TELEVISION AND ARE THE SHOWS THAT CAN MAKE PAY TV ENDURE AND GROW.

THEY ARE THE SHOWS WITH….

THE BEST CHARACTERS
THE BEST WRITING
THE BEST STORYTELLING.

WE SAW IT ON THE SOPRANOS,
WE SEE IT ON GAME OF THRONES
ON DOWNTON ABBEY AND HOMELAND
AND ON OUR OWN MAD MEN, BREAKING BAD, THE WALKING DEAD AND HELL ON WHEELS.

IN SUCCESS THESE SHOWS ARE WIDELY KNOWN, UNDERSTOOD, REFERRED TO, AND SOMETIMES PARODIED….

I HAVE A BRIEF CLIP IN WHICH ONE OF THESE ICONIC CHARACTERS PARODIES HIMSELF.

[VIDEO – SNL DON DRAPER GUIDE TO PICKING UP WOMEN]

WE THINK THAT WHEN TV CREATES SHOWS THAT ARE ICONIC -- AND WHEN THESE SHOWS ARE PROPERLY DEPLOYED THROUGH TECHNOLOGY THAT EXTENDS THE VIEWER'S ABILITY TO WATCH IT WHENEVER AND WHEREVER THEY WANT -- <u>THEN</u> TV GAINS THE POWER TO RIDE THE WEB WAVE TO ITS ADVANTAGE. THAT'S WHAT WE'RE DOING AT SUNDANCE GLOBAL.

AT THE HEART OF THIS ICONIC CONTENT IS A VERY PERSONAL CONNECTION. THIS CONNECTION IS PRIMARILY ESTABLISHED THROUGH CHARACTERS WHO PEOPLE REALLY IDENTIFY WITH -- OFTEN WITH FOIBLES LIKE THEIR OWN. THESE FASCINATING, COMPLICATED AND DEEPLY HUMAN CHARACTERS BECOME OUR FRIENDS ON THE SCREEN.

A SHOW WE HAVE CALLED BREAKING BAD HAS JUST THOSE TYPES OF CHARACTERS AND STORIES. HERE IS A CLIP THAT I THINK DEMONSTRATES A BIT OF IT.

[VIDEO - BREAKING BAD]

SHOWS LIKE BREAKING BAD ARE NOT JUST GOOD SHOWS THAT ARE FREQUENTLY RECOGNIZED WITH NICE AWARDS.

WHAT I AM DESCRIBING ARE SHOWS THAT PEOPLE HAVE A PERSONAL CONNECTION TO. THEY ARE ALSO THE SHOWS THAT KEEP PEOPLE *LITERALLY* CONNECTED AND KEEP PEOPLE PAYING THEIR BILLS. AND THEY ARE THE SHOWS THAT ARE AT THE CENTER OF THE SUSTAINABILITY OF THE PAY TV BUSINESS.

<u>IN MANY WAYS, WE BELIEVE THAT "CONNECTION" IS THE KILLER APP OF TV'S DIGITAL AGE.</u>

AND IT IS WHY, IN THE TRANSITION FROM THE 20TH TO THE 21ST CENTURY, THE ANALOG IDEA OF "APPOINTMENT TV" IS GIVING WAY TO THE DIGITAL CONCEPT OF WHAT WE'RE CALLING "CONNECTION TV".

CONNECTION TV IS WHAT HAPPENS WHEN AUDIENCES BECOME DIVORCED FROM THE CONSTRAINTS OF LINEAR AND EMPOWERED BY THE DIGITAL AGE, TO GET THEIR MOST FAVORED CONTENT.

[SLIDE - SUPERVIEWERS]

THESE CONNECTED VIEWERS CAN BE THOUGHT OF AS "SUPERVIEWERS" -- A BREED OF EXTREME FANS WHO CONNECT OVER SOCIAL MEDIA AUGMENTING THEIR IMPACT FAR BEYOND ANY EARLIER GENERATION OF "CULT FANS."

THE TV SHOW, THE WALKING DEAD, HAS SUCH FANS. SO MUCH SO

THAT WE DEVELOPED A SHOW THAT AIRS SUBSEQUENT TO THE AIRING OF EACH WALKING DEAD EPISODE. IT IS APPROPRIATELY TITLED "TALKING DEAD".

SUPER FANS -- OR SUPERVIEWERS -- CALL IN, TWEET, OR OTHERWISE CONNECT TO DISCUSS WHAT WENT ON IN THE SHOW THEY JUST WATCHED, EXTENDING AND DEEPENING THEIR CONNECTION TO IT.

HERE'S A CLIP OF THE WALKING DEAD AND THE SHOW DESIGNED JUST FOR THE CONNECTED SUPERVIEWER - TALKING DEAD.

[VIDEO - WALKING DEAD/TALKING DEAD]

THERE ARE A GROWING NUMBER OF EXAMPLES OF THE PHENOMENON OF THE "SUPERVIEWER." A RECENT ONE BEING THE PHENOMENON OF A SHOW IN THE U.S. ON NBC CALLED "COMMUNITY". HERE, A CONNECTED GROUP OF SUPERVIEWERS BROUGHT THE SHOW BACK TO THE TV SCHEDULE AFTER IT WAS ALL BUT CANCELLED.

WE BELIEVE THAT PAY TV'S UPDATED BUSINESS MODEL MUST DEPLOY THE ADVANCES IN TECHNOLOGY THAT ALLOW MULTI SCREEN VIEWING ANYWHERE.

WE BELIEVE THAT WHILE MULTI SCREEN AUTHENTICATED VIEWING CAN AND SHOULD EMBRACE NEWS, REALITY AND ALL FORMATS OF TV, IT WILL BE ANCHORED -- AND SUSTAINED -- BY TV PROGRAMS THAT ENDURE; THAT ARE ICONIC,

THAT UNIQUELY CONNECT WITH PEOPLE IN A WAY THAT FEELS QUITE PERSONAL TO THEM.

THESE ICONIC SHOWS CAN THEN TAKE ADVANTAGE OF THE WEB WHEN THEY PLAY IN A LATER WINDOW ON A DIGITAL OUTLET LIKE NETFLIX. INSTEAD OF ERODING AND ULTIMATELY EXHAUSTING INTEREST IN A SHOW FROM THE AVAILABILITY ON THE WEB - THE OPPOSITE TAKES PLACE.

A SORT OF DIGITAL- POST- WINDOW- SUPERCHARGE.

[SLIDE - VIRTUOUS CIRCLE]

THIS VIRTUOUS CIRCLE HELPED SEASON 2 OF THE WALKING DEAD BECOME THE HIGHEST RATED SERIES IN CABLE HISTORY AMONG 18-49 YEAR OLDS AFTER IT WAS AVAILABLE ON NETFLIX. AND LAST WEEK, THE 5TH SEASON OF MAD MEN DELIVERED RATINGS NEARLY 20% HIGHER THAN THE PRIOR SEASON'S PREMIERE. THE AVAILABILITY OF THE FIRST FOUR SEASONS ON NETFLIX ALLOWED NEW FANS TO FIND THE SHOW, CATCH UP AND GET READY FOR THE STORY TO CONTINUE.

THE ICONIC NATURE OF THOSE SHOWS AND THE CONNECTION THAT PEOPLE HAVE TO THEM ARE A KEY INGREDIENT TO THE SUSTENANCE OFFERED BY THE PAID TV SYSTEM.

HERE'S A CLIP OF THE WAY IN WHICH MAD MEN AND ITS

CHARACTERS ARE TREATED AS SUCH AN INGREDIENT.

[VIDEO – MAD MEN SNL WEEKEND UPDATE]

[MIPTV TITLE SLIDE]

THE PAY TV INDUSTRY THAT SO MANY OF US GREW UP IN IS BEING ALTERED BY THE IMPACT FROM THE INTERNET.

WE THINK THE CHALLENGE TO MAINTAINING AND GROWING THE BUSINESS IS TO FIND THE RIGHT TECHNOLOGY – LIKE TV EVERYWHERE -- MARRIED TO THE RIGHT CONTENT TO RESPOND TO AND LEVERAGE THE NEW RULES OF VIEWER ENGAGEMENT.

THE END RESULT MUST BE A FULLY COMPELLING BUSINESS MODEL THAT MARRIES THE POWER OF SERIALIZED AND IMMERSIVE STORYTELLING TO THE EXPONENTIAL POSSIBILITIES, AS OPPOSED TO LIABILITIES, OF A WORLD INCREASINGLY INFLUENCED BY THE INTERNET.

WE WOULD LIKE SUNDANCE GLOBAL TO BE A BIG PART OF WHAT MAKES PAY TV GROW GLOBALLY. WHEN THAT CONTENT IS PUT IN THE CONTEXT OF THE CHANNEL AND PLACED IN THE HANDS OF TERRIFIC PEOPLE AT SUNDANCE CHANNEL GLOBAL, LED BY BRUCE TUCHMAN - PEOPLE WHO KNOW HOW TO DEPLOY THAT CONTENT IN THE TECHNOLOGY OF TODAY'S CONNECTED CONSUMER -- WE CAN

KEEP PAY TV GROWING AND GROWING - PERCENTAGE POINT AFTER PERCENTAGE POINT AFTER PERCENTAGE POINT, ACROSS THE GLOBE.

THANK YOU VERY MUCH FOR THE OPPORTUNITY TO BE WITH YOU HERE TODAY.