

OVERVIEW

Next generation digital television: New pathways to grow service

**SUMMARY OF OUTCOMES FROM THE PUBLIC MEDIA COMPANY
CONFERENCES ON ATSC 3.0**

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Public Media Company recently concluded our series of three meetings in Baltimore, Detroit and Las Vegas to discuss the implications and opportunities that will emerge with the new ATSC 3.0 broadcast standard. More than 60 leaders from dozens of public television stations and national organizations participated in these presentations and discussions.

Throughout the course of these meetings, there was both enthusiasm expressed about this transformative new technology, mixed with a healthy caution that reflects the needs to better understand the transition, identify the business elements that make the most sense for public television, and explore the key elements of ATSC 3.0 that match with the mission and local service interests of public broadcasting. The discussions also brought to light that, in order for public television to be able to take advantage of these opportunities, it will be critical that we, as a system, pursue a comprehensive and connected approach to developing them.

The following were identified as key targets of focus and planning for the public television system. Public Media Company will work directly with cohorts of stations to develop a comprehensive, scalable set of plans and to analyze and potentially pursue these new lines of business:

- 1. Emergency services and alerting.** This was an important topic of discussion at all three of our meetings, where the conversations were characterized by both a sense of opportunity and of frustration. Station managers recognized the power of the increased opportunity that ATSC 3.0 offers while, at the same time, many stations reported difficulty in forming partnerships with local emergency agencies. Nevertheless, there is a strong sense that our non-profit missions, our connections with governmental and educational institutions, and the public trust that our national system and local stations enjoy, give public broadcasters an important advantage in this space. Public Media Company has started to assemble the expertise needed to work directly with stations to more fully develop the capacity and potential revenues associated with emergency services and alerting. As we identify stations interested in developing this line of service, we will build on the work that some stations have already tested and are providing to their local communities. We will also coordinate our efforts with the strong work of our national organizations.
- 2. Educational services.** Education is core to the mission of public media, and there was significant interest during our meetings in exploring the opportunities that ATSC 3.0 might offer to expand our services in education. Several participants are already using IP technology to deliver advanced education services using broadband. How will the unique capabilities of ATSC 3.0 allow us to augment these services to expand the ways in which stations serve their communities by providing an even more extensive range of education services? There is a shared sense of opportunity, but more work to be done.
- 3. Commercial partnerships/data leasing.** Public Media Company believes there will be demand from commercial broadcasters and other commercial entities to lease excess ATSC

3.0 spectrum from public broadcasters under the FCC's ancillary/supplementary rules. Several stations attending our ATSC 3.0 meetings expressed interest in this potentially lucrative revenue area. It was also clear that some general managers would appreciate help in leveraging this opportunity. Public Media Company will develop plans to identify viable leasing options and develop potential partnerships for consideration by public television.

- 4. Lighthouse role.** At each meeting, we discussed the opportunity for public television stations to serve as ATSC 1.0 “lighthouse” stations in their markets. Through a channel-sharing-like agreement, a lighthouse station would host the content of other stations that have converted to ATSC 3.0. Commercial operators are interested in exploring lighthouse arrangements with public television stations because they don't view the public television station as a direct competitor. In addition, in markets that have more than one public television station, we discussed collaborative opportunities in which one station would convert to ATSC 3.0 quickly, and the other would maintain its ATSC 1.0 facilities during the transition period. Each station would carry both station's programming, thus meeting the FCC's anticipated requirement for maintaining ATSC 1.0 service during the transition.

Public Media Company will work with interested stations in assembling the expertise needed to develop lighthouse options for public television stations – including the legal, regulatory, and revenue considerations.

- 5. Content bundles/Channel X distribution.** ATSC 3.0 will offer much easier over-the-air reception than ATSC 1.0. Viewers will be able to receive over-the-air broadcasts in many cases with a simple indoor antenna. ATSC 3.0 offers stations the ability to greatly increase the number of linear content streams they broadcast. One path for stations to expand their service under ATSC 3.0 is to simply offer more streams of the high-quality content public television is recognized for – more free multicast channels. Some managers in our meetings were interested leveraging this opportunity through the development of a “skinny bundle” of public television content that would be appealing to public television viewers and offering it on a paid subscriber basis.

We also discussed options available under ATSC 3.0 for local and regional content: linear channels, on-demand offerings, and local or regional special interest programming available by subscription. These opportunities will likely bridge the linear character of today's broadcast model with the potential offered by the IP and HTML 5 capabilities of ATSC 3.0. Public Media Company's experience in building [Channel X](#), which offers the stations and independent producers the ability to collaborate, share and distribute digital or broadcast content in a cloud-based environment, may be helpful as stations consider how to do the same using ATSC 3.0.

- 6. Financing.** Meeting attendees were very supportive of Public Media Company's proposal to

explore the feasibility of developing financing and capital leasing options to help stations acquire new equipment, whether for potentially unreimbursed repacking costs or for upgrading to ATSC 3.0. This is an especially large challenge for state networks that operate multiple transmission sites and often depend on state capital appropriations which are difficult to obtain. PMC is exploring packages of services that include engineering assistance, legal counsel, and other professional services to support the station planning that must accompany equipment acquisitions/leasing. We encourage any interested stations to contact us.

- 7. Test ATSC 3.0 station.** Coming out of the Detroit meeting, there was an interest in developing a public television test station to test potential ATSC 3.0 services and what is needed to deliver those services, including the technology required and exploring potential audience or stakeholder interest in various ATSC 3.0 capabilities. Public Media Company is exploring this concept with some of the participants in the meetings.
- 8. Audience data collection.** ATSC 3.0 will provide the ability to comprehensively collect and apply significantly improved data about our audiences, program interests and content use. (TRAC Media participated in our Las Vegas meeting.) Public television stations will need much more sophisticated CRM systems to take advantage of the opportunities that addressability in content delivery will provide. We will need systems that allow us to leverage these opportunities while respecting privacy and remaining true to our non-profit missions. Public Media Company will be working with interested stations to research, track, and uncover how we, as a system, might develop this capacity.

WHAT WE LEARNED

These meetings reaffirmed the overall importance of convening station-focused planning for ATSC 3.0, as well as the work that would appropriately be done at the level of our national organizations. It was clear that we must also have sound business planning around the opportunities associated with ATSC 3.0. We need to do “good” for our communities while generating enough of an income stream that our local stations can continue to do “well.”

A central theme running through our meetings has been that the promise of ATSC 3.0 should be approached with an appreciation of the past. Indications are very strong that ATSC 3.0 will be adopted by commercial television stations and will become the new distribution platform of our industry. The unknowns include how rapidly the transition of broadcast stations will proceed; how quickly consumers will adopt this technology; and how public media might leverage its capability to expand its service. Although there is uncertainty, there is also reason for optimism.

Different stations will move to convert to ATSC 3.0 at different times. Opportunities are available both for stations that move to ATSC 3.0 more quickly and those that move more

slowly. Developing the best mission-linked options for public television stations — regardless of their transition timing — is essential and will be the focus of Public Media Company's work.

PUBLIC MEDIA COMPANY'S ROLE

Over the course of Public Media Company's 15-year history as a national nonprofit strategic consulting company, we have worked with more than 300 public broadcasters; secured access to public media programming for more than 1 in 5 Americans; structured more than \$320 million in transactions and secured more than \$100 million in capital for public broadcasting; built and manage [Channel X](#) and [VuHaus](#); supported stations' efforts to prepare for the spectrum auction; and engaged in dozens of other consulting projects to assist stations in exploring new business opportunities.

In the weeks following the sessions, we have been connecting with station leaders who attended our meetings and other interested station managers. We will explore whether and how Public Media Company might be helpful to stations in developing individual plans around ATSC 3.0 or coalitions of stations interested in exploring together areas of opportunity for ATSC 3.0. We are also interested in talking with any station that might be interested in acquiring equipment for the repack or ATSC 3.0 conversion under a capital leasing program.

We will continue to provide general updates and communications with interested stations, and when working with individual stations, we will ensure that station management and, if applicable, boards or licensees, are fully up to speed on these important and impactful transitions.

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