

The MAI 2018 OTT Audit Program

In response to programmer inquiries, MAI has created an Audit Program for Over-the-Top programming distribution services beginning in 2018. Over-the-top (OTT) distribution is growing fast: analysts and self-reported tallies in 2017 place significant subscriber counts for OTT platforms:

- Sling TV subscribers = 2 million +
- DirecTV subscribers = 500,000 +
- PlayStation Vue subscribers = 400,000 +
- fubo TV subscribers = 100,000 +

In 2017, worldwide OTT revenue increased to \$46 billion, up 8x from \$6 billion in 2010; in 2022, this is expected to reach \$83 billion. OTT audiences are predominantly the 18-40-year-old demographic and are not only younger, but more affluent.

FAQs:

When is the right time to audit? Our experienced programmer clients know sooner is better to measure compliance of distribution agreements and general payment practices, particularly with new delivery platforms where underlying billing systems and remittance processes are evolving with high growth. OTT subscribers make up ~ 2% of total Pay TV households, a number expected to rise sharply as millennials become heads of households. The time is now.

What does an OTT audit tell us? In short, it's the same as other media distribution and payment audits: are your payments correct, and if not, why not? Are there other contractual issues that must be understood and/or clarified with your partners? How may data inform your corporate strategy going forward? Are subscribers authorized, billed, and geo-filtered? Are there reporting issues?

Are OTT audits the same as traditional cable and satellite audits? No. OTT has different authorization, distribution, consumption, billing systems and data repositories than cable and satellite. As a result, OTT audits require additional fieldwork including IT infrastructure assessment, authorization system examination, geo-filtering evaluation and operational and process review. The only similarity to traditional cable and satellite providers is that all major programmers are distributed via OTT platforms.

For more detail, please contact your MAI representative or email info@mai-global.com.