

MAI to Launch Digital Audit Program for OTT

Will reach out to networks and other media in Q1

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As over-the-top providers and “skinny bundle” video packages continue to be an increasingly important part of the programming business, Media Audits International, the Denver-based audit firm, said it plans to launch a digital audit program to audit distribution carriage agreements and subscriber/transactional records maintained by OTT content distributors. MAI plans to reach out to networks and other media in the first quarter to participate in its 2018 audit program.

MAI, which has been in operation for more than 30 years, currently audits more than 100 million cable, telco, and IPTV households per year to ensure that the financial and carriage terms are applied in a manner consistent with the terms of its clients’ distribution agreements. More recently, its audit practices have been extended to assist providers of digital home entertainment using electronic-sell-through (EST), video-on-demand (VOD), streaming, and pay-per-view (PPV) platforms.

In an interview, MAI CEO Bruce Lazarus said that while some OTT players like Hulu and Sling TV have been around for years, the number of companies that are entering the market offering video packages over the internet has been growing at an accelerated pace. Offerings like DirecTV Now, HBO Now, fubu TV, Layer 3 and more are crowding the market and driving the need for accountability.

“It was just initial momentum and the recognition that critical mass has hit already,” Lazarus said of the need for the OTT product. “Our clients now see these new packages, and many of them are thinking ‘They’re on the radar screen now and we need to start looking at compliance for some of these new OTT players with regard to the distribution of our content.’”

In addition to identifying license fee discrepancies, the audits can identify contractual issues that need to be clarified with both distributors and content owners.

Because OTT content delivery involves different forms of authorization, distribution, consumption, billing systems and data repositories, MAI’s OTT audit program will be managed by a new and separate digital audit team with a unique set of audit skills to audit complex IT infrastructures and online content delivery platforms, where massive amounts of transaction data are ingested and analyzed.

Many of the billing systems for OTT players are different than the traditional billing systems used by cable operators, Lazarus said.

“In many cases how we capture the raw data in many of these billing systems is very different,” Lazarus said. “When we audit some of these OTT players it’s at the transactional level or the subscriber level. We’re dealing in many cases with millions of record now; not thousands but millions that we have to look at.”

OTT players also pride themselves on their flexibility in that they don’t force customers into contracts that lock them into a specific time frame. But that same flexibility can greatly add to the complexity of audits, Lazarus said.

“I believe it will make it very complicated,” Lazarus said. With cable, you take it for a month or multiple months,” Lazarus said. “With some of these OTTs, you can sign on for a week. We’re going to have to pick that up at the transactional level. I think it will get far more complicated.”