

Scaling Nex Gen Linear Ad Supported Experiences

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SHAPING THE FUTURE OF CONNECTIVITY.

A Brief History of the SCTE Standards Program

Society of Cable Telecommunications Engineers (SCTE)

- Prof Org: workforce cultivation, training, certification, and standards
- ANSI-accredited Standards Development Organization (SDO) since 1995
- Digital Video Subcommittee (DVS) est. 1996
 - WG5- Digital Program Insertion (DPI) est. 2000
 - WG7- Adaptive Streaming (DASH) est. 2015

Three Emmy Awards, all generated by the DPI working group and used worldwide



- Local Cable Ad Insertion Technology – Cable Digital Standards for **Local Cable Advertising**(SCTE 35 and SCTE 104) (2012)
- Development of **the Event Signaling and Management API** Standard (SCTE 250) (2021)
- Development of the **Event Scheduling and Notification Interface** (ESNI) (SCTE 224) (2022)

FAST Revenue Growing...

Initially FAST Channel & Services were only deployed on their own Streaming App, but it is growing!

Free ad-supported TV (FAST) remains the fastest-growing content distribution model

- The 15 largest FAST streaming services offer a combined 1,800+ unique channels
- The leading FAST streaming platforms are seeing exponential increases in viewership

Global FAST streaming revenue grew from around \$700 million in 2019 to over \$6 billion in 2022

- FAST platforms in the US alone were around \$4.5 billion in 2023
- Global FAST revenues predicted to reach \$12 billion annually by 2027

The ARPU for FAST is very low compared to subscriber-based content streaming distribution

- SVOD platforms, Netflix and Hulu, respectively generate over \$16 and \$11/ month per subscriber
- Leading FAST platforms Tubi and Pluto are at just over **\$1/ month**

The huge gap in ARPU between subscriber-based business models and FAST platforms clearly identifies opportunities for revenue growth for FAST providers.

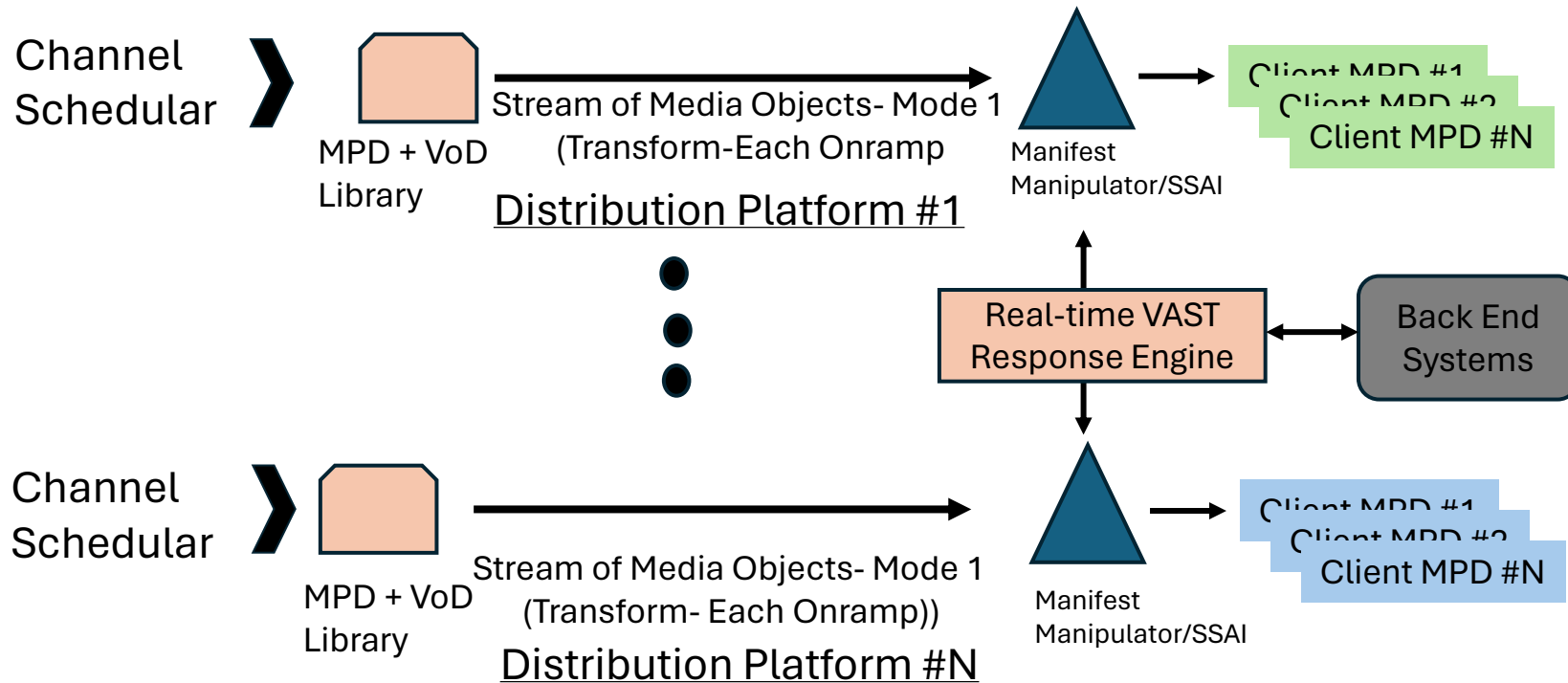
... But Not Fast Enough

While FAST is a volume business, the ARPU of ad-based revenue models are generally less lucrative than subscriber-based models for a few reasons.

1. The crowded market means diluted revenue opportunities
2. Lack of sophisticated advertising technology, such as targeted advertising
3. Limited data sharing between FAST platforms and content providers to drive audience engagement
4. Limited content discoverability, specifically content recommendation challenges

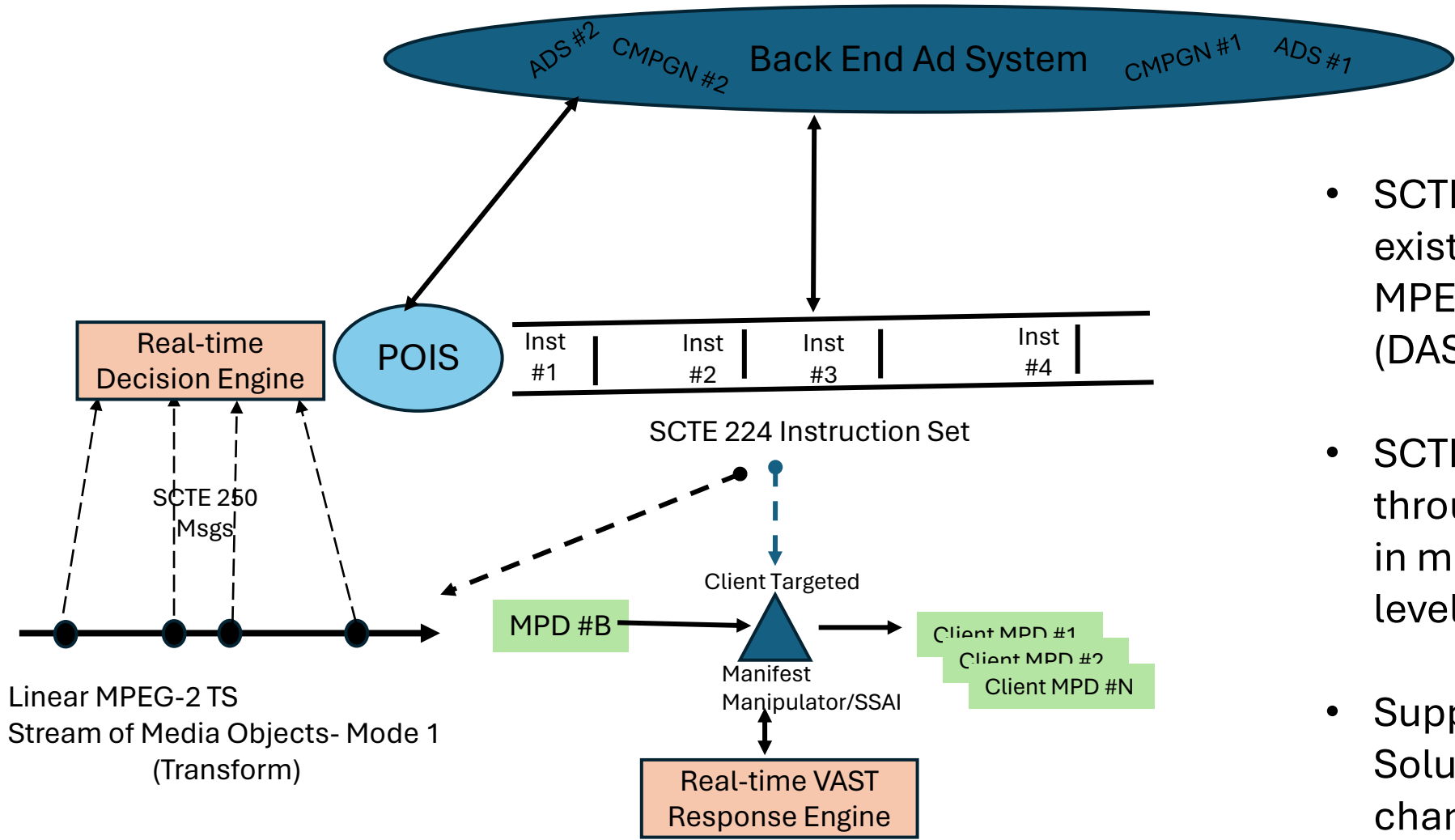
To improve FAST revenue, advances are required in both platform interoperability and advertising technologies. Targeted advertising (Region, Platform, Device, Client) is a dire need so that advertisers succeed with personalized ads resulting in improved ad loyalty and reduced ad drop-offs

FAST Channel for Multiple Distribution Platforms



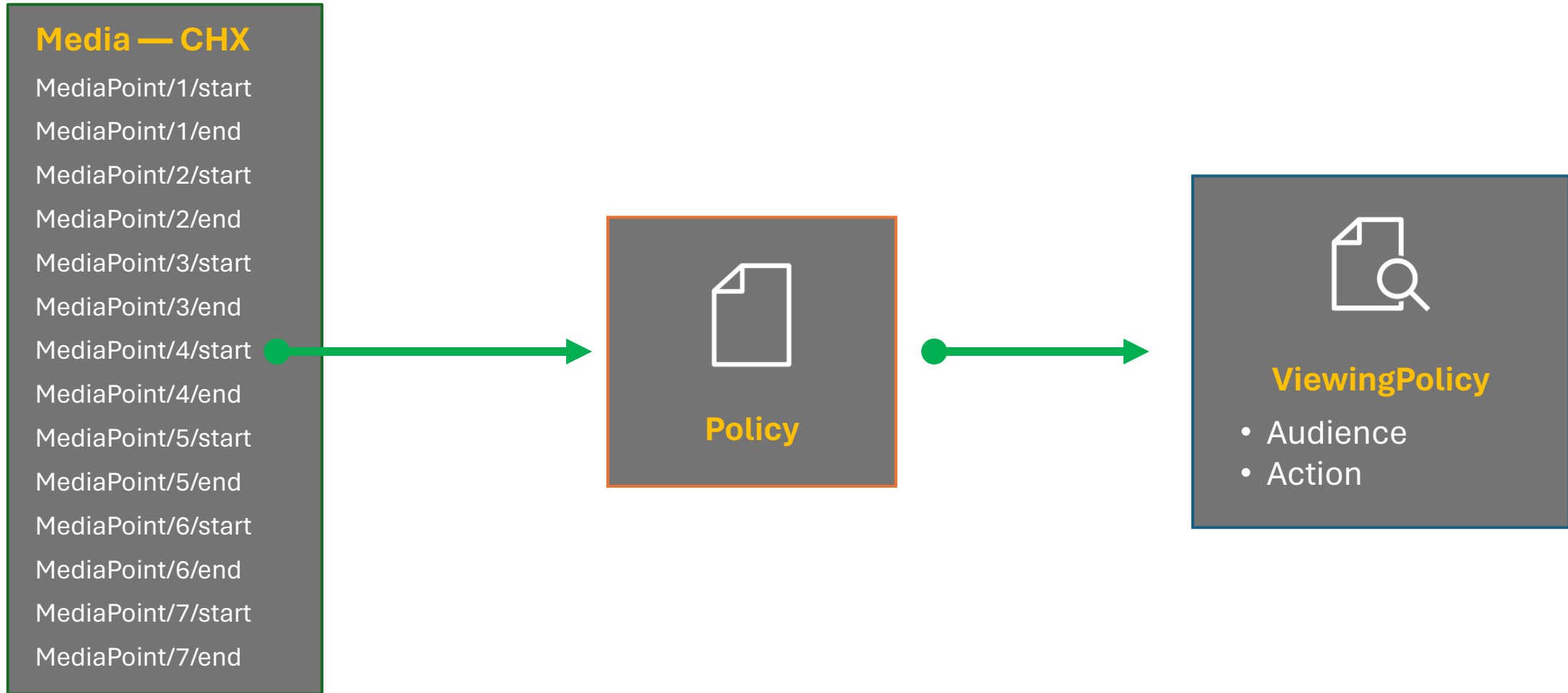
- Separate Versions of the Same Channel for Each Distributor
- Multiple VAST Req/Responses made to Back End Systems
- Repeated Operations due to Separate Distribution Paths (brute force approach)
- Does not handle targeting for groups of clients

IPTV Basic Approach with SCTE 35/250/224/214

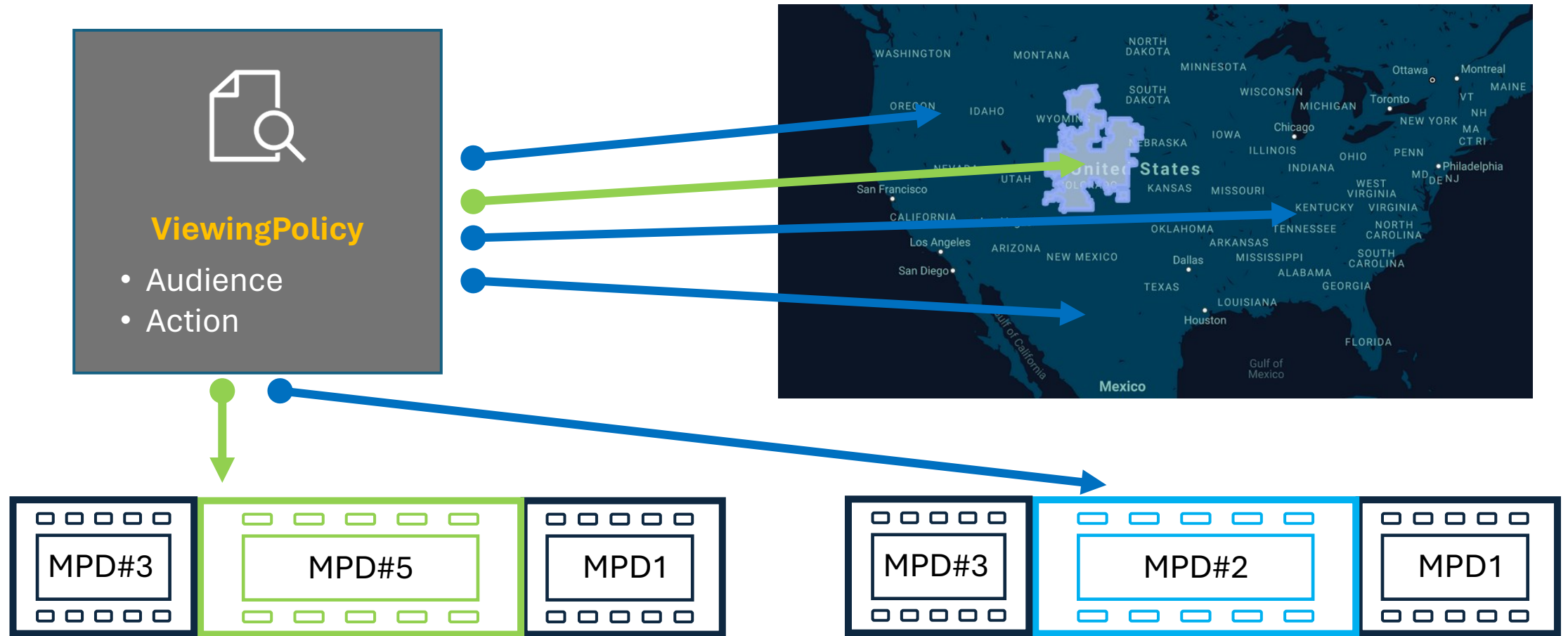


- SCTE 35 payload Info can exist at different points (MPEG-2 TS, 214 Manifest (DASH or HLS)
- SCTE 214 can carry through SCTE 35 payloads in manifests at period level
- Support Targeted Solutions within a single channel but this could be expanded

SCTE 224 Constructs

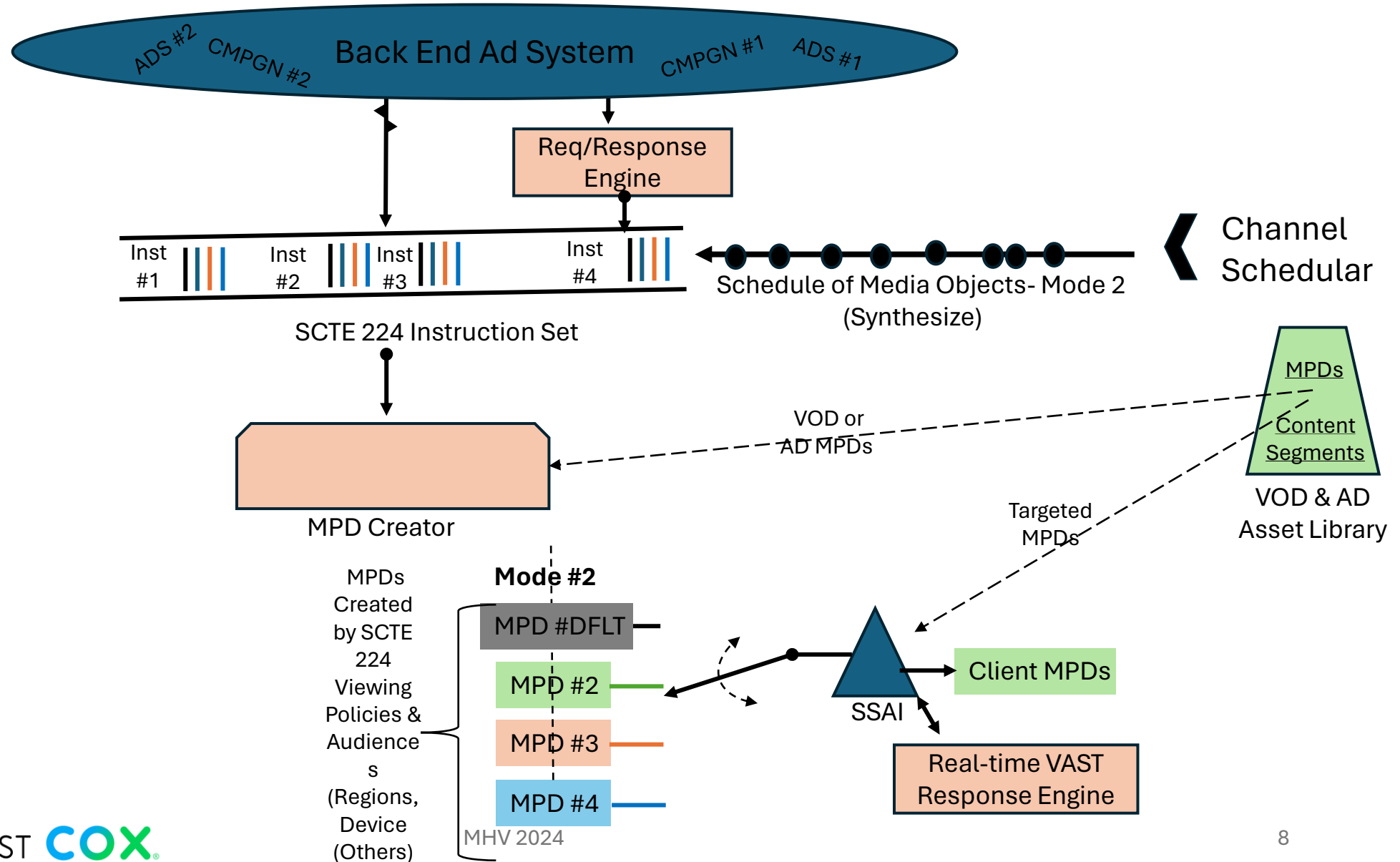


SCTE 224 Instruction Set to Manifests

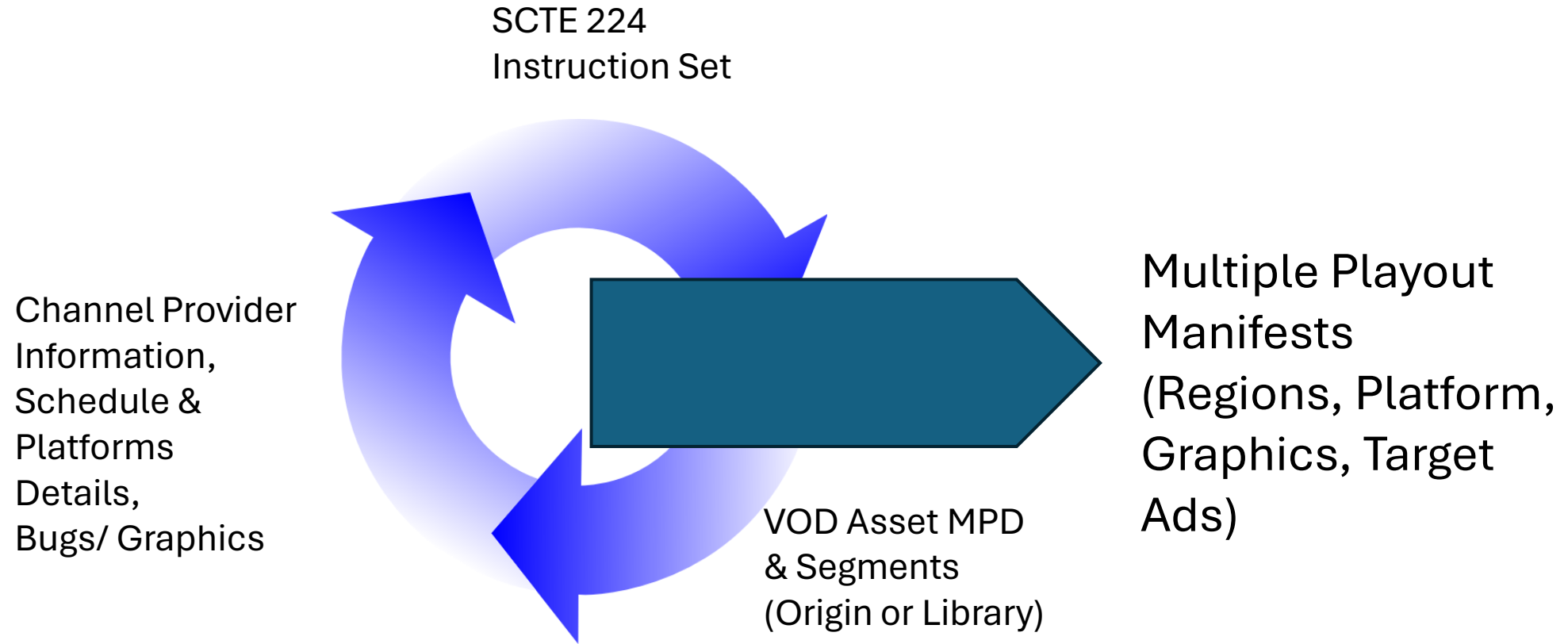


Create the Channels From Instruction Set

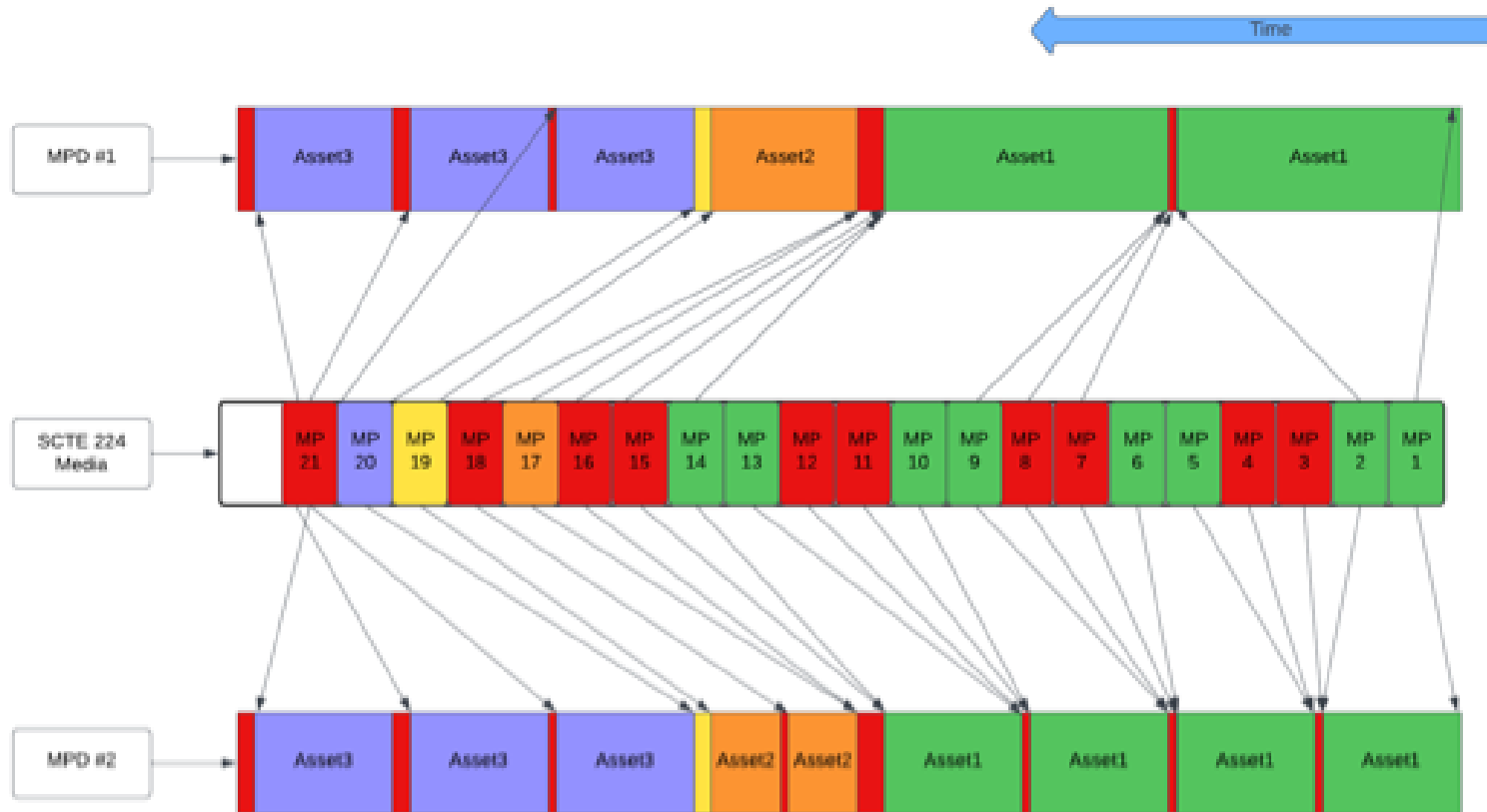
- Create whole channel from instruction set
- From a single instruction set create multiple manifests (MPDs or HLS)
- Reduce MPD instances
- Unburden downstream devices



Playout Manifest For a FAST Channel



SCTE 224 Instruction set to MPDs



SCTE 224 Messages

- Processed to create instruction
- Created and placed into instruction & passed onto manifest
- Could also include adding ad impressions and beacons
- Could directly include pieces of MPDs in instruction

Message Wrap Up

- SCTE Technologies already supports targeted advertisements in an interoperable way
- FAST Channels need to deploy on different distribution platforms (esp. MVPDS) and increase its Ad targets to bring greater ARPU numbers and not implemented in a “brute force” manner
- Using a Scheduler/SCTE 224 Instruction set to create a channel across platforms, groups, devices simplifies the creation of multiple manifests while integrating Ad targeting interfaces
- Unburdens downstream devices to focus on client specific strategies without changing the downstream structure
- Regular Calls; Get Involved

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Thank You!

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