

Statement of Work (SOW)

1.0 TITLE: Harnessing TV Distribution for Canadians in the Digital Age

The CRTC would like to understand how TV distribution services, like cable and satellite TV, are evolving to internet based distribution platforms in a select group of countries and an assessment of their market potential in Canada.

2.0 OBJECTIVE / BACKGROUND

In [*Harnessing Change: The Future of Programming Distribution in Canada*](#), the CRTC proposed to legislation be updated to permit the CRTC new adaptable and innovative approaches to regulation based on how the TV market is [*evolving*](#). One [*short to medium term option*](#) that the CRTC outlined it could take, in advance of legislative change, is to re-examine the role and effectiveness of online broadcast distribution undertakings (BDUs) (Note: BDUs are a regulatory term in Canada for cable, satellite and fibre TV services).

Online BDU-like services (which are distinct category from OTT services (e.g. Netflix, Amazon, Disney+)) are already changing the dynamics of broadcasting markets in other nations. In the US, BDU competitors now include a range of virtual providers such as DirecTV Now, Sling TV, Hulu with Live TV and YouTube TV, which are offering online services comparable to traditional cable services. In the UK, Sky has expanded the reach of its satellite TV service by offering it online (branded as Now TV). Other services that are similar to vBDUs, such as Amazon Channels, Roku and Apple TV, can be expected to further disrupt markets. However, online or “virtual” BDU (vBDU) services have not yet developed in Canada in the same way as in other markets due, at least in part, to a variety of economic, legislative and regulatory factors that may be unique to Canada.

The CRTC would like a research report to better understand how TV distribution has evolved in other countries, how those countries are adjusting to online distribution and an analysis of factors that may also impact the evolution of online TV and video distribution in Canada.

3.0 SCOPE OF WORK

The contractor would:

1. Profile how the TV distribution business has evolved in select territories around the world and how it contributes to a domestic production industry. This overview should take a longitudinal view of the evolution of TV distribution, within the context of the overall TV market in that country, emphasizing how public policy and regulations may have helped shape it, and how broadband distribution online is now impacting its structure. For each territory, the following information should be provided:
 - a. The primary public policy objectives and regulations governing the TV market, such as the role of public broadcasting, regulation of distribution platforms and content funding regimes.
 - b. How viewers receive TV by platform (e.g. free over the air, cable, satellite and online services such as OTT and virtual cable/satellite), including the historical penetration of TV distribution platforms (5 years of the most recent sequential historical data for each country, 5 year forecasts and one year of non-sequential data for each of the last three decades).

- c. How the free, over-the-air TV business model have evolved and its current outlook. In particular, the sources of revenue/funding, content offering (genre and origin) and retransmission rights approaches.
 - d. How TV distribution business models, such as cable and satellite TV, and the channels that depend on its distribution, such as 24 hour news and sports channels, have evolved and its current outlook. In particular, the sources of revenue/funding, content offering (genre and origin) and retransmission rights approaches.
 - e. How the business model of domestic content production industries has evolved and its current outlook.
 - f. The structure of the players in the TV value chain, including the potential impact of vertically integrated players (e.g. large players who own content, broadcast, distribution and digital businesses).
 - g. How online TV services are impacting the TV distribution market, including global technology companies and how domestic providers are leveraging online distribution in secure formats that respect copyright.
2. Explain what lessons we can learn about the evolution of TV distribution from the examination of several countries can be used to manage the evolution of TV distribution in Canada, including what is similar among them and what may be different from different policy and regulatory approaches. Also explain what we can expect to see happen in the future as broadband distribution and online services evolve. This would include:
- a. How consumers' preferences for TV distribution services are evolving
 - b. How business models have shifted, including subscriptions, advertising and the monetization of foreign content
 - c. How approaches to public policy, regulation and public funding are evolving
 - d. How broadband, online services and other technologies are evolving
3. Given insights from section 1 and 2, explain how TV distribution market may evolved in Canada including traditional BDUs, virtual BDUs and OTTs (e.g. Netflix, Disney+) as well as aggregation services (e.g. Amazon Channels, Roku, Apple TV). Forecast the market potential of vBDU services in Canada, should the CRTC create a new class of license, including the consumer take-up, impact on BDU prices, the potential for vBDU advertising and Canadian content spending. This needs to be done separately for the English and French Canadian markets.

Countries to be examined should include: USA, Britain, France, Australia, Brazil, Netherlands, Sweden, Taiwan and Canada (including the distinct English and French language markets). Additional countries may be added at that the suggestion of the contractor, in light of innovative or noteworthy developments occurring in other jurisdictions.

The final report will delivered no later than January 31, 2020. Regular progress updates are required throughout the contract (every 2-4 weeks).

The CRTC reserves the right to copy and communicate the report to the public (put on public record) as it sees fit. The contractor would retain the copyright of the report.

The CRTC reserves the right to create an interactive report with the material, at its own cost.

4.0 PERSONNEL

The consultants require extensive experience (meaning 10 years +) monitoring the TV markets in multiple jurisdictions, including the industry players, data analysis and forecasts. The consultant

must have global reach and presence in all noted jurisdictions and work in the languages required in those countries.

5.0 TASKS

The research document would require the contractor to conduct at minimum:

- A literature review of publicly available documents,
- Profile and analyze multiple TV markets,
- Interviews of industry stakeholders, and
- Forecasting the TV distribution market in Canada and its impact on the domestic production market and consumers.

6.0 DELIVERABLES

The consultant must write a research report (Word document) containing at minimum:

- an executive summary;
- a profile for each country (following the structure set out under material scope);
- summaries of findings/area per country; and
- a section on the market potential of vBDUs in Canada.

The consultant is also required to provide all of its data and forecasts spreadsheet model (Excel). While we expect the consultant to publish the key assumption underlying its forecast of the vBDU market potential, the spreadsheet model should be built so key assumptions can be modified (e.g. subscribers, subscriber prices, advertising revenue). The subscriber revenue and advertising outputs should be available as a % +/- so the impact on Canadian content production can be assessed using another [model](#) built for *Harnessing Change*.

7.0 LANGUAGE OF WORK

The work with the CRTC will be performed and delivered in English.

8.0 TRAVEL REQUIREMENTS

Travel is not required to complete the research report. The consultant may be required to travel to the Ottawa/Gatineau region of Canada to make a presentation to the CRTC.

9.0 LOCATION OF WORK

The work will be conducted by the consultant at their own facilities.