

TITLE: Harnessing TV Distribution for Canadians in the Digital Age

File #: XX-XXXX

1.0 Advance Contract Award Notice (ACAN)

An ACAN is a public notice indicating to the supplier community that a department or agency intends to award a contract for goods, services or construction to a pre-identified supplier, thereby allowing other suppliers to signal their interest in bidding, by submitting a statement of capabilities. If no supplier submits a statement of capabilities that meets the requirements set out in the ACAN, on or before the closing date stated in the ACAN, the contracting officer may then proceed with the award to the pre-identified supplier.

2.0 Definition of the requirement

2.1 The Department of **Canadian Radio-Television and Telecommunications Commission** has a requirement 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.

The work consists to:

2.1.1 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 country, the following information should be provided:

2.1.1.1 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.

2.1.1.2 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 rate 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).

2.1.1.3 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.

- 2.1.1.4 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.
- 2.1.1.5 How the business model of domestic content production industries has evolved and its current outlook.
- 2.1.1.6 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).
- 2.1.1.7 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.

2.2 Explain what lessons we can learn about the evolution of TV distribution from the examination of several countries which can be used to manage the evolution of TV distribution in Canada, and indicate similarities and differences between these modes of distribution, including different policies 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:

- 2.2.1 How consumers' preferences for TV distribution services are evolving.
- 2.2.2 How business models have shifted, including subscriptions, advertising and the monetization of foreign content.
- 2.2.3 How approaches to public policy, regulation and public funding are evolving.
- 2.2.4 How broadband, online services and other technologies are evolving

2.3 Given insights from section 2.1 and 2.2, 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.

- 2.4 Countries to be examined must include USA, Britain, France, Australia, Brazil, the Netherlands, Sweden, Taiwan and Canada (including the distinct English and French language markets). Additional countries may be added at the suggestion of the contractor, in light of innovative or noteworthy developments occurring in other jurisdictions.
- 2.5 The consultant must write a research report (Word document) containing at minimum:
 - 2.5.1 an executive summary;
 - 2.5.2 a profile for each country (following the structure set out under material scope);
 - 2.5.3 summaries of findings/area per country; and
 - 2.5.4 a section on the market potential of vBDUs in Canada.
- 2.6 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.

3.0 Criteria for assessment of the Statement of Capabilities (Minimum Essential Requirements)

Any interested supplier must demonstrate by way of a statement of capabilities that it meets the following requirements:

- 3.1 The Contractor must have a minimum of ten (10) years or more of experience within the last ten (10) years in monitoring the TV markets in the US, Britain, France, Australia, Canada, Brazil, the Netherlands, Sweden and Taiwan.
- 3.2 The Contractor must have a project team able to understand, speak and write in the language of the countries stated under section 2.4 above.
- 3.3 Contractor must have data and forecast on how viewers receive TV by platform (free over the air, cable, satellite and online services such as OTT and virtual cable/satellite), including the historical penetration rate of TV distribution platforms (5 years of the most recent sequential historical data, 5 year forecasts and one year of non-sequential data for each of the last three decades) for each of the countries stated under section 2.4 above.

4.0 Justification for the Pre-Identified Supplier

The pre-identified supplier, **Ovum**, has been identified as the only supplier capable of performing the work set out in Section 2 of this document.

5.0 Government Contracts Regulations Exception(s)

The following exception to the *Government Contracts Regulations* is invoked for this procurement under subsection 6(d) - "only one person is capable of performing the work".

6.0 Ownership of Intellectual Property

Ownership of any Foreground Intellectual Property arising out of the proposed contract will vest in the Contractor.

7.0 Period of the proposed contract or delivery date

The proposed contract is for a period of three (3) months from contract award to January 31st, 2020, inclusively.

8.0 Cost estimate of the proposed contract

The estimated value of the contract is \$90,000 CDN (taxes extra).

9.0 Name and address of the pre-identified supplier

Ovum
Informa
Third Floor, Blue Fin Building
London
SE1 0TA
United Kingdom

10.0 Suppliers' right to submit a statement of capabilities

Suppliers who consider themselves fully qualified and available to provide the services described in this ACAN may submit a statement of capabilities in writing to the contact person identified in this notice on or before the closing date of this notice. The statement of capabilities must clearly demonstrate how the supplier meets the advertised requirements.

11.0 Closing date for a submission of a statement of capabilities

The closing date and time for accepting statements of capabilities is **14:00, August 28, 2019.**

12.0 Inquiries and submission of statements of capabilities

Inquiries and statements of capabilities are to be directed to:

Luc Lamarre

Manager, Accommodations and Contracts

Canadian Radio-Television and Telecommunications Commission

1 Promenade du Portage, Gatineau Québec, J8X 4B1

Telephone: 819-639-3651

E-mail: Luc.Lamarre@crtc.gc.ca