



United Teleports: Skinny Bundle & FAST Channel Offering

A Streaming-First TV Solution for Broadband Providers

Overview of the Offering

Operators increasingly seek innovative ways to attract and retain subscribers in a rapidly changing market. For years, bundling video and data services has been a critical strategy for improving customer acquisition and increasing the longevity of customer relationships. However, the rising cost of cable licensing and the proliferation of direct-to-consumer OTT services from programmers have drastically reduced the adoption of traditional video services. Today, most operators see fewer than 25% of their broadband subscribers subscribing to their legacy video offerings.

To address this challenge, operators need a new type of video service that appeals to subscribers' evolving expectations, enabling them to grow and maintain their customer base. United Teleports and Broadpeak are introducing a skinny bundle of OTT and FAST channels to meet these needs, providing an affordable and flexible streaming solution designed to complement broadband services and enhance customer engagement. The service is offered via VuCast, United Teleport's hosted headend for channel acquisition and DTS streaming.

This new service includes approximately 50 licensed channels and 100 FAST channels. Both channel libraries will grow over time, ensuring fresh and relevant content for end users. The target price point for operators to offer the service to their subscribers is under \$20.

An operator can offer OTT-only or both OTT and FAST services. Services can be contracted directly through United Teleports or one of our distribution partners.

Licensed Channels

The licensed channel offering, developed with our affiliate rights partners, features a diverse lineup of content across entertainment, news, sports, lifestyle, and more. These partners will provide the exact channel lineups as they finalize their agreements with programmers. Our rights partners have tentative lineups available today and target offering formal launch lineups in December 2024, with licensing available to support commercial launches in early 2025. United is committing to making all OTT licensed channels available from these partners to ensure our operator customers can continue to grow their lineups over time.

We recommend that interested operators contact their affiliate rights partner and inform them of their interest in this new offering.



FAST Channels

The FAST channel lineup currently consists of around 100 ad-supported channels spanning multiple genres, including news, entertainment, and children's programming. DNET Media is our partner handling the licensing of the FAST Channels. DNET will continue to expand this lineup as the platform grows and welcomes suggestions for channels that operators would like to see included in the FAST offering. With the initial launch, DNET is limiting the channels to those that do not require a minimum number of subscribers across operators' platforms and do not require a minimum ad revenue share. Even with that limitation, there are more than a thousand available FAST channels, and your input is needed on the specific FAST channels you have seen on other platforms and want to be included.

Please see Frequently Asked Questions about FAST Channels for more information.

Local and Community Channels

Operators can enhance their platform by incorporating local and community channels; however, there are two key challenges: rights management and technical integration. On the rights side, operators must secure specific distribution rights to include these channels in their OTT platform. Many local broadcasters are willing to provide these rights. Still, the condition is that the channel's availability is restricted to specific ZIP codes. This restriction ensures compliance with the broadcaster's limited distribution rights, which often apply only to their designated broadcast area. Operators must work with their middleware platforms to enforce these geographical limitations.

The second challenge involves the technical integration of local channels into the overall platform. The incorporation of these channels into the service varies based on the specific middleware platform and its integration into the VuCast headend. If required, United can assist with transcoding local channels into streaming-ready formats and publishing them into the VuCast headend. Fees associated with these efforts will vary based on the number of channels and configuration needs. If the operator is interested in this option, please reach out to discuss the implementation details.

We recommend operators consult with their affiliate rights partner to review any additional requirements or restrictions regarding the inclusion of local and community channels.

Technical Overview

Unlike traditional cable distribution models, these new services leverage the Internet and public CDNs to stream content directly to subscriber devices from the VuCast headend. This approach of direct-to-subscriber streaming eliminates the need for an operator to establish a dedicated connection to the VuCast headend or any other specialized infrastructure.

The licensed OTT content will be encrypted at the headend, ensuring compliance with content protection requirements. Subscriber platforms must be configured to decrypt the content for viewing. Content is only available to operator-authorized subscribers, so an operator must have a



platform that authenticates each subscriber. Content is available in HLS (OTT and FAST) and DASH formats (OTT-only), making it accessible across various platforms.

The operator is responsible for providing their middleware and subscriber-facing platforms, such as mobile apps, set-top boxes, or web portals. Integration between the hosted origin and the operator's platform will be required to ensure a smooth content experience. This integration will ensure encrypted content delivery, proper handling of EPG guide data for FAST channels, and feedback of guide information for optimal ad revenue. United is working with Broadpeak, Espial, Minerva, Innovative Systems, and other platforms to ensure compatibility and perform technical field trials for smooth operation.

We recommend that interested operators contact their middleware partner to express interest in this new offering and check the integration status with the VuCast headend.

Pricing and Monetization

Setup Fee: The service includes a one-time start-up fee, which covers configuring the United platform to work with the operator's specific platform and content authorization with individual programmers. Monthly payments include a per-subscriber fee and a delivery fee based on usage.

Monthly Fees: Operators will be charged a per-subscriber fee for access to the licensed OTT and FAST channels, with a minimum subscriber threshold applied. In addition, there is a per-TB delivery fee to cover CDN costs. This fee is calculated by rounding up to the nearest TB, with a minimum of 50 TB monthly per operator. The per TB price translates to approximately one cent per hour of content viewed. Operators can implement Internet caching to minimize delivery fees.

Revenue Share: The FAST channel revenue model includes a 50/50 split of net ad revenue between DNET Media, United's FAST licensing partner, and each operator. Net income is calculated after deducting the programmer's share, ad-broker fees, and other insertion-related costs.

Timeline for Launch and Next Steps

The new service is currently in the final stages of development. Our affiliate rights partners are working to finalize content rights with programmers, and the final lineup of licensed channels is expected to be available before the end of the year. The service will launch in early Q1 2025.

If you are interested in learning more, please

- Schedule a meeting with Jeremy at United Teleports to learn more –
- Reach out to your affiliate rights partner to express interest and obtain a preliminary lineup
- Reach out to your middleware partner to express your interest and confirm their timeline for integrating with the VuCast headend
- Read the FAST Q&A below and let us know any specific FAST channels you want to be included in the FAST offering.



Appendix: Other Services Offered for Operators by United Teleports

United Teleports provides additional services to support operators in enhancing and modernizing their video delivery platforms. These services are designed to offer flexibility and reliability, ensuring operators can efficiently serve their subscribers with high-quality content across multiple distribution methods. Below are three services we offer, with customized solutions based on the operator's needs.

1. Headend Replacement Services

United Teleports offers operators comprehensive headend replacement services, providing all the channels required to support their video distribution platforms. This service includes delivering channels in MPEG-2, MPEG-4, or streaming formats, depending on the operator's needs. Operators can use these feeds to support QAM-based distribution, IPTV platforms, and multiple streaming ecosystems. Whether an operator wants to modernize its infrastructure or maintain traditional delivery methods, United's headend replacement solution ensures reliable, high-quality streams that meet all distribution requirements.

2. Off-Air Channel Aggregation Services

United Teleports provides off-air channel aggregation services, allowing operators to include local broadcast channels from any Designated Market Area (DMA) in their platform. Channels can be delivered to the operator in the off-air MPEG-2 format, or United can transcode the feeds into any format the operator requires for seamless integration into their platform. Channels are delivered via the public Internet to SRT to receive equipment provided by United.

3. Local Channel Playout Services

United Teleports provides playout services for local and government channels, hosting playout servers at our facility that local groups can use to generate full-time channels. These channels can then be delivered to the operator's headend via SRT or made available in HLS streaming format. The service supports live events and offers the option for hands-on master control services, ensuring smooth operations and real-time management of content. This service is ideal for operators looking to integrate local programming or government access channels into their platforms with minimal technical overhead.

Appendix: Frequently Asked Questions about FAST Channels

1. *What are FAST Channels?*

FAST (Free Ad-Supported Television) channels are live or linear streaming channels that rely on advertising revenue instead of subscription fees. They offer a viewing experience like traditional TV but are delivered over the internet, are accessible through streaming platforms, and include many advertisements similar to over-the-air broadcast TV.

2. *How is FAST content licensed?*

FAST channels operate on a revenue-sharing model rather than requiring per-subscriber fees. United Teleports secures agreements directly with programmers, and the resulting ad revenue is shared between the programmer, United, and the operator.

3. *What kind of content do FAST channels offer?*

FAST channels cover various genres, including news, entertainment, lifestyle, sports, music, and children's programming. Some channels feature curated content libraries, while others provide live programming or event-based broadcasts.

4. *How do FAST channels generate revenue?*

FAST channels generate revenue through dynamic advertising. Ads are delivered in real-time to viewers during streaming, and advertisers pay based on metrics such as impressions, views, or click-through rates. FAST channels have up to sixteen minutes of advertisement space per hour, generally sold to advertisers as thirty-two 30-second ad spots.

5. *What is dynamic ad insertion (DAI), and how does it work?*

DAI technology inserts ads into a video stream in real-time. Ads are tailored to individual viewers based on demographics, location, or behavior, maximizing relevance and increasing revenue potential.

When a subscriber selects a FAST channel to watch, their device is directed to pull a streaming manifest from a manifest server. This manifest contains the instructions for streaming the channel and identifies the available ad slots (ad avails).

The manifest server communicates with an ad decision server (ADS) during an ad avail. The ADS determines which ad to serve based on several factors, including:

- The **channel** being watched.
- The **program** that is currently playing on the channel.
- The **location** of the viewer.

The ad decision server interfaces with multiple programmatic ad platforms and inventory sources to find the ad with the highest potential revenue for that ad slot. This process ensures that each ad placement maximizes its value.

The manifest server must receive detailed guide data about the streamed program for this system to work efficiently. Advertisers often target their ads based on demographics commonly associated with viewers of specific programs, so providing this information enhances ad relevance and increases revenue potential.

The EPG guide data for each FAST channel must be ingested and standardized as part of the integration with each operator's middleware platform. This guide data is transmitted to the manifest server when a subscriber requests the stream, ensuring accurate ad targeting and proper content identification.

6. What are the operational costs associated with delivering FAST channels?

Delivering FAST channels involves multiple cost components that must be managed to ensure smooth operation and profitability:

1. **Ingest Costs:** The first step is to receive the FAST channels on United's origin platform. Many programmers require minimum ad revenue guarantees to offset the delivery cost, meaning a certain revenue threshold must be met for the channel to remain available on the platform.
2. **Platform Operation Costs:** Running the hosted origin platform involves significant resources, including the configuration for each operator's platform. United must ensure that the platform is configured correctly to handle authorizations for operators based on the specific channels they have requested and have been authorized to incorporate into their packages.
3. **Delivery Costs:** Content must be streamed from United's origin platform to end subscribers using public CDNs, who generally charge by the GB of content delivered. To minimize delivery costs, operators are encouraged to implement caching at their headend, reducing reliance on public CDNs and lowering overall monthly fees.

7. What are the specific costs associated with dynamic ad insertion (DAI) for FAST channels?

Dynamic ad insertion (DAI) for FAST channels involves several costs that impact the final revenue shared with operators:

1. **Advertising Bidding and Aggregation:** Businesses interested in advertising on FAST channels bid for video ad spots through ad sales websites, such as Google Ads. This bidding process is like how companies purchase ads on search engines or websites. Ad aggregators play a crucial role by interfacing with multiple advertising platforms and optimizing revenue for each ad spot. Aggregators ensure the ad inventory matches the most relevant and highest-revenue ads.
2. **United's Partnership with Orka:** United Teleports is partnering with Orka as its primary ad aggregator, responsible for managing ad requests and maximizing ad revenue. As ad volume increases, United may integrate with additional aggregators to ensure broad access to ad inventory. **Aggregator Fees:** Ad aggregators retain a percentage of ad revenue as a service



fee for matching ad requests to available inventory. This percentage varies based on the aggregator and market conditions.

3. **Technology Fees for Ad Insertion:** A technology fee is charged for connecting the manifest manipulator (the component responsible for modifying streaming manifests) to the ad decision server. This service typically includes a per-ad charge for processing and placing each ad within the stream.
4. **Net Revenue and Revenue Sharing:** When United Teleports offers a revenue share to operators, the share is based on net revenue—the revenue remaining after all fees have been deducted. These deductions include the ad aggregator’s percentage of revenue, technology fees related to ad placement, and Ad broker costs, if applicable.