

**Before the
COPYRIGHT ROYALTY JUDGES
Washington, D.C.**

_____)	
<i>In re</i>)	
)	
DISTRIBUTION OF CABLE)	NO. 14-CRB-0010-CD (2010-13)
ROYALTY FUNDS)	
_____)	

Written Direct Testimony of

JAMES M. TRAUTMAN

December 22, 2016

**Written Direct Testimony of
JAMES M. TRAUTMAN**

I am Managing Director of Bortz Media & Sports Group, Inc. (Bortz Media) and am sponsoring the Bortz Media report entitled “Cable Operator Valuation of Distant Signal Non-Network Programming: 2010-13,” a copy of which is attached. This report was prepared under my direct supervision at the request of Major League Baseball, the National Football League, National Basketball Association, Women’s National Basketball Association, National Hockey League and the National Collegiate Athletic Association (collectively, the Joint Sports Claimants or JSC).

For more than thirty years, I have supervised market research assignments addressing a wide range of issues affecting the cable and satellite television industries, including issues related to the valuation of television programming. My clients have included NCTA – The Internet & Television Association, Disney/ABC, the Public Broadcasting Service (PBS), CBS, A&E Television Networks, ESPN Networks, Discovery Networks, MTV Networks, Time Warner Cable, Comcast, Cox Communications, the Cable & Telecommunications Association for Marketing (CTAM) and many other cable and satellite industry clients.

I have had primary responsibility for management of all of the cable operator studies conducted by Bortz Media for JSC. I have testified concerning these studies in several proceedings conducted by the Copyright Royalty Judges and their predecessors. In the 2004-05 cable royalty distribution proceeding, I was qualified as an expert in market research, including survey research, and valuation in the cable, broadcast and television programming industries.

A copy of my resume is attached as Appendix A.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on December 19, 2016


James M. Trautman

APPENDIX A

JAMES M. TRAUTMAN
Managing Director and Principal

Bortz Media & Sports Group, Inc.
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Greenwood Village, Colorado 80111
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EXPERIENCE:

Managing Director and Principal, Bortz Media & Sports Group, Inc. (1988 to Present)

- Leads media/entertainment practice for analytically-based consulting firm.
- Expertise is concentrated in applied market, economic and competitive analysis – focusing on evaluation of trends in media/entertainment market evolution; analysis of the cable and satellite television industries; analysis and valuation of video programming and programming networks; analysis of consumer preferences and audience behavior; analysis of industry, company and product/service economics; market forecasting/demand assessment; and survey research.
- Extensive consulting history for a wide range of major clients including A&E Television Networks, Blackstone Group, CBS, Comcast, Corporation for Public Broadcasting, Cox Communications, Discovery Communications, Disney/ABC, ESPN Networks, Gannett, Landmark Communications, MTV Networks, Ziff-Davis, Times Mirror, Time Warner, Tribune, The Washington Post Company, Major League Baseball, the National Basketball Association, NCTA – The Internet & Television Association, the Big 12 Conference, Crown Media, Scripps Networks, National Public Radio, Public Broadcasting Service (PBS), Spanish Broadcasting System (SBS) and the United States Olympic Committee (USOC).

Additional details on primary areas of expertise include:

- Created and directed Bortz Media's subscription television industry competitive assessment practice for more than 15 years. Services provided to major cable companies included ongoing, comprehensive analysis of satellite and other competitors – addressing business strategies, operating economics, technical capabilities/constraints and the overall threat profile presented by DIRECTV, DISH Network and other cable competitors. In connection with these engagements, monitored and assessed performance and growth trends, and developed market level strategic and tactical plans for cable operators to address satellite competition. These analytical and planning efforts emphasized competitor economics and consumer marketing strategies, as well as the development/deployment of new consumer products and technologies including digital settop boxes, DVRs, video-on-demand, HDTV, interactive television, high-speed Internet and telephone service.

- The economics and marketing of competitive services and new television products has been an ongoing focus. Examples of new product-related assignments include:
 - ✓ For multiple clients, assessed the initial evolution of and long-term market prospects for Direct Broadcast Satellite services, including specific evaluation of various orbital licensees and early entrants.
 - ✓ For Cox, provided a comprehensive assessment of current and likely future satellite competitor technology and marketing/promotional initiatives as a basis for devising Cox product, packaging and marketing strategies.
 - ✓ For multiple clients, assessment of Internet-based video content distribution prospects, considering both economic opportunities and potential risks to existing distributors. Analyses have specifically addressed Internet-based delivery of movies and other television programming and its implications for cable networks and video-on-demand services.
 - ✓ Designed and managed consumer research and provided recommendations to Comcast regarding the composition, packaging and pricing of the company's initial digital service tiers in preparation for the deployment of digital settop boxes.
 - ✓ For a major content owner, evaluates media market trends and implications on an ongoing basis. The implications of Internet video distribution, tiering, channel placement and ownership of the organization's network distribution outlets has been a specific focus. Mobile distribution opportunities and economics, on-demand economics and interactive advertising prospects have also been assessed.
 - ✓ Assessment of the relative merits of cable HFC distribution infrastructure and telephone company fiber optic network architecture from a consumer perspective, emphasizing the relative advantages and disadvantages of each technical approach in terms of services and features provided to subscribers. Based on this assessment, developed detailed recommendations regarding client positioning and communications strategies in response to telephone company marketing initiatives.
 - ✓ For Cox, analyzed HDTV opportunities and timing considerations with respect to initial deployment of HDTV services.
 - ✓ Assessment of home video rental market trends and prospects in the context of the evolution of cable-based video-on-demand services.
 - ✓ Assessment of the premium television market, including prospects for major premium TV providers and the impact of movie distribution alternatives

(including video-on-demand, Netflix and Internet-based services) on premium television content strategies.

- Provided business development support to and/or evaluated market/economic prospects and revenue models for more than 50 proposed subscription TV programming ventures and existing basic and premium television networks. Assignments have addressed both national networks and regional sports and news networks. Clients/properties have ranged from planning stage concepts (e.g., Outdoor Life – now NBC Sports Network, U.S. Olympic Network) to services in the early stages of development (e.g., ZDTV – now Esquire, Classic Sports Network – now ESPN Classic) to widely penetrated networks such as ESPN, Discovery and HGTV. Assignments have encompassed initial business model development, projections of viewing levels and advertising potential, marketing/sales planning, affiliate contract negotiations, programming strategy and programming acquisition, and service implementation.
- Analyzed the fair market value of television, radio and Internet rights for numerous major programming rights holders, encompassing content with rights values totally more than \$20 billion. Analyses have addressed both entertainment and sports content and consider the audience potential, advertising prospects and other economic drivers of the content, as well as cost factors. Analyses have also addressed the value of programming and footage libraries, syndication opportunities, and “ancillary” value components including sponsorship exposure value, live tours, DVD sales, etc.
- Co-author of Digital Broadcasting: Where Do We Go From Here? This report, released in 2010, evaluated future business prospects and market opportunities for the broadcast television industry – focusing on multicasting, mobile video and other services enabled by digital transmission technology.
- On behalf of NCTA, authored A Study of the Cable Industry’s Impact on the U.S. Economy. This comprehensive economic impact analysis, released in 2015, analyzed cable industry subscriber growth patterns and operating characteristics and utilized input-output modeling techniques to evaluate cable industry financial flows. These flows were then used to quantify the industry’s direct and indirect contributions to U.S. employment, personal income and gross economic output at the national level as well as by individual Congressional District. Earlier versions of this analysis were prepared in 2013, 2011, 2008, 2003, 1998, 1990 and 1986.
- Analyzed financial prospects and estimated the fair market value of over 100 cable television properties both domestically and internationally. Assessments of current and future cable television economics have also been developed on a recurring basis for a major financial institution, as well as an international consulting organization.
- Analyzed financial prospects and estimated the fair market value of numerous commercial television and radio station properties, in markets ranging from the largest

to the smallest. Analyses evaluate market trends and likely future market capture in terms of both advertising revenue and audience, resulting in the development of pro forma financial projections.

- ❑ For a major broadcast network, assessed digital television opportunities, considered technological and market factors in defining a digital television strategic focus, and developed recommendations relating to cable distribution of digital signals and high definition programming.
- ❑ Provided comprehensive digital transition business planning assistance to the Corporation for Public Broadcasting, the Association of Public Television Stations, the Ford Foundation, the James Irvine Foundation and selected individual public broadcasters. These assignments assessed new service opportunities and involved working with individual public television (PTV) stations to develop digital service/financial models. Elements of the projects included assessment of the overall media environment and its implications for PTV (focusing on the impact of emerging technologies), exploration of digital capacity utilization issues and alternatives (including data-driven, interactive and commerce-based applications), and evaluation of partnership opportunities with both for profit and non-profit entities.
- ❑ Assisted various other public broadcasting organizations in numerous engagements over the past 20 years. In addition to the assignments noted above, these have included development of comprehensive market analyses, development of service and operating structure recommendations for stations, evaluation of advertising potential, assessment of merchandising and licensing practices, support in negotiations for programming distribution, and assessment of Internet business opportunities.
- ❑ Provided strategic planning assistance to Landmark Communications on multiple occasions, supporting the company's efforts to enhance its television station operations.
- ❑ On behalf of the Corporation for Public Broadcasting, completed a comprehensive, multi-phase assessment of digital radio opportunities, addressing the market potential for both terrestrial and satellite-delivered digital radio in the context of current and projected future radio market trends.
- ❑ On multiple occasions, provided strategic planning assistance to National Public Radio. Assignments encompassed in-depth interviews with NPR affiliate stations, assessment of audience trends and recommendations relating to program scheduling.
- ❑ In the mid-1980s, developed and conducted an annual Cable Operating Performance Benchmarks study for participating cable companies on behalf of the National Cable & Telecommunications Association. This study focused on the interrelationships between operating characteristics and financial performance at the cable system level, utilizing detailed operating, financial and market information from more than 150

separate cable systems. Separate industry level analyses have addressed the industry's economics and financial characteristics on numerous subsequent occasions.

- Designed, managed and executed a wide range of quantitative and qualitative research studies, including statistically representative national (as well as local and regional) telephone surveys, Internet-based surveys, focus groups, one-on-one interviews and new product trials. A study conducted annually addresses trends in local advertising sales and the factors influencing local ad sales performance.
- Has provided comprehensive analysis and expert testimony for multiple law firm clients including Arnold & Porter LLP; Coblenz, Patch, Duffy & Bass LLP; Davis Wright Tremaine; Kaye Scholer LLP; Lowenstein Sandler LLP; Patton Boggs LLP; Manatt, Phelps & Phillips; Snell & Wilmer; and Winston & Strawn. Support and testimony has encompassed assessment of programming and programming networks; analysis of television viewing data and viewing behavior; valuation of media assets and properties; analysis of digital music prospects; economic and market analysis of media industries, technologies and planned business ventures; analysis of industry and firm-level business practices and strategies; and design/execution of market research.

Senior Associate, BBC, Inc. (1983 to 1988)

Responsible for execution of multi-faceted research and analytical assignments addressing industries including media, entertainment and telecommunications, real estate, banking and public facilities/recreation.

EDUCATION:

M.B.A., Finance (1990), University of Colorado

B.S., Economics (1982), Claremont McKenna College, Claremont, California

OTHER:

Author of [A Study of the Cable Industry's Impact on the U.S. Economy](#); and [Public Television's Transition to a Digital Future](#). Co-Author of [Digital Broadcasting: Where Do We Go From Here?](#); [Public Television in the Information Age](#); [Great Expectations: A Television Manager's Guide to the Future](#); and [Sports on Television: A Whole New Ballgame](#).

Certificate of Service

I hereby certify that on Monday, February 12, 2018 I provided a true and correct copy of the James Trautman Written Direct Testimony to the following:

American Society of Composers, Authors and Publishers (ASCAP), represented by Sam Mosenkis served via Electronic Service at smosenkis@ascap.com

Spanish Language Producers, represented by Brian D Boydston served via Electronic Service at brianb@ix.netcom.com

Public Broadcasting Service (PBS), represented by Lindsey L. Tonsager served via Electronic Service at ltonsager@cov.com

Canadian Claimants Group, represented by Victor J Cosentino served via Electronic Service at victor.cosentino@larsongaston.com

Multigroup Claimants, represented by Brian D Boydston served via Electronic Service at brianb@ix.netcom.com

National Public Radio, Inc. (NPR), represented by Gregory A Lewis served via Electronic Service at glewis@npr.org

SESAC, Inc., represented by John C. Beiter served via Electronic Service at jbeiter@lsglegal.com

Devotional Claimants, represented by Matthew J MacLean served via Electronic Service at matthew.maclean@pillsburylaw.com

Broadcast Music, Inc. (BMI), represented by Brian A Coleman served via Electronic Service at Brian.Coleman@dbr.com

MPAA-represented Program Suppliers, represented by Alesha M Dominique served via Electronic Service at amd@msk.com

National Association of Broadcasters (NAB), represented by Ann Mace served via Electronic Service at amace@crowell.com

Signed: /s/ Michael E Kientzle