

NLU DELHI – HSF INTERNATIONAL NEGOTIATION COMPETITION 2016

LICENCE TO STREAM

NEGOTIATION PLAN: TOPSTREAM PLC (“TOPSTREAM”)

Primary Mutual Objective

To form an agreement in which Topstream is the exclusive streaming platform in Tedra for *Move, Change or Die* ('MCD') and other GPT-produced content, for between 3 and 7 years.

Objectives: Topstream

1. Exclusive licence to stream *MCD* in the growing market of Tedra for 3 years for up to £50M per year, meeting monthly ROI targets of £3M in FY1, £2M in FY2, and £1M in FY3 (= £72M total).
2. Control over frequency and timeslot of the streaming of *MCD* in Tedra.
3. Compliance with specific regulations of depictions of nudity and aliens.
4. Assurance that Benson will write future series of *MCD*, and either an option to terminate, or an automatic 20-40% reduction of licence fees, if Benson dies.
5. Assurance that the litigation between Frecknall and Iron has been settled.
6. To license additional content from GPT over 3 years: 15 shows for <£25M, or 10 shows for <£20M. Renegotiations in 3 years. Agreement must include the show forecast to match *MCD* in ratings.

Objectives (anticipated): GPT

1. To access younger viewers in Asia - specifically, licensing GPT content including *MCD* for broadcast in Tedra.
2. To maintain quality and reputation by maintaining creative control of content.
3. To maximise revenue from the licencing of content to distributors by working with trusted distributors where possible, preventing piracy and compelling viewers to pay for content.
4. To launch new content (10/15/more new shows?) into markets including Tedra.
5. To continue production and distribution of *MCD*, regardless of its authorship.
6. To avoid negative publicity surrounding *MCD* that may affect ratings and licence fees – specifically, negative publicity arising from litigation between Frecknall and Iron.

Comment [KB1]: Maybe take this out? What do we think they will care about? I think exposure and revenue are uncontentious, maybe we just take out 'short term' ?

Comment [JR2]: Agreed!

Topstream and GPT rely on each other to maximise their own performance. Topstream is the gatekeeper to the Tedra streaming market; GPT produces popular, critically acclaimed content. Provided it meets regulatory requirements, the success of MCD in Tedra is assured. Less is known about the popularity and value of GPT's new shows.

Underlying Interests: Topstream

1. Asia has the most potential for growth in streaming services, and *MCD* is forecast to generate maximum subscription revenues in Tedra.
2. A successful launch of Topstream will hinder competitors' market entry.
3. Relationship with Tedra authorities must be managed to avoid risk of sanction.
4. Globally, Topstream must maintain a good working relationship with GPT.

Underlying Interests (anticipated): GPT

1. *MCD* has already been licensed in mature markets, recovering its costs. Tedra license fees may be pure profit.
2. The young population of Tedra is a good long-term fit with GPT's positioning.
3. Viewers who stream GPT content are brought into the legal market, reducing lost revenue from illegal downloads.
4. Launching new content diversifies GPT's income streams, reducing reliance on *MCD* licence fees.

The primary objective for both companies is financial. Strategies to improve market share and diversification have the additional benefits of prestige and long-term security. Owing to transactions in other markets, both companies must maintain a good working relationship.

Strengths: Topstream

1. Possesses the only streaming licence

Weaknesses: Topstream

1. Market leadership in Tedra appears to be

- currently authorised in Tedra.
2. Relationship with regulatory authorities.
 3. Topstream's live streaming model is favoured by production companies for superior protection against piracy.
 4. An established player in three mature markets: Oldland, Newland and Farland.
 5. Possesses consumer streaming data for *MCD* in existing markets.
 6. An experienced business in the sector, with established relationships with content providers (including GPT).

Strengths: GPT

1. A reputation for critically acclaimed content, popular with young audiences.
2. Content is (probably) licensed on streamed platforms, free-to-air TV, and cable TV, reducing dependence on any one customer.
3. GPT is experienced, with a record of producing winners, and established relationships with talented collaborators.
4. *MCD* may determine the success of Topstream's entry into new markets.

- dependent on licensing *MCD*.
2. The relative popularity of download streaming versus live streaming is not known.
 3. No other opportunities at present.
 4. Relationship with regulatory authorities is vulnerable to the decisions of third party content providers such as GPT.
 5. Illegal downloads may erode Topstream's subscriber base.
 6. Topstream may be competing with cable TV services.

Weaknesses: GPT

1. Access to the Tedra streaming market is dependent on a deal with Topstream.
2. GPT's success as a business may be overly dependent on *MCD*.
3. GPT sells *MCD* to only one streaming company worldwide: Topstream.
4. Half of *MCD* viewers worldwide are watching the show illegally, costing licensing revenues.
5. *MCD* is exposed to risk of its "talent" underperforming, whether from the death of Benson or conduct of Frecknall.

BATNA: Topstream

Topstream will stream content in Tedra, whether or not it reaches a licensing agreement for *MCD*. Although no ROI projections are available for this BATNA, Topstream retains first mover advantage; access to a young, growing market; it can source content elsewhere; and it will control this new market's expectations of a streaming service.

Anticipated BATNA: GPT

GPT has already sold *MCD* to Topstream in Oldland, Farland and Newland, and presumably has already met minimum revenue targets. Without a streaming agreement in Tedra, GPT may still license *MCD* to a cable or free-to-air TV company.

We will need to discover any alternative licensing agreements for MCD in Tedra.

It is not clear whether GPT has already invested in the other new content, or pre-sold them into other markets, or on other platforms. Their BATNA for other content is likely to be much less advantageous than their BATNA for *MCD*.

We must find out the viewer projections GPT have made for their new content, how reliable these projections are, whether this content has already been sold elsewhere in the world, and whether GPT has any other distribution options in Tedra.