

# NBA All-Star Technology Summit

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## Poppy Harlow

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## Steve Ballmer

Chairman, LA Clippers

## Jay Marine

Vice President, Global Head of Sports and Ads,  
Prime Video

## Ted Leonsis

Founder, Chairman, Principal Partner & Chief  
Executive Officer, Monumental Sports &  
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## Neal Mohan

Chief Executive Officer, YouTube

## Jimmy Pitaro

Chairman, ESPN

## Luis Silberwasser

Chairman & Chief Executive Officer, TNT Sports

DREAM STREAM: FUTURE OF THE FAN EXPERIENCE

AHMAD RASHAD: Welcome back. All right. So our next panel is all about streaming. Here to lead the discussion is one of my favorite people in the world, a person who gives a championship effort with everything that she does, a proud product of Minnesota. Skull Vikings.

POPPY HARLOW: Next year.

AHMAD RASHAD: Next year, that's right. Please give it up for my friend, CNN's Poppy Harlow.

(Applause.)

POPPY HARLOW: Thank you, Ahmad. And thanks to Adam and Melissa and everyone for being here. I am obsessed with this topic. So I got pretty lucky to be able to do this panel.

So let me just introduce everyone very quickly. To my far left, Luis Silberwasser, chairman and chief executive of



TNT Sports, meaning we have the same boss. To his right is Jay Marine, vice president and global head of sports and ads at Prime Video. Right here we've got Neal Mohan, CEO of YouTube. To my right, Ted Leonsis, founder and chairman, principal partner and CEO of Monumental Sports & Entertainment. To his right, Jimmy Pitaro, chairman of ESPN. And Steve Ballmer, chairman of the LA Clippers.

Let's just jump in, Steve, with you. I was just telling you the story of the night that I got to break the news at CNN, run onto Anderson's set, I'm like: It's confirmed, he's buying the Clippers.

And that was 10 years ago. And now what you've done in streaming, it's been about a year and a half since ClipperVision started? Big bet. You guys were really the first for a team to do this.

What have you learned about that D2C offering as we talk? And I promise we're going to get to the joint venture and the WBD deal a lot with Fox and Disney. But just starting with you, what have you learned so far?

STEVE BALLMER: I mean, we actually started the effort almost nine years ago.

POPPY HARLOW: Really?

STEVE BALLMER: Nine years ago. I met -- went to meet one of the companies that does some of the analytics software, and we shared the vision about how we could use tech to augment the stream. If it's just going to be a stream of the game, sure, there's a lot of ways to do that, and that's great, but we said, How do we make the experience better?

And we try to augment, augmented reality. We've done a lot of things with alternate broadcasts, rewards for fans. It gives us a direct connection with the fan, which is outstanding. People can watch the games far more comfortably, including players' families, by the way. We hear a lot about that from players' families, which is great.

So it's been wonderful. About, what, maybe three years ago -- and we were in beta for a long time, just given our

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local broadcast situation. We had to negotiate a new deal to come broad, and that was a year and a half ago.

But I think maybe three years ago we said it's silly for us -- we were doing most of our stuff independent, relying on the league for things, but mostly independent. And so we said, look, let's marry things up with what's going on with the NBA app and all of the improvements that are coming and the streams. So now we're just essentially a layer on top of what people can buy as NBA League Pass.

POPPY HARLOW: What about, Ted, when it comes to obviously you guys with the big bet on regional sports and regional sports network and the D2C options with that as well? What should people take from that in terms of your long play, your long strategy?

TED LEONSIS: Well, this group here, we're incredibly optimistic. Speaking as an NBA team owner, our content right now and streaming allows us to go very, very global. That's the big opportunity for us. So we can be very, very local, we can be regional, we can be national.

And now to unlock and grow the promise, 8 billion people on the planet, it's a billion people that say they enjoy the game, they want access to the game, they love the sport.

And so I think streaming and what we're doing in becoming a true digital-first organization really will place a lot of value for the fans. And it's never been a better time to be a fan of the NBA, the NHL, because we want ubiquity.

I mean, in talking in the green room to every one of the executives, it's isn't this great? We're going to give more options, more ways for consumers to be able to watch the game.

And we want to make the distribution, the technology, all of that in background and just make it so that anywhere you are, you can consume great NBA programming.

POPPY HARLOW: And so, Jay, to you, Ted said digital first. You guys are -- I mean, it's really interesting to watch what you're doing with the NFL. Now you guys are going to have the first NFL playoff game next season. Much has been written in the last couple weeks about the Diamond Sports tie-up and potentially an equity stake. But what do you want to do here vis-à-vis local rights? How big is that space for you?

JAY MARINE: Yeah. Well, we view local as very important. Local rights are extremely valuable. That fandom that people have for their local team and watching them throughout the year is unmatched.

So the local business model has been challenged and is going through transition. And so really what we thought is we could bring some things to that: One, stability; two is our DNA for investment and innovation, which I think is needed --

POPPY HARLOW: Like QR codes, X-ray, things like that?

JAY MARINE: Everything. So, you know, it's really starting with the fan. And part of that also is distribution, so which in this day and age, like, if you're a younger fan or a younger viewer, you have lots of options.

My kids don't know what a channel guide is. So you need to be everywhere and make it frictionless. And every league, every company has to grow their younger user base because that's the future.

POPPY HARLOW: Do you have anything you can share on how young, what you've seen, just from this NFL?

JAY MARINE: Well, NFL, our viewership is eight years younger than traditional --

POPPY HARLOW: Okay, that's interesting.

JAY MARINE: -- NFL viewership on linear. And then combined with Prime Video's reach, we have over 200 million members worldwide. So distribution is always going to be incredibly important.

But overall the important thing is local fans love the NBA. They love the NHL, MLB. It's super important to them. And it's our job to figure out how to go invent the future in a business model that adds more value for fans.

POPPY HARLOW: So you have a lot of young people who use your business. That's a good place to be.

Neal, what I think is so interesting about you in terms of this group here is you not only stream us a lot of TV networks, you launch premium channels, so that means people can have access to dozens of streaming things, and then you tie it all up with the creators and the way that you do it that way.

How do you make sure they complement each other? Because I think this is what we're all thinking about, is how do you not cannibalize one part of the business and just move those people to the other part of the business? Have you learned much from that yet?

NEAL MOHAN: Yeah, I'll give you -- I'll give you a few examples. So, for us, it really -- at YouTube it really starts with our viewers at the end of the day, and it's about



consumer choice.

And so, again, if you think about it from the primary lens through which we look at everything, we have young users on our platform. We're a very young platform. You know, we age down sports content on our platform dramatically, like almost generational in terms of how it's consumed on YouTube.

And so if you look at that lens, look at the expectation. I have a 15-year-old son who is a sports nut, but his primary vehicle of consuming sports content is through a platform like YouTube. And that's just the reality --

POPPY HARLOW: Like he wouldn't turn on the TV.

NEAL MOHAN: I mean, it's just that's how he -- that's how young people consume content, it's he gets his highlights through YouTube Shorts, he gets his longer-form content through the main YouTube app. And so just recognizing that as a reality, I think, is very, very important and fundamental to how we think about distribution going forward.

And so for us it's about choice. We have the YouTube app. That's the app where a couple billion people come to every single day. But we also have YouTube TV because that is also a model, that sort of bundled model.

POPPY HARLOW: Different people on both?

NEAL MOHAN: I mean, look, in our household, both of those things are used in different use cases. And so it's, again, about fundamental user choice. So very concretely, like Sunday Ticket, that was available --

POPPY HARLOW: Yeah, the NFL deal you guys made.

NEAL MOHAN: That was available as a package for both YouTube TV subscribers, which is how we got a lot of them, and you guys saw some of those in the pull-through numbers that we announced a couple of weeks ago in terms of YouTube TV, 8 million subs and continuing to grow.

But a lot of those signed up through prime time channels on the main app. And by the way, you could use them interchangeably. So that was the consumer choice piece.

And what that did for the NFL is it opened up, expanded the TAM. Right now you have customers that are willing to -- you know, they want to sign up with a traditional sort of a bundle, get their Sunday Ticket sort of super-user package. But then we had people who wanted to just buy it à la carte.

POPPY HARLOW: Now you have some more competition, thanks to Luis and Jimmy. So now we're going to jump into the joint venture. I think everyone in the room knows what's been announced. I'm going to tell people what's been reported. Luis, feel free to correct me if I've got any of this wrong.

Pricing, Wall Street Journal is saying about 50 bucks a month. They say you break even at 6 million subscribers at 40 bucks a month, which would be lower than YouTube TV at about 73. And it'll have about 55 percent of U.S. sports rights. What's the play? How do you get people to -- in droves to subscribe to this, also when you don't have Paramount Global/CBS as a partner and Comcast/NBC?

LUIS SILBERWASSER: All right. So a lot has been written about it, the JV, this week. And I just want to focus on a couple of things.

One is the fan. This is all about the fan, and it's about choice. And one of the things that as we were thinking about the venture, there is a large swath of homes in America that don't have access to multichannel television, whether it's through virtual MVPDs or regular MVPDs.

And sports is such a passionate desire that we sort of felt, okay, this is really going to be able to attract a group of people who may not be able or not want to buy, let's say, the higher tier or maybe it's too cumbersome to start buying a couple of apps out there, right?

So it is pro-choice. It is in many ways very much focused on the consumer and giving optionality to consumers to be able to enjoy sports. And it is in many ways -- I would say it's also focused on the fan because none of the platforms out there are really focused solely on sports.

This is going to be the first platform right now that it's really only from the product, from the product inception, from the actual sports that it's going to be there.

Yes, it doesn't have everything, but I think it's a very valuable product that hopefully will attract a number of homes in America that really only want to focus about this.

And the other thing that I'll say, which is also something that we are very excited about, is it is additive. We are committed to the ecosystem of television and MVPDs and virtual MVPDs.

We think that, at the end of the day, this is not a venture. I'll tell you what it's not, for example. It's not a venture -- and, Jimmy, feel free to add to this. It's not a venture that it's designed to buy rights on its own. It has an



independent management, an independent CEO. And it's really one more element, one more choice that consumers who love sports are going to be able to get in this market.

So that's why we're excited. I think it's -- we're all in this industry that it's sort of going through massive changes, and, you know, we can sit down and sort of wait for changes to happen or we can kind of --

POPPY HARLOW: Get in front of it.

LUIS SILBERWASSER: -- get a little bit of our own destiny and add to the conversation and add a great product that people hopefully will want.

POPPY HARLOW: So when I saw the news broke, I think it's very exciting. And Luis just said additives. So a couple of questions to you, Jimmy, just in terms of additive, does that mean a lot of new folks, or are you moving folks over from your platforms that you have now?

And, also, did you approach Paramount Global/CBS and Comcast/NBC? Because you caught everyone by surprise.

JIMMY PITARO: On the first question, it's more the former. The idea is -- people are on the sidelines right now. You have sports fans that are not interested in subscribing to the larger cable bundle or a digital MVPD. And so the strategy here, the spirit is let's get those people off of the sidelines and let's create a compelling package.

From our perspective, it is about serving the sports fan. If you talk to any ESPN executive, they will tell you our mission statement is to serve the sports fan anytime, anywhere. And so, yes, we remain completely committed to the MVPD ecosystem -- cable, satellite, a digital MVPD. And Neal and his team have done a fantastic job with YouTube TV. We are as committed as ever to that platform.

For us, it's about making sure that we are, as Luis said, giving the customer, the fan, options. And so we are going to still have an introductory package at ESPN today. We call it ESPN+. We will continue with a version of ESPN+.

Beyond that, when you go across the spectrum, it will then be ESPN standalone, which has been referred to as flagship, taking our offering, ESPN's linear channels, direct to consumer, over the top, with some product enhancements that we've been talking about.

But then we took a step back and asked ourselves, okay, are there sports fans out there that are not interested in the big bundle that are going to want more than what ESPN

has to offer?

POPPY HARLOW: Even what Iger announced a couple of weeks ago, even differently than the direct-to-consumer ESPN?

JIMMY PITARO: Correct.

POPPY HARLOW: Okay.

JIMMY PITARO: So direct-to-consumer ESPN standalone will have our rights portfolio, our studio shows, our original content. But we took a step back and asked ourselves, are there sports fans who are not going to subscribe to the bundle -- the cable bundle, satellite, digital MVPD -- that want more than ESPN?

The answer to that is yes. Of course it is. We don't know how many. We've done a good job internally modeling this out and forecasting, but we think that there's an ocean of opportunity between that price point that will be ESPN standalone and the price point of a big bundle. And so that's what we're going after.

POPPY HARLOW: What's that price point?

JIMMY PITARO: We haven't decided yet. There's been speculation, a lot of speculation, 40, \$50. We're looking at that. But the three of us will hire a CEO, and we'll work with the CEO to make that decision. But I can tell you --

POPPY HARLOW: And we're not going to call it JV forever. This is just --

JIMMY PITARO: We're not going to call it JV forever. We will have a name for this, for this product.

POPPY HARLOW: To my second question about Paramount Global and Comcast, were they approached?

JIMMY PITARO: I think you have to look at -- going back to my point before on price, okay, the more you add to this service, the closer you then get to the price point of a digital MVPD.

And so you have to be very careful. Luis mentioned before the value proposition. You have to be very careful about getting too close because you get to a point where it then makes sense to go to a digital MVPD.

POPPY HARLOW: Luis, you want to -- did you want to talk to them?

LUIS SILBERWASSER: I think, like we said in the beginning, I think this is about choice, right? And I think --



POPPY HARLOW: Trying.

LUIS SILBERWASSER: -- one of the things, this is all part of sort of a direct-to-consumer strategy, right? We're all trying to reach as many fans as possible. Some people do it with a large bundle. There's people trying to do it with smaller bundles or smaller products.

And we will continue, right? So we have a Max strategy that's going to have -- that has sports right now with the B/R add-on. Jimmy will continue with his ESPN flagship.

So it's all about reaching the largest amount of fans possible. You know, we know that this industry needs that. This industry needs to have a large amount of fans that are always circulating.

POPPY HARLOW: The reporting is you guys were so good at keeping this secret, the leagues didn't even know. And I wonder, Steve and Ted, when you guys woke up and read about this in the morning, what do you think?

TED LEONSIS: Well, there's a lot that we didn't know, Amazon was doing something locally with Diamond and this, but we view it very positively. You think one year ago that Amazon, that Apple with what they were doing with MLS, that Microsoft and the breakthroughs that they're having in AI -- and what's the most important thing to power everything in AI? Our data.

We're not just a video distribution company. We have the most data. Still the number one search term on Google: NBA.

So we can particularize our IP and feed Jimmy for ESPN and feed the joint venture and go to YouTube and be able to provide solutions and data to power all of this. And now you've got private equity coming in and helping people to make investments and sovereign wealth funds coming in to help people make investments.

And so I think that sports programming -- NFL, NBA -- really is the most important IP and content, and it's allowing traditional companies to find new ways to build value and reach more customers, build new businesses.

POPPY HARLOW: Yeah. I watch it closely, Steve. I mean, we're different businesses, news and sports, but, I mean, you guys are really presenting a testing ground for the appetite for people for this content, and if it's just going to be just limited to just live sports because they are what they are, or if it's going to extend to all of us?

STEVE BALLMER: I believe that any content type has to

augment itself, change, be innovative for the modern world. We are very popular not only in the U.S., but basketball is also popular worldwide. Great.

But if we're really going to keep triggering more users, more users, get more depth of users, the content has to evolve, whether it's new, sports, whatever.

To just think that a flat, linear stream is all we should have, collectively, no matter how things get distributed, the thing we need to do, because we -- I love you all, and you all love the sport of basketball, I guarantee you the folks at the NBA love basketball even more than anybody else loves basketball.

So we need to be thinking through the scenarios that are going to enrich the content for the fans that we understand best. We don't understand all sports, but we understand -- Boom! -- basketball.

POPPY HARLOW: Gosh, I wish this was on the record. That's a keeper.

PANELIST: I didn't know there was going to be sound effects.

POPPY HARLOW: Of course there is.

We're going to move on from this in just a minute, but, Jimmy, I just want to ask you, because Luis mentioned in terms of negotiations, obviously, you've seen the reporting this morning from Bloomberg that the Justice Department is going to scrutinize this joint venture very closely, quote, over concerns it could harm consumers, media rivals, sports leagues.

You guys are ensuring that the three of you aren't going to team together to negotiate as one. You're going to negotiate on your own. We've all been through -- we've been through our own Justice Department probes before in terms of this.

How do you assuage their concerns on this, that you guys aren't going to say, okay, we're going to come together and do this as one, you're each going to negotiate individually?

JIMMY PITARO: Yeah, a couple of things. First off, again, it's very consumer friendly, right? This is giving the sports fan another option. If the sports fan wants to, you know, engage with sports and with ESPN in the bundle, they'll be able to. We're still going to be there.

We're actually going to create another option. You know, Luis, they have Max and their sports offering. We're going to have ESPN standalone. I don't see how creating more



options for the sports fan is a bad thing.

POPPY HARLOW: I think the question is on the negotiating with the leagues, yeah.

JIMMY PITARO: I gotcha. Without a doubt, we are not going to be partnering on acquiring sports rights. We are each individually going to continue on our own paths.

And you have to remember, like, a big chunk of our businesses is that MVPD ecosystem, right? That's not going away. We remain committed to that linear business model.

And so we have to keep our foot on the gas in terms of expanding our rights portfolios because it's a big chunk of our revenue. And on top of that, as a part of this JV, we're pulling out our affiliate fees, right? Each of us is.

And so why would you pull back individually, right? If you pull back individually, it's going to affect your position in the marketplace, with that big bundle, it's going to affect your affiliate fees across the board, including from the JV.

So we from day one, the three enterprises, have decided that we are not going to even discuss sports rights. It's not part of the equation.

STEVE BALLMER: Yeah, team owners, it didn't -- for me, it didn't freak me out at all. Why? Because there's so many paths to the consumer. So even if these guys were negotiating rights as a collective, if they want what they want, guess what? Neal is sitting there, Jay is sitting there. There's plenty of people aren't sitting here. And this is with respect because we want the broadest distribution, including through MVPDs. But come on, man, there are so many bidders out there now for sports rights, and sports is so important. I think we all need to make deals. But I don't -- I don't mind our position.

LUIS SILBERWASSER: I think the only thing to add is this is a non -- the channels are nonexclusive. I mean, we're not sort of saying that our channels are in this venture and that's the only way you can get it. ESPN will continue to be available. TNT, TBS, truTV will continue to be available.

So everything -- this is a distribution vehicle for the channels that already exist. And they will -- it's nonexclusive.

POPPY HARLOW: It's additive, not replaceable.

LUIS SILBERWASSER: Yes.

POPPY HARLOW: Like this past year you guys started

streaming sports on Max. We're on Max now --

TED LEONSIS: Linear's not going to zero either. I mean, that's one thing --

POPPY HARLOW: Thank you for saying that. Happy to hear it.

TED LEONSIS: You know, we tend to swing too far each way. You know, we bought our RSN, there was, Why would you do that? And so we want to acquire our rights and go direct to consumer. But the meltdown is slower than we had modeled --

POPPY HARLOW: Can we not call it a meltdown?

TED LEONSIS: Well --

STEVE BALLMER: Poppy, why --

POPPY HARLOW: Don't call it a meltdown.

STEVE BALLMER: Why do you guys care?

POPPY HARLOW: Why does news care?

STEVE BALLMER: You don't really care how you get to market, do you? Why would CNN care?

POPPY HARLOW: I am not a panelist.

STEVE BALLMER: Pardon me?

POPPY HARLOW: I am not a panelist.

(Laughter.)

I'm going to let my boss answer that question. But I hear you, Steve. I hear you, I hear you, I hear you.

TED LEONSIS: You want to follow the consumers, though, and so if they're subscribing to linear television, you need to have --

POPPY HARLOW: I get it. My kids do not know how to turn the TV on. I totally get it.

Jay, meltdown, but it's not going to zero?

JAY MARINE: Well, and I think that's right. And even on the locals, it's going to be a hybrid. Like, you can't walk away from the people that are still watching on linear, and why would you?

POPPY HARLOW: But that's such a dance. Because you

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do have limited resources. So how do you put enough into the new stuff and not abandon --

JAY MARINE: It's a little easier for Amazon because I just live in the future world.

POPPY HARLOW: I know.

JAY MARINE: But --

POPPY HARLOW: It's a question for us.

JAY MARINE: Sorry, sorry.

POPPY HARLOW: Lucky you.

(Laughter.)

JAY MARINE: So, for us, you know, we're just -- we've looked at streaming for so long now, and we saw the macro trend. And so we didn't have to guess the pace of that trend because as long as you know the trajectory isn't going to change you can afford to invest a lot when you see a macro trend like that.

So that's why on our end we've been part of streaming and investing for many years, streaming live sports in Europe for many years, even before Thursday Night Football here in the U.S. So that's why we feel good about it. But, again, I think from an industry business model, things are changing. It's a hybrid.

The one thing I can say, and I think everyone said it, with customers, customers don't care about your business model. They don't care about your margins. They do not give a (expletive). So if the new world is less profitable, tough. Like, who's going to serve customers better? Who's going to innovate in the future to serve them?

And then as an industry, if you do that well enough, there should be enough -- when you have a product that is in demand, then you should have enough demand that drives a new business model that can fund future growth.

POPPY HARLOW: Neal, weigh in on all of this. And does the new world have to be less profitable? Do the margins have to be smaller? Didn't you guys start YouTube TV at like 40, and now it's 73?

NEAL MOHAN: So we started with a smaller bundle. It's a little bit of a larger bundle now because we got a lot of feedback that, for people that like that bundle, they just wanted other channels in it. And that was -- we literally got that in the data and the feedback. So it is a higher price point. We just announced 8 million subscribers.

POPPY HARLOW: But you've been able to hang on to people. That's what I'm saying.

NEAL MOHAN: That's what I'm saying. Not just hang on to people, we --

POPPY HARLOW: Added. 8 million, right?

NEAL MOHAN: We're 8 million. The last time we do -- that's why this whole thing about meltdown I think for us is just -- it feels a little strange. The last time we announced our latest numbers on YouTube TV was 5 million. It's 8 million at a different price point. So I think it's all about value to consumers.

But the other thing I would just say there is that this whole conversation has focused mostly on the linear bundle. And I think the thing that I would ask people here to really focus on, and Steve alluded to this, is you have to put yourself in the shoes of consumers, particularly younger consumers.

And they don't care about these bundles. They don't care about sort of the way that stuff is delivered. Like I said, my kid is the biggest sports fan in the world, but if you're not on YouTube Shorts or on the main app, then you're losing billions and billions of potential fans.

And so my focus is really not about sort of what sort of business model or bundle that you have but is consumer innovation.

The biggest thing that we did with things like Sunday Ticket was product innovation. The thing that I get from walking around in the hallways here is, "We love multiview. We love what you guys actually did with the customer experience. We love the fact that you guys integrated creators."

I was at the Super Bowl last week, and the conversation was about wouldn't it be awesome if, instead of XYZ announcers, you had Jimmy Donaldson, MrBeast, announcing the games, right, like that kind of a thing.

POPPY HARLOW: Can you talk about that?

NEAL MOHAN: That's the innovation that I think we have to think about, this vis-à-vis live sports, as opposed to, like, what sort of bundle and what sort of thing that we're going to put people in. That's just us talking about it from a business standpoint and forgetting the actual fans and consumers.

POPPY HARLOW: Can you talk more about that, the creator part of it, because that's another thing that makes



you guys so unique. And also the AI component of it for you guys because you're already using that in the -- I'm talking about sports specifically here.

NEAL MOHAN: Yeah, I'll talk about -- I mean, obviously YouTube is part of Google. AI is front and center in everything that we think about these days.

But I'll touch on the creator piece first, Poppy, because I think that is super, super interesting. And we see it in the data by far.

So, for example, the NBA had, you know, big innovation, the In-Season Tournament. Well, one of the other pieces of innovation was the in-season creator tournament that they had that was streamed on YouTube. Guess what the audience was that consumed that? It was young NBA fans that loved it, and it was creators competing.

And so really blending -- so, you know, if you're 20 years old today, you expect everything, from 15-second shorts to 15-minute sort of traditional YouTube VOD videos to 15-hour gaming live streams to live sports, all in one place. And so that's something that we can't really lose sight of.

And so another example was, again, I was at the Super Bowl last weekend. I was with lots of creators. I was filming some shorts with some creators. These are creators. These are like Pierson and haleyybaylee, like women creators that aren't even just focused on football or sports.

But when I was in that NFL game experience, they were mobbed by young people, like, literally coming up for selfies left and right. And we just -- you know, same with MrBeast, right?

And so that is an -- and, you know, the leagues have done a really good job of sort of starting to really integrate that into the customer experience. But I would say that we're, like, at the 1 percent of that. There's still more to be done.

TED LEONSIS: Steve and I have talked about, because we come from tech industries, we need R&D budgets. We're spending a ton of money now at the team level, at the league level to innovate and perhaps build our own ways to reach consumers directly to be a part of --

NEAL MOHAN: But I think for creators you don't need those R&D budgets. That's literally just about going out and finding --

TED LEONSIS: This is our development. If you look at what Tech Day has become and you look at all the things that are happening, this is our development center, right?

That's what we're doing.

STEVE BALLMER: I want to push back, though, on something Neal just said. I will say, by the way, I think it is essential to be on YouTube, and it is essential to power the creators. But giving the creators better and better tools that are around the league -- let's say we had AI built into the stream so you could pull a particular sequence of video types that you want faster or statistics that you want to put integrated into your YouTube short or longer form.

So I agree with you, but I think the league needs to think about the specific stuff -- maybe I got this wrong -- that creators would want in order --

NEAL MOHAN: Oh, I agree with that.

STEVE BALLMER: That's where I think we have to come from with our R&D --

NEAL MOHAN: And I think that's where the partnership is, to your -- to the second part of your question, Poppy. Like, I think that the way at least I think about AI in the context of YouTube is it is not a replacement technology or anything like that by any means.

It is a way to enhance human creativity, what we actually do with the sport, which I think is what you guys are saying.

So, for example, right, like, again, from a young fan's perspective, let's say they're watching, you know, a Clippers game, a Wizards game, what have you, they might want to find out something about a new player that they don't know something about. They should be able to do that seamlessly from the live stream, right? Like, that is going to be AI powered.

They might want to watch that content from a slightly different vantage point. How is that going to happen? That's going to be AI powered. And that's going to be about collective innovation, putting the tools in the hands of creators to be able to do something with it, but it will be, again, super-serving the fan. And so that was kind of back to the core point.

POPPY HARLOW: Jay, can we talk about the ad, what you guys just did with the ad-supported model? I'm interested. I know it's early days, but to the base tier now of Prime, ad-supported, the projection was a lot of folks were -- more would be okay with that, right, than -- okay, than them paying.

JAY MARINE: Yeah.

POPPY HARLOW: What have you seen in the early data





about how that plays with sports versus general entertainment?

JAY MARINE: Yeah. So you're referring to the fact that we now have an ad tier of Prime Video, all entertainment. For sports, of course, we've always had ads as that's a major part of that.

We're only, like, two weeks in or so. Very early. I would say it's going well. It's all in line with our expectations.

I think on the sports side, on both sides, really, our job is to go innovate and create a better experience.

So on Thursday Night Football, for example, what we've done is we've introduced something called audience-based creative. So Toyota, for example, can buy one slot in Thursday Night Football, but now they can have different creatives. So they can have a minivan ad go to families, and they can have a truck ad go to a different segment.

So think about this. The beauty of that is that it's better for customers. They're getting a more targeted, relevant ad. And for the advertiser, you're getting a much better ROI.

So there's a bunch of areas where I think Amazon, we can invent and innovate. We can close the loop for advertisers because of commerce and because everyone that's watching a stream, we know who they are, the credit card is on file, all these things that become possible that just were not possible with traditional TV.

POPPY HARLOW: Luis, I'm interested in -- just because of what your company, our company, has done. Just for example, here, for All-Star, you guys are going to have alternate streams on truTV, on Max, so people can get different things where they go. Is there a world in which you see us doing stream-only for some events and no representation on linear?

LUIS SILBERWASSER: There could be. I mean, I think that what I like about the conversation, when you talk about either sort of creators or --

POPPY HARLOW: Yeah.

LUIS SILBERWASSER: It, for us, and it's one of our core principles, is that we want to attract the casual fan, right? Not only we serve the core sports fan, but we also want people to come that may not be, they may be infrequent, less frequent, in terms of NBA or whatever it is.

And so, for us, things what we do, like the alternate cast, for example, which is -- it's not a new idea. I mean, Jimmy has done it also before. It's a way to get other people that

may not want to watch the traditional game, but they want to watch other things. And you can do that with creators, you can do that with data, AI, whatever.

But, for us, one of the things, that it really is about storytelling. So this weekend, for example, the whole -- we have sort of a celebration of All-Star week, not only on TNT, but also on truTV and Bleacher Report and House of Highlights. And the whole power of the networks is inclined to bring a lot of other casual fans into the ecosystem.

And on truTV we have, I think, two very special things good this weekend. One is on Saturday night in collaboration with Jordan Brand, and it's an alternate cast as well with Vince Carter. And then on Sunday, during the All-Star Game, it's going to be an interesting combination between Charles Barkley and Draymond Green with Taylor Rooks as the host. So we'll see what happens there.

POPPY HARLOW: I love that. I can't wait for that.

LUIS SILBERWASSER: We're all sort of bracing for that. But it is a way to bring other people and enjoy the NBA and enjoy our channels and enjoy what we all love about, which is sports.

POPPY HARLOW: Yeah. Well, and then maybe bring subscribers.

Jimmy, can we talk about how you retain subscribers year-round and the thought on that?

JIMMY PITARO: Yeah.

POPPY HARLOW: Like if you think about NFL between, what, February and September, what does it look like? I mean, I am guilty of, like, subscribing to Apple for "The Morning Show," and then I'm like goodbye, and then I come back. How do you get us not to do that?

JIMMY PITARO: Yeah. Look, churn is an industry problem, right?

POPPY HARLOW: Yeah, yeah, yeah.

JIMMY PITARO: It's not an ESPN problem. We are -- many of us have benefited from that traditional business model, arguably the greatest business model in the history of this world where there was low churn, right?

But fast-forward to today and month-to-month subscribers. From an ESPN perspective, I like where we stand. I like our hand in this environment: number one, the brand; number two, our shoulder programming, our ancillary

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programming. So like our Megaphone, all of our studio programming, our original content, our films, "30 for 30" library --

POPPY HARLOW: The best.

JIMMY PITARO: All of that -- thank you -- all of that stuff. And then, of course, the foundation of ESPN is the rights portfolio, NBA and all of our other live games.

And so when you take a step back and you look at where we stand in terms of live games and the breadth that we offer, and we're remaining aggressive in this space, we like where we are.

So industry problem, but we are doing everything we can to create that consistent presence in terms of quality games.

And then I'd say, just full circle here, bringing this back to the JV, of course, to my point on rights portfolio, the joint venture will have far more than just what ESPN offers and will help in terms of seasonality. So we feel like the JV is one way that we will address churn as well.

POPPY HARLOW: One question before, Steve, we move on to you, but is there a world in which the JV gets bigger with those partners that I mentioned before?

PANELIST: That's a question for me?

POPPY HARLOW: No, for you, for you.

STEVE BALLMER: To Jimmy?

POPPY HARLOW: For Jimmy, yeah. Sorry.

JIMMY PITARO: Is there a world --

POPPY HARLOW: A world in which the joint venture gets larger. You bring those other partners in for more football, for example.

JIMMY PITARO: We're not thinking that way right now, but it could. We're open. The three of us are absolutely open.

POPPY HARLOW: Okay. Steve, I just want to take it back to I still love -- I just went to the Knicks-Pacers game and had so much fun because I was there. So, going. Let's just talk about what you're doing with the new, into a dome, and all of the tech that you're tying in there and the streaming component. Like, we're talking about watching from home or wherever we are, but what about when you go there? Talk about what you're doing.

STEVE BALLMER: Well, we start with an acre of scoreboard, 43,000 feet. The typical scoreboard has got 9,000 square feet. That's a good place to start. You have more area in which to project. You have the opportunity to show multiple -- take on a replay. They always show one. Oh. We'll show three angles on the replay instantaneously.

We might want to have just a statistical part of the board in everybody's view. We can use the enhancement. Some of them that we're making in the feed because we have more, let's call it, screen real estate on which to paint. And we're doing everything in 4K. We looked at 8K. That didn't turn out to make sense. Now I know we're going to need an 8K board in just a few years. It's killing me. But anyway.

POPPY HARLOW: All right, you got it.

STEVE BALLMER: You want to bring people in. People want to interact. We've built buttons into each seat so that when things are up on the board, we have a trivia question, boom, you just push the button. You're not getting your phone out and losing attention on the game. It's just boom, boom, boom, boom. We can draw you in.

People make a lot of the fact that I've talked about the number of toilets and how easy it will be to get food. Why? Because that's something you can do at home.

TED LEONSIS: So Steve and I were talking. Well, you're going to try to build a new building. You've got a lot of room. How are you going to differentiate? And so Steve really did a magnificent job on ergonomics and customer comfort and three times the toilets. I said, We're going to have a toilet in every seat --

(Laughter.)

POPPY HARLOW: Amazing. I didn't -- I did not know this panel was going to end on toilets. But there you go.

STEVE BALLMER: And the curtain, Ted?

TED LEONSIS: But Steve is bringing up we obsess about the fans, right? There's this arms race where you have fans coming to the game, being at the game, leaving the game, watching in the arena, watching at home, interacting as they're leaving. We're really looking at the end-to-end experience in every way, and it all starts with really knowing your customer.

And that's why it's such a great time, because we have so much data and so much history, and the durability that we have in the relationship with our customers really will make this a very exciting future.

POPPY HARLOW: This is very fun.

STEVE BALLMER: One thing I can say.

POPPY HARLOW: Okay.

STEVE BALLMER: I don't fear -- and there used to be a whole thing, oh, we fear that the broadcast will make it so people don't want to go in. I don't fear that a lick. There's just an excitement that you can bring in the building.

And basketball, most of the time you're there, other than quarter breaks, you're actually watching action. It's just the nature. We don't have the huddle. We don't have the 30 seconds to get the ball off, which I love football and it's a good experience, but with basketball the opportunity to just keep things hopping and popping, or whether it's a, you know, quarter break or timeout, boom, boom, boom --

TED LEONSIS: He's really mellow.

STEVE BALLMER: That's why you were excited to go.

POPPY HARLOW: It was great.

We got to go. Can you leave us with the ping again?

STEVE BALLMER: Ping!

POPPY HARLOW: Yeah, there.

Thank you, everyone. It was fun.

(Laughter and applause.)

AHMAD RASHAD: Poppy, thank you so much. Thank you very, very much.

All right. We're going to take another break. Not a long break, but a short break, a really short break. All right? So see you in a few minutes.

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