

## CCSA - An Introduction

This brief document is a description of what CCSA does, the process involved in becoming a Member and taking advantage of CCSA's volume purchasing deals and some of the key terms we use in our everyday business. Some of the language we use is **bolded** to help you understand what we are talking about when you begin to deal with CCSA staff.

CCSA's mission is to provide our Members with "savings, service and simplicity". We are a service organization dedicated to serving you and supporting your business needs. If you need assistance, at any time during the membership application process or once you have become a Member, call us! We're here to help.

### What We Do

CCSA has acted, since 1994, on behalf of small and medium sized independent cable and communication companies throughout Canada. Based on the similar interests and aggregated power of those companies, we do a few basic things for them:

- Volume purchasing of television programming, cable-related hardware and some other services;
- Regulatory representation;
- Networking; and
- Provision of information and analysis on technical and operational matters.

The regulatory side is simple enough. We work through Member committees to decide which regulatory issues we need to speak on and to develop positions that reflect the views of the membership as a whole. We keep you informed about important regulatory developments through email bulletins. We also do government and public relations work for our members, as a group.

Networking is also simple: we get members and other industry players together. The main feature of our calendar is CCSA's Annual General Meeting and you will hear us refer often to the **AGM**. This is more than just a shareholders' meeting: it is a major industry conference that we host every year, usually in the third week of September. Many members, programmers, hardware suppliers and industry officials attend each year. We also host regional members' meetings. We also arrange "technical" sessions designed to help members share, prioritize and provide guidance to us on technical and operational matters.

On the technical/operational side, CCSA prepares and distributes regular reports on technical and operational topics of interest to members. Examples would be reports on costs and trends for satellite delivery of TV; electronic program guide products, pricing and developments; advances in multi-platform delivery of video to computers, tablets and smart phones; etc.

The volume purchasing side has a number of aspects and is not so simple. First, we buy television programming: that has always been the core of our business and second, we buy some other services that can be used by most Members.

To the television program suppliers, we look like a union. Early in our history, we discovered that they wanted nothing to do with us: after all, our main purpose was to force their wholesale prices down. We soon learned that the way to get their attention was to be the person who paid the bills.

We set up a centralized billing and payment system to do just that and, as a result, we now pay each programmer each month with a single cheque and in a timely manner. We call the system **Single Point Billing**. By implementing this system, we solved the programmers' problems with bill collection. We

charge them for that service and CCSA is now funded partially by those programmer payments, which we call **Administration Fees**. Those fees reduce your annual dues.

### Membership

The type of work we do relies on the common interests of our Members. As set out in our By-Law, CCSA is an organization of independent cable companies: it's getting harder these days to figure out just who exactly fits that requirement, who is competing with whom and which of the many wired and wireless technologies people are using.

So, our first task in reviewing a new membership application is to ensure that the applicant shares the interests of existing Members. That's why we spend some time investigating who you are, what type of systems you operate, your level of expertise, your financial capability, what sort of relationship you have with the programmers (i.e. are the bills being paid?) and so on. That's the point of our **Membership Application** form. We also need evidence about the type of distributor you are. That's why we ask for a copy of your **BDU licence or exemption order**.

Generally, CCSA Members can subscribe for a nominal-value, non-transferable share in the capital of Canadian Cable Systems Alliance Inc., which is a *Canada Business Corporations Act* corporation. Once an application is accepted, we will issue the new Member a share certificate and enter the company's name on CCSA's share register. We ask for your **incorporating documents** so that we can see what type of entity we are dealing with and to make sure we get the correct legal name for your company in CCSA's shareholder records.

We also ask for information about your **channel line-up** structure so that we can calculate your projected savings and get a jump on setting your systems up in our billing system.

We ask for your **banking information and authorization**. This is required to allow us to do monthly account debits to pay your programming suppliers. We only do the monthly debits once we have received your signed confirmation of the amounts payable and your authorization to pay. We call this monthly report a Single Point Billing **Confirmation Report**.

Once we have received the documents just described and an advance payment of an application fee, first-year membership dues and an initial set-up fee, we prepare a recommendation to our Board of Directors regarding the application.

Once we receive Board approval of the application, we send you a **Membership Agreement** for execution. Once that is returned and fully signed off, we get our lawyers to prepare a share certificate for you. At that point, you have become a CCSA Member: then the real work begins!

### Information Access

Once the Board approves your membership application and completed documents are received, our staff sets your company up in a number of automatic distribution groups. That gives you access to all sorts of information and services including our **Contract Status Reports, Monthly Billing System Reports, the Protected Members' Website Area, Regulatory Bulletins, AGM Registration**, etc., etc.

### Billing and Contract Set-Up

Companies join CCSA to take advantage of good wholesale rates on the programming contracts that we negotiate based on the strength of our Members aggregated subscriber volumes. New Members are always anxious to get those rates and tend to be frustrated with the remaining steps that are required to make that happen. However, we have learned through long experience that each of these steps is truly necessary. The way to move the process along quickly is to be diligent in getting information and documents back to us as soon as possible.

Payment for television programming through Single Point Billing is mandatory and a condition of being a CCSA Member. We need that arrangement to retain our bargaining position with the program suppliers.

As noted above, we get your channel line-up information fairly early in the process. We use the channel line-up information to set your systems up in Single Point Billing. Once your membership application is accepted and the signed programming contracts that you wish to adopt are returned to CCSA, our billing staff works with you to do any necessary correction and confirmation of that set-up.

While payment for programming through Single Point Billing is mandatory, participation in individual program supply agreements (we call them **Master Affiliation Agreements**) is voluntary. Of course, you only need contracts for the signals you currently carry or wish to add.

Once your membership application is accepted, our contract administration staff will send you a letter describing the contract assumption procedure.

The Master Affiliation Agreements are posted in a protected area of CCSA's website and this is where you will print the contracts that you wish to adopt. Thus it is important that you return the **Website Consent Form**, so that we may set you up with a login & password to access the site. Each Master Affiliation Agreement is accompanied by a brief **Assumption Agreement**. By executing the Assumption Agreement for a particular contract, the Member binds his company to the obligations in the Master Affiliation Agreement and becomes entitled to the benefits of that agreement.

It's important to understand that, while you pay each month through CCSA, your legally enforceable obligation to pay flows directly to the program supplier. If a Member defaults on payment, CCSA can terminate the membership and use funds held on that Member's account to settle debts to the programmers. The programmers, on the other hand, retain a direct right of recourse against the Member to recover debts.

When you add a new channel to your line-up, we refer to that as a **Launch**. CCSA has an automated channel launch process that we use to get all of the necessary consents and approvals you need to get the channel "switched on" for your system. Generally, the program supplier must consent to your packaging of the channel. The person who actually delivers or **Transports** the channels to you (e.g. Shaw Broadcasting Services via satellite) will not do that until the programmer provides a **Consent to Transport**.

So CCSA's automated launch process is used to convey packaging details, launch date, free preview period, transport arrangements and similar information to the programmers and signal transporters (SRDU or TRDU).

CCSA provides a user guide for its automated launch process and will be happy to take you through it.

So, to summarize, you:

- Review the available Affiliation Agreements to determine which channels you want
- Electronically sign and submit Assumption Agreements for the channels you have selected
- Submit packaging and other required launch details via CCSA's automated launch process
- Wait for the programmers approvals to roll in (usually pretty quick).

Now you're where you want to be: getting the signals at the CCSA rates. The sooner we get executed Assumption Agreements and correct launch details returned to us, the sooner that happens. Of course, the CCSA staff is happy to help you through this process: that's what we're here for.

There is a wrinkle on some contracts. This happens when CCSA is forced to take on direct liability for paying on your behalf if you happen to default. Powerful American services like Turner and MTV are examples.

Usually, we can limit CCSA's liability to one month and we cover our own liability by getting a month's worth of payment for that contract from you either as funds to hold in trust or as an irrevocable letter of credit. We call these **Liability Funds** and you will see provisions relating to them in your Membership Agreement.

The point is, you will not be permitted to assume these contracts with the CCSA rates until we have liability funds or a letter of credit from you. Again, the way to keep it moving is to make sure you get these funds to us in a timely way.

Once all that is done for the services in your line-up, you're done. Now it's into maintenance mode and enjoying CCSA rates, services, information and networking.