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Sports Media: Skipper Plays Defense on Layoffs, Network Performance

Sports Business Journal's 2015 NeuLion Sports Media & Technology conference came at an interesting time for **ESPN** and the pay-TV industry in general. Just last week, the programmer laid off around 300 employees across the board. And it reportedly lost 3.2mln subs in a little over a year amid cord cutting, which led to loss of video subs across major distributors in the last quarter. Nonetheless, ESPN pres *John Skipper* sang a confident tone at the conference in NYC Wed. "We are adding viewers on other platforms to supplement" linear viewing, he said, calling ESPN a "multiplatform and multimedia company." The net is also exploring new combinations and offerings, including direct-to-consumer services, he said. But "I don't want to mislead you… We are still committed to the pay-TV universe." Regarding the layoffs, "I want to be clear it's the most difficult week of my time at ESPN," Skipper said. "We understand we are affecting people's lives." On the other hand, "we want to make sure we are organized the best way we can" by preparing a modern workforce. ESPN will continue to hire new people. "To be clear, the layoff was intended to save money and make sure we are as cost efficient as we can be." Skipper was asked whether the job cuts are related to the net's pricey **NFL, MLB** and **NBA** rights deals, especially the NFL contract, which is reportedly worth $1.9bln a year. His stance is that people shouldn't compare ESPN's NFL package with its competitors. "Our ROI [from NFL programming] is higher than anyone else's," he said. For other sports rights, "I don't regret doing those deals… The most important thing is to have the rights, get it distributed and get paid for… We will be the beneficiary of long term rights deals, which are stable. There are very few rights deals to be done in the future." Meanwhile, Skipper was clear on his position regarding the debate on whether daily fantasy sports sites like **DraftKings** and **FanDuel** are gambling or games of skill. "I am convinced that they are games of skill, but it is not my doing to figure out the regulatory part of this… I'm not in either one of those businesses, so that's what I think, but I'm not positive that that really matters." While the net has a good advertising relationship with both fantasy sites, it has chosen not to invest in them, he said. "I'm not going to be transparent here as to why we did or did not, but we are happy with our position. Our role there is to grow our overall business and enjoy a robust advertising relationship, and I'm satisfied with that." Lawmakers are looking at potential regulations on fantasy sports, and state attorney generals are also investigating the practice of fantasy sports sites. "I'm confident that they will do the things they need to do to shore that up,

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although we will watch what goes on there and, if necessary, adjust out activity accordingly," Skipper said.

What Happens to Weather Channel?: With **IBM** ponying up for **The Weather Company**'s digital assets and data collection, **Weather Channel** is left all by itself. It's a marked change for the network, whose parent company just 3 years ago dropped the "channel" from the name the Weather Channel Company. At the time, CEO *David Kenny* said the word channel was too limiting given all that Weather offers—online assets, a popular mobile app, B2B properties, Weather Underground, etc. Now, IBM owns all of that, leaving **DISH**'s former chief commercial officer *Dave Shull* to focus solely on linear programming as The Weather Channel TV Network CEO. The channel will continue to be owned and supported by existing shareholders—**Bain Capital, Blackstone** and **NBCU**. With distribution at about 90mln HHs, the channel is prime beachfront real estate. Given the number of changes Weather Channel's programming has gone through in recent years—most recently a renewed focus on the weather and a retreat from reality programming—one has to wonder if a "For Sale" sign is out front. "Anything is possible. We're owned by private equity. We're a very profitable channel, and they will explore options. But I was very clear with them when I took the job [in April] that I'm in this for the long term," Shull said. "I'm planning to run it as a standalone channel, and I think we have a strategy and path to do that. They're the board, if they change their mind, they can do so." In a statement Wed, Shull noted that Weather Channel is introducing a separate OTT product in the next couple months that could appeal to DISH's **Sling** offering or emerging OTT distributors. As for Sept's announcement that weather would be the net's core programming strategy, that means more than giving the forecast, readily available online. "It's really about talking to them about the science behind the forecasts and focusing on storm coverage as a mission." So far, it hasn't been enough to entice **Verizon** to carry the net. It dropped Weather in March in favor of **AccuWeather**. **DirecTV** dropped the net for 3 months last year, complaining at the time that it had too much non-weather programming. "We continue to put the pressure on [Verizon]," Shull said, noting the telco's **Facebook** page gets "hundreds of comments" complaining about the drop, particularly during bad storms. "We think the mission of the company remains strong. We are very much aware that this is a world going to skinny bundles. We want to make sure that our unique proposition to distribution is crystal clear." In addition, "we're doing all sorts of experimentations with distributors around ad sales, applications, data feeds, OTT," he said, hinting that announcements could be coming soon. Weather Channel has seen its share of changes over the years. In July, *Jennifer Dangar* left her post as chief strategy officer and distribution president after 5 years with the company. Now, Weather Company CEO Kenny will join IBM. Weather Channel will continue to share office space with The Weather Company crew, with the network entering a long-term licensing agreement with IBM that gives it access to all the forecast data from the tech that's being sold.

Altice-Suddenlink: **Altice** expects its acquisition of **Suddenlink** to close sometime after Thanksgiving, but before mid-December, CEO *Dexter Goei* said during the firm's 3Q earnings Wed. The Suddenlink mgmt team will be announced at close, with Goei noting that a "big chunk" of the existing team has already been secured. Altice shares fell nearly 10% to close at $16.50 after it reported results. Revenue fell 2.9% to about $4.2bln. Altice's adjusted EBITDA came in at $1.7bln (€1.53bln).

More from Sports Conference: **Time Warner Cable** evp/chief video and content officer *Melinda Witmer* defended the MSO's sports programming business at an OTT panel. The company's **SportsNet L.A.** venture with the **Dodgers** still lacks distribution from major ops, with some blaming it on the high fees TWC is demanding. "The price point we put out is consistent with what gets charged in other markets… We are comfortable we haven't overpriced the asset," Witmer said. With the baseball season ending, now is the least likely time to have a conversation about distribution, she acknowledged. Talks will start early next year. Moving on to cord cutting, panelists agreed that it's accelerating. For distributors like TWC, it's good to be on the broadband side of the business as more online content becomes available, Witmer said. **Tribune Media** is embracing OTT opportunities, distribution pres *Dana Zimmer* said. "But we need to do it in a way to respect the ecosystem so we can have a win-win," she said. When it comes to the pay-TV model moving forward, fewer and fewer people will be interested in a bundle that's expensive and has lots of content consumers aren't interested in, *Ben Grad*, exec dir of content strategy & acquisition at **Verizon**, said. The telco launched its Custom TV bundle in April and is pleased with the performance so far. What do the execs' crystal balls say about the video industry in the next 5 years? Zimmer expects more content to be available on multiple devices. And in 10 years, viewing patterns will shift outside of TV, she said. "But we are safe in 5 years." **Tennis Channel** chmn/CEO *Ken Solo-*

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mon said personalization will become even more important in 5 years as consumers demand more choice and flexibility. Witmer agreed, predicting more customized packages and new players.

Google Fiber Exploration: Oklahoma City, OK; Jacksonville, FL, and Tampa—c'mon down! You're the next contestants on Is **Google Fiber** Right? Google invited the 3 cities to explore bringing the service to their communities. It did the same thing last month with Irvine, CA; Louisville, KY; and San Diego, CA. "These growing tech-hubs have a strong entrepreneurial spirit and commitment to small business growth," said a Google Fiber blog post, explaining that it will work with local leaders to study whether to launch the service.

Programming: **Starz's** latest original "Ash vs Evil Dead" doesn't premiere until Halloween night, but the net's so sure it's a hit that it's already ordered up a 10-ep, second season. -- **beIN Sports** entered into distribution agreements with **Verizon FiOS**, and the telco's mobile video platform go90. The deal means that the net will be available in English and Spanish ahead of Nov 21's El Classico. -- **WE tv** will debut "Hip Hop Royalty," a look at the lives of hip hop legends' offspring, Jan 7, 10pm. -- **Pivot** acquired the rights to 2 series from chef *Jamie Oliver*, "Jamie's Super Food" and "Jamie's Sugar Rus."

Cablefax Daily Stockwatch

Company	10/28 Close	1-Day Ch
BROADCASTERS/DBS/MMDS		
DISH:	63.64	1.78
ENTRAVISION:	8.75	0.32
GRAY TELEVISION:	15.68	1.22
MEDIA GENERAL:	14.80	0.26
NEXSTAR:	53.59	2.19
SINCLAIR:	29.62	0.80
TEGNA:	26.84	0.72
MSOS		
CABLE ONE:	436.33	8.57
CABLEVISION:	32.50	(0.31)
CHARTER:	184.10	3.01
COMCAST:	61.94	0.40
COMCAST SPCL:	62.16	0.50
GCI:	20.84	0.48
LIBERTY BROADBAND:	53.31	0.60
LIBERTY GLOBAL:	44.76	0.25
SHAW COMM:	19.99	0.54
SHENTEL:	48.40	2.52
TIME WARNER CABLE:	185.25	1.90
PROGRAMMING		
21ST CENTURY FOX:	30.13	0.18
AMC NETWORKS:	73.00	1.10
CBS:	45.49	0.99
CROWN:	6.04	0.25
DISCOVERY:	29.53	0.75
DISNEY:	114.34	0.57
GRUPO TELEVISA:	29.09	0.93
HSN:	62.99	2.11
LIONSGATE:	39.93	0.67
MSG NETWORKS:	20.58	0.58
SCRIPPS INT:	58.11	1.33
STARZ:	37.49	0.77
TIME WARNER:	75.07	2.17
VIACOM:	51.36	1.29
WWE:	19.95	(0.37)
TECHNOLOGY		
ADDVANTAGE:	2.33	0.03
AMDOCS:	60.73	0.30
AMPHENOL:	54.43	0.44
APPLE:	119.27	4.72
ARRIS GROUP:	29.74	0.93
AVID TECH:	8.28	0.12
BLNDER TONGUE:	0.49	0.05
BROADCOM:	52.65	1.62
CISCO:	29.36	0.31
COMMSCOPE:	32.62	1.02
CONCURRENT:	5.09	0.09
CONVERGYS:	26.29	0.85
CSG SYSTEMS:	33.55	1.12
ECHOSTAR:	45.82	1.02
GOOGLE:	712.95	4.46
HARMONIC:	5.85	0.15
INTEL:	34.71	0.24
INTERACTIVE CORP:	65.87	1.30
LEVEL 3:	51.89	4.40
MICROSOFT:	53.98	0.29
NETFLIX:	105.80	2.73
NIELSEN:	48.35	0.58
RENTRAK:	53.16	0.43
SEACHANGE:	6.63	0.11
SONY:	28.97	0.37
SPRINT NEXTEL:	5.01	0.13
TIVO:	9.23	0.26
UNIVERSAL ELEC:	47.12	1.34
VONAGE:	6.24	0.26
YAHOO:	35.19	0.89
TELCOS		
AT&T:	33.42	0.21
CENTURYLINK:	28.12	0.48
FRONTIER :	5.28	0.04
TDS:	27.41	1.09
VERIZON:	46.48	0.31
MARKET INDICES		
DOW:	17779.52	198.09
NASDAQ:	5095.69	65.54
S&P 500:	2090.35	24.46

Think about that for a minute...

Call Me Old Fashioned

Commentary by Steve Effros

I was watching a television ad the other day for some new car, and the focus of the adulation was not gas mileage or low pollution or safety or even great looks or speed. It was that the "on board" electronic system with the screen on the dashboard was designed in such a way that you didn't have to look at it!

OK, maybe you could call that a safety thing. But really what they were hawking was the fact that while you were driving, the numerous incoming texts on your smartphone could zap over to the "hands free" telephone system in the car and then would be converted from text into speech so you could listen to the funny little automated lady's voice while you were driving rather than have to look at the screen! And, wait for it... you could then speak a response and it would reverse the process, convert your answer into text and send it on its way. Wow.

Well, call me old fashioned, but it seems to me they have just reinvented the wheel. Why not just use the thing we used to call a telephone and call the person you wanted to communicate with and talk to them? It saves a whole bunch of steps and intermediary technology and gets the job done better! You can actually talk, and listen, and respond without having to break everything down into short bursts of computer processing and thumb typing. What an idea!

Of course the whole issue of engaging in telephone calls, or now texting while driving, is problematic in the first place. The texting part is obvious idiocy, but even the distraction of telephone calls while driving seems to me to be a serious addition to the risk factors already present, like talking to the person in the seat next to you. Have you ever noticed that there are some folks who can't seem to engage in a conversation in the car without looking at you when they talk? Even when they're driving? It drives me nuts. I assiduously avoid eye contact and look straight ahead, hoping that they will too and notice the upcoming red light rather than get too engaged in the conversation.

While the whole "car" thing obviously highlights the issue, I think deeper down there is a reason to question whether all the technology we have made possible through broadband, WiFi, smartphones, SmartTV, etc., is not really creating as much harm as good to effective (and safe) communication. Do we really need all this speed? Do we really have to be "in touch" all the time, minute by minute? Is it really "sharing" an experience when a program is being "watched" at the same time someone is texting a friend reacting to what they are watching or listening to? I don't think so.

Just think about it in a slightly different context; watch a movie in a theater and have the "friend" next to you start talking to you while the movie is going on giving their reaction or response or opinion about the actor. Sit in a concert hall and have the person next to you start critiquing the technique of the guitarist or pianist while the concert is going on. Really? Where I come from, folks who did that would be, rightly, asked to leave! Technology is great, but what we do with it sometimes needs to be questioned. Call me old fashioned, but I think now is increasingly one of those times.

Steve

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(Steve Effros was President of CATA for 23 years and is now an advisor and consultant to the cable industry. His views do not necessarily reflect the views of Cablefax.)