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What the Industry Reads First

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Off to the Races: Lots of OTT Chatter from DISH, AT&T's 2Q Earnings Calls

MVPD 2Q earnings season kicked off Thurs with **DISH** and **AT&T** both reporting. The numbers from the two reflect that it continues to be a seasonally weaker quarter. At AT&T, total video subs declined 49K in the Q, with **DirectTV's** addition of 342K subs helping to offset the decline of 391K U-verse customers. DISH posted its worst quarterly sub loss to date with a 281K loss—with **MoffettNathanson** figuring that it actually lost 330K satellite subs in the quarter once you factor out the 49K Sling TV subs it believes it added ("For a 1-year-old OTT service, that may be an even more alarming result than the huge 330K subscriber loss..." Moffett wrote in a research note). DISH's 2Q churn was higher than expected at 1.96%, with management blaming some of that on a price increase, the **Tribune** and **NFL Net** programming disputes and AT&T getting aggressive with DirectTV. CEO *Charlie Ergen* reiterated his stance that traditional video is a dying business and OTT offering **Sling TV** is where the needle is going to move. Indeed, during Thurs' earnings call, CFO *John Stephens* repeatedly praised the newly integrated company, noting AT&T has added nearly 1mln satellite subs since the deal closed. "Our goal is to be the world's premiere integrated communications company for both consumers and businesses," he said. Analysts pressed AT&T on when it will have more integrated video and mobile promotions, with Stephens pointing to the 5mln customers who have already signed up for a bundle of video and wireless. "You will see us continue to push that offering as well as others. I would suggest you'll see more things come out as we roll out our over-the-top offerings and other aspects. Right now, we are seeing some improvement in our attach rate of IP broadband with video sales..." he said. AT&T has announced plans to launch its DirectTV Now offering in 4Q. Stephens didn't provide any more details on a launch timeframe, saying AT&T will ensure it's a high quality product before it releases it. The technology and necessary acquisitions are in place for the service, and programming contracts for stacking and digital rights "are going well," he said. "It's just a matter of getting all those things coordinated together and making sure it's the highest quality product you can have at launch. We are confident in that process and feel good about targeting the end of this year to get that out." Sling TV CEO *Roger Lynch*, speaking during DISH's earnings call Thurs, said the company has always expected more competition in the space and has been somewhat surprised it has taken this long. "My expectation is as new entrants enter this market we're just going to see faster growth over-the-top. Obviously, it will affect the market share we

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have right now, but I don't expect it will materially affect the growth of our business," he said. He said Sling's multistream product saw strong enough growth to take it out of beta during the quarter. "It is a service that we also see some level of overlap with our single stream service, where customers will take both services because the content offer is different," Lynch said (for example, **Disney/ESPN** is not available at this point on the multistream service). The Sling head said there have been significant technological improvements in delivery of the OTT service, but added they'll probably be chasing improvements for years because it's a new service and new tech.

Ailes Out: On Thurs, the leaks and questions over when *Roger Ailes* would step down as chmn/CEO of **Fox News** and **Fox Business** (as well as **Fox TV** Stations) came to an end. In announcing his immediate departure, **21st Century Fox** recognized Ailes' contributions over the past 20 years. Exec chmn *Rupert Murdoch*, who assumes the role of chmn and acting CEO of Fox News and Fox Business, said Ailes shared his vision and "executed it brilliantly." "Roger Ailes has made a remarkable contribution to our company and our country," Murdoch said. "Fox News has given voice to those who were ignored by the traditional networks and has been one of the great commercial success stories of modern media. It is always difficult to create a channel or a publication from the ground up and against seemingly entrenched monopolies. To lead a flourishing news channel, and to build Fox Business, Roger has defied the odds. His grasp of policy and his ability to make profoundly important issues accessible to a broader audience stand in stark contrast to the self-serving elitism that characterizes far too much of the media." Murdoch will be supported by existing management under *Bill Shine*, *Jay Wallace* and *Mark Kranz*. *Lachlan Murdoch* and *James Murdoch's* 94-word statement had a brief mention of Ailes: "We join our father in recognizing Roger's remarkable contributions to our company. Our talented Fox News and Fox Business colleagues, up and down the organization and on both sides of the camera, have built something that continues to redefine the cable news experience for millions of viewers. We are enormously proud of their accomplishments. For them, as well as for our colleagues across our entire organization, we continue our commitment to maintaining a work environment based on trust and respect. We take seriously our responsibility to uphold these traditional, long-standing values of our company." Ailes was slapped with a sexual harassment suit by former anchor *Gretchen Carlson* on July 6, prompting an internal review at Fox News. *DrudgeReport* published what it said was a letter from Ailes to Murdoch on Thurs. In it, Ailes said he takes particular pride in the role he's played advancing the careers of many women through promotions to exec and on-air positions. "Having spent 20 years building this historic business, I will not allow my presence to become a distraction from the work that must be done every day to ensure that Fox News and Fox Business continue to lead our industry," the letter said.

Comcast Expands Pay-As-You-Go: Credit checks shouldn't be an issue with **Comcast's** new prepaid offering, which will let folks sign up for TV or Internet and re-up their subscription any time for either 7 or 30 days. It's an evolution of trials already in the marketplace. Comcast launched XfinityPrePaid in the fall of 2012, and even had a prepaid TV offering in some markets. Small provider **Shentel**, serving rural parts of WV, VA and MD, launched a prepaid Internet offering "Flex" last year (**CFX**, 8/21). Shentel lets customers pay their bills at **Family Dollar** stores. Comcast's new "Xfinity Prepaid Services" will launch later this year in MI, GA, FL and IN and will be available in the entire footprint by the end of 2017. One of the things that set it apart from Comcast's previous prepaid options is that the company has partnered with no-contract wireless provider **Boost Mobile** to offer the service at select Boost Mobile locations. All 440 Boost Mobile locations in Comcast's footprint will offer the service by the end of next year.

ACC Net Official: If you need **SEC Network** for college football, will you need **ACC Network** for college hoops? **ESPN** is betting yes, officially announcing the launch of the linear and digital net during ACC's football kickoff media event in Charlotte Thurs. It's a 20-year partnership, with the digital components to debut next month. Fans will be able to access more than 600 live events across the conference via the digital "**ACC Network Extra**" channel, available to users who have access to **ESPN3** via **WatchESPN** and ESPN app. As previously leaked, the linear ACC Net will launch in 2019. ESPN plans to have 450 exclusive live events, including more than 150 men's and women's basketball games, on the channel.

Copyright Lawsuit: The **Electronic Frontier Foundation** on Thurs filed suit against the **US Copyright Office** and **DOJ**, challenging provisions of the Digital Millennium Copyright Act that it claims violate the First Amendment right to freedom of expression. EFF is focused on Sect. 1201, claiming that the anti-trafficking provisions make it unlawful for consumers to get around software that restricts access to lawfully-purchased material, such as films, songs and the computer code

BUSINESS & FINANCE

that controls devices. “Ostensibly enacted to fight music and movie piracy, Section 1201 has long served to restrict people’s access to use and even speak out about copyrighted materials—including the software that is increasingly embedded in everyday things,” EFF said. EFF is representing *Andrew Huang* and **Alphamax**, which is developing devices for editing digital video streams. Examples of such uses include captioning a debate with Twitter commentary or enabling remixes of HD video.

News & Doc Emmys: HBO and CNN led cable in **News & Doc Emmy** nominations, with 19 and 13, respectively. **PBS** had the most nods overall at 54, followed by **CBS** (37). The awards, which represent 46 categories, will be presented Sept 21 in NYC.

Newest Betsy Class: WICT revealed the newest members of Classes 34 and 35 of the Betsy Magness Leadership Institute. See the full list at wict.org. More than 800 women have graduated from the development program since its launch in 1994. **Charter** will serve as the Premier Sponsor of the upcoming classes with the **Walter Kaitz Foundation** returning as industry partner.

People: Univision tapped *Diego Rodriguez* for the newly created post of chief global security officer. He knows a few things about security, having served most recently as assistant director in charge of the **FBI** field office in NY.

Cablefax Daily Stockwatch

Company	07/21 Close	1-Day Ch	Company	07/21 Close	1-Day Ch
BROADCASTERS/DBS/MMDS			INTEL:34.27.....(1.42)		
DISH:	53.71	1.74	INTERACTIVE CORP:	59.64	(0.05)
ENTRAVISION:	7.31	0.02	LEVEL 3:	56.37	(0.81)
GRAY TELEVISION:	11.05	(0.2)	MICROSOFT:	55.80	(0.11)
MEDIA GENERAL:	17.76	(0.13)	NETFLIX:	85.99	(1.92)
NEXSTAR:	54.37	(0.72)	NIELSEN:	55.42	0.33
SINCLAIR:	30.23	(0.27)	SEACHANGE:	3.32	(0.1)
TEGNA:	24.56	0.04	SONY:	30.00	(0.52)
MSOS			SPRINT NEXTEL:	4.60	0.08
CABLE ONE:	521.28	(1.62)	SYNACOR:	3.10	(0.19)
CHARTER:	240.48	4.29	TIVO:	10.48	UNCH
COMCAST:	67.02	(0.1)	UNIVERSAL ELEC:	71.98	(0.56)
GCI:	15.08	(0.71)	VONAGE:	5.65	(0.21)
LIBERTY BROADBAND:	62.51	0.47	YAHOO:	38.85	(0.05)
LIBERTY GLOBAL:	31.43	0.40	TELCOS		
SHAW COMM:	19.70	0.10	AT&T:	42.52	(0.19)
SHENTEL:	39.89	(1.17)	CENTURYLINK:	30.64	0.09
PROGRAMMING			FRONTIER:	5.10	0.06
21ST CENTURY FOX:	27.18	0.18	TDS:	31.04	(0.21)
AMC NETWORKS:	56.13	(0.11)	VERIZON:	55.37	(0.25)
CBS:	53.95	(0.58)	MARKET INDICES		
DISCOVERY:	25.40	0.09	DOW:	18517.23	(77.8)
DISNEY:	98.01	(0.21)	NASDAQ:	5073.90	(16.03)
GRUPO TELEVISA:	26.69	(0.55)	S&P 500:	2165.17	(7.85)
HSN:	51.28	(0.18)			
LIONSGATE:	20.97	0.11			
MSG NETWORKS:	16.30	UNCH			
SCRIPPS INT:	66.78	0.15			
STARZ:	30.70	0.01			
TIME WARNER:	77.74	(0.12)			
VIACOM:	49.61	0.54			
WWE:	20.10	0.03			
TECHNOLOGY					
ADVANTAGE:	1.83	UNCH			
AMDOCS:	57.80	(0.41)			
AMPHENOL:	59.24	0.06			
APPLE:	99.43	(0.53)			
ARRIS GROUP:	24.94	(0.28)			
AVID TECH:	6.30	(0.28)			
BLNDER TONGUE:	0.62	0.11			
CISCO:	30.58	(0.05)			
COMMSCOPE:	31.59	(0.39)			
CONCURRENT:	5.32	(0.03)			
CONVERGYS:	26.60	(0.2)			
CSG SYSTEMS:	41.09	(0.49)			
EHOSTAR:	38.89	(0.1)			
GOOGLE:	738.63	(2.56)			
HARMONIC:	3.12	0.05			

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PROGRAMMER'S PAGE

Going Off the Rails

Get ready to see *Ozzy Osbourne* like you've never seen him before. "Ozzy and Jack's World Detour" features the rocker and his eldest son *Jack* as self-proclaimed history buffs taking a once in a lifetime road trip, stopping at iconic historical landmarks along the way (premieres Sun at 10pm on **History**). Now you may be thinking: Ozzy and Jack—history buffs? "I think viewers will be surprised to find out how much my dad and I like history. If I had gone to college, I definitely would have studied Modern History," Jack says. While it's true the duo may not seem like typical History fare, the 10-episode hour-long series reveals an unexpected new side of the heavy metal legend and son as they check off their bucket list of historical sites, sharing factual takeaways with viewers throughout their journey. "This show checked off a lot of boxes for the History channel," Jack says. Their historical travel itinerary includes spots such as Mount Rushmore, Stonehenge, The Alamo, the Jamestown Settlement, Sun Studios, and a Cold War-era missile silo, giving themselves and viewers a first-hand look at places around the world. "I can't pick my favorite spot. There's elements of every one that I loved," Jack says. The series is an unexpected detour from Ozzy and Jack's last reality show, "The Osbournes," which ran for four seasons on **MTV** from 2002-2005. Jack said that in many ways, "Ozzy and Jack's World Detour" is less contrived than many of today's reality shows since he and his father are forced into unlikely scenarios throughout their travels. "I actually think it's funnier than 'The Osbournes,'" Jack says. "With 'The Osbournes,' people laughed at us, with this show, people will laugh with us." While they're the stars, don't be surprised if other Osbournes make an appearance in the show at times. — *Sarah Plombon*

Reviews: "Cesar 911," Friday, 9pm, **NatGeo Wild**. One of *Cesar Millan's* guiding principles is that he needs to train dog owners as much if not more than their dogs. During the 4th season of "911," Cesar tells an un-athletic couple that its Vizsla Lab mix Tic Tac is misbehaving in part because the energetic pooch is unable to indulge in exercise. Besides training the owners how to handle Tic Tac, Cesar enlists *Jillian Michaels* to whip the couple into shape. The ep then becomes emotional, with the couple struggling through gym sessions, but losing weight and bonding with Tic Tac during beachside runs. -- "Power," Sunday, 9pm, **Starz**. The season 3 premiere of this series about a NYC nightclub owner trying to extricate himself from his drug-dealing past put Starz on a high. The net decided to put all its originals on Sunday nights, beginning with the "Power" season 3 debut (July 17). The series promptly set a Starz record for originals (2.26 million live + SD), up 58% from last year's premiere. More, er, power to it, but we feel the story lacks tension compared to terrific seasons 1 & 2. Here's hoping Starz will reignite it. -- "The Night Of," Sunday, 9pm, **HBO**. No lag on this potboiler about a college student accused, perhaps wrongly, of murder. — *Seth Arenstein*

Basic Cable Rankings (7/11/16-7/17/16) Mon-Sun Prime			
1	FOXN	1.2	2764
2	HGTV	0.6	1510
2	USA	0.6	1394
2	ESPN	0.6	1372
5	TNT	0.5	1236
5	DSNY	0.5	1223
5	TBSC	0.5	1179
5	HIST	0.5	1174
5	CNN	0.5	1168
5	HALL	0.5	1088
5	DISC	0.5	1081
12	MSNB	0.4	1024
12	FOOD	0.4	988
12	NAN	0.4	979
12	ADSM	0.4	939
12	FX	0.4	929
12	AMC	0.4	894
12	ID	0.4	800
12	DSE	0.4	96
20	VH1	0.3	731
20	BRAV	0.3	724
20	TLC	0.3	667
20	A&E	0.3	636
20	LIFE	0.3	629
20	SPK	0.3	617
20	DSJR	0.3	617
20	SYFY	0.3	607
20	NKJR	0.3	603
20	APL	0.3	601
20	FRFM	0.3	587
20	OWN	0.3	533
32	TVLD	0.2	538
32	WETV	0.2	471
32	INSP	0.2	455
32	GSN	0.2	449
32	EN	0.2	445
32	TRAV	0.2	434
32	MTV	0.2	428
32	LMN	0.2	423
32	CMDY	0.2	408
32	TRU	0.2	400
32	NGC	0.2	399
32	HMM	0.2	388
32	FXX	0.2	356

*Nielsen data, supplied by ABC/Disney, is based on coverage area of individual networks

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