

Cablefax Daily™

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What the Industry Reads First

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First Look: AT&T-TWX Deal Goes Under Hill Microscope

Wed's first congressional hearing on the proposed **AT&T** and **Time Warner** combo may have been about two large companies, but there was an interesting dynamic between two smaller players sitting at the witness table. In the AT&T-TWX camp was **AXSTV** founder *Mark Cuban*, while **Cinemoi** pres *Daphna Ziman* spoke out against the deal. Both head independent networks, but their views of the current pay TV landscape were as different as 4K TV and black & white. "Independent programmers are the risk takers that provide innovative content," said Ziman, complaining that 90% of content on TV is controlled by 6 conglomerates. "The industry is currently structured to shut out new entrants." She painted the AT&T acquisition as big media getting bigger and further crippling independent nets, while Cuban sees it as opportunity. "With new methods of distribution, there's more hope for independent networks like ours," he said, adding that **Sling**, **DirectTV Now** and other offerings remove the bandwidth constraints that has made distribution challenging. While Ziman tried to argue that Cuban has negotiating power because he owns the Dallas Mavericks, he was quick to note it did him no good in convincing **Time Warner Cable** to sign a carriage deal. Ziman doesn't think an independent network can survive via OTT alone, saying such a small market wouldn't provide the necessary money for licensing fees and advertising. Plus, she called it a "maze" to even find content outside of the traditional pay TV confines. Cuban's perspective is that the days of people passing time by watching TV are over. Now they pull out their phones and launch an app. For millennials, that's often **Snapchat**, and for the younger generation it may be **Musical.ly** or even **Minecraft** videos, he said, complaining that he can't get his 7-year-old son to go to a Dallas Cowboys football game. AT&T and Time Warner currently have a hard time competing against edge providers such as **Google**, **Apple** and **Facebook**. They'll have a better chance if they do it together, but it'll still be tough, he said. **Senators' Views:** Democratic members of the Senate Judiciary Antitrust subcommittee raised the most alarm about the deal, but Republican members, including Sen Judiciary chmn *Chuck Grassley* (R-IA), also had questions. He said concern about preferential treatment, leverage over other distributors and too much power in one conglomerate's hands are all "serious" and should be closely scrutinized by antitrust regulators. Who will be reviewing the deal still isn't clear. Sen *Al Franken* (D-MN) pushed for the companies to file for review with the **FCC**, saying that the agency's review standards are more in line with the public interest than **DOJ's**. AT&T CEO *Randall Stephenson*



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said the companies are working through the particulars of where to file, suggesting Congress should clarify the issue in general. “We will keep the FCC informed on process whether we do a formal filing or not,” he said. **What Trump Said:** You didn’t think there’d a 2.5 hour meeting without mention of president-elect *Donald Trump’s* comments during his campaign that he’d block such a deal? Sen *Richard Blumenthal* (D-CT) drew some titters in the hearing room when he noted that Trump has said he’s going to stop the merger, and “I take him at this word.” While the senator said he appreciates Trump’s “classic antitrust analysis” of the deal, he finds “absolutely abhorrent” Trump’s inference that he would use a different standard of the law depending on what kind of coverage the administration perceives from **CNN** and other news outlets. Blumenthal got commitments from Stephenson and Time Warner’s *Jeff Bewkes* that news coverage won’t be influenced by anything the administration says about the deal. “There were comments made by candidates on all sides” saying they were against the transaction before they had all the details, Bewkes said. “We’re confident that once everyone... hears the facts and has the appropriate competitive analysis” that they’ll see this as a pro-competitive deal.

UBS Conference: Like execs at **AT&T**, **Verizon** and **Time Warner**, **Comcast** CFO *Mike Cavanagh* also believes the *Trump* administration could be positive for businesses in general. “It will be a good environment for business broadly, which I think will help the economy very broadly, which will help everybody, including us,” he said at the **UBS** Global Media and Communications Conference Wed. And echoed other media/telecom execs’ who hope for corporate tax reform. “[We’ve] got to go from the optimism in the market to really seeing what happens,” he said. As expected, the financial chief was asked about AT&T’s newly launched **DirectTV** Now and other streaming services set to launch in 2017. “I’m not really worried... We’ll be hustling to compete,” Cavanagh said. The MSO’s secret weapon? Wireless. Comcast is preparing a wireless offering to be available by mid-year 2017. The company has around 150 people working on the future wireless service, which targets existing subs, according to Cavanagh. “We are in the ‘learn and explore’ mode.” Comcast recently integrated **Netflix** into its set-tops. “Customers like it... That’s the point. It’s good for them, good for us,” he said.

Trump Puts McMahon in SBA Ring: **WWE** co-founder and former CEO *Linda McMahon* was officially appointed by president-elect Donald Trump on Wed to head the **US Small Business Administration**. McMahon ran unsuccessfully for the US Senate in CT in 2010 and 2012, and has donated \$6mln to a super PAC supporting Trump’s presidential bid. Trump has long been friendly with the McMahons, hosting *WrestleMania* and being inducted into the **WWE** Hall of Fame in 2013. “It’s entirely fitting that the woman who helped grow a small business into a billion dollar, publicly-traded, global entertainment company was named Administrator of the Small Business Administration,” **WWE** said in a statement.

Turner Snapchats: **Turner** inked a wide-ranging deal with **Snapchat** that expands the collaboration between the two by adding new brands to Snapchat’s Discover platform, extending live coverage of Turner’s premium sports events, and developing Snapchat shows for several Turner brands. The deal, which encompasses content, distribution and advertising, marks the largest strategic move for Turner “to innovate within the digital arena and provide complementary viewing experiences for a younger, mobile-centric audience,” said Turner pres *David Levy* in a statement. As part of this deal, Turner will work with Snapchat to develop original shows from its series and brands such as **TBS**, **Adult Swim**, **truTV**, “Great Big Story” and “Super Deluxe” for Snapchat’s mobile-centric audience. Also as part of the deal, Turner’s **Bleacher Report** will launch a Discover Channel in the US, comprised of videos, images, animations and graphics covering the top stories in sports each day. The new Bleacher Report channel launches on Jan 4, joining the **CNN** Discover Channel.

Comcast Olympics: **Comcast** inked a deal with the **US Olympic Committee** to be the official partner of the USOC through 2020, which includes the 2018 Olympic and Paralympic Winter Games in PyeongChang, South Korea, and the 2020 Games in Tokyo. **Comcast NBCU** already holds the US media rights to the Olympic Games through 2032. The new deal allows for the Team USA marks to be used in advertising and marketing for the Comcast, Xfinity, and Comcast Business brands and makes Comcast the official service provider for the 2018 and 2020 US Olympic and Paralympic teams.

Voice Control: **Universal Electronics** said **Comcast** is the 1st service provider to deploy its QuickSet Cloud technology for the X1 Voice Remote feature. The MSO recently added a new feature to X1 that will automatically set up the X1 Voice Remote to work with customers’ TVs. The QuickSet Cloud technology features a database that aims to ensure all consumer entertainment devices can be automatically recognized and controlled “with a software handshake.” QuickSet Cloud is accessed by X1 through Web APIs, speeding implementation of the application and using real-time access to services.

BUSINESS & FINANCE


Cable Pioneers: The Cable TV Pioneers will hold its 51st annual banquet in Denver on Oct 17, right before the opening of **SCTE Cable-Tec Expo**. The event had been held ahead of **INTX**, which was canceled earlier this year. "There were many industry organizations that generously offered their venues as a kick-off for our dinner. We decided that for the 2017 banquet, SCTE/ISBE Cable-Tec Expo offered the stature, attendance and location that would serve the greatest number of our members," said Cable TV Pioneer chairwoman *Susan Bitter Smith* in announcing the move.

People: *David Grimaldi*, evp for public policy at the **Interactive Advertising Bureau**, and *Adonis Hoffman*, chmn of **Business in the Public Interest** and dir of **Ad Hoc Holdings**, were elected to the board of trustees of the **Media Institute** at the board's annual meeting Wed in DC. Grimaldi previously served as chief of staff to **FCC** commish *Mignon Clyburn*. Hoffman is co-chair of the Advisory Council at **Nielsen Media**. *Mike Regan*, longtime member of the board, was elected chmn of the board's exec committee. Other members of the board include senior execs from **Disney**, **Verizon**, and **CBS**, among other firms. Former Republican FCC commish *Robert McDowell*, currently partner at **Wiley Rein**, is also on the board.

Editor's Note: The deadline for the Digital Awards is this Friday. Don't miss out! More info: www.cablefax.com

Cablefax Daily Stockwatch



Company	12/07 Close	1-Day Ch	Company	12/07 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DISH:	58.63	0.12	INTEL:	35.50	0.78
ENTRAVISION:	6.75	0.05	INTERACTIVE CORP:	67.47	0.58
GRAY TELEVISION:	10.88	0.28	LEVEL 3:	56.74	0.67
MEDIA GENERAL:	18.82	0.07	MICROSOFT:	61.37	1.42
NEXSTAR:	63.50	0.80	NETFLIX:	125.38	0.81
SINCLAIR:	33.50	0.50	NIELSEN:	43.41	1.01
TEGNA:	23.16	0.53	SEACHANGE:	2.65	(0.15)
MSOS					
CABLE ONE:	618.15	5.31	SONY:	28.61	0.45
CHARTER:	284.29	7.97	SPRINT NEXTEL:	8.88	0.71
COMCAST:	69.32	0.62	SYNACOR:	3.10	UNCH
GCI:	18.25	0.28	UNIVERSAL ELEC:	66.10	2.10
LIBERTY BROADBAND:	72.28	1.93	VONAGE:	6.82	0.13
LIBERTY GLOBAL:	30.34	0.43	YAHOO:	40.52	0.55
SHAW COMM:	20.05	0.31	TELCOS		
SHENTEL:	28.80	1.15	AT&T:	40.44	1.09
PROGRAMMING					
21ST CENTURY FOX:	28.11	0.61	CENTURYLINK:	24.28	0.27
AMC NETWORKS:	51.62	(0.54)	FRONTIER:	3.60	0.07
CBS:	63.41	2.44	TDS:	28.96	0.59
DISCOVERY:	28.80	1.01	VERIZON:	51.37	1.01
DISNEY:	101.94	1.28	MARKET INDICES		
GRUPO TELEVISIA:	20.69	0.37	DOW:	19549.62	297.84
HSN:	35.85	(0.05)	NASDAQ:	5393.76	60.76
LIONSGATE:	25.00	0.90	S&P 500:	2241.35	29.12
MSG NETWORKS:	21.55	0.40			
SCRIPPS INT:	72.18	1.82			
STARZ:	34.93	0.64			
TIME WARNER:	94.00	0.10			
VIACOM:	42.15	1.60			
WWE:	19.44	0.49			
TECHNOLOGY					
ADVANTAGE:	1.70	UNCH			
AMDOCS:	59.67	0.38			
AMPHENOL:	68.06	0.46			
APPLE:	111.03	1.08			
ARRIS GROUP:	29.99	1.11			
AVID TECH:	4.54	0.05			
BLNDER TONGUE:	0.51	0.03			
CISCO:	29.93	0.60			
COMMSCOPE:	36.66	0.21			
CONCURRENT:	5.47	(0.02)			
CONVERGYS:	25.39	0.25			
CSG SYSTEMS:	46.84	0.39			
ECHOSTAR:	52.64	0.64			
GOOGLE:	771.18	12.07			
HARMONIC:	5.20	(0.05)			



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Think about that for a minute...

A Taxing Situation

Commentary by Steve Effros

By now most of us have learned never to play “three card monte,” the shell game where cards are used to sucker a “mark” into thinking he or she can spot where the “money card” is while the cards are being shifted around. The “mark” never wins. I sometimes think that our evolving tax policy looks very similar.



Here’s the trick: the politicians (all parties) have figured out that you can’t win an election while at the same time admitting that more taxes are needed to fund all the things the electorate expects, wants or needs. So the challenge is to figure out a way to collect that money while claiming to “lower taxes.” Of course, we are “the mark,” and the money gets collected, but it’s rarely if ever called a “tax.”

The cable industry is intimately familiar with this game. What else is a “franchise fee” other than a targeted tax? But it’s not called a “tax.” It’s very purposefully called a “fee” so that in theory it’s something the company has to pay as a “cost of doing business” and, had the politicians had their way, it would have been conveniently buried within the price of the cable service.

That’s exactly what the lobbyists for the City of New York and others tried to do when the first federal cable television legislation was written in 1984. They wanted to make it impermissible for the cable company to “break out” the fee and list it separately on the bill. They lost. Everyone recognized that in reality, the cable company was simply collecting the money and handing it over to the local government. We were allowed to list it separately.

Now there’s a new effort to hide the tax. It comes in the form of legal complaints that the public is not be-

ing told the “true cost” of the service since the “total” they have to pay is higher than the advertised service price. This is just another way of playing three card monte and trying, once again, to hide the tax. Cable companies, just like airlines, purveyors on Amazon, and lots of other sellers make it very clear that the price of the goods they are selling is “plus tax.” Indeed, if you look at the airlines as an example, they make it clear that it’s “plus taxes and fees” because they not only have to charge sales taxes, they also have government-imposed gate fees and the like. Consumers should, of course, be told there are additional taxes and fees, and they should be listed for full disclosure. But let’s not go back to playing shell games with what those fees are, and who is actually getting them, and controlling how much they are.

This semantic game will get even more confusing, maybe not for cable, but certainly for lots of other folks, if the new administration does what is being threatened, and imposes “tariffs” on certain goods imported into the United States. “Tariffs.” Another term for taxes. If we all have to pay an extra \$10 for shoes we buy because the government has collected 10 bucks from the importer to accomplish some other goal, what is that other than a \$10 tax paid to the government by the consumer?

We can debate whether all these fees, tariffs and whatever are ultimately good policy or bad, whether they create good results or not, but let’s be honest; whatever you call them, they’re taxes we wind up paying. Tell it like it is.

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.)

Cablefax Industry Jobs

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