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What the Industry Reads First

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AT&T's 3Q: 700K of 800K DirecTV Now Subs are New to Company

AT&T dropped some interesting stats on its **DirecTV Now** service during Tuesday's 3Q earnings call, with CFO *John Stephens* noting that the video streaming offering now has more than 800K subs. About 700K of those customers new to AT&T, he said. About half of DirecTV Now subs are coming from pay TV competitors, he said, estimating that 10% are from DirecTV or **U-verse**. The rest represent cord-nevers, MDU units and the like. More than half of DirecTV Now customers are not currently bundled with wireless, which Stephens described as a real opportunity. Another future prospect may be to push potential DirecTV subs with credit issues to the OTT service. Tighter credit policies helped lead to AT&T's 3Q loss of 89K video subs, while DirecTV Now gained nearly 300K (in other words, there'd be a loss of 385K without DirecTV Now). The loss is slightly fewer than the 90K it estimated earlier this month in a regulatory filing. Stephens attributed about half the losses to involuntary churn from credit policies and from the recent hurricanes, with those impacts expected to ease in 4Q. AT&T's new platform set to launch in 2018 should help bring in some additional revenue opportunities through features such as cloud DVR, PPV events and additional simultaneous streams. There also is the data insight it will offer, with Stephens suggesting that info will be used to put together new video packages. Data insights also will help with advertising. "Whether it's information we take to improve our own marketing... We have a large marketing budget here and if we can take that data insights and get that information to make it more effective, that's a huge opportunity for a company of our size, as well as selling digital ad insertion," Stephens said. "Those are all the things we look to as we ... approach a million customers here as we close out the quarter at 800K." For 3Q, AT&T reported net income of \$3bln, down from \$3.3bln a year ago. Revenue slipped to \$39.7bln vs \$40.9bln. On the broadband side, AT&T posted a net gain of \$125K. The company is hoping DirecTV Now will drive not only wireless subscriptions, but broadband sign-ups. It's been aggressively packaging the OTT service as a \$10/month add-on for wireless customers, and Stephens made clear that the company believes it's worth subsidizing video to make wireless subs stickier or to attract new wireless users. "Our wireless customers are really valuable, and the extension of their life through the lowering of their churn and the ability to get entire families or entire groups of phones is really important to us," he said. "We strongly believe its value accretive to the total organization."

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- **Kamala Avila-Salmon** – YouTube TV
- **Jamia Bigalow** – Fox Networks
- **Bill Binford** – Verizon
- **Chris Brush** – Disney & ESPN Media Networks
- **Sol Doten** – Ovation
- **Jonathan Freeland** – Cox Communications
- **Mark Greatrex** – Cox Communications
- **Rick Lang** – Comcast
- **Hestia Lei** – Sony Playstation Vue
- **Kristin Malaspina** – Charter Spectrum
- **Bill Osborn** – Outdoor Channel
- **Court Passant** – CBS Corporation
- **Randy Rovegno** – Pop
- **Heather Symmes** – Uptv, Aspire and UP Faith & Family
- **Angela Turner** – Revolt TV

NEXT WAVE

- **Jerry Arias** – Comcast Spotlight
- **Linda Cabral** – Disney & ESPN Media Networks
- **Kristen Cuffee-Brown** – Cox Communications
- **Laura Emmet** – DirecTV
- **Alan Gutierrez** – Fox Global Networks
- **Mary Luther** – Outdoor Sportsman Group
- **Nico McCarthy-Moya** – Ovation
- **Jennifer McNab-Baumann** – A+E Networks
- **Michele Monte** – Comcast
- **Joanna Rodriugez** – DirecTV
- **Allison Ross** – Disney & ESPN Media Networks
- **Angelina Watkins** – Sony Playstation Vue
- **Shelly Williams** – Roku

Register: www.cablefax.com/event/cablefax-awards-gala-2017

Questions? Contact Charlotte Clay at cclay@accessintel.com or 301-354-1851.

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Domino Effect: Two high-profile media execs were on the move Tuesday, with **Hulu CEO Mike Hopkins** leaving for the role of chairman with **Sony Pictures TV** and, subsequently, **Randy Freer** leaving his pres/COO role at **Fox Networks Group** to succeed Hopkins at Hulu. Hopkins replaces **Steve Mosko** at Sony Pictures, filling a position that had been open since Mosko's departure in June 2016. Fox did not respond to inquiries about when or how it plans to fill Freer's position. Freer previously served on Hulu's board, as Fox has a stake in the online video company. Freer's influence at Fox was immense, particularly in sports media. Most recently, the launch of **FS1** in 2013 and corresponding rights acquisitions altered the market for live sports. He was responsible for negotiating rights deals with top sports properties, including the **FIFA World Cup**, **NFL**, **MLB** and **NASCAR**, as well as several college sports conferences. His move to Hulu comes at a big moment for the company, which this year launched its virtual MVPD service and scored its biggest original hit yet with "The Handmaid's Tale." Hopkins, who had served as Hulu's top exec since 2013, built the company from an ad-supported VOD service for next-day viewing into a sub-based SVOD service with destination content. Hulu said that Hopkins tripled its market valuation and increased its audience to 47mln unique viewers annually. He also spearheaded Hulu's entrance into the pay-TV space earlier this year. Prior to joining Hulu, Hopkins also worked at Fox Networks as pres of distribution.

Rogers That: Canadian cable operator **Rogers** pres/CEO **Joe Natale** last week said the company is aiming for a soft launch of its licensed version of **Comcast's X1** platform in 1Q18. Currently, the company is in the earliest stage of trials, in which a select few employees are using the product at home and in the office. Rogers, which serves about 1.8mln customers, is scheduled to start a broader trial with more than 1000 employees in November. A full commercial launch is expected later in 2018. It plans to stop selling its legacy platform in 2019 and begin migrating all of its customers to X1.

A Weitz Man Once Said: At a time in which some of the most popular "comedies" deal with darker subject matter, **TBS** evp, original programming **Brett Weitz** is building a network around lighter, laugh-out-loud fare. "I never thought we'd get to a place where we have to say, 'Let's do comedy that's funny,'" he quipped during keynote remarks Monday at the **NY Television Festival**. Weitz, who in 2015 was tasked by new **TBS/TNT** pres **Kevin Reilly** with rebranding the net with a focus on original content, acknowledged that TBS' aim for broad appeal and roots as a "Superstation" impact programming decisions. Referring to **FX's "Atlanta,"** which deals with issues of racial inequality and politics, he said, "It is not what Middle America wants." "TBS is still the Superstation in a lot of ways," he said. "It is Main Street. Main Street requires a little bit of levity, it requires a little bit of, 'OK, let's take you out of reality of the world, let's take you out of your job that's potentially getting cut to go overseas, and let's let you laugh for 21 minutes.'" Since taking over at TBS in 2015, the mission has been to erase the perception that TBS is simply a place to see re-runs of old sitcoms by offering destination originals. With shows like "Angie Tribeca," "Full Frontal with **Samantha Bee**" and "People of Earth," he believes the net is off to a good start, but still has a long way to go to fulfill his vision.

Zombies Still Walking: Sunday's Season 8 premiere of **AMC's "The Walking Dead"** drew 11.4mln total viewers in L+SD, a number that will undoubtedly see a sizable lift in L+3. After all, it was up against the Super Bowl rematch game between the Patriots and Falcons. Yes, it's a 39% drop from Season 7's 17mln L+SD premiere, but it's still the No. 1 series on TV among 18-49s for the sixth consecutive season. With 6.5mln 18-49s, the premiere is the highest-



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Head, Content Acquisition Management, Amazon Channels

NANCY KANTER

EVP, Content and Creative Strategy, Disney Channels Worldwide,
General Manager, Disney Junior Worldwide

rated non-sports telecast among the demo this broadcast season. And keep in mind, Season 6 ended with a huge cliffhanger. **MoffettNathanson** noted that the premiere's numbers were more in line with last fall's finale and Season 7's finale, promising to keep a close eye on how numbers trend.

Abrupt End: ESPN pres *John Skipper* announced the cancellation of "Barstool Van Talk" on Monday, less than a week after its premiere. Skipper wrote in a statement, "I erred in assuming we could distance our efforts from the Barstool site and its content." ESPN host *Sam Ponder*, once a target of Barstool's edgy brand of humor, took to **Twitter** to criticize the net's partnership with Barstool last week, which reportedly led to several other ESPN employees expressing concern about the Barstool partnership to Skipper.

FCC October Meeting: The **FCC** voted 4-1 Tuesday to seek comment on rule revisions that are intended to promote investment in the 3.5 GHz band. The lone dissenter was *Jessica Rosenworcel*, complaining that the proposal casts aside the innovation of the 3.5 GHz band framework the FCC put in place two years ago in favor of existing business models. The FCC is looking for comment on changes to the rules governing the second service tier, known as Priority Access Licenses. These changes include longer license terms with the possibility of renewal; larger geographic license areas; and modifications to the rules governing license auctions, secondary market transactions, and certain technical criteria. Other FCC actions included a 3-2 vote along party lines to eliminate the main studio rule, which required broadcast and radio stations to have a main studio located in or near its community. The order does still require stations to maintain a local or toll-free number. In her dissent, *Mignon Clyburn* said the FCC was signaling it no longer believes those awarded a license to use the public airwaves should have a local presence in their community. -- Reporters at a press conference after Tuesday's **FCC** meeting continued to quiz chmn *Ajit Pai* on President *Trump*'s network license comments, this time pressing him on why he didn't respond sooner. "I answered the first time I was personally asked about the issue, and at the end of the day, I'm leading an independent agency. My record, as you pointed out on these issues—both with respect to the First Amendment and agency independence is very clear," he said. Pai addressed Trump's comments nearly a week after the initial tweet, when asked at a DC event.

The Future is Human: **CSG International** polled 2K customers in five countries on their preferences regarding home automation and other IoT-enabled technologies. The majority indicated that they value skilled, in-person help when it comes to connecting two to five smart devices in their homes (84%). Even when it comes to connecting via technology, 74% preferred to receive phone calls or texts directly from the technician for the personal interaction. They trust their pay-TV field technician as a source of technical expertise.

AI Takeover: AI-powered video creation platform **Wibbitz** raised \$20mln in Series C funding. **Bertelsmann Digital Media Investments** (BDMI) led with participation from **The Weather Channel**, **The Associated Press**, **TF1 Group** and existing investors like **NantMobile**, **lool Ventures** and **Horizons Ventures**. The funding will be used for hires across its development, product, design, sales, marketing, support and in-house editorial teams. It will also be utilized for investments in AI technologies and automation capabilities for its web-based platform. The news comes as the audience for digital video has climbed to more than 2bln viewers worldwide and individual video consumption in the US is projected to exceed 80 minutes per day by 2019. With Tuesday's announcement, the company's total funding is \$30.8mln.

Programming: **Fox Deportes** acquired Spanish-language rights in the US for Mexican soccer teams **Xolos de Tijuana** and **Santos Laguna** in a long-term deal. The teams compete in **Liga MX**. The deal covers home games, as well as international and friendly matches. Fox's **Xolos** rights begin in 2018, while its **Santos** rights begin in 2019. -- **OWN** is launching a docuseries centered on daily life in an upscale bed and breakfast. Entrepreneur *Monique Greenwood* and her family will show the world their hospitality when "Checked Inn" premieres on Nov 21 at 10pm ET. -- Starting Nov 25, **Lifetime** is premiering six original movies to ring in the holiday season. Six mini-movies are set to debut alongside the feature-length films, which are set to star *Mario Lopez*, *Melissa Joan Hart*, *Tatyana Ali* and others. -- **Sunrights** renewed animated program "Beyblade Burst" for a second season. It has been licensed to **Disney XD** in the United States and to **Corus Entertainment's Teletoon** and **Disney XD** channels in Canada. The second season will feature 51 22-minute episodes.

People: *Fran Shea* has been named evp, programming and marketing for **GSN**, effective immediately. Shea will oversee all aspects of her departments, including in-house production, acquisitions, development, network branding and messaging to viewers. Shea previously ran her own consulting firm, counting **GSN**, **HBO**, **Cinemax** and **E!** among her clientele.