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What the Industry Reads First

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Tale of Two Agencies: Sinclair Praises FCC's Deregulation, Pressures DOJ

Sinclair Broadcasting execs are thrilled with the **FCC's** deregulatory agenda, which could help pave the way for the pending **Tribune** merger, but are growing frustrated with pushback from the **Department of Justice**. The DOJ requested additional information from both parties for a second time in August under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, suggesting possible concerns about the mega-merger that would result in the combined company's signals reaching more than 70% of US households. Sinclair exec chmn *David Smith* during the company's 3Q earnings call Wednesday praised the FCC, which is expected to vote in favor of local ownership deregulation at its November meeting, and pushed for the DOJ to fall in line. "The Federal Communications Commission, for at least the first time I can recollect, has come out and essentially said, 'The local broadcasters now compete against essentially everybody,'" Smith said. "So, the Federal Communications Commission now subscribes to that view, which is obvious in terms of the reality of it. Sooner or later, the Justice Department it seems to us is going to have to get aligned with the realities of the marketplace." The company also expressed satisfaction with the FCC's proposal to allow deployment of the next-gen broadcast standard (ATSC 3.0) on what the agency calls a "voluntary, market-driven basis." Sinclair pres/CEO *Christopher Ripley* dismissed MVPDs' concerns about the plan. "In terms of negotiating retrans, that was just a smokescreen put up by the MVPDs, an anticompetitive smokescreen, that the FCC did not fall for," he said. "We don't see this migration affecting retrans whatsoever." Opponents of the Sinclair-Tribune deal, including Democratic lawmakers, have suggested that the FCC is going out of its way to accommodate the merger and possibly conspiring with the *Trump* administration to push the deal through the approval process. FCC chmn *Ajit Pai* has defended the agency's handling of the deal and denied any link between recent policy decisions—the reinstatement of the UHF discount, for example—and the pending merger. Sinclair saw quarterly revenue decrease 3.3% from 3Q16 to \$670.9m, partially due to the impact of recent weather events and inequities in the comparison to last year, which featured the Olympics and a presidential election (political revenue was \$7.3m, down from \$45m in 3Q16). The company said a YOY increase in retransmission revenue helped mitigate the overall decrease. It also sees room for growth in retrans revenue. "We're still making up for a huge gap in terms

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of what we get paid vs. the audience we deliver,” Ripley said. He also noted recent deals with **YouTube TV** and **PlayStation Vue**, which include carriage of **Tennis Channel** and sci fi digital broadcast network **Comet**, will bear fruit in upcoming quarters. Those streaming TV services have been fervent in their push to add local stations to their lineups in recent months, and Ripley said the company has just begun doing business with these services. “Having local broadcast stations, local news and unique and compelling content is very important to these virtual MVPDs as they launch their platforms,” Ripley said. Another notable takeaway from Wednesday’s earnings call was that Sinclair said it has no interest in hiring former **Fox News** host *Bill O’Reilly*. Ripley denied recent reports of a possible union, saying O’Reilly approached Sinclair, but that the broadcaster turned him down. “We do not have any interest in hiring him,” the CEO said.

Mediacom Earnings: Positive results in broadband and business services powered **Mediacom** to a 3.8% YOY revenue gain in 3Q. The privately held operator reported Wednesday that it added 9K broadband subs in the quarter, bringing its total to 1.2mln, and saw broadband revenue increase 11% YOY to \$169mln. Business services revenue increased 8.5% compared to the same quarter last year, reaching \$63mln. Video continued to produce more revenue than any other product for Mediacom despite a slight decline. The company lost 6K video subs, bringing its total to 823K, as revenue decreased 0.7% YOY.

Piracy Watch: Across multiple tier-1 North American networks, 6.5% of households are using known subscription television piracy services. **Sandvine** calculates the activity could cost communications service providers in the US and Canada more than \$4bln a year if piracy continues. This directly impacts the programming that comes to licensed TV services, and could lead to fewer jobs in the entertainment industry at-large. Almost 95% of piracy is driven by purpose-build set-top boxes created in order to recreate the experience of owning a traditional set-top box, the report said. Four distinct usage trends are tied to the viewing of pirated TV services: premium television, live sports, news and international/expatriate content. Adoption rates are still relatively low, but the ease-of-use and low cost associated with them could lead to a billion-dollar piracy problem for the industry.

Horse Play: **RIDE TV** is now available on **Sling TV**, marking the independent cable net’s first deal with a virtual MVPD. Sling customers have to subscribe to the additional Heartland Extra package for an extra \$5/month in order to watch RIDE. RIDE’s programming focuses on horses and the equestrian lifestyle, with programming that includes live events, reality shows, talk shows, kids’ shows and documentaries.

More for Nexstar: **Nexstar Media** and **White Knight Broadcasting** are teaming up with new partners **Shield**

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Media, Tamer Media, and Vaughan Media to add digital broadcast networks **Bounce, Escape, Grit** and **Laff** to 43 more channels. They've also renewed affiliation agreements for 21 current stations with all affiliations extending into the next decade. The multi-year agreements cover 52 stations in 41 markets owned or programmed by Nexstar, which was acquired by **Media General** in January. With the new deals in place, **Katz** nets will be available on more than 200 channels nationwide. The gains will place Bounce in 86% of US households, with Escape, Grit and Laff hitting 89%, 87% and 90% of all US households respectively.

Oregon Trail: TDS Telecom finalized its acquisition of **Crestview Cable Communications** in central Oregon. Crestview's service areas include 21K homes passed in six communities. TDS plans to expand its fiber-to-the-home network in the La Pine area. It also intends to accelerate broadband speed upgrades and modernize video products and services in Prineville, Madras and across the Jefferson and Crook County service areas. Terms weren't disclosed.

TiVo-Discovery Partnership: TiVo and **Discovery Communications** entered into a multi-year product agreement, under which Discovery will use TiVo's Audience Works for Marketing product suite. The set of tools for end-to-end inventory management and execution is aimed at allowing Discovery to drive ratings and viewership through audience-driven on-air promotions and cross-channel media plans. Discovery hopes to use the suite to improve its process of efficiently finding and targeting viewers. The partnership also includes the use of audience and analytics reports based on viewership information from TiVo's Targeted Audience Deliver platform.

Opportunity Knocks: In partnership with the **National Urban League** and the **DC Office of Cable Television, Film, Music and Entertainment**, the **Multicultural Media, Telecom and Internet Council** is holding its second Tech Prep Summit at the University of the DC Van Ness Campus Student Center Thursday from 8am-3pm. The summit grants diverse students a chance to explore telecom and tech-related fields through keynotes and hands-on demonstrations with representatives from major tech companies and startups.

Jolly Holiday Ratings: Hallmark Channel launched its 2017 "Countdown to Christmas" on Oct 27, helping the net rise to be the highest-rated and most-watched channel on cable over the weekend across all key demos, including households, total viewers, W25-54 and W18-49. The premiere of "Marry Me at Christmas" Saturday night averaged 3.4mln P2+ and reached more than 4mln unduplicated viewers, marking it as the net's top-performing original premiere in 2017 to-date.

Programming: Netflix is adding to its original unscripted "Terrace House" franchise documenting the lives of six young men and women in a shared house with the upcoming Japan premiere of "Terrace House: Opening New Doors." It'll arrive on the streaming service for Japanese audiences on Dec 19 with bi-weekly episodes, while the first eight episodes will launch globally in the spring. -- For the 21st year, **Freeform** is bringing the "25 Days of Christmas" programming event to viewers everywhere. The period of holiday-themed family-centric entertainment runs from December 1-25. The event will feature new holiday-themed specials, including "Disney's Fairy Tale Weddings: Holiday Magic" and "Decorating Disney: Holiday Magic." Programming will also be available for streaming on the Freeform app and online. -- Production has begun on **TV One's** "Down For Whatever," which won the 2017 American Black Film Festival Screenplay award. The film, written and directed by *Tim Folsome*, is TV One's first action-thriller, and is set to premiere at the 2018 ABFF in June followed by a TV One premiere in July. -- The second installment of **FX's** "The Assassination of Gianni Versace: American Crime Story" will premiere on Jan 17 at 10pm. -- **YouTube** is adding to its reality-competition lineup with "Ultimate Expedition." The series features eight celebrities with no climbing experience facing the challenge of climbing Peru's Mount Tocllaraju (19,790 feet). The 10 episodes will debut exclusively on **YouTube Red** in 2018.

People: CBS tapped *Radha Subramanyam* to serve as evp, chief research and analytics officer, **CBS Television Network**. She'll head daily research operations for the net, overseeing audience measurement, analytics, market research, program testing and advertising research. She last served as president of research, insights and data analytics for **iHeartMedia**, and has experience in broadcast, cable and digital as well as radio and social media. -- **Viacom** has appointed *Kelly Day* pres, Viacom Digital Studios, a newly-formed unit centered on the creation of digital content for Viacom and its global brands. She'll be charged with executing the company's digital content strategy and collaborate with all of the brands to create a coordinated approach to their digital content. Day hails from **AwesomenessTV**, where she formerly operated as the multiplatform media company's chief digital officer before rising to chief business officer. Other former positions include operating as CEO of **Blip Networks** and in other leadership positions at **Discovery Communications**.

Think about that for a minute...

Timeframes

Commentary by Steve Effros

I'm spending more and more time in these columns musing about the effects of all the technology we have been responsible for introducing to the American public. While the cable/broadband industry is certainly not alone, given the equal input from the computer and wireless folks, the combination of all of us has clearly been at the forefront of moving from the "industrial revolution" to the "information age." We're not handling the transition particularly well.

With **Google**, **Facebook**, et. al., testifying on Capitol Hill about the runaway use of their platforms to spread disinformation, and the stunning announcements about plea deals and indictments this week, one of the things that strikes me as odd is the almost-glaring omission of the context of time.

It appears we've become so used to things seemingly "happening overnight" that we've lost much sense of the context and timeframes in which things actually happen. Let's take the two examples above; the spread of disinformation, while everyone is focused on it now, especially as it related to the elections, has been happening for a long time, and some have tried to counter it throughout that time. The Urban Legends Reference Pages (the original, and still formal name of Snopes.com) was started in 1996! That's just shortly after broad based use of the "world wide web" started. It's just that some groups have now gotten really good at using, or abusing the power that information explosion created.

As to the indictments, hey, anyone dealing with the legal system should know that in complex, and particularly in controversial cases, the time frame between the headline and the verdict, if there is one at all, is usually measured not in months, but in years! Yet the "pundits" on all



sides are already prognosticating about the "outcome" or "end" of investigations and cases that have barely started.

We know a lot about that in our industry. Take "net neutrality" as an example. To be sure, we're still in the midst of debates, policy changes, legal challenges and lots of PR surrounding the "current battle" over "net neutrality." But that phrase was actually coined in 2003! We've been battling it back and forth ever since. Another example: the last comprehensive Congressional revision of the telecommunications laws in this country took place over 20 years ago. The "Internet" was not mentioned.

My point here is that there's a serious lack of appreciation regarding timeframes. I have highlighted some that relate to policy and law and politics, but you would be wise to apply the same filter to technology in general. How long will it be before the nation is "wired" with fiber optics? Don't hold your breath. How about "5G"? A great talking point, but the **FCC** hasn't even determined all the spectrum that would or could be used for that technology. The transition to ATSC 3.0, which of course follows that great experience of transitioning to HD... well, we have no idea.

So, when you start hearing about something that seems to have major implications, that may be true. Indeed, in a lot of the cases I just cited, it has, or will be true. But not in the timeframe most folks understand. If we don't want to mislead people, and create expectations that are simply wrong, we have to be very clear about those time frames. If we don't, almost everyone will eventually become dispirited. Regrettably, I think we are at that point today.

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.)



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