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What the Industry Reads First

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Charlie's Angle: Ergen Steps Down as DISH CEO to Focus on Wireless

DISH is undergoing a significant organizational restructuring highlighted by chmn *Charlie Ergen* stepping down from his role as CEO on Tuesday. The company said he now plans to “devote more attention to the company’s emerging wireless business.” DISH promoted *Erik Carlson*, who previously served as pres/COO, to pres/CEO, but Carlson will continue to report to Ergen. **Wells Fargo Securities’ Marci Ryvicker** endorsed the choice, writing, “Given the unique nature of the DBS (digital broadcast satellite) business and DISH’s strategy of focusing intensely on high-quality satellite subscribers (which has worked) we feel the internal promotion of a 20 year DISH veteran to continue this strategy is absolutely appropriate.” The open question about DISH is what exactly it plans to do in the wireless space. The satellite provider is sitting on a stockpile of spectrum, making it a potentially impactful player in the wireless market despite its inexperience in the space. In addition, DISH needs to build out to at least 70% of each license area it operates in by 2020 to meet **FCC** requirements. While selling the spectrum to an established wireless player remains an option, the company has stated it plans to build a narrowband IoT network that will allow it to meet the 2020 deadline. Research firm **MoffettNathanson** wrote earlier this year, “We struggle to see how such a network could ultimately be desirable or lucrative for Dish and its shareholders.” There has also been M&A chatter around DISH in recent months based largely on its spectrum holdings and a potential wireless play. It’s also worth noting the latest reorganization comes just a few months after the departure of **Sling TV CEO Roger Lynch**, who left DISH to take the reins at music streaming service **Pandora**. This isn’t the first time Ergen has stepped down from the CEO post. He made a similar move in 2011 when he hired *Joseph Clayton*. When Clayton retired in 2015, Ergen reclaimed the CEO role. Beyond the change at the top, the company will now assume a group structure, with DISH TV, Sling TV and the wireless business each operating as their own unit. *Brian Neylon*, formerly DISH’s evp, customer acquisition and retention, will now serve as evp and pres of the company’s traditional pay-TV unit. Former evp, marketing, programming and media sales *Warren Schlichting* will now serve as evp and pres of the Sling TV group. Ergen will lead the wireless business (DISH said titles for that division had not been formalized yet). *John Swieringa* will succeed Carlson as COO for DISH and oversee operations of all three groups. *Vivek Khemka* also

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joins Carlson's leadership team as chief technology officer, supporting all three divisions. The company also hired **Walmart's David Scott** for the role of chief HR officer, also reporting to Carlson. Carlson's other direct reports are evp & general counsel *Tim Messner*, CFO *Steve Swain* and vp, corporate communications *Bob Toevis*. In addition to Carlson, Ergen will have three direct reports: evp, corporate development *Tom Cullen*, evp, strategic planning *Bernie Han* and svp, public policy & government affairs *Jeff Blum*. That Blum will report to Ergen shows the boss' desire to be as involved as possible in the wireless business, as Blum's DC office deals with the FCC on spectrum-related issues. Of the shakeup, Ryvicker concluded, "We really don't think this suggests any strategic change in the business, but rather highlights Charlie's commitment to the 5G-like/capable network."

Disney-Fox Talks Heating Up: Disney is closing in on a megadeal to acquire major assets from **21st Century Fox** that could be announced as early as next week, according to a [CNBC report](#). Fox is also talking with **Comcast**, but the report states discussions with Disney have "progressed more significantly." The proposed deal with Disney reportedly values the assets involved—Fox's film studios, RSNs, cable channels like **FX** and **Nat Geo**, India-based **Star**, stakes in **Sky** and **Hulu**, among other properties—above \$60bln. 21CF CEO *James Murdoch* said Tuesday at the **UBS** investor conference that he had "nothing to add" regarding the rumors.

Patently Offensive: Sprint is suing **Mediacom** for 13 counts of patent infringement related to the telco's voice-over-packet (VoP) technology. Mediacom declined to comment on the case, saying it is still reviewing Sprint's complaint. The suit is the latest in a string of legal actions by Sprint aimed at enforcing its digital telephony patents that dates back to 2007. In that time, the company has sued **Vonage**, **Cox**, **Comcast**, **Cable One** and **Time Warner Cable**, among others, and been largely successful. The company's 2007 suit against Vonage resulted in an \$80mln license agreement between the two parties. In March 2017, Sprint won its suit against TWC (now owned by **Charter**), garnering an award of \$139.8mln in damages. Most recently, Comcast disclosed in an October **SEC** filing that it reached a \$250mln settlement with Sprint.

Viacom Hits UBS: Viacom pres/CEO *Bob Bakish* spoke on the company's priorities moving into 2018, touching on three core areas and building on its work with skinny entertainment-only bundles like **Philo**. Bakish expressed his excitement for the **Paramount Pictures** business and plans to accelerate Viacom's participation in OTT and vMVPDs. Pay-TV will remain at the core of it all, leveraging new IP like **Nick Jr's** "Top Wing" and third-party IP to boost revenues while cutting down on development costs. Bakish confirmed that the "Flagship Six" strategy that drove 2017 will continue through next year, with content for **Nickelodeon**, **Nick Jr**, **BET**, **Comedy Central**, **MTV** and **Paramount** taking priority. This led to overall ratings growth of 3% in 4Q, with flagship ratings rising 6% after a string of negative quarters.

Verizon's 5G Plans: Verizon plans to target 30mln homes outside its existing Fios footprint with its initial fixed wireless 5G rollout by offering broadband both on its own and as part of a new-look triple play. Speaking at the **UBS** investor conference Tuesday, Verizon evp/CFO *Matt Ellis* expounded on the carrier's recently announced plans for its initial residential 5G rollout. He said the company would either offer the 5G broadband as a standalone product for cord-cutters or as part of an internet-video-voice bundle. The video product, however, will differ from a traditional offering. "It won't be your traditional linear TV product," Ellis said. "It'll be a more over-the-top product and the exact



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nature of that OTT product, more details to come there.” As for the prospect of entering new markets as a broadband provider, Ellis expressed confidence that the company can leverage mobile customer relationships. “Once we go into these markets, we’re not going in without knowing the customers in those markets,” he said. “We have a lot of customer relationships—over 100 million connections on our wireless network. So, we know a number of those people already. ... We will look to add a 5G product to our relationship with them.” Ellis was also asked if Verizon regretted its MVNO wholesale deal with **Comcast** and **Charter** given **Xfinity Mobile’s** immediate impact on the wireless market. “They’re going to come in, they’re going to do some things differently, some other wholesalers—we look forward to seeing what they do,” he said. “But we’ve competed very effectively against all the various wholesale partners that we’ve seen over the past couple of decades and see no reason why we won’t continue to do so.”

The Time is Now: DirectTV Now, which launched this time last year, has surpassed 1mln customers. **AT&T**, which owns the virtual MVPD, plans to launch a new iteration of the platform in early 2018. That version, which AT&T CEO *John Stephens* said Tuesday is currently undergoing beta testing within the company, will include capabilities for cloud DVR, 4K video, more than 35K VOD titles, individual profiles and an additional concurrent stream. Stephens also touted the opportunity for digital advertising inserts during the **UBS** investor conference. “This next generation will improve the margins and turn it to that operation growth phase that, just like we did with the prepaid [wireless] business,” he said. “It will also give us a very high-quality product to bundle with broadband, to bundle with wireless, to provide a total service package to a customer group that we are underserving today.” He added of profit margin for the virtual MVPD, “It’s going to get into very acceptable levels. Will it get to the traditional legacy levels? No. But will it get to the very acceptable ROIC? Yes.”

Onwards and UPwards: UP Faith & Family launched a direct-to-consumer app available across seven platforms including **iOS**, **Apple TV**, **Android** and **Android TV**, and a redesigned upfaithandfamily.com. It will come to **Roku**, **Xbox One** and **Fire TV** in the near future. The service features exclusive seasons of shows like “Heartland,” as well as a wide selection of family-friendly content.

Programming: HGTV is debuting a new series in which two siblings taking on Pittsburgh’s historic homes. “Restored by the Fords” will feature *Leanne and Steve Ford* creating custom designs to maximize charm and functionality when it premieres Jan 2 at 10pm ET/PT. -- “Planet Earth: Blue Planet II,” the next installment of **BBC’s** “Planet Earth” series, will premiere on Jan 20 at 9pm as an **AMC Networks** simulcast event. **BBC America**, **AMC**, **IFC**, **WE tv**, and **SundanceTV** will air the premiere, with subsequent episodes coming to BBC America on Saturday nights. -- **A&E** announced its January content slate, which will feature the returns of Emmy-winning franchises “Intervention,” “Leah Remini: Scientology and the Aftermath,” “60 Days In” and “Born This Way.” New documentary programs “Undercover High” and two-part special “Waco: Madman or Messiah” are also set to premiere. Self-made millionaires *Mike “Rooster” McConaughy* and *Butch Gillam* will speak on their pursuits of the American dream in “Rooster and Butch,” rounding out the new offerings.

Ratings: Thanks to its “Countdown to Christmas” programming event, **Hallmark Channel** was the highest-rated and most-watched network on cable among W18-49 and W25-54 for November. This marked the network’s most-watched and highest-rated month of all time. The net’s original holiday movie premieres have averaged a 3.4 household rating, as well 700K W25-54 and 3.9mln total viewers (P2+).

People: *Joey Sabella* is joining **Twentieth Century Fox** as vp of sales for the Americas. He’ll support pay-TV and SVOD licensing rights in the US as well as all TV licensing negotiations in Latin America and Canada. Sabella previously served as head of sales, US & Latin America for **eOne**, managing distribution across TV, digital and mobile. -- **GSN** named *Tim Carry* evp, distribution for GSN TV, effective immediately. Carry hails from **Fox News**, where he served as evp, affiliate sales and marketing.



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