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Friday — December 15, 2017

What the Industry Reads First

Volume 28 / No. 240

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 - Technology Partners
- Website Design
- Website Redesign
- UX/UI Design

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- Graphics
- Use of Live Streaming
- Live Event Coverage
- Original Content
- Online Short (scripted or unscripted)
- Podcast or Videocast
- TV Everywhere/Authentications App (Operator)
- TV Everywhere/Authentication App (Programmer)
- TV Everywhere Technology (Vendor)
- Use of Video/Moving Image
- Virtual Reality Content

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- Blog or series of Blogs
- Editorial Excellence
- Fan Base Cultivation
- Interactive Brand Content
- Overall Social Presence
- Supplemental Web Content
- Sponsored Content
- Use of Facebook
- Use of Instagram
- Use of Snapchat
- Use of Twitter
- Use of Other Social Platform

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- App for Tablet
- Mobile Experience
- Mobile Marketing Campaign

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Mouse in the House: Disney Agrees to Buy Cache of 21st Century Fox Assets

The Mouse got a whole lot mightier on Thursday, as **Disney** agreed to acquire assets from **21st Century Fox** for a total of \$52.4bn in equity. It's a transaction that, if approved, would dramatically change the power dynamic in the content space. Disney's haul would include all 22 of Fox's US-based RSNs, **FX Networks**, **National Geographic**, an additional 30% stake in **Hulu** and Fox's film and TV studios. The deal also includes several global assets, including **Star India** and a TBD stake in British telco **Sky**. Fox plans to spin off its remaining assets—Fox broadcast net and local stations, national sports nets (**FS1**, **FS2**, **Big Ten Network**), **Fox News** and **Fox Business**—into a separate company (referred to as 'new Fox' for now). The parties expect the deal to close within 12-18 months. As part of the agreement, Disney chmn/CEO **Bob Iger** agreed to stay on at the combined company through 2021. He touted the megadeal as a way to both scale traditional multichannel distribution and expedite the rollout of Disney's direct-to-consumer strategy. "Should the multichannel ecosystem get to the point where it's not as viable as we need it to be, we'll be well-positioned to, in effect, flip a switch and distribute those channels and those programs direct to the consumer through the platforms that we've created," he said. Disney's OTT strategy became a bit clearer with the addition of Fox's 30% stake in Hulu to its own to take majority ownership. In addition to Disney's previously announced streaming services for sports and family content, the company plans to market Hulu as its OTT offering for adults. Iger said the three services will be available either as a package or a la carte. He added Thursday morning, however, that he had yet to speak with leadership at **Comcast**—a 30% stakeholder—about plans for a Disney-controlled Hulu. Asked on **CNBC** whether he anticipates any trouble from Comcast or 10% stakeholder **Time Warner**, Iger said, "No, we certainly hope not." **Moody's Investors Service** wrote Hulu's current hodgepodge ownership model "has resulted in self-interest strategic conflicts and missed opportunity which comes with it." As for sports, Disney plans to treat the newly acquired Fox RSNs like affiliates of the flagship ESPN network. Iger said content could flow in both directions between the national and regional nets, but that RSN content is unlikely to appear on the **ESPN Plus** streaming service set to launch next year. Combined, the 22 RSNs hold the media rights for 17 **NBA** teams, 15 **MLB** teams and 12 **NHL** teams. **Pivotal Research** analyst **Brian Wieser** wrote Fox's retention of its national sports business will likely cost ESPN in negotiations for live rights. "The one negative from the transaction is that Fox will evidently



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Questions? Email Mary-Lou French, mfrench@accessintel.com



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continue to operate its national sports properties in competition with Disney's ESPN," he wrote. "Sports rights fees were already likely to undergo significant inflationary conditions as significant packages of content become available given the likely presence of **Facebook**, **Amazon**, **Alphabet** and **Verizon** as bidders in addition to Disney, Fox, Comcast and **CBS**." Meanwhile, the merger drew the ire of **ACA**, which expressed concern about the potential for anticompetitive behavior. "Because the combined company post-transaction could leverage these programming assets to undermine competition to the detriment of consumers, federal agencies must fully investigate the proposed combination to ensure that it neither violates antitrust laws nor is inconsistent with the public interest," ACA pres/CEO *Mike Polka* wrote.

Looking Lean: 21st Century Fox exec chmn *Rupert Murdoch* addressed the decision to sell off a large chunk of his media empire, saying, "Are we retreating? Absolutely not. We are pivoting at a pivotal moment." The post-spinoff version of Fox will focus on live sports, news and broadcast programming. "While the merged business is about scale, the new Fox is about returning to our roots as a lean, aggressive challenger brand," said Fox exec chair *Lachlan Murdoch*. "Focused at the beginning on must-watch news and live sports, the business is positioned to explore potentially disruptive distribution and monetization strategies." The elder Murdoch (Rupert) argued the new Fox could be even tougher to negotiate against for distribution. "We're in a stronger position, if anything, with FBC--with its **NFL**--and, particularly **Fox News**. Fox News is something that just no one can afford to drop. *Charlie Ergen* tried it for six weeks and lost 150,000 customers."

Net Neutrality's Day: As proponents of the **FCC's** order to rollback Title II regulation predicted, the internet didn't come to an end Thursday. But neither did the controversy surrounding the move, with promises of litigation and legislation quickly following the 3-2 vote in favor of chmn *Ajit Pai's* Restoring Internet Freedom order. NY Attorney General *Eric Schneiderman* quickly declared he would lead a multistate lawsuit to stop the order from taking effect. The FCC order stops states and local authorities from enacting their own net neutrality rules. There's no exact timetable for when broadband returns to a Title I regulatory regime, with the FCC needing approval from the Office of Management & Budget on a new transparency rule that requires ISPs to disclose any blocking, throttling, affiliated prioritization and paid prioritization (disclosures would then be scrutinized by the **FTC** or **DOJ**). OMB approval could take months, with the rules to go into effect "shortly" after it is received, FCC staffers said. Consumer interest groups such as **Free Press** are pushing for Congress to pass a resolution of disapproval that would reverse the FCC's vote. That seems unlikely, though there have been a few Republicans who have spoken out against the FCC's actions, including Sen *Susan Collins* (R-ME). "Repealing the FCC's net neutrality rules will undermine longstanding protections that have ensured the open internet as a powerful and transformative platform of innovation and economic opportunity. We are concerned about the proposed order's impact on the free market that has driven growth in our economy for years, and the potential adverse effect on rural America's ability

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to realize the internet's full potential," Collins wrote in a letter along with Sen *Angus King* (I-ME). Sen Commerce chmn *John Thune* (R-SD) again called for bipartisan legislation to avoid regulatory ping pong. Cable has been pushing for such intervention as well, and various Democrats have also shown interest in Congress settling the issue once and for all. As for Thursday's nearly four-hour long meeting, it went much like expected. A "Net Neutrality Wakeup Call" rally outside drew a crowd outside the agency. Inside, it was relatively quiet until shortly before the Restoring Internet Freedom vote, when Pai was handed a note. After he read it, he stopped his statement and said the meeting would need to recess for security concerns. Security had everyone leave their belongings in the room, which was swept with dogs before everyone was allowed back in after a brief pause. Pai continued his statement where he left off.

FCC Meeting Notes: There were themes among the comments of **FCC** commissioners voting on the Title II rollback Thursday. Democrats *Mignon Clyburn* and *Jessica Rosenworcel* focused on the FCC proceeding with the vote despite complaints about a comments in the docket that may be fake, fretting that the agency had lost sight of its mission to serve the public interest. Republicans repeatedly decried net neutrality scare tactics. "The legend of a cable company trying to break the Internet makes scary bedtime stories for children of telecom geeks, but it's not reality," *Mike O'Rielly* said. The commissioner later called out a headline that said "The End of the Internet As We Know It" (he didn't identify the outlet, but screenshots of **CNN's** front page on social media showed the same headline). "They are extending the hyperbole," he said. "Everyone take a deep breath. It's going to work out." Clyburn said there would undoubtedly be a rush to the courts because the FCC used "legally suspect means" to establish the new rules. Rosenworcel hammered the agency on not yielding to 19 state Attorneys General who asked it to delay a vote while it probed the issue of fake comments. -- The FCC's agenda Thursday included a 3-2 vote to open a review of the 39% national audience reach cap, including the recently reinstated UHF discount. The cap limits broadcasters from controlling or owning more than 39% of TV households in the country. The NPRM poses questions about the cap, but draws no conclusions. That was still too far for Rosenworcel. "The FCC lacks authority to change this law. Doing so is the exclusive province of Congress. But somehow, somehow, we have this rulemaking anyway," the commissioner said. Less controversial was an NPRM approved unanimously to explore how MVPDs communicate with customers. It proposes allowing cable ops to send general written notices to subscribers by email, as long as they use a verified email address and comply with other consumer safeguards. The NPRM also proposes to allow cable operators, satellite carriers (kill oxford comma) and open video systems to deliver certain subscriber privacy notifications by email.

Back at BET: Leadership is shifting at **BET Networks**, continuing the year's trend of shakeups at the **Viacom**-owned property. **Viacom** evp/CAO *Scott Mills* is assuming the role of BET pres, effective Jan 1. *Debra Lee*, who has served as pres since 1996, will continue to operate as chmn/CEO, working with external stakeholders while also advising Mills as he guides the overall strategy and day-to-day operations. *Michael Armstrong* will continue to act as general manager. Mills is far from a newcomer to BET—he previously served as pres/COO, guiding its business functions and launching **Centric**, now **BET Her**. BET had a busy 2017, shuttering its DC HQ, moving to NY and finding new leadership following the departures of *Stephen Hill* and *Zola Mashariki*.

Sinclair-Tribune: The **DOJ** wants **Sinclair** to divest about 12 broadcast stations to receive approval for its \$3.9bn Tribune acquisition, the *WSJ* reports, citing people familiar with the matter. The concern involves markets where each company has a top four station, such as St Louis and Salt Lake City.

WOW!-Verizon Hit Chi-Town: *Teresa Elder* is joining **WOW!** as CEO and a member of the company's board of directors, succeeding *Steven Cochran* as he prepares to retire after 15 years of service. Cochran will act as an adviser through June 30. Elder previously served as founding pres of **Clearwire Wholesale** (sold to **Sprint**), CEO of **Vodafone Ireland** and pres of **AT&T Broadband West**. The transition comes as WOW! closed its sale of a portion of its fiber network in the Chicago market to a **Verizon** subsidiary for \$225mln in cash. WOW! and Verizon have also entered into a construction agreement in which WOW! will complete the build-out of the network in exchange for approximately \$50mln. The final build-out is expected to be finished during the second half of 2018. The board also authorized a stock repurchase program effective immediately, allowing WOW! to repurchase an aggregate of \$50mln of its outstanding common stock over the next 12 months.

Crystal Clear: **DirectTV** said it is launching the first pay-TV 4K HDR broadcasts in the US, including sports, music and events. The showdown between the Pittsburgh Penguins and Vegas Golden Knights Thurs (12/14) was set to be the first of these events, via a simulcast of **NHL Network**. Thirteen **NBA** games will also be broadcast in 4K HDR, joining programs like the Brian Setzer Orchestra's 14th annual "Christmas Rocks!" concert Monday at 11pm ET and the annual Rose Parade on Jan 1 at 11am ET.

PROGRAMMER'S PAGE

Around the World With the 'Booze Traveler'

There's nothing like sitting down with an old friend and sharing stories over a drink. **Travel Channel's** "Booze Traveler" has tested that concept on a global stage, sending host *Jack Maxwell* to destinations bearing little resemblance to the South Boston barrooms he shined shoes in as a kid. The program is set to premiere its fourth season on Dec 18 at 10pm ET, adding new elements while maintaining the warmth and intimacy that seems to emanate from Maxwell. "The mission of the show has always been to open up the world by having a drink with a new friend, and that's an important spirit to continue to honor," said *Christine Shuler*, director of programming and development for Travel Channel and exec producer of "Booze Traveler." "When someone physically hands you a drink, there is an expression of genuine friendship and humanity." Maxwell has taken this mission to the extreme, oftentimes taking detours from the planned travel itinerary to meet up with fans and bar owners around the world who reach out over social media. For the first time, these spontaneous excursions have been incorporated into the show. "Yes, we have a plan and an itinerary, but it's really the intimate moments and the stories of the people who make the character of a place, who bring to life the mythology and history and traditions," Shuler said, noting a time in Norway where the team ended up on a mission to find "The Mead of the Viking Gods." "Liquor and booze are so familiar, but they lead you down all these paths of adventure and discovery." Maxwell recently announced his battle with non-Hodgkin's lymphoma, but that doesn't mean his globetrotting is coming to an end anytime soon. "He would like to continue on the path of adventure and connecting with people because that's what he enjoys doing, and we want to support him on that journey," Shuler affirmed. —*Sara Winegardner*

Reviews: "I Am Sam Kinison," premiere, 10pm, Tuesday, **Spike**. Who knew? *Sam Kinison* was, by his own admission, "a serious preacher," we learn in this intriguing doc about the whacky comedian. He preached for seven years, having grown up in the Evangelical church, where his dad was a legend. Fortunately for comedy, Kinison was unsuccessful financially as a preacher, but he knew he had a knack for making people laugh, even though he was preaching. He left religion for comedy, where the object is to make people laugh. Did his devil-may-care comedic style mean he had a screw loose? Possibly. He'd been a normal kid, laid back actually. Then came "the accident," when a truck hit Sam and, as his brother tells us, it changed his personality, radically. He left Houston for LA, hoping to hit it big as a comedian. Initially it didn't work. Sam bombed at The Comedy Store and was relegated to living hand to mouth as the club's doorman. But an act of bravery changed his course. He also revamped his act. He had become LA funny. -- "Circus Kid," Thursday, Dec. 21, **Sundance Now**. This doc gets a look because its producer is *Jon Hamm*, but viewers will stick with it because it's a compelling story of a family circus and its unusual founder. —*Seth Arenstein*

Basic Cable P2+ Prime Rankings* (12/04/17-12/10/17)		
Mon-Sun	MC US	MC US AA
	AA%	(000)
ESPN	0.893	2718
FOXNC	0.831	2531
HALL	0.773	2355
MSNBC	0.613	1867
USA	0.493	1502
FRFM	0.438	1334
TBSC	0.428	1303
HGTV	0.401	1221
HMM	0.388	1183
AMC	0.382	1163
DISC	0.374	1139
HIST	0.342	1042
A&E	0.324	988
ID	0.318	969
TNT	0.315	959
NICK	0.314	958
ADSM	0.303	924
FOOD	0.289	881
DSNY	0.288	877
CNN	0.282	858
BRAVO	0.266	811
TLC	0.253	772
FX	0.245	745
CRN	0.232	707
LIFE	0.216	657
TVL	0.209	637
NAN	0.203	617
NFLN	0.181	551
NKJR	0.176	536
DSJR	0.171	520
SYFY	0.169	516
VH1	0.165	502
HBO	0.159	483
ESPN2	0.156	475
INSP	0.156	474

* P2+ L+SD rankers are based on national Nielsen numbers, not coverage.

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