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Fully Baked: 420TV to Dispense All Things Marijuana

It's not all stoners and basement burnouts that are interested in the cannabis industry. At least, that's the word from **420TV**, a premium, ad-supported OTT network launching in January with goals to deliver a 360-degree view on marijuana. The net was developed by **420 Entertainment Group**, comprised of content producer and distributor **Ownzones Media Network, Genesis Media** and **Alex Nahai Enterprises**. Talk surrounding the decriminalization of marijuana has dominated the national stage since "The War on Drugs" began in the 1970s, but a cultural shift to the acceptance of its use emerged only recently, opening the door for 420TV—the name a tip to the code term for consuming cannabis. Providing a destination for "the converted and the curious" was a core concern in developing the network, fighting stereotypes surrounding cannabis users by offering programs like "Top Shelf with Dr. Dina," taking viewers behind the scenes of the farm-to-dispensary process and the benefits of medical marijuana. "It's not as one-dimensional, one-sided, as a lot of people think," Ownzones Media Network pres *Dan Goman* said. "What we're presenting is a more complete picture of what's out there—all the different things that this product can be applied to and all the people that are, in fact, using it." Head of product and innovation *Nick Nelson* is leading the multiplatform launch of the net, expecting 420TV to become available on every device "from **Roku** to **Apple TV**" by the end of next year. 420TV is also exploring possibilities for traditional carriage with MVPDs in the US and abroad. The net will soon announce its first success story with a carrier—a major cable operator in the Netherlands—and has plans to take advantage of the Ownzones VOD streaming video platform distribution network, which counts **Comcast, Amazon, Roku** and **Apple TV** among its distribution partners. Formerly head of creative at **Netflix**, Nelson said his experience working on the launch has felt just as historically important as his time with the streaming giant. "How often does a controversial subject like this and a drug like this change policy and become more mainstream and accepted in your lifetime? It probably happens one time," Nelson explained. "People really need to focus on being authentic to the community, serving an underserved need here and being the epicenter of the conversation around this change in history." 420TV is not the first to offer cannabis content. Niche social network and channel **WeedTV.com**, from VOD channel **Vegas on Demand** creator **Player's Network**, offers entertainment and information for those interested in the marijuana lifestyle. **Vice-**

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land has dipped into cannabis-centric content with "Weediquette" and "Bong Appétit." Where 420TV differs is its all-in approach on breaking the conversation surrounding marijuana use out of its current bubble and into the mainstream. "Internally, we've been talking about the channel as a cross between **MTV** and **CNN**, and it really is at the level," Goman said. "The quality of the programming, the focus and the 360 holistic view of this entire area is something that is not being pursued at the level that we're doing it right now." As far as concerns with reaching older audiences, Goman was confident in the content's ability to appeal to more than just millennials. "It transcends generations," Goman began. "Each generation has their own perspective or angle in terms of why they would view this, but we're presenting each different generation, each different party, a picture that they would be interested in and be compelled to come back."

Tax Reform: The House and Senate have resolved the differences between their versions of the Republican-led tax reform bill, and President *Trump* is expected to ratify it as soon as possible. The media and telecommunications space is expected to benefit more than most industries given that it currently pays one of the highest effective tax rates. Data compiled by *CNBC* shows the 33% median effective tax rate paid by the telecommunications services sector the past five years trailed only the energy sector's 35% rate. **Wells Fargo Securities'** *Marci Ryvicker* determined media companies could see earnings per share and free cash flow "jump 15-20% on average under tax reform." She identified **Comcast**, **Sinclair** and **Cable One** as companies with the most potential upside as a result of the changes to the tax code, which include a 21% corporate tax rate, a new interest-expense deduction method and 100% capital expensing. Looking specifically at earnings per share, she pointed to **AMC Networks**, **Disney** and **21st Century Fox** as potential big gainers. In terms of free cash flow, she suggested Cable One and Comcast have the most upside. She noted a cap on the amount of deductible net interest will impact **Altice** and **DISH**. The new bill will cap net interest deduction at 30% of EBITDA for four years and 30% of EBIT thereafter; the previous system allowed for full deduction for interest paid with no cap. The cable and media industries universally applauded the tax reform Wednesday. **AT&T**, which has been vocal in its advocacy for the bill, reiterated its plan to invest an additional $1bln in the US next year if the bill is signed into law. The company also promised to pay a $1K bonus to more than 200K of its US employees—all union-represented, non-management and front-line managerial personnel—news that President Trump touted after the legislation passed. **Comcast** announced a similar holiday bonus program, offering $1K bonuses to more than 100K frontline and non-executive employees.

Retrans Blackout: **U-verse** lost two **Sarkes Tarzian**-owned stations—**WRCB-NBC** in Chattanooga, TN, and **KTVN-CBS** in Reno, NV. The channels went dark at 5pm local time Tuesday following an impasse in retrans negotiations. The broadcaster said it granted AT&T a series of extensions after their agreement expired earlier in the year and had offered yet another. AT&T said Sarkes Tarzian is seeking a significant increase in fees.

Ready for Some Football: The **NFL** granted **ESPN** the right to stream "Monday Night Football" games on mobile devices, the second such deal for the league since its new, non-exclusive deal with **Verizon** early last week. ESPN's deal runs through the rest of the net's existing TV deal with the NFL, which ends after the 2021 season. Previously, TV partners like **NBC** and ESPN were unable to stream their nationally televised games on mobile devices (they were limited to connected TVs, tablets and desktops). Under **Verizon's** new five-year, $2.5bln deal, however, the wireless carrier gave up its mobile streaming exclusivity. Since that deal, the NFL has already reached deals with both NBC and ESPN.

Gig 'Em: **Charter** launched Spectrum Internet Gig in seven additional markets Wednesday. The DOCSIS 3.1 internet service, which Charter introduced in Honolulu last month, is now also available in Austin, Charlotte, Cincinnati, KC, NY, Raleigh-Durham and San Antonio. The 1 Gbps offering is now accessible to more than 8.8mln Charter customers. Spectrum Internet Gig is priced at $104.99/month for new customers and is free of data caps. Charter also doubled its minimum internet speeds in the Gig markets to 200 Mbps at no additional cost to new and existing customers. -- **Comcast** on Tuesday rolled out its own DOCSIS 3.1 internet service in Sacramento and nine surrounding cities. The cost for new residential customers is $159.95/month without a contract or $89.99/month with a one-year contract (Comcast says pricing for current customers with a contract will vary).

Ad Spending Forecast: Ad spending for cable was up 3% YOY in November, but down 2% year-to-date, according to the latest **Standard Media Index** figures. As a whole, national TV (cable+broadcast) was up 2% for November YOY, with broadcast seeing a 1% increase. Digital was strong, with 9% more spend in the month. **ESPN** continues to be the largest cable net in terms of spend by volume, with a 3% increase for Nov YOY. **TBS** and **HGTV** both saw a 7% increase in spend, **Nickelodeon** increased by 4% and **AMC** increased by 7%. SMI said **TNT** was the only top-10 cable net to see a decrease in ad spend. News continues to be a hot buy for cable, with the category up 8% year-to-date and 14% when only **Fox News, CNN** and **MSNBC** are considered. "By network, Fox News has increased revenue 12% looking at that same twelve-month period in comparison to that timeframe in 2015-16. CNN similarly saw 15% and MSNBC has seen an astounding 26% increase during that period. It must be noted however, that MSNBC had the farthest to climb, since by volume it is still lower than its competitors," the SMI report said.

Cracking Down: **Charter** is pressing its programming partners to help in its ongoing fight against password sharing, according to a *Bloomberg* report. Sources said that during their carriage negotiations this fall, Charter asked **Viacom** to both restrict the number of concurrent streams on its apps and make subscribers log in more often. The two parties did mention collaboration on "addressing unauthorized password sharing" when announcing deal details last month. Charter CEO *Tom Rutledge* has been a vocal critic of password sharing for years. Bloomberg also reported **ESPN** has reduced the number of simultaneous streams on its app from 10 to five and is considering dropping that to three. Research firm **Parks Associates** estimated annual losses from password sharing in the TV industry will reach $9.9lbn by 2021, compared to $3.5bln in 2017.

Give Me the News: **E.W. Scripps** signed distribution agreements for **Newsy** with **Comcast, AT&T** and **Charter**, in addition to a recent deal with **Cox**. The millennial-focused news net now has a pay-TV footprint of 26mln homes. Newsy is also available on several virtual MVPDs, as well as through its own app on streaming devices, smart TVs and mobile operating systems. As part of negotiations with Comcast, Scripps also renewed its retransmission agreement with the operator. Comcast will begin carrying seven Scripps legacy stations beginning in 2020.

TiVo-Altice Deal: **Altice USA** and **TiVo** reached an expanded six-year agreement that gives the operator broader access to TiVo's patent portfolios. Altice as part of the agreement launched TiVo's content discovery platform, which includes conversational voice search, on its new Altice One interface. It will continue to use TiVo's i-Guide and Gateway DVR solutions.

People: With the upcoming April retirement of **Charter's** *Mike Robertson*, *Adam Ray* was named regional vp, Florida region, rising from his current position as group vp, residential direct sales. Filling Ray's role will be *Keith Dardis*, who was promoted to svp, residential and SMB direct sales. Dardis will continue to lead the SMB direct sales team while assuming Ray's responsibilities upon his transition. Charter also promoted *Tom Monaghan* to svp, field operations, leading the Texas, South, Northwest, Great Lakes and Central regions. The restructure aligns all sales channels under one leader, having *Christian Ruiz*, svp, inbound sales and retention, directly reporting to evp/CMO *Jonathan Hargis*. -- **CTIA** pres/CEO *Meredith Attwell Baker* has signed on for a five-year contract extension, solidifying her position as the head of the wireless group.

Think about that for a minute...

The Network

Commentary by Steve Effros

It used to be pretty simple. When someone referred to "The Network" the only real question was which one; NBC, ABC or CBS. Then Fox came along, and things started getting a little more complicated. We went from three (yes, I know, originally there were only two until NBC split up) to four, and then came TBS and USA and Cartoon and ESPN and Discovery and CSPAN and … well, you know what has happened since then. I have literally hundreds of channels available to me now, and they are all "networked" via satellite to multiple distributors all over the country and the world.

This has created a problem I have written about a lot, and I am once again experimenting with various solutions; navigation. There have been many promising developments in the area of navigation, program guides, recommendation engines, voice commands, universal remote controls and the like. But have we really "solved" the problem of all of those options now available or have we created a situation where the consumer is just hunkering down with the few channels they know and ignoring all the rest? I fear the latter.

With both Black Friday/Cyber Monday and Christmas sales being the absolute best time for folks to buy new electronics, and particularly television sets, you can be sure that there are going to be a lot of shiny new gadgets plugged in to our systems and our customers desperately trying to figure out how to use all the new, neat capabilities. This goes not only for TV sets, but Roku boxes, Fire TV, Google Chromecast and the like. It's a veritable cornucopia of confusion.

Will my new OLED "Smart TV," which has its own program guide and recommendation engine work properly with my cable service which also has both of those things? Which one should I use? Will the remote work equally well with both or have the manufacturers (or operators) tilted the playing field a little in their direction by making one more useful than the other?

I'm not an unsophisticated user of all this stuff, having tested and written about it for a very long time. But I can tell you that even for me it's a major challenge to figure out the "best" answer to those questions. If it's tough for me, I'm guessing the average consumer is either totally confused or giving up and using whatever the "easiest, automatic" set-up is and leaving it at that.

But now there's yet another complication; "The Network" doesn't refer to those programmers any more. It's far more likely to refer to the broadband network that is the moving force behind all those new, neat "cloud based" navigation services. And "the network" has an annoying habit of periodically disconnecting… even for a moment, and causing the "Smart TV" to suddenly become dumb! This is going to be a very big problem for us, because regardless of whether that disconnect (and the then required reconnection, usually including a password) is caused by a momentary power outage or a brief glitch in the WiFi system or, indeed, a hiccup in the broadband delivery, you know darn well who the consumer is going to call! Be prepared.

"The Network" now refers to us, and our customer service folks are likely to start getting more and more calls as reliance on "Smart TVs" and "Smart" set top boxes become the norm. This is not a problem, it's an opportunity. Get ahead of that expected curve, and have a happy New Year!

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.)