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What the Industry Reads First

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DISHing It: Sling Numbers, DBS Losses & Wireless Plans

For the first time, **DISH** took the guessing game out of its **Sling TV** numbers, announcing that in 4Q the OTT service's sub count had hit 2.21mln. During the quarter, Sling added 160K while DISH lost 121K DBS subs. While Sling's total sub count was above many analyst estimates (**Wells Fargo Securities** had pegged it at 2.1mln, while **New Street** and **MoffettNathanson** each had it at 1.9mln), some expressed concern over the pace. The rate of net adds has been declining, from adding 900K subs in 2016 to 700K subs in 2017, New Street said. DISH management said Sling has grown 47% YOY, noting that OTT does have a lot of churn around special events, such as March Madness. Plus, there are enough free offer services that customers can jump around from one OTT player to another. MoffettNathanson analysts said DISH's traditional satellite business has performed worse than their expectations (11mln vs 11.2mln). "The fortunes of DISH network's pay TV business rest with their satellite segment, not with Sling TV. And the broad outlines of the story are clear," said a MoffettNathanson research note. DISH has made a point to focus on higher value subs, even if it impacts overall acquisition numbers. "We don't have the growth dynamic that we had in early years, but we still see some opportunity," DISH pres/CEO *Erik Carlson* said. "We've spent the last two and a half years improving the subscriber mix, really focusing on acquiring and retaining long-term profitable customers despite the tough competition with cord-cutting and aggressive bundled offers." Execs described a price increase as producing better-than-expected results with the improved sub mix. Other efforts on the DBS side include really getting back to DISH's rural roots. Of course, you can't talk about DISH without delving into wireless. Corporate development evp *Thomas Cullen* said there's been steady progress on the network buildout, with DISH estimating that it will spend up to \$1bln to complete phase one of the narrowband IoT network to comply with license requirements by March 2020. The bulk of that spend will come next year. *Charlie Ergen* stepped down as CEO of DISH in December to focus on the wireless business. During Wednesday's earnings call, he described the network as covering at least 70% of the population in its 176 spectrum license area and connecting to "people and sensors and microprocessors." Ergen pointed to DISH's recent acquisition of IOT startup **ParkiFi**. "It reminds me a little bit of when we decided to build satellites in 1990. We had never built a satellite," he said. "We got there because we've got a great dedicated team who is passionate about doing it... That's what we're going to do with wireless." Still to be



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resolved is DISH's designated entity situation, with a court remanding the case to the **FCC** to give DISH the opportunity to renegotiate the relationships to qualify for spectrum auction bidding credits. It also can't be a DISH call without some M&A talk. Ergen declined to comment on any potential partners or discussions. As for others involved in M&A, he said obviously DISH has some concerns about **Disney-Fox**. Ergen noted that each transaction is different, but to the extent there are similarities between that deal and **AT&T-Time Warner**, he believes they should be treated consistently.

Ready, Set, Sue: The **FCC's** net neutrality order is slated to be published in the Federal Register Thursday (Feb 22), officially starting a 60-day clock on it becoming law. Members of Congress could try to overturn the rules once they're published, but that's seen as an uphill battle. There have already been lawsuits against the FCC order, which removes Title II classification of ISPs, but legal watchers have argued they are premature and will need to be refiled once the rules appear in the Federal Register.

Powell Staying Put: **NCTA – The Internet & Television Association** announced Wednesday that pres/CEO *Michael Powell's* contract was extended for three years. Maybe net neutrality will be resolved for once and for all during that time? Powell, a former **FCC** chmn under President *George W Bush*, joined the trade group in 2011. Last fall, broadcast association **NAB** announced a contract extension that keeps *Gordon Smith* in the pres/CEO seat until March 31, 2023.

Sinclair Divestitures: **Sinclair** surprised with the news it will sell Chicago's **WGN**, NY's **WPIX** and San Diego's **KSWB** to comply with the national ownership rule for its pending \$3.9bln **Tribune** merger. The revelation came in an **FCC** filing, with Sinclair declaring that selling off these major market stations will put its reach at approximately 37.3%, below the 39% cap. The broadcaster doesn't own any stations in NY and Chicago and many thought it would have wanted to enter those markets. Sinclair said agreements have been executed to sell **WPIX** and **WGN** to a third party, with Sinclair entering into an option and master services agreement with the buyer. No word on a buyer for the San Diego station. The FCC has paused the 180-day merger review clock as it awaited info on divestitures. Sinclair also plans to divest one or more stations in Seattle, St Louis, Salt Lake City, Oklahoma City, Greensboro-Winston Salem, Grand Rapids, Richmond and Des Moines-Ames, IA.

CenturyLink Nixes Stream: **CenturyLink** is ending its beta OTT service CenturyLink Stream, according to the company's website. *Multichannel* first spotted the news. The telco launched the \$45/month service in July with nearly 50 channels, including **NBC**, **ESPN**, **Bravo**, but no Fox or CBS.

AT&T Sticks With 5G: **AT&T** plans to offer mobile 5G to customers in a dozen cities by the end of the year. The initial launch will include parts of Dallas, Atlanta and Waco, TX, with more cities to be announced in the coming

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months. The first 5G devices this year will be mobile hotspots. The company looks to add more 5G capable mobile devices and smartphones starting in early 2019. AT&T's initial mobile deployments will operate over mmWave spectrum before deploying the technology on additional spectrum bands. To support its 5G plans, AT&T is also working on creating a completely virtualized SDN with a goal of virtualizing 75% of its network by 2020. The company is also opening a 5G lab in Austin, Texas to conduct stress tests with devices from multiple vendors before rolling out equipment to customers. AT&T is not the only mobile provider to commit to 5G. **T-Mobile** has promised to create a nationwide mobile 5G network by 2020 and **Sprint** plans to have its own established by early 2019. **Verizon** is testing 5G as a residential broadband offering, with plans to launch in up to five markets this year.

Staying Connected: Wi-Fi Alliance introduced a new certification program to optimize the process of discovering networks, establishing connectivity making sure that users are maintaining the best connections as they move across access points. Called Wi-Fi Optimized Connectivity, the program aims to make Wi-Fi networks more manageable while opening opportunities for service providers to increase their network coverage. Benefits of the program include optimized network discovery, streamlined transmissions and standardized link quality assessment.

NAMIC Vision: NAMIC announced the nominees for the 2018 **NAMIC Vision Awards**, recognizing original programming that reflects the lives and contributions of people of color and cultural diversity amongst viewers. **HBO** leads the pack with 16 nominations. **ABC** and **Starz** followed, neck-and-neck with seven nominations each. A total of 31 networks and distributors earned 81 nominations for the awards across 17 categories, including documentary, drama, foreign language and lifestyle. Original programs having aired from November 1, 2016 to November 30, 2017 were considered for this year's awards.

New Pursuits: Pursuit Channel and **Nielsen** have come to a long-term agreement that will see the measuring service reporting on the size and demographics of the net's audience. First launched in 2008, Pursuit is the home of outdoor television series including "Ducks Unlimited TV" and "Fly Rod Chronicles."

C-SPAN Board: WOW! CEO *Teresa Elder* is joining the **C-SPAN** board, replacing the recently retired CEO *Steven Cochran*. Cochran joined the board in 2017, replacing former WOW! CEO *Colleen Abdoulah*, who had served on the board from 2008 to 2016. Elder was named to the WOW! post in December, having previously worked at **Vodafone Ireland**, **AT&T Broadband** and **MediaOne**.

Simplifying IoT: Ruckus Networks has announced an IoT suite allowing organizations to construct a secure access network while consolidating multiple physical-layer IoT networks. The **Arris** company's IoT Suite aims at speeding TOI and reducing deployment costs by granting the use of common infrastructure between the WLAN and the IoT access network. The suite will be generally available in 2Q 2018.

Programming: Lifetime and the **National Women's Soccer League** announced the "2018 NWSL Game of the Week on Lifetime" live broadcast schedule, including 20 regular-season matches, both playoff semifinal games and the NWSL Championship. The NWSL Game of the Week will air Saturdays at 3:30pm with a pregame show leading up to the 3:50pm kickoff. The season opens on March 24. -- **Hallmark Channel** will premiere Hallmark Hall of Fame original movie on April 28 at 9pm. "Beach House," starring *Andie MacDowell* ("The Last Laugh") and *Chad Michael Murray* ("Agent Carter"), centers on life, love and our human relationships.

ACA's Anniversary Summit: Ajit Pai will be a keynote speaker at the 25th **ACA** Summit, with the **FCC** chmn to discuss his focus on broadband deployment. He is also expected to speak on what's ahead at the FCC and what matters should be a part of the conversation in the world of cable. Commissioners *Mignon Clyburn* and *Mike O'Rielly* also will make appearances, sharing the stage and discussing their visions for the agency. The Summit runs from March 20-22, with the FCC contingent scheduled to appear on March 21.

People: Daniel Herscovici has left **Comcast**, a spokesperson from the company confirmed. First reported by the *Philadelphia Business Journal*, Herscovici served as svp/gm of Xfinity Home. No details surrounding his departure have been released. *Dennis Mathew*, vp, new businesses, will fill Herscovici's vacancy and head Xfinity Home. -- **NBCU** bolstered its ad sales and client partnerships division, hiring *Ed Kozek* as evp, sales solutions; *Pankaj Kumar* as svp, measurement and innovation; and *Brian Norris*, svp, audience studio sales. Kozek comes from the **Weather Channel**, where he acted as svp of ad product and engineering. Joining NBCU from **Comcast Cable** is Kumar, who led the media sciences team responsible for developing an analytically driven media and message mix optimization strategy. Norris has over 15 years of management and leadership experience in driving television revenues. Previously vp of **DISH Media Sales**, he led the day-to-day efforts for all ad sales.

Think about that for a minute...

Useless Labels

Commentary by Steve Effros

It's no secret any more that Washington, and particularly Congress, has become non-functional. As I try to point out to all those I talk to outside of Washington who love to suggest that "Washington" is the problem, they need to remember that they are the ones who send those folks here to "represent" them! As Pogo said in a great old comic strip; "...we have met the enemy, and he is us!"

A quick aside on that quote; yes, I know it originated during the War of 1812, but the Walt Kelly cartoon in 1971 on Earth Day lamenting what we were doing (even then!) to our planet has certainly gotten wider distribution, and could not be more prescient today.

So who is "us?" Well, in any conversation today regarding almost any political or policy issue it seems to be "us" v. "them" and that's translated into "Republicans" v. "Democrats" or "Liberals" v. "Conservatives." We certainly haven't made much effort to stop that corrosive type of thinking, after all, you make money by having "Fox" v. "MSNBC." We all have to take responsibility for that, and to break out of the destructive spiral we are currently in. We're going to have to work a lot harder to stop that way of thinking.

It wasn't always like this. To be sure, there was "conservative" versus "liberal" thinking, and there were "Republican" pigeonholes to go along with the "Democrat" ones, but when I got to this town things were a lot different. Maybe we can move back in that direction, but it will take a lot of concerted effort and the necessity of maintaining the integrity of what you say you are "for" or "against."

Frankly, I'd just as soon skip the "against" part. It's not useful. Sticking with what you want to accomplish, the ideas you support, the things you will work for is a far



more positive way of proceeding, and that's what we had back in the early 1970s at the FCC when I got there.

Dean Burch was chairman. Now everyone knew he was the head of the Republican National Committee during the Goldwater campaign before becoming FCC Chairman. Ultra-conservative, right? Well, he may have been, but I can tell you at the FCC he was also known as the guy who was laser-focused on getting things done. He was one of the most pragmatic chairmen I've ever experienced. Commissioner Nick Johnson was about as far "left" as you could get, but his focus was always on public access and opening up the airwaves. Commissioner Robert E. Lee was a former broadcaster, but his "thing" was the promotion of UHF, and commissioner H. Rex Lee had to be satisfied that whatever rules we were developing for this new thing called CATV, they had to take into account non-commercial, educational interests.

And so it went. The labels of today weren't nearly as important as the clearly articulated and consistently applied interests of the folks making the decisions. Today, even the labels make little difference. Debt? Deficit? Security leaks? Which label do you want to ascribe to those at any given minute? It would appear that we are far more focused on the label than on the integrity of the policy discussions (to the degree they exist today) we engage in. That's bad. There's nothing wrong with promoting different policies, and arguing for different ways of doing things. But we have to know what the objective is in the first place, and labels don't tell you that anymore.

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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