

Cablefax Daily™

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What the Industry Reads First

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Advertising Target: Cable Takes Aim at Digital's Perceived Advantages

Big MSOs **Charter**, **Comcast** and **Cox** made news Wednesday with the announcement of a new division within **NCC Media** for unified ad solutions across NCC participants' national footprint. It's the latest push to make national ad buys easier. Efforts to date have primarily been focused in the national spot marketplace—with spot a key focus of NCC (owned by Charter, Comcast and Cox). This is the next step as the industry tries to stave off ad dollars migrating to digital. **Standard Media Index** reports YOY ad revenue growth in February rose 12% for national TV and 12% for cable, while digital continued to soar even higher — up 18%. Traditionally, advertisers for TV have either bought on a national level through networks or on a spot market level, buying audiences in the 212 DMAs. "You're starting to see those boundaries dissolve with the convergence of direct marketing one-to-one strategies with digital video technologies," said *Andrew Ward*, a 15-year NCC vet who currently serves as vp of **Comcast Media 360**, the former national ad sales team of **Comcast Spotlight**. He'll head the new division with CM360 creating the foundation for the new group, joined by resources from Charter, Cox and NCC. The division, set to launch later this year, will use non-personally identifiable data and targeting capabilities to create advanced video advertising products that deliver greater scale, audiences and measurement to meet current and future demands of advertisers. "For us, we think the opportunity to bring to bear the intersection of data, technology and measurement will really ultimately transform the TV business, whether that's in the spot marketplace, the national marketplace or addressable marketplace," *Ward* told **Cablefax**. "We look forward to being able to compete in a more aggressive manner in those areas." It's not clear year where the new NCC division will be housed, with NCC Media's lease in NYC's Chrysler Building up later this year. To give you a sense of how excited the big MSOs are about this enterprise, all three offered up statements from their pres/CEOs—not a regular occurrence. It's important to note that this initiative will extend beyond the Big 3, with NCC having affiliated relationships with every other MVPD in the marketplace, including the satellite companies, in the sale of their spot inventory. "We very much look forward to creating an environment that lets us extend that addressable audience reach beyond the owner companies and fold in affiliate business partners as well," *Ward* said.

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Slinging Full Service: Sling TV dealt with service outages that began Tuesday night and continued well into Wednesday. Shortly after 4pm, the vMVPD's Twitter handle indicated service was back to normal after customers had complained about being unable to view it on several streaming platforms, including Roku, smartphones and Android TV-powered devices. "Our engineers worked through the night to identify the root cause and have implemented a fix." Sling said in a statement to Cablefax. "Service has been restored to normal operating conditions. If customers are still experiencing issues, they should restart the app and the service will stream as expected. We apologize for any inconvenience caused by the service interruption."

Growing and Growing: Moody's video replacement rate fell to 5.9x through the third quarter of 2017, down from 7.7x the quarter before, according to a new quarterly report. The VRR is an indicator of the pace at which rated US broadband subscribers replace lost pay-TV subscribers. The ratio itself is calculated on a rolling four-quarter average in order to smooth out distortions in data and give a proper measure for how well a company is managing the shift to broadband. Comcast led with a rate of 15.1x while Block Communications fell far behind at 0.4x. "For almost all companies, the growth in broadband, and its economics, is more than fully offsetting the immediate unfavorable impact of lost video customers," Moody's analyst Jason Cuomo said. Moody's projects that the VRR will near 5x by the end of 2018, which would mean US broadband providers' revenue and EBITDA growth will also fall.

Viacom-CBS Saga: Viacom shares closed up nearly 4% Wednesday after it reportedly rejected an initial low-ball bid from CBS. Viacom is said to be readying its own counter proposal. BTIG's Rich Greenfield suggests Viacom seek a premium of at least 15% from current levels. CBS shares ended the day up 1.76%.

On the Hill: House Commerce's Communications subcommittee will hold a hearing April 17 on prioritization—making good on chairman Greg Walden's (R-OR) pledge to convene a hearing on the issue. Look for it to go beyond paid prioritization and look at the broader uses of prioritizing data online. This fits with some of what we've been hearing from Comcast's David Cohen, who recently said he's open to a ban on paid prioritization as long as there was a carve out for specialized services. The witness list is still being finalized.

Set It, Don't Forget It: Synacor released Forever Login to fight problems with password sharing challenges. Password sharing could be a \$10bln problem, according to Parks Associates. And we all know Charter's Tom Rutledge isn't a fan! Forever Login will be available on the company's Cloud ID authentication platform, allowing operators to give subscribers easy access to TV Everywhere content while granting controls over the maximum number of con-

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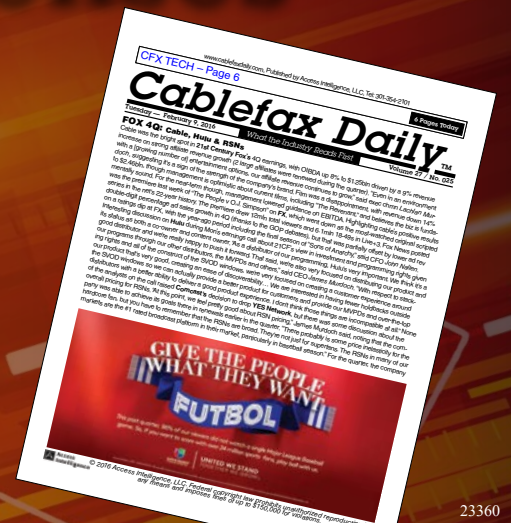
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current devices allowed and the amount of time allotted before a viewer needs to reenter their information, if ever. Trusted devices will be registered as part of an operator's sign-in process.

Trade Winds: NewBay Media—publisher of several trades, including *Multichannel News*, *B&C* and *Music Week*—was acquired by London-based **Future Publishing** for £13.8 million. Future said the move will help to expand its US division, which includes *PC Gamer* and *TechRadar*. The acquisition increases Future's total owned brands to more than 100 across print, events and online.

From the Inside Out: Dove is embarking on a two-year global partnership with **Cartoon's** "Steven Universe" to boost body confidence in young people through the show's themes of inclusivity and empowerment. The collaboration is another aspect of the Dove Self-Esteem Project, which has been active since 2004. The deal includes six animated short films directed by Steven Universe creator *Rebecca Sugar*. The content of these films has been vetted by body image expert *Dr. Phillippa Diedrichs* and grounded in scientific evidence. Later this year, an original song and music video featuring the cast of the show as well as an educational eBook will be launched. The Dove Self-Esteem Project currently exists in 140 countries and is committed to reaching 40mln young people by 2020 through its existing educational programs. The Steven Universe partnership will allow the initiative to reach 20mln more.

Broadcasting Boosts: Media processing company **Amagi** revealed Tornado, a machine learning-based content preparation service for TV networks and content owners. It allows customers to scale their operations, accelerate broadcast workflows and reduce operational costs. Features include automatically detecting ads in linear broadcast streams without any ad markers and close to real-time live to VOD conversion.

Game On: Mediacom will act as the official broadband provider of the 2018 Midwest Campus Clash and Gaming Expo hosted by Columbia College on Saturday. The free event, which is open to the public, invites top esports teams in the Midwest to come together and compete for a \$25K prize pool by playing multiplayer online battle arena game "League of Legends." This year's event will also include a tournament for "Rocket League," the arcade soccer game with more than 42mln players.

Having a Vision: NAMIC announced the winners of its 2018 NAMIC Vision Awards, which honor original programming that reflects the lives and contributions of people of color that best reflects the ethnic and cultural diversity of its audience. **HBO** led the networks and distributors with six awards. All said, 31 networks and distributors competed for honors in 17 award categories. Falling just behind HBO's six awards was **ESPN**, which found four wins in three categories.

The Olympic Dream: SportsEngine drove nearly 280K unique users to the sites of US winter sport national governing bodies during the 2018 PyeongChang Olympics, a 64% boost over Sochi 2014 (169K). NBC Olympics integrated promotional messages into its coverage to encourage youth to get involved in Olympic winter sports by heading to SportsEngine.com. From there, parents were able to search, compare and sign up for youth sports programs in their area.

Sports Rights: ESPN and the Ivy League reached a comprehensive 10-year deal for ESPN to serve as the exclusive national media rights holder for the conference, allowing it to carry more than 1.1K events annually for more than 30 sports across its platforms. The majority will be coming to ESPN+. The Ivy League will have at least 24 events airing on ESPN's linear networks each year. The deal will also include at least 12 conference postseason events each year. -- **Tennis Channel** expanded its rights agreement for 2018 and 2019 with the **Fayez Sarofim & Co** US Men's Clay Court Championships, broadcasting the entire event live from Houston for the first time. Starting Monday at 4pm, the net will have nearly 50 hours of live TV coverage during the week, with digital subscription service Tennis Channel Plus carrying an additional 30 hours.

Programming: E! greenlit "Very Cavallari," a docuseries centered around reality star *Kristin Cavallari*. Honing in on her life as a businesswoman, the series will follow the launch of a flagship store for her lifestyle product line and her adventures with *Jay Cutler*, her former professional football player husband. -- **Epix** will celebrate the return of "America Divided" on May 4. Episode 1 will see *Gretchen Carlson* uncovering the pervasive culture of sexual harassment in Congress.

People: Warner Bros. Digital Networks named *Rena Liu* the newest general manager of **DramaFever**. She'll report to *Patty Hirsch*, the recently appointed general manager of **Warner Bros. Digital Labs**. Liu's first move will be launching the service's latest vertical "Dramafever Journeys," a curated selection of unscripted programming centered around romance.

Think about that for a minute...

Prestidigitation

Commentary by Steve Effros

No, you don't have to quickly look up that word—you already understand the idea; "sleight of hand." The ability of a good magician to entertain with tricks based on distracting the audience's attention while "nimble fingers" accomplish what then appears to be magic. For those of you who've ever watched a "three card monte" scammer move the cards around and challenge a "mark" to identify where the "money card" went, you know what I'm talking about.



Well, there's a long history in legislation and lobbying, in Washington, DC, and every other governing center from the State Houses to City Hall, of using the associated skill, the intentional distraction, to lead policy makers and regulators away from what they should have been attending to. There couldn't be a more perfect example of that in the telecommunications sphere than our old standby, "net neutrality."

The hue and cry has been over the possibility, the potential, the fear, the theory that the deliverers of broadband data, the ISPs, could, might someday, use their technical capability to siphon and use the personal information flowing through their "pipes." Or maybe they could, or might create business plans that would make it harder or easier for businesses to get a competitive advantage. Those imagined horrors have sucked all the oxygen out of the room for any other consideration of what's really going on.

Those fears, theories, or possibilities haven't actually taken place on any significant scale through the record-breaking development and growth of the broadband data delivery marketplace over the past 20+ years. That doesn't seem to prevent those who want to regulate based on theory and fear of the future from continuing their single-minded focus on the issue.

Meanwhile, as is now becoming unavoidably clear, the major "edge" providers of the data that goes over those pipes have been accumulating, studying, dissecting, personalizing and selling that very individual data everyone claims to be so concerned about as the basis of their business plans. The flood of personal information and the consequent manipulation of the public using the Internet is only now becoming painfully clear. It has tainted our commerce and our very democratic processes. Yet those abuses, that lack of transparency, the unwillingness to actually address the true privacy issues and socially corrosive potential of "big data" manipulation that are right in front of us, are still not being addressed. We are foolishly mired in a false debate over things like ISP net neutrality.

Why? I would suggest that it may be part and parcel of the art of prestidigitation. After all, which companies have been the most forceful and financially supportive of the call for a laser focus on net neutrality? Why it's the very companies who it now turns out have been churning out personal data for profit and advantage all along! What's the one thing they don't want to have happen? The focus shifting to them. The game may be up.

Tom Wheeler, Gigi Sohn and the folks at Public Knowledge or Free Press may still try to distract our attention from the real issues. I'm sure Senator Markey and friends will still try to focus on ISP "net neutrality." Were they part of the plan, or did they just get taken in? Don't know, don't care. The far more important and difficult issue is how we restrain totally dominant edge providers like Google and Facebook, Cambridge Analytica and the like, from using, manipulating and abusing our personal information. That's what we have to keep our eye on.

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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