

Cablefax Daily™

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What the Industry Reads First

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Upfront Beat: New Series, New Branded Entertainment Division at Fuse Media

April is well known for splashy, upfront presentations, but there's news being made in quieter ways as well. Take **Fuse Media**, which is going directly to agencies with a pitch that includes the launch of Fuse Digital Content Studio, Fuse Collab and an audience development division. Flagship linear net **Fuse** is buoyed by ratings growth of 33% YOY among its core 18- to 34-year-old audience in L+SD for total day. Total viewing time is also on the rise. "Our millennial audience watched more minutes of Fuse during 2017—up 22% vs 2016—while millennials watched 12% fewer minutes on cable overall YOY," Fuse Media pres/CEO *Michael Schwimmer* told reporters Wednesday. "The reason we're up and younger is simple: we address a growing audience with the right content." To help it better serve advertisers, Fuse Media has launched Fuse Collab, a branded entertainment division tasked with creating content, experiential opportunities and custom events. The full-service unit already has worked with Twix to amplify its music festival. "With Fuse Collab we're leveraging our audience insights to collaborate with partners on all forms of branded entertainment," said *Jason Miller*, Fuse Media evp, ad sales and integrated marketing. The division works lockstep with the new digital studio and audience development division. Traditionally, Fuse Media says it has looked to sell around 65% of its national inventory in the upfront, with Schwimmer predicting the number will be up in 2018. Miller identified pharmaceuticals, retail, automotive and overall personal care/beauty as key categories for the programmer. In recent days, Fuse launched on **Sling TV**, with the network seen by management as a natural fit for millennial-focused OTT packages. "We expect ultimately to be on all these platforms," Schwimmer said, noting that **DirectTV Now**, **fuboTV** and **Layer3 TV** also offering Fuse. "I think it's an important part of where live pay TV is going." On the programming side, Fuse Media has greenlit seven new original series across Fuse, **FM** and digital. Those include "Hip-Hop Houdini," which has street magician *Smoothini* interacting with musical artists (debuts July 17 on Fuse, with digital exclusive Smoothini short-form content premiering this summer), and a comedic adventure series featuring *T-Pain* and young entrepreneurs. "Over the last year, we have honed in on our mission to inspire the underserved multicultural audience through music culture,

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and content is our number one vehicle to do that,” said Fuse Media chief content officer *J-T Ladt*. Upcoming content includes “Hip-Hop@45,” a special series of short- and long-form programming celebrating the 45th anniversary of hip hop that will debut this summer across all Fuse Media platforms. FM (Fuse Music) is bringing back six weekly music video series, while Fuse’s slate includes new seasons of “The Hollywood Puppet Show” and “Fuse Docs.” Additional series in development includes a twist on bringing back Saturday morning cartoons—animated adult shows through the lens of *Carl Jones* and *Brian Ash* of “Black Dynamite” and “The Boondocks”—as well as a music-themed dating show.

Discovery Exec Appointments: It’s been a month since **Discovery’s** purchase of **Scripps Networks Interactive** closed, and the integration continues. **Travel Channel** was added to group pres *Henry Schleiff’s* division, which includes **ID**, **American Heroes** and **Destination America**. *Allison Page* and *Courtney White* were both promoted in the Lifestyle Brand group, under *Kathleen Finch*. Page, former gm of US programming for **HGTV**, **Food**, **Travel**, **DIY**, **Cooking** and **GAC**, becomes pres, HGTV and Food. White, previously svp, programming for Travel, Food and Cooking, was upped to evp, HGTV and Food, reporting to Page.

ESPN+ Debut: If you’re curious about direct-to-consumer subscription service **ESPN+** that launches Thursday, you can check out an extended 30-day free trial. *American Express* has signed on as the official launch partner, offering the extended trial during the first week of launch (April 12-18). The standard free ESPN+ free trial period will be seven days. AmEx also serves as the presenting sponsor for the entire “30 for 30” library, available only on ESPN+. The service runs \$4.99/month or \$49.99/year, and features original programming not found on ESPN’s linear or digital networks, including **MLB**, **NHL** and **MLS** games, as well as cricket, **PGA Tour** golf and college sports. ESPN+ will be an integrated part of the redesigned ESPN App and will also be offered via ESPN.com. Other programming including “Detail,” a basketball analysis show in collaboration with *Kobe Bryant* and his **Granity Studios**, that makes its exclusive debut on the service. ESPN’s been marketing ESPN+ to soccer fans, with more than 75 live matches to appear on it in April alone. Matches include **MLS Live** out-of-market games (with ESPN+ the local-market home for Chicago Fire games), 450 **USL** games and more than 100 live matches from the newly created **UEFA Nations League**.

More Sports Over-the-Top: ESPN+ isn’t the only sports OTT service in town. Sports-focused **fuboTV** has added **Sports Illustrated TV** to its 15-channel “Sports Plus” add-on package, which retails for an additional \$8.99/month. It is the first MVPD to carry SI’s service. It also marks the launch of SI TV as a 24/7 linear channel (it continues to be



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available on **Amazon Channels**). Meanwhile, fubo continues to up its local station count, now up to 257.

Initiating Altice USA: Evercore initiated coverage of **Altice USA** with an “outperform” rating and \$24 price target. “Altice has achieved very aggressive cost reductions, particularly in the legacy **Cablevision** systems, where EBITDA margins have expanded from 32% to 41%, above the levels of cable operators with significantly greater scale. While there are risks to this focus on cost efficiency, we believe it is still compatible with modest topline growth,” the analysts said. Last week, **Macquarie Capital** initiated the stock at “outperform” with a \$23.50 price target. “EBITDA growth via margin expansion, minimal cash taxes, and deleveraging should translate into generous FCF growth. We expect FCF will grow at an 11.3% 3-year CAGR at US\$1.0bn/US\$1.3bn/US\$1.5bn in ‘18/’19/’20, giving Altice ammunition to achieve its goals,” Macquarie told clients.

The Sinclair Diaries: **Free Press** and friends are hosting a virtual town hall Thursday (April 12) from 8-9pm ET dubbed “#StopSinclair: Fight Back Against the Local Media Takeover.” Organizers say the event will delve into the controversial scripted newsroom spots and the FCC rule changes that help Sinclair’s acquisition of **Tribune**.

Watchathon Week: **Comcast** brings back its Watchathon Week next week, expanding it beyond VOD content from linear nets to include streaming service **Netflix** and more than two dozen emerging SVOD services, including **Acorn TV, AMC Premiere, FX+, Lifetime Movie Club, History Vault** and **DOGTV**. This marks Comcast’s sixth year of the free programming, binge-fest. New this year is a subset of programming that will be made available to Internet-only customers via the Xfinity Stream app and portal. Internet-only customers can check out programs such as **HBO’s** “Game of Thrones,” **AMC’s** “The Terror,” **Starz’s** “Power” and **NBC’s** “AP Bio.”

Hulu + Spotify: **Hulu** on Wednesday rolled out a \$12.99/month plan that combines **Spotify** Premium with its limited commercial plan. Eligible Spotify Premium subs can try the plan for three months through a 99-cent promotional offer. This began as a student-only launch last fall, but it’s now being expanded. Initially, only existing Spotify Premium customers can sign up, but it will be open to all in the coming months.

Ratings: **Bounce’s** Season 3 premiere of “Saints & Sinners” on Sunday averaged 681K total viewers, up 20% over the Season 2 debut. It goes down as the most-watched original in Bounce history. The ep reached 1.2mIn unduplicated viewers across two initial airings on Sunday night.

Programming: **Disney Junior** greenlit animated comedy “T.O.T.S.,” about a penguin and flamingo, who are the only non-stork delivery birds in-training at Tiny Ones Transfer Service (T.O.T.S.). It’s set to debut next year. -- **SundanceTV** launches “The Split,” a six-part drama set in the world of divorce law, for May 23. -- **A&E** debuts “Gotti: Godfather & Son” on June 9, a two night “Biography” documentary special about John Gotti Jr and his father. -- **CNN** added six new original series to its 2019 slate, including “American Dynasties: The Bushes” and “Chasing Life with Sanjay Gupta.” It also picked up new seasons of “Anthony Bourdain Parts Unknown,” “United Shades of America with Kamau Bell” and “This Is Life with Lisa Ling.” -- **Ovation** licensed the first season of “Jamie’s American Road Trip” and three seasons of “Jamie & Jimmy’s Food Fight Club” from **FremantleMedia International**. Documentary “Alinea in Residence Madrid” is included in the deal. The three will air on **Journey**, Ovation’s AVOD travel channel. **Banijay Rights** has licensed more than 65 hours of programming to Ovation. The deal includes two seasons of **Story Vault Films’** “Portrait Artist of the Year” and two seasons of “Landscape Artist of the Year.” Both will be making their US debut, originally being produced for **Sky Arts** in the UK. Ovation also secured the rights to eight episodes of “Fake: The Great Masterpiece Challenge” and crime drama “The Pinkertons.” -- **HBO Documentary Films** acquired the rights to true-crime book “I’ll Be Gone in the Dark: One Woman’s Obsessive Search for the Golden State Killer” by *Michelle McNamara*. A documentary series will be developed from the book’s material, which is an exploration of an elusive predator in California in the late ‘70s by journalist McNamara, who died while investigating the case.

Ready Player One: **Cinedigm** launched free 24/7 gaming and esports channel **WHAM Network** Monday, coming to **XUMO, Twitch** and web and mobile devices. Founded by *Gary Kleinman* in 2016, WHAM features esports tournament coverage, breaking industry news and classic video game highlights.

People: **Wow!** announced three hires, tapping *Amy Bell* as svp, marketing. Bell is well known in the industry, having spent nearly a decade at **Starz** (most recently as svp, brand strategy and marketing communications). Also joining the company are *Leslie Peabody* as vp, human resources business partners, and *Bill Case*, vp of total rewards. Peabody was most recently vp, HR for **Goodwill Industries of Denver**, while Case was the managing partner and owner of **Wheelhouse Consulting Group** where he led client engagements.

Think about that for a minute...

Risk Assessment

Commentary by Steve Effros

You can't avoid Facebook and Mark Zuckerberg this week. After all, he was on the front page of virtually every paper, he was live-streamed all over the place, and got to testify before both House and Senate committees on consecutive days.



His company has not been off the front pages since the beginning of the month, and it doesn't look like things will get much better for quite some time. Ironically, it's all because of a business plan that Facebook (and Google) have been very up-front with for many years! We are all now hearing "Claude Rains.. Shocked, shocked" lines from every politician who ever claimed to know anything about telecom. That's just absurd.

Yes, the Congressional telecom regulatory hawks of the world have, of course, long known that these companies sell the personal data that is accumulated when people use their "free" sites. The user is the product, as is now being "shockingly" discovered in headlines. Hell, we all knew that. The problem is the known magic of the "network effect." Truly successful networks inevitably become exceedingly large and powerful precisely because the "best" network is always the one that can link you to the most other people. Just think back to the early days of AT&T on the physical side of this equation and you'll see what I mean.

The "phone company"... "Ma Bell," convinced the government (probably rightly) that the only way a true, national, interconnected telephone system could be developed is if one entity controlled it and created that mass network. They accepted regulation in exchange. It certainly worked for them for a lot of years, and we all got a well-functioning national telephone system.

The opposite design is what happened in the cable industry. We had multiple smaller companies, they were not interconnected, there was no "network," and while broad-

band has now become very successful, the largest cable operator is nowhere near as large as the big "edge providers" offering networked services, who can now aggregate all that data we are suddenly so concerned about. Cable ISPs, even the largest ones, would have to "trade" the data they could theoretically accumulate to have anywhere near the leverage for selling advertising that Facebook and Google get every day. And oh, by the way, it's already illegal for ISPs to share that data.

So where does that leave us? It seems to me, as I have said for years now, that we have to seriously start working on the drafting of a new telecommunications law, whether it is just within the FCC jurisdiction or both the FCC and FTC. Regrettably, our industry leaders have, for years, consciously avoided doing that. I do understand why; new legislation affecting core industries is both complicated and dangerous. You never really know what's going to come out.

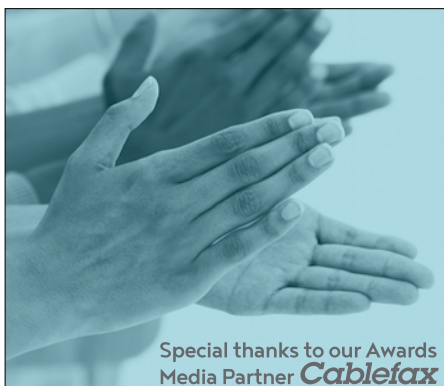
But as leaders of both Comcast and Charter have now said, the current situation with different rules and the "ping pong" effect of changing rules as the political winds shift back and forth is becoming untenable. They are finally supporting legislation on both privacy and transparency. The question now is whether the NCTA Board will be brave enough, even with the risk assessment I have mentioned, to go the rest of the way and begin participating in a true overhaul of the entire law. They should. It's a long, complicated process. It will take years. We should actively start right now.

Did I mention that Zuck is worth over \$68 billion? Now that's something to look into and get exercised about!

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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