

Cablefax Daily™

Monday — April 16, 2018

What the Industry Reads First

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Five Questions: NCTC Chief Tackles Future of Traditional Pay-TV

Our interview series with thought leaders at the upcoming Cablefax Leaders Retreat (April 30-May 1, Amelia Island, FL) continues this week with NCTC pres/CEO Rich Fickle. He offers insights on programmers going direct-to-consumers as well as deal-making and advocacy efforts. Excerpts below, with the full interview available at Cablefax.com. **NCTC is obviously a powerful buying group. What's your main objective when you sit down to negotiate a deal, and what advice do you have for folks trying to work with NCTC?** Our larger deals can span 800 member companies who provide video and broadband services, representing more than eight million consumers. We are interested in relationships that beneficially impact the most members possible and help them continue to stay competitive in the market. ... While content deals have and will continue to be the primary focus, broadband technology and services deals are now a close second priority. When working with NCTC, the most successful partners acknowledge the efficiency and the value brought through the buying group process. They can adapt their approach to accommodate the unique differences of our member operators, especially those in smaller rural markets. **With many programmers opting to also sell direct-to-consumers (OTT), how does this affect the way NCTC looks at the value equation?** What's the future of the bundle? The pay TV bundle is still relevant to most consumers but is becoming less attractive mainly due to rising content cost. Add in new competing forms of entertainment, such as esports, and you have a recipe for significant consumer-led change. We are supporters of OTT options for existing cable networks and new content brands to provide more consumer choice, convenience and potentially lower costs. Our members are moving towards a more agnostic strategy with respect to content sources, which mirrors current consumer trends. Members will continue to add value to content via distribution, in-home support, billing, marketing and collections, but the content models will vary and evolve. ... The transition to full IP delivery of content is a priority topic for many of our members. **How much differently do you look at technology vendors vs. programmers?** Traditional content deals for the most popular brands lend themselves to large-scale negotiations. The complexity lies in the diversity of members who participate in these deals and their varied market conditions. OTT deals are a new area for us and some of the large MVPDs, so we are still in the early stages of how to best create a unified, seamless approach for the consumer. Many of our members will be leaders in this area, like



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- Sales Person Of The Year - Regional (VP And Above)
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- Most Creative Salesperson - Regional
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**Submit by
April 16!**

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how they integrated Netflix into set top offerings five years ago. Technology partnerships have become a much bigger part of our efforts to help members compete against much larger operators. Our technology deals focus on one or more of the following attributes: long-term strategic enablers of key features/services, economies of scale and improving competitive offerings to ultimately drive innovation. **NCTC spoke out against the proposed Sinclair-Tribune merger. That doesn't seem like something the co-op normally does. Does this signal that NCTC is taking on more of an advocacy role or is it more related to this specific transaction?** Our public stance is and will continue to be more transaction-based. We are not in the advocacy business. **ACA** does a terrific job in this area. However, we will speak out on topics when we see potential for great harm to consumers served by our members in the small and mid-sized markets. **How, if at all, do you see the relationship between distributors and vendors/programmers changing in the next couple years?** The large cable network groups are focused on extracting the highest amount of cash flow from the pay TV market and are minimizing investment in the current system. Conversely, they appear to be investing heavily in consolidation to gain market power to aid expansion, while protecting their bundles. Because of their other offerings in the OTT/direct-to-consumer world, consumers may be paying for content twice—contributing to marketplace friction. We will continue to support the pay TV model and related content providers as there is still a win/win value proposition centered around scale efficiencies. On a more positive note, our working relationships with technology companies, advanced advertising solution vendors, nimble OTT content providers and broadband technology companies are growing in a very positive direction. There are great opportunities for “partnerships” with our members. Lastly, we will see change led by consumers but funded by large Silicon Valley-backed companies who have a much different financial horizon than large media companies. Who knows, for our members these companies may be potential partners as much as disruptive competitors.

Comings and Goings at Univision: Univision laid off more than 150 employees across the company on Thursday. It's the most recent shakeup at the company, coming a month after it dropped plans for an IPO and CEO *Randy Falco* announced his retirement at the end of 2018 despite a contract extension through 2020. “We have made the difficult decision to eliminate some positions across various UCI business units,” a UCI spokesperson told **Cablefax**. “We are taking steps necessary for our business to continue to thrive, but we will never compromise our duty and purpose to inform, entertain and empower our community, which is more important today than ever before.” Earlier this week, **Gizmodo Media Group** CEO *Raju Narisetti* announced he would be stepping down from the position. Gizmodo was acquired by Univision from **Gawker Media** with Narisetti coming into the position in 2016.

Rising Even Higher: Comcast and Netflix are expanding their current partnership, giving Comcast the opportunity to include a Netflix subscription in new and existing **Xfinity** packages. The partnership began in 2016 when Comcast



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launched the SVOD service on the X1 platform. Initial offers including a Netflix subscription will begin launching this month. **Wells Fargo** has “modestly” increased its outer-year estimates and raised its price target on Netflix shares to \$345 following a survey in which 50% of those who were US residents said they would pay a higher, or much higher, price for the service as the content gets more refined. Anticipated total subscriber net adds for 2Q18 have been raised to 5.4mln from 5.2mln, a move completely driven by increased domestic expectations. Netflix reports 1Q earnings Monday.

Low Cost, More Customers: 2017 was the year of the “expansion teams,” with the two publicly reported Internet-delivered pay-TV services (**Sling TV** and **DirectTV Now**) combining to add about 1.6mln subs. This brings the total from the duo to 3.367mln, according to **Leichtman Group**, and doesn’t include numbers from major competitors like **YouTube TV** or **Hulu with Live TV**. The launch of Sling TV and DirecTV Now were the contributors to the losses in the core satellite TV services of AT&T and DISH more so than just the expected cordcutting, according to Leichtman. Of those that currently have one of these Internet-delivered pay-TV services, 52% said the cost of the service was the first or second most important reason for getting the service, while 60% of those interested noted that it was one of the top two perks that caused them to consider the move.

Cablefax Dashboard

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Did @repgregwalden actually say that perhaps Facebook is a “common carrier in the digital age?” But Comcast and AT&T are not? Please. #AskZuck

7:05 AM - 11 Apr 2018

Matthew Berry
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Many Senate Democrats wrote a letter to the FCC yesterday asking us to go after a broadcaster’s licenses because they don’t like its news coverage. But we’re not going to do that. Instead, we will protect the First Amendment and freedom of the press!

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@zachbraff Follow

Las Vegas!!
I’m coming there today for #NAB2018 . Let’s all get drinks tonight.

8:54 AM - 9 Apr 2018

Up Ahead

April 17: House of Representatives “From Core to Edge: Perspective on Internet Prioritization” Hearing, 2322 Rayburn House Office Building

April 17: The Cable Center [Intrapreneurship Academy Spring Class](#) Kickoff

April 18-19: [BCAP’s 30th Annual Cable Academy](#), the Poconos, PA

HQ Trivia Question

Apr 12, 9pm ET (Q12)

Which of these ’80s films has the greatest age gap between its romantic leads?

- Moonstruck
- Overboard
- Bull Durham

April 6, 9pm ET (Q12)

A son of Rutherford B. Hayes co-founded a company that invented what household item?

- Brillo pad
- Vacuum cleaner
- D battery

Answers

Moonstruck – 234 winners
D battery - 366 winners

Quotable

“Regulation doesn’t need to be punitive. It can try to introduce more serious incentives that counteract the profit motive incentives to use data to introduce incentives to obligate you to be much more rigorous in the examination and protection of user rights. Those are obligations that all companies, big or small, should be able to live with on behalf of our citizens.”

- Michael Powell on CNBC, speaking on the harvesting and use of consumer data by major companies such as Facebook and Google.

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