

Cablefax Daily™

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What the Industry Reads First

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Welcoming Disruption: What Cable Can Learn from MoviePass

When an industry is broken, it only takes one outsider to break the status quo for major change to occur. “You find a solution to a problem and you solve it, and it’s only called disruption when someone else didn’t figure it out who had a really great business and somehow they missed the boat,” **MoviePass** CEO *Mitch Lowe* said in a Monday keynote at **Media Finance Focus 2018**. Lowe should know. He first disrupted the DVD rental industry when he was one of the founders of **Netflix** in 1998, serving as vp of business development and strategic alliances until 2003. He moved on to **Redbox** and did the same there before turning to **MoviePass**, which gives subscribers access to movies in theaters nationwide for a monthly fee. The service exceeded 2mIn subscribers earlier this year. All of this disruption has been spurred by the major innovations that have come in the last 20 years, transforming **Amazon** from a site advertising its books on the radio to one of the biggest retailers on the planet. “What’s really exciting for people starting a business is what’s scary for existing businesses,” Lowe said. “You can start a billion dollar company with an idea.” Lowe recalled that **Netflix** was started as a way to allow people to enjoy movies without worrying about late fees and give them access to a huge library, and it succeeded thanks to its lack of transactional friction in each step of the process. It shouldn’t be surprising when these disruptors step up to the plate—what matters is how that industry’s leaders respond to them. “If you’re running a multi-million dollar business, you have to spend most of your time protecting your existing stream, and it’s hard to adjust, but it’s the most important thing you can do,” Lowe said. “It’s better to disrupt yourself than to let someone else do it.” He noted how **Netflix** shifted to streaming because it knew it was the way to the future, despite having customers dedicated to the DVD mail service. “It is so easy for someone else to disrupt you,” Lowe said. “And it’s so hard for you running these companies to know how to allocate your innovation budget. How do you compete with someone who has nothing to protect, no assets to protect, like you do?” The classic industry response so far has just been to sue the disrupting company, Lowe said. Rather than fighting against those looking to make change, look within to find where there is a chance to disrupt, he suggested. “Pay attention to the little startup,” Lowe urged. “Don’t think that these companies that are working towards crazy ways to get people to consume more entertainment are just fringe players because consumers are looking for other alternatives.”

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FCC Seeking Sinclair-Tribune Comments: There's movement at the **FCC** on **Sinclair's** proposed \$3.9bn **Tribune** transaction, with the agency seeking comment on Sinclair's divestiture plans to avoid exceeding the 39% audience cap post-deal. Petitions to deny are due June 20 to the FCC, with opposition due July 5 and replies July 12. Critics of the deal, including a coalition that is made up of independent cable networks and groups such as **ACA** and **Public Knowledge**, said it's problematic that comments are due before a DC Circuit rules on the FCC's decision to reinstate the UHF discount. "Without the outdated and unjustified UHF discount, Sinclair and Tribune's attempted merger will place the combined entity substantially over the national ownership cap, even under their latest proposal," the coalition said. Sinclair's latest divestiture plan has it selling 23 stations in 18 markets, including selling nine of its TV stations to **Standard Media Group** for \$441.7m. It would spin off six stations to affiliated companies, but will continue to operate them under JSAs. Those include Tribune's **WGN** in Chicago.

Royal Ratings: More than 11m viewers tuned in to **BBC America's** livestream for the royal wedding of *Prince Harry* and *Meghan Markle*, the biggest audience in network history. The net said 1.2m viewers and 430K 25-54s watched the ceremony on linear, during which it was a top three cable network in the US for total viewers, A25-54 and was No 2 behind **CNN** with A18-49.

Time for a SmackDown: **WWE** and **Fox** have reportedly agreed to a deal that will bring "SmackDown Live" to the latter. The deal will begin in October 2019, but no other terms are known at this time. The news comes after **NBCU** passed on SmackDown, but renewed its deal for "Raw."

Presidential Productions: *Barack Obama* and *Michelle Obama* signed on to a multi-year agreement to produce films and series with **Netflix**. **Higher Ground Productions** will act as the entity under which they will produce. The couple are looking to produce a mix of content highlighting inspirational voices from around the world.

Smart Insurance: **Comcast** is introducing smart home insurance in collaboration with provider **Hippo** to offer coverage beyond what traditional home insurance policies offer through the use of integrated IoT home safety devices. The insurance offering will come first to the Houston area, saving residents up to 25% on their annual insurance premiums. The program will expand to additional Comcast service areas throughout and beyond 2018.

People: Former **GroupM** exec *Nicolle Pangis* has been appointed by **Comcast**, **Charter** and **Cox** to lead **NCC Media**. Pangis most recently operated as the global COO of GroupM's mPlatform and was key in programmatic digital media business Xaxis's success. -- **Viacom** tapped *Pamela Kaufman* to the newly-created role of president, Viacom/**Nickelodeon** Global Consumer Products.



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