

Cablefax Daily™

Thursday — June 14, 2018

What the Industry Reads First

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The Other Shoe: Comcast Goes in Big for Fox

Speculation that **Comcast** would increase its bid 20% over **Disney's** \$52bln proposal for **21st Century Fox** assets was right on, with Comcast upping the ante 19% with a \$65bln offer after the bell Wednesday. Oh yeah, and after that little **AT&T** and **Time Warner** verdict... While the proposal put Comcast in the 4x leverage range, CEO *Brian Roberts* said he was comfortable with it because of his confidence in the company's existing business—**NBCU** as well as cable operations. That's a point Comcast has been stressing since its stock has taken a shellacking following the **Sky** bid. Roberts said he believes that leverage will be brought back down, partly due to the predictability of being in the subscription business. The joke for years has been that Comcast wants to take over the world, but that's actually pretty accurate. "We firmly believe that the truly great media companies of the next century will be large integrated entities with multiple growth engines across a wide swath of the global entertainment industry," Roberts said. Examples of cost synergies provided during Wednesday's investor call included taking Fox IP and putting it in Comcast theme parks and consumer product operations, taking production of TV and movies and having it show up in different parts of the world on platforms Fox controls, becoming a major force in OTT distribution with content acquired available when the deal closes in the US, Europe and India. The slides Comcast presented during its call didn't account for it owning 60% of **Hulu**, though NBCU chief *Steve Burke* making it clear that the company loves it and is interested in growing the business. **CNBC's Alex Sherman** reports Comcast wouldn't want to divest Hulu, but may consider dropping it down to something like 50-50 ownership. For its part, 21st Century Fox said its board will carefully consider the Comcast proposal and has made no determination yet whether it will postpone or adjourn the July 10 special meeting of stockholders to consider the Disney merger agreement. Management expects regulatory approval, saying the transaction is as or more likely to receive it as the Disney transaction. Comcast believes the deal could close within 12 months of signing with the **DOJ** to review it, not the **FCC**. While Comcast did go through the FCC for its NBCU deal, that transaction included the NBC network and broadcast licenses for NBC and **Telemundo** O&Os. Fox Broadcast and the O&Os as well as **Fox News** and **Fox Business** are not part of this deal. Comcast's offer includes the same \$2.5bln reverse termination fee agreed to by Disney as well as reimbursement of the \$1.525bln break-up fee to be paid by Fox to

Cablefax: What's Happening in August & September

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Awards

AUGUST

Fall Programming Guide

The days of broadcast owning the fall premiere season are long gone. Here's a look at the trends among fall cable programming as well as a breakout of shows debuting on streaming services.

The Gatekeepers

A series of Q&As with MVPD programming and technology gatekeepers.

SEPTEMBER

The Outlook for Wireless & 5G

As the industry gears up for Mobile World Congress Americas in Los Angeles, we'll take a look at the wireless opportunity and how the industry will capitalize on the rollout of super-fast 5G networks. What will 5G mean for the future of TV content and broadband competition? Who are the likely winners and losers as terrestrial wireless networks rival the performance of wired broadband? And what wireless technology innovations will drive the future?

Multichannel Programming & Advertising

Cablefax will examine the demographic sea change that has transformed TV viewership in recent years, including how content creators and distributors are responding to a more multicultural customer base.

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Disney. Comcast has filed a preliminary proxy statement at the **SEC** opposing the Disney merger proposal, but hopes to work together with Fox to reach an agreement “over the next several days.” Comcast is willing to agree to the same divestiture package as Disney, including divesting any of 21CF’s RSNs and other assets representing up to \$500mln of EBITDA. As for Comcast’s Sky proposal, it plans to pursue it in parallel with this acquisition.

Floating In-Stream: **Twitter** made in-stream video ads available to all advertisers in 12 global markets, including the US, UK, Japan and Saudi Arabia. The approach has proved effective for marketers, with people who saw in-stream video ads on Twitter becoming 70% more likely to remember the brand’s ad, 28% more likely to be aware of the brand and had a 6% higher purchase intent, according to **Nielsen** Brand Effect data in the US. The video ads first became available in April 2017, allowing pre-roll or mid-roll ads to run that aligned with relevant videos to a brand’s customers.

Preparing for Launch: **MobiTV** locked down hosted streaming delivery rights for more than 210 major networks, saying that it is the first multi-tenant video delivery solution provider to do so. Secured deals so far include those with **AMC Networks, Viacom, NBCU, Disney** and **ESPN**, with more set to close by the end of the quarter. **MobiTV** says it has already signed more than 35 pay TV providers to deploy its **MobiTV Connect** platform this summer, a footprint that includes more than 600K US households. **ETI Software** announced in April it would be supporting the **Connect** platform, allowing service providers to move to next-gen platform and maintain back-end integrations.

Broadband Bonanza: The **Senate Ag** Committee amended and approved the 2018 Farm Bill Wednesday, which includes funding to expand broadband in rural states. The bill, approved 20-1, is expected to advance the full Senate before July 4. The Farm Bill was just part of a packed day on the Hill when it came to broadband initiatives. Over in the House, the Communications subcmte advanced the bipartisan **Access Broadband Act**, which establishes an office to streamline management of federal broadband resources across multiple agencies and creates a simpler process for small businesses and local economic developers to access resources. Meanwhile, the subcmte on **Digital Commerce and Consumer Protection** approved the bipartisan **Smart IoT Act**, which would have the Secretary of **Commerce** study the state of internet-connected devices and is meant to help establish IoT policies. **Commerce** will survey industry sectors making connected devices and public-private partnerships promoting the adoption of connected devices. It also includes a list of industry-based bodies that have developed standard for IoT. Cable has been making wave here through various efforts, including **CableLabs’** for-profit venture **Kyrio**, which is concentrating on IoT device security. There is also **SCTE’s** IoT working Group, which is working to standardize new IoT based services, including a standard for open IoT lifecycle management.

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CALL FOR ENTRIES!

Entry Deadline:

Friday, June 22, 2018

Final Entry Deadline:

Friday, June 29, 2018

Calling All Committees: Senate Commerce scheduled a hearing at 10am on Wednesday, June 20, to consider *Geoffrey Starks's* FCC nomination. Starks was tapped by *President Trump* to replace Democrat *Mignon Clyburn*. -- Sen *Jerry Moran* (R-KS), who chairs the subcommittee on **Consumer Protection, Product Safety, Insurance, and Data Security**, is convening a hearing called "Cambridge Analytica and Other Facebook Partners: Examining Data Privacy Risks." Scheduled for Tuesday, June 19 at 2:30pm, the hearing is a follow-up to the joint full committee hearing with **Facebook** head *Mark Zuckerberg* and will center on topics including the gathering and use of data from social media, the privacy concerns following the reveal of the **Cambridge Analytica** scandal and next steps to protecting consumers.

World Cup Fever: **Layer3 TV** is ready for the start of the World Cup, telecasting it live on two 4K channels around the clock. The action will begin on **FS1** and **Fox** on June 14 when the tournament kicks off. -- Tech company **Live-Like** teamed up with **Fox Sports** to deliver all 64 World Cup matches in VR. The technology will place viewers in a virtual luxury suite whether or not they're wearing a headset. Viewers will be able to either choose from multiple camera angles or a director's cut that will automatically choose the best view for watching the action. Don't want to watch the match alone? The experience can become social through customizable avatars and communication through spatial audio, with capabilities for watching with any **Facebook** friends or another random viewer. -- Spanish-language World Cup rights holder **Telemundo** will have more than 500 on-the-ground personnel to produce all 64 games from Russia, including 150+ personnel in the International Broadcast Center. The programmer will make all matches available in 4K (56 live on Telemundo; 8 live on Universo).

Next-Gen Gateways: **Arris** is offering **RDK Software** on all of its next-gen EPON gateways. The support from RDK will give customers a back-office system for managing fiber and DOCSIS architectures, simplified network provisioning and full integration with Arris's HomeAssure solution.

To the Big Leagues: **MSG Networks** is holding a "Rookie Week" timed to the **NBA** and **NHL** Drafts. The week will begin on Monday and will showcase the best rookies that played in New York throughout history while including interviews with the top rookies this year's NBA Draft class. The interviews are part of a new partnership between MSG Networks and **SLAM Magazine**, a deal which will also bring the "SLAM 2018 Draft Suite," a look at the projected top picks. The interviews will air on MSG Networks, MSGNetworks.com, on MSG Networks' social media channels, SLAM's website and SLAM's social media channels starting on Wednesday, June 20.

Ratings: After 20 years, "Sex and the City" continues to bring in audiences. **E!'s** three-day celebration featuring all 94 episodes of the series, running from June 8-10, brought in 4.5mln unique viewers and 35mln total engagements. On average, each unique viewer watched eight episodes during the marathon.

Programming: **VH1** greenlit "RuPaul's Drag Race" for another season as well as the accompanying aftershow "RuPaul's Drag Race: Untucked." The currently airing Season 10 is the most watched in franchise history. -- **BET** original film "We Belong Together" will premiere on July 28 at 8pm on BET and **BET Her**. The movie was written, directed and executive produced by *Chris Stokes*. -- **Netflix** is producing three unscripted series to come to the streaming service. Comedy "The Fix" aims to solve the world's biggest problems through comedy, "Westside" brings together young musicians across genres to perform in a Los Angeles nightclub and baking competition "Sugar Rush" will be a rush to create treats that look and taste fantastic. -- **TLC** is digging into family stories with the third season premieres of "Outdaughtered" and "Rattled." Both will air on July 10, with Outdaughtered starting at 8pm followed by Rattled at 10pm. -- **Disney Channel's** remake of "Freaky Friday" is coming to the network on August 10 at 8pm. It will appear earlier that day on **DisneyNOW** and on Disney Channel VOD. -- **Discovery Channel** is diving deep into artificial intelligence in a two-hour special. "This IS A.I." will premiere on Discovery Channel on June 21 at 9pm and on **Science Channel** on June 22, again at 9pm.

On the Circuit: **Ride TV** is supporting Thursday's Congressional Baseball Game in DC with a private party and special guests, including **MLB** All-Star *Aaron Cook*. We hear Cook is actually a horse cutter (where a horse and rider work at a team in an equestrian competition). He'll be in good company with Ride pres *Craig Morris* a champion cutter.

People: *Jeff Zucker*, president of **CNN Worldwide**, has renewed his contract with the network through the 2020 election, according to a scoop from *Vanity Fair*. The news comes despite expectations that **Time Warner** will go through personnel changes through its merger with **AT&T**. The deal was reportedly brokered several months ago, well before Judge *Richard Leon* gave the AT&T-Time Warner deal the go-ahead. -- **Discovery** named *Alex Wellen* president and gm of **Motor Trend Group**, effective July 1. Wellen comes to Discovery after spending 12 years at **CNN Worldwide**, most recently operating as global chief product officer.

Think about that for a minute...

Take Another Deep Breath

Commentary by Steve Effros

In January, 2000 I wrote a column entitled "Take a Deep Breath." The point; folks needed to know that the hyperbolic headlines and hand-wringing articles about the just-announced "purchase" of AOL by Time Warner for \$182 billion in stock and debt wasn't going to be the end of the telecommunications world. As we all now know, it wasn't.



When John Malone built up Telecommunications, Inc. (TCI) into by far the largest cable "goliath," and was portrayed on a magazine cover as Darth Vader, I suggested folks should chill a little bit. It was pretty clear to those who knew him that whatever the financial and technical plays he was engaged in, he was not really interested in taking over the journalistic world, even when he helped his buddy, Ted Turner, keep the then-new CNN from going belly-up.

When AT&T bought TCI in a \$48 Billion dollar deal, the headlines, young commentators and "public interest advocates," as well, of course, as their allies on Capitol Hill, hyperventilated again. Journalism and telecommunications were once again in dire danger of being subsumed by the corporate beast. It didn't happen.

So now we have AT&T winning a case against the Justice Department with regard to the purchase of Time Warner, and once again, we are being told that the world will never be the same, that the days of independent video are over, that corporate America and the "big" companies are taking over the world and, combined with the "elimination" of "net neutrality," armageddon has arrived.

Well, to repeat, take a deep breath. Let's get something clear; I'm not necessarily in favor of all the big mergers that are likely to take place because of this latest court decision. It has a lot more to do with the antitrust laws not

keeping up with the real issue of the size of companies, like Google, Apple and Amazon, which now have so much money they can spread out like a cancer and buy any other vertical business they want. That's a policy issue and one Congress darn well better deal with soon. It's a real problem. But the notion that this particular purchase, or indeed any single action that changes the then-current landscape of the telecommunications marketplace is going to so massively change that marketplace is simply new columnists, journalists, advocates, etc., obsessing over the same poor assumptions that we have heard before.

We know what happened to AOL/TimeWarner. AT&T's move on TCI resulted in a subsequent sale because they didn't know what they were doing. "CBS Cable" (some of you are old enough to remember that one!) fell on its face after being attacked as the beginning of the end of video competition with the "new" cable guys. And so it goes.

How some commentators are mashing the NN issue into this one is beyond me. They apparently don't know that the ones "blocking and throttling" are not the ISPs, but the FAANG folks, none of whom were ever subject to the "net neutrality" common carrier regulations. Craigslist has had more impact on print journalism by gutting the "classifieds" than any of these mergers.

There's an old adage, "the bigger they are, the harder they fall." Well, we have some very, very big companies right now, and it's time we looked at that. These mergers, or common carrier regulation of just part of an industry are not going to come close to dealing with the main issues. It's time to take a deep breath.

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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