

# Cablefax Daily™

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What the Industry Reads First

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## Esports Invasion: Overwatch League Finds Distribution on Disney XD, ESPN

**Overwatch League** achieved a major victory Wednesday, announcing live distribution deals with **Disney/ESPN**. The multiyear pact will bring live television coverage to the global city-based esports league for the first time, set to start with playoff coverage Wednesday (July 11) across ESPN networks and **Disney XD**. OWL's inaugural season will end with the Grand Finals, airing live from Barclays Center in Brooklyn on the two networks starting at 7pm, July 27. **Blizzard Entertainment**, developer of the game **Overwatch**, announced in June that tickets to the finals had sold out. More than 20K tickets were purchased following the public sale date on May 18, laying the groundwork for the largest esports event to hit Barclays Center. "The Overwatch League Grand Finals is by far our most comprehensive television distribution for an esports event over a single weekend: 10 total hours over four networks (ESPN, ESPN2, Disney XD and ABC) and three days," *Justin Connolly*, Disney/ESPN's evp, affiliate sales & marketing. The first team to win two best-of-five matches will take home a major chunk of the \$1.4mln prize pool. All coverage will also stream live on the ESPN app and DisneyNOW. A recap show following the Grand Final will air on ABC July 29 at 3pm. "We knew the Overwatch League had amazing, enthusiastic fans, but this is something else," Overwatch League commissioner *Nate Nanzer* said in making the announcement. While the game was released in 2016, OWL's opening week proved that it still had legs to stand on. More than 10mln viewers tuned in to the opener back in January across **Twitch**, **MLG** and Chinese streaming partners **ZhanQi**, **NetEase CC** and **Panda TV**. It's all history in the making, marking the first time live competitive gaming has aired on a flagship network in primetime and the first broadcast of an esports championship on ABC. The distribution deals build on OWL's existing media rights partnership with **Twitch**, which named the social platform as the official third-party digital provider for regular season, playoffs and championship matches through the league's first two seasons. The broadcasts on ESPN and Disney XD will air alongside the main digital viewing experience on Twitch. It's further evidence of the gap between esports and the mainstream coming to a close. The demand for esports content is only rising, with 10% of US broadband households watching it, according to recent **Parks Associates** research. "While viewership of many traditional sports is waning, esports is well positioned to capture the attention of a generation that grew up playing video games," *Hunter*

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Sappington, Park Associates research analyst, said. And if they're not watching, chances are they're playing. Parks said 62% of US broadband households play video games at least one hour per week. "Esports is currently a niche market, but it has the ability to engage often hard-to-reach demographics," Sappington said. That demographic is one that cable should desperately be trying to get a hold of. The report had 41% of esports viewers saying they would be likely or very likely to pay for a subscription to watch esports events and content while 39% are likely or very likely to pay on a per-game or per-event basis.

**At Our Deadline: Comcast** quickly topped **21st Century Fox's** new \$32.5bln offer for **Sky**, upping its \$30bln February bid to \$34bln. Comcast said its increased superior cash offer has been recommended by the Sky independent committee of directors and that it has regulatory approvals in the EU, Austria, Germany, Italy, and Jersey. A Fox acquisition remains subject to approval of the UK Secretary of State, who has said he intends to announce his final decision by Thursday. Comcast's offer came the same day Fox increased its bid for Sky, with *Brian Roberts & Co* believing a deal could be complete before the end of October. Some reports have suggested Comcast wants to resolve the Sky situation before deciding how to proceed with the Fox assets it bid against Disney for. "This would seem to support the view we published in our recent report: that Comcast is likely to lose Fox and focus their resources on winning Sky; of all the assets in the Fox portfolio, they probably view Sky as the most strategically important," **NewStreet Research** said Wednesday.

**Dems Query Broadcast Sharing Arrangements: House Commerce** ranking member *Frank Pallone* (D-NJ) and **Communications** subcmte ranking member **Mike Doyle** (D-PA) want the **GAO** to examine the effect broadcasters' shared services agreements have on the **FCC's** public interest goals of supporting competition, localism and diversity. "There are concerns that this practice allows a single entity to become dominant in a market by exercising de facto control over stations for which they do not and would not be permitted to hold the licenses," they wrote in a letter Wednesday. The issue has been a sticking point for some in the proposed **Sinclair-Tribune** deal, with Sinclair proposing shared services arrangements for four of its 21 proposed station divestitures. In previous reviews conducted in 2014 and 2016, GAO found that data on such agreements were limited, but the lawmakers believe more info may now be available because the FCC has revised its rules regarding such arrangements.

**In Other Merger News: Fox Business** reports that the **DOJ** is considering an appeal of a federal court ruling that allowed **AT&T** and **Time Warner** to combine. Recall the judge warned the government against seeking a stay that would prohibit the merger while it appealed, saying the courts would step in and break the company up if necessary.

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Fox Business' *Charlie Gasparino* reported that DOJ may have trouble getting the **Solicitor General's** office to sign off on an appeal.

**FCC August Meeting:** On deck for the **FCC's** August is an order that would adopt a "one-touch-make-ready" policy for pole attachments in the hopes of streamlining the process. No details yet on what that would entail. The August agenda is expected to include an item finalizing rules for the upcoming auction of airwaves in the 28GHz band. Bidding for what *Ajit Pai* has called "5G-critical airwaves" is slated to being Nov 14. The FCC chmn also announced plans to move forward on a single auction of three more millimeter-wave spectrum bands—the 37 GHz, 39 GHz and 47 GHz—in the second half of 2019. August's tentative agenda includes a Notice of Inquiry that would seek comment on a Universal Service Fund pilot program to support the delivery of telehealth services to low-income Americans, with a focus on services delivered beyond brick-and-mortar healthcare facilities.

**Fighting Time:** The **FCC** Wireless Telecommunications Bureau provided an update on **DISH's** goal of building out a broadband network, issuing a letter to deputy gen counsel *Jeff Blum* requesting updates and detailed information on the buildout plans for the 53MHz of low- and mid-band spectrum. The letter follows a meeting between DISH reps and FCC commissioners on May 22, where they discussed the former's plans to deploy a wireless network to meet its buildout obligations for several spectrum licenses. "We appreciated the opportunity to discuss with the FCC our progress to meet the buildout milestones by March 2020. Our phase 1 NB-IoT network will fulfill a growing demand for device connectivity in the near term, and serve as a bridge to DISH's second phase, a complete 5G network," DISH said. "As requested, we will continue to update the FCC about the progress of our NB-IoT buildout." The March 2020 deadline has the company expecting to deploy service using the H Block licenses two years earlier than required by the final buildout deadline on April 2022. **MoffettNathanson's** *Craig Moffett* has doubts that DISH can meet its buildout deadline, saying that the letter "seems to be constructed precisely to be an exhibit in what may one day be a court case over whether DISH Network has or hasn't met its obligations." Such a court case would raise the possibility of a settlement, which could mean a deadline extension to give DISH time to incorporate their its MHz spectrum for uplink into the buildout. Other analysts have a different take, with **Wells Fargo Securities** declaring last month that it doesn't believe DISH is missing the Phase 1 network build and should have plenty of funding options to pursue Phase 2 buildout.

**On the Tube:** **CuriosityStream** made a major distribution move by scoring a deal that brings it to **YouTube TV**. The nonfiction-focused service can be added to a customer's package as a premium channel for an additional \$3/month. The service has similar deals in place with **Amazon**, **Comcast** and **Roku**. -- **AMC Premiere** is now available to YouTube TV subscribers, giving them commercial-free viewing of in-season original AMC series along with extended episodes, movies and exclusive content. This is the second major rollout for AMC Premiere, the first of which came in June 2017 when Comcast made it available to Xfinity TV customers. YouTube TV viewers can add it to their subscription for \$5/month.

**Everybody Loves Sharks:** Just when we thought **Discovery's** "Shark Week" couldn't get any more publicity, **Senate Commerce** announces a hearing to examine innovations in shark research and technology. While the notice for the hearing titled "SHARKS!" makes no mention of the annual programming stunt, it is slated for July 18—just four days before Shark Week's 30th anniversary lineup debuts. Commerce said the "hearing will take place in Russell Senate Office Building, Room 253 (unless we're gonna need a bigger boat).

**Ratings:** **Bounce's** "In The Cut" is continuing to grow in viewership through the second episode of its fourth season. It saw double-digit growth over the premiere of Season Four, including +21% in total households, +79% with P18-49, +59% in P25-54 and +43% in P2+ when it aired on Monday, July 9 at 9pm.

**Rumor Mill:** We hear **Questex** is ceasing publication of **FierceCable**. However, other Fierce sites, including **FierceVideo** and **FierceTelecom**, are still running. In fact, FierceCable's website and Twitter handle are still producing content, which seems to be coming from the FierceVideo side of the house.

**People:** *Howard Swartz* is coming to **Discovery Channel** as svp, production and development. Swartz will relocate to its LA office, executing production strategies for event programming such as Shark Week. He most recently acted as **Arrow Media's** evp of development and production. -- **Viacom** gave *Kurt Patat* an expanded role as svp, communications for both **Paramount Network** and **CMT**, a role placing him at the head of corporate, internal and media communications as well as publicity teams in NYC, LA and Nashville for the brands.

## Think about that for a minute...

### But...But...But....

Commentary by Steve Effros

The phones are ringing in every columnist, analyst, “legal scholar,” and political pundit office asking about the potential impact on telecommunications regulation and law of the possibility of Brett Kavanaugh becoming a Supreme Court Justice. Why such a focus on telecommunications (after, of course, the headlines on Roe v. Wade and all that implies)? Well, Kavanaugh has been on the DC Circuit Court of Appeals since 2006. That court takes most of the appeals from actions of the FCC, so Kavanaugh is very familiar with telecommunications issues and has written lots of opinions about regulatory law.

Because of that, if he's confirmed, Justice Kavanaugh is likely to be considered one of the Supreme Court “experts” on both regulatory issues and particularly telecommunications. You're going to be reading a lot about what he has said about net neutrality (he doesn't think the FCC got it right when it adopted Title II regulations) and about the very nature of the business companies like Comcast are in (he thinks they have First Amendment rights). That could really shake things up if he got his colleagues to agree.

The two things to focus on here from my vantage point are the issue of “deference” to regulatory agency interpretations of their own empowering statutes (the shorthand here is the “Chevron” Doctrine, which is a Supreme Court case that established that deference) and the entire question of whether an aggregator of content, like a cable operator, is entitled to First Amendment protections which would limit what could be required of them, such as program access rules or “must carry” mandates.

The initial reaction is to say that the addition of Kavanaugh to an already conservatively skewed court, especially with the prior “new” appointment, Justice Gorsuch, clearly



articulating for a long time his doubts about the Chevron doctrine, it isn't going to take much to start reining in the great latitude administrative agencies have been given. We can all argue whether that is good or bad. However, as we often read in Politico or Axios newsletters, “but...but...but...” Don't jump to hasty conclusions as to where this goes! A truly “conservative” court rather than a “movement” court could easily decide not to designate an outcome, but instead simply say this is a job for Congress instead of jumping into the fray and interpreting the statutes themselves! Were that to be the case, we would be right back in the mess we are currently in, where Congress seems to be unable to exercise its assigned role of being the one writing and adopting the laws.

You all know that I have long argued that we need new telecommunications laws, ones that deal with the situation we now find ourselves in with extremely powerful organizations on the creation as well as distribution sides. Our current laws only deal with distribution, and it's unlikely, Kavanaugh or not, that interpretation will change. An ISP may get First Amendment protections, but society may demand that “edge providers,” whether First Amendment speakers or not (they now deny they are) must be responsible for some of the content they are distributing.

So given that a new Supreme Court Justice may “tilt” decisions on telecom or administrative law as they relate to the First Amendment or the Chevron doctrine, as I think is likely, that doesn't really tell you, yet, what that might mean! I know that's not a satisfactory answer when the reporters call, but that's reality. Whatever happens, it would be better to start working on new legislation.

*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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