

# Cablefax Daily™

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What the Industry Reads First

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## Sinking Sinclair: Broadcaster Stays Quiet with Deal on Shaky Ground

There's still no word from **Sinclair** on what it plans to do with its proposed **Tribune** transaction now that the **FCC** has unanimously voted to send it to an administrative hearing. While some think it may be enough to breakdown the merger, **Evercore Isi's Vijay Jayant** notes the extra time a hearing provides could allow for a court decision on the FCC's reinstatement of the UHF discount. "A favorable decision could ultimately bode well," giving that it make station consolidation easier from a regulatory standpoint, he said. **ACA** pres/CEO **Matt Polka** told **Cablefax** that he thinks sending to the administrative law judge for review is "off to the sunset—never to appear again once it crosses the horizon." ACA joined with **DISH, Public Knowledge, Sports Fan Coalition, TheBlaze** and others to form the **Coalition to Save Local Media** and fight against the \$3.9bn broadcast merger. Either Tribune or Sinclair could walk away from the deal if it's not completed by Aug 8. With **21st Century Fox** to be flush with cash from its **Disney** deal, some wonder if it could go after Tribune. Fox execs have said they plan on beefing up broadcasting, and in fact, are set to buy some of the stations Sinclair plans to divest from the Tribune deal. "I don't know how any amount of change by Sinclair would result in a merger that anybody would trust," Polka said, referring to the FCC's questions over whether Sinclair was misleading in regards to of the proposed divestitures in Houston, Dallas and Chicago. Indeed, the FCC commissioners still voted 4-0 to send the merger to a hearing after it filed to withdraw the sales of those three stations. An email from Sinclair gen counsel **Barry Faber** to FCC chmn **Ajit Pai** last week indicates Pai had said that the withdrawal of the three applications wouldn't prevent him from moving the hearing designation order forward. Faber requested time to explain the transaction terms—saying that it would also allow the companies to "carefully assess whether abandoning the overall transaction is an appropriate course of action." Some were surprised that Republican Pai, who generally appears deregulatory and seems open to broadcast combinations, delivered what may be the final nail in the Sinclair-Tribune coffin. "I think chmn Pai has always seen himself as a law and order commissioner," Polka said. "I think it's going to be hard for Sinclair to resurrect this. This would have been the best circumstance for Sinclair to have a merger approved... If they can't get it through here, then they royally messed up." The ACA chief said it doesn't surprise him, recalling his members' battles with Sinclair over the year on

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retransmission consent. ACA member **Buckeye Broadband** had a 212-day blackout with Sinclair that last until July 2014. Sinclair's recent retrans skirmishes have included **Frontier** and **PlayStation Vue**. "They say, 'Too bad. We're Sinclair. This is the way it's going to be. Take it or leave it,'" Polka said, referring to retrans negotiation. "They did [the same] as they tried to lobby this deal."

**Dump Retrans Bill:** House Majority Whip **Steve Scalise** (R-LA) once again reintroduced his bill to repeal retransmission consent. It was first introduced in 2011, and would repeal Communications Act provisions mandating the carriage of broadcast signals by cable and satellite operators. In addition to killing retrans provisions, it would nix the Copyright Act's compulsory license provisions—allowing broadcasters to sell the programming they license. "It's time for Congress to 'Cut the Cord' on decades-old regulations, and finally update our '90s-era laws that are now obsolete in an age where content is available on demand and on the go," Scalise said in a statement. "The competition among pay-TV providers, streaming services, networks, and local channels has never been more intense, resulting in more choices for American families who are increasingly demanding more personalized viewing options at prices they can afford." The usual suspects—**American TV Alliance**, **Free State Foundation**, **ACA**—applauded the move, while **NAB** panned it. In opposing the bill, the broadcast group said it "would severely damage broadcasters' ability to serve local communities and hurt tens of millions of viewers who rely every day on broadcast TV for news, entertainment and lifeline weather coverage."

**Net Neutrality:** The countdown is ticking on efforts to bring back Title II regulation for broadband. With members about to recess, this week is the last chance for members of the House to sign the discharge petition and support the Congressional Review Act that would revoke the **FCC's** Restoring Internet Freedom order. While the measure scored its first (and only) Republican supporter in the House last week, it's still a long shot with 49 more reps needed. There's a push by activists to get something going this week. **Free Press** is calling on supporters to "flood the congressional switchboard." A missive sent out Monday declared: "By the end of this week every member of Congress will have decided whether they want to spend the month of August on Team Internet or Team Cable. That decision will have consequences."

**Comcast Gets Busy:** **Comcast Business** launched "Xfinity Stream for Comcast Business TV." The streaming video feature will let a business customer's employees and customers watch live TV on any device anywhere in the building at no extra cost. It can be accessed on smartphones and tablets, as well as through a portal on computers. Up to five users will be able to stream content concurrently. Comcast believes the service will be well used in employee



## Who are the Industry's Most Powerful Women?

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**Wireless Substitution:** **New Street Research** has updated its estimates for the number of households at risk of wireless substitution, dropping it to 17mln from 20mln. “We expect is to fall at a faster pace, to just 14mln over the next five years. As households’ data consumption grows, fewer and fewer will be able to survive on the 20-50GB allowed under wireless carriers “unlimited” data plans,” the analysts said, predicting wireless-only homes will peak at 9mln (two-thirds of homes at risk).

**30-Second Spots:** The national advertising market continued to grow in 2Q, gaining 5% in spite of a small decline in national TV outside of World Cup coverage, according to ad intel firm **Standard Media Index**. Digital rose to the top in the quarter, growing by a whopping 12%. Out-of-Home came right behind at 9% while national TV (-1%), radio (-1%) and print (-22%) left something to be desired. National TV revenue dropped partly due to the average paid unit cost for a 30-second commercial dropping by 3.4%, SMI said. A 2.5% increase in the number of 30-second spots to 3.4mln and 4% decrease in the number of unpaid spots helped closed the gap, but couldn’t completely make up for the losses. Eight TV networks had market share of 5% or higher by revenue, with **21st Century Fox** (+9%) growing the most. It was followed by **Time Warner** (+8%) and **Comcast** (+6%). Entertainment TV revenue stayed flat in Q2 (-0.4%), but did see a rise in primetime original programming. Dramas were up 0.9%, reality shows grew 2.5% and comedies shot up by 19.5%. Those wanting to advertise around **AMC’s** “The Walking Dead” paid the highest fee for a 30-second spot, offering up \$331,691 in Q2. **Comcast Corporation** was the largest network group by entertainment revenue in Q2 with +19% in market share, followed by **Discovery** (including **Scripps Network Interactive**) at 15%, **Viacom** at 14% and **Time Warner** at 10%. In the world of cable news, **Fox News**, **CNN**, **MSNBC**, **CNBC** and **HLN** grew a combined 16% YOY for the quarter.

**Public Affairs:** **ESPN** announced a \$100K grant to the **US Center for SafeSport**. The national nonprofit is authorized by Congress to focus on preventing all forms of abuse in sport. The grant aims to ensure a safe environment for all athletes by providing training, resources and education to sport participants and organizations. ESPN will also create an initiative to provide guidance to both parents and athletes to support the next generation of athletes.

**Snappy Bite:** **Discovery Digital** and **Snapchat** partnered for Season 2 of “Shark Week on Snapchat.” The three-episode show is available exclusively on Snapchat’s Discover page. The show is part of Discovery’s 30th anniversary Shark Week programming that began on Sunday.

**Continuing to Innovate:** **CableLabs’** open source portfolio just got a little bit bigger. It’s continuing its work to bring about the adoption of Network Functions Virtualization by adding SNAPs-Kubernetes, which provides infrastructure software for lab and development projects. SNAPs, the program behind the initiative, works to offer a foundation for virtualization projects and deployment leveraging SDN and NFV. **Aricent** partnered with CableLabs as a co-creator on SNAPs-Kubernetes.

**Programming:** Season 2 of “Kevin Hart Presents: The Next Level” will premiere on **Comedy Central** August 3 at 11pm, giving rising comedians their own televised half-hour special. -- **A&E’s** non-fiction series “Nightwatch” is expanding with a new show “Nightwatch Nation,” Aug 16 at 10pm. The ten-episode series will follow EMTs in four US cities on overnight shifts. -- “2 Dope Queens,” starring *Jessica Williams* and *Phoebe Robinson*, will return to **HBO** in 2019 for a second series of four hour-long specials. -- **TNT** picked up pilots for drama shows “Constance” and “Beast Mode” (working title). Constance will star *Elisabeth Shue*, and Beast Mode is written and executive produced by *David Schneiderman*. -- **Olympic Channel’s** original series “Going Olympic: Tokyo 2020” will introduce viewers to five additional sports coming to the Olympic Games and explore Japan’s sports scene and cultural traditions. It premieres Tuesday on the channel’s digital platform and mobile apps.

**People:** *Brian Weiss* will join **USTelecom** as vp of media affairs on July 23. He comes from the Senate Committee on Small Business and Entrepreneurship. -- **SeaChange** promoted *Marek Kielczewski* to the role of CTO. He is currently based in Warsaw, Poland, and will now join the executive leadership team in Acton, MA. -- **Lionsgate** nominated *Susan McCaw* and *Daniel Sanchez* to its board. The move follows the disclosure earlier in the week that *John Malone* and venture capitalist *Scott Paterson* wouldn’t be seeking re-election. McCaw is the pres of private investment firm **COM Investments**. Sanchez is an attorney and the nephew of Malone. He previously served as a director of **Starz** until it merged with Lionsgate.

## CFX TECH

### Ready for an Upgrade

Everyone's gearing up for **NCTC** and **ACA's Independent Show** in Anaheim next week, including solutions provider **OpenVault**. The company works with more than 100 broadband providers around the world, using data from more than 4mln subscribers and various disparate systems to help operators see the entire network subscriber topography. From there, it's all about problem solving.

"The more data that we can collect, the more valuable we become because of the way we can take that data and turn it into information, especially when aggregated with all the other data we collect," OpenVault founder and CEO *Mark Trudeau* told **Cablefax**. "We're all about give us as much data as you possible can and we will make that data useful."

It's touting a new lineup for the show with its "Revenue Accelerator" being the main attraction. The tool builds on what OpenVault is already doing by identifying the potential an operator has for boosting revenues through its customers that could upgrade to a higher plan due to their usage and then giving the operator the tools to take action and microtarget candidates.

"We want to provide the operator with the ammunition they need when they're speaking with a subscriber to move them on to the next tier, which typically comes with another \$10-\$15 or more in revenue/month," Trudeau said.

OpenVault identifies those upgrade candidates by looking at bandwidth utilization versus their package speed. If a customer is consistently bumping up against the speed of their given plan, they automatically become a prime candidate.

"You have the services that you're using and the devices in your home—you're using all available bandwidth," Trudeau noted. "So you probably need more. And if you don't need more today, you'll need more

tomorrow."

The product could also end up saving operators some time, energy and money if a customer begins to complain about their service. The problem could very well be that the customer doesn't have the right plan to serve their needs, and a technician can't do anything to service that if they make the drive to a customer's home.

And OpenVault's latest capability can take you inside of the home anyways. The upgrade allows it to look inside at the home at the devices connected to the WiFi networks and seeing how many are there are at any given time. That in itself can easily be enough to overwhelm a network.

"In the past, the operators had no visibility to this type of information, and while they might have upgrades going on, they never have the ammunition to say to a customer, 'look, you are bumping up against your speed,' or 'you have 27 connected devices, you should move to the next tier,'" Trudeau said.

Some other factors OpenVault considers are those that are out of their hands: can the customer's modem even handle a higher speed, or is the network healthy enough to move the subscriber up? While this tool from OpenVault is focused on how to get customers to upgrade, the company also has been investigating how it can help operators retain those on the brink of cordcutting. While it hasn't deployed a tool yet, OpenVault has been brainstorming with current operators to see how one could be developed.

"If they can provide us with the subscribers that have cut the cord over the last year, we can look at those subscribers and look at how their broadband usage patterns changed leading up to and post that cord cutting event," Trudeau said. "That's the kind of thing we can then use to provide a predictive tool for the operators." — *Sara Winegardner*

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