

Cablefax Daily™

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What the Industry Reads First

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All Aboard: Independent Show Looks to Wireless, OTT & Beyond

If there was ever any doubt about the prominence and forward-thinking vision of the annual **ACA-NCTC Independent Show**, this year's agenda should put it to rest. Peruse the list of speakers for this week's conference in Anaheim and you'll find **Discovery** and **CuriosityStream** founder *John Hendricks*, prominent political consultant *Frank Luntz*, **Facebook** cofounder and **Philo** CEO *Andrew McCollum* and **Cheddar** founder and former **Buzzfeed** pres *Jon Steinberg*. It's not mere coincidence that so many of those names are from the digital space. "We used to come to these shows and talk about linear programming. But now the content we want most is over-the-top. Even though we live still in a cable linear video world, it's important... when you look at our customers' interest going forward," said ACA pres/CEO *Matt Polka*. "Our members are saying, 'we have to give our customers more of an ability to use broadband because that empowers them.'" Heading into the show, NCTC announced deals for its members to launch **Philo** and **Cheddar**. They follow previous arrangements between the coop and **Playstation Vue** and **Sling TV**. The Indy Show is "vibrant with new exhibitors coming in and embracing the change," said NCTC CEO *Rich Fickle*. "Several of them hope smaller operators move quicker than large guys and can help them to get established. I think that's proving to be true." New entrants challenging incumbents isn't limited to just programming. On the technology side, the Indy Show's 160 or so exhibitors cover a wide swath (notably, 24 exhibitors are brand new). There are companies like Boston-based **Minim**, which is bucking the trend of managing WiFi in the home via hardware by doing it completely through software, and **Harmonic**, which is going up against big players like **Cisco** and **Arris** with its virtual CMTS remote PHY solution. A notable thread woven throughout the conference is wireless, with **CableLabs** COO *Chris Lammers* and **GCI** chief customer experience officer *Maureen Moore* among those tackling the subject. When it comes to wireless and 5G, "our members have said we don't know if it's a threat or an opportunity or both," Polka said. Part of the Indy Show's agenda will be to examine what's real about it and where members' businesses might intersect—such as using wireless broadband to extend service to hard-to-reach areas or serving as a backbone provider to some wireless companies. Fickle said as conference planning was underway, additional wireless topics kept being added. NCTC has at least 10-15 members who are very active in deploying fixed wireless. "There's 5K wireless ISPs around the country. A lot are pretty small... The technology has evolved to the point where

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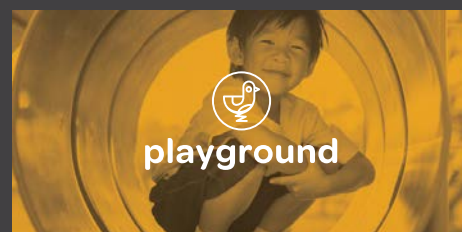
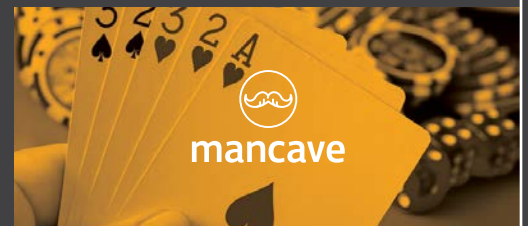
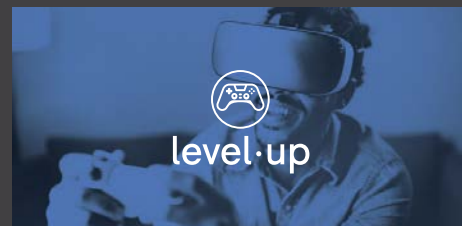
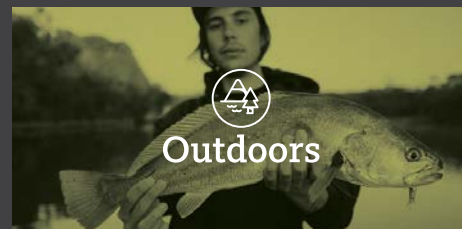
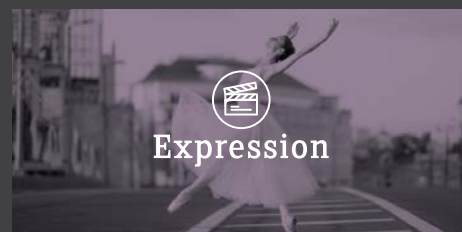
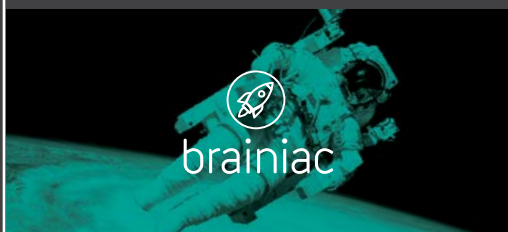
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it makes a lot of sense for existing broadband providers to use wireless to expand their territories,” he said. “It’s something that most of our members should take a very hard look at. We’re trying to learn about it as well. It’s a fast-moving train.”

NY PSC Tells Charter to Get Outta Here: The ongoing feud between the **NY Public Service Commission** and **Charter** ratcheted up Friday, with the commission revoking the approval of the 2016 Charter and **Time Warner Cable** merger. “Charter is ordered to file within 60 days a plan with the Commission to ensure an orderly transition to a successor provider(s),” the PSC said, announcing it will be filing enforcement action Friday in State Supreme Court in Albany. A Charter statement suggests this is all about politics and it will fight it. “In the weeks leading up to an election, rhetoric often becomes politically charged. But the fact is that Spectrum has extended the reach of our advanced broadband network to more than 86,000 New York homes and businesses since our merger agreement with the PSC,” the company said. The two have been at odds over whether Charter has met buildout requirements, including deadlines in its commitment to pass an additional 145K unserved or underserved homes and businesses within four years of closing the deal. The spat centers on which addresses should be counted.

Taking Charge: A+E Networks Group has a new man at the top. **Hearst** and **The Walt Disney Company** named **Paul Buccieri** president of the group. He takes the seat left behind by **Nancy Dubuc** in March, one kept warm by chmn emeritus and former A+E CEO **Abbe Raven**. Dubuc left in order to join **VICE Media** as its CEO. Buccieri’s is a familiar face at the company, most recently acting as president, A+E Studios and A+E Networks Portfolio Group.

Done Deal: They’ve finally crossed the finish line. Stockholders of **21st Century Fox** and **The Walt Disney Company** approved all proposals related to Disney’s acquisition of the former in separate special meetings Friday. They gave the go-ahead to the adoption by 21CF stockholders of the merger agreement and the distribution merger agreement for the spin-off coming with new Fox. Under the agreements, 21CF stockholders may elect to receive \$38/share of either cash or shares in New Disney, the newly-formed holding company and parent of Disney and 21CF. Disney’s estimations have it paying about \$35.7bln in cash while issuing about 343mln New Disney shares to 21CF stockholders.

OTT at TCA: Some of the original shows sitting behind the **YouTube** Premium paywall may eventually end up as ad-supported free content, **Susanne Daniels**, YouTube’s Global Head of Original Programming, told critics at **TCA** Friday. “That’s something we’re exploring right now,” she said. “We’re trying a lot of different models.” She also espoused the power of data, suggesting that YouTube’s breakout hit “Cobra Kai” owes much of its success to fan data that suggested a “huge appetite” for the original “Karate Kid” movies. Meanwhile, **Discovery** chief **David Zaslav** stoked intrigue on Thursday by





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suggesting pricing for a potential Discovery direct-to-consumer OTT service that “would look very different to consumers everywhere in the world that love and know our brands. So, they’ll have eight choices of the 10 to 15 dollar subscription service with great scripted content and scripted movies. Or, as we see the future, for five, six, or seven or eight dollars you can get these great global brands with characters and shows and a fantastic library.”

Alleged Misconduct: CBS said it is investigating claims of misconduct against CEO *Leslie Moonves* amidst news of an expose coming to *The New Yorker* from journalist *Ronan Farrow*. The article hasn’t yet been published, but news of it was published by *THR*. The statement said the company’s managers continue to have board support. The allegations come in the midst of the ongoing legal battle between CBS, *Shari Redstone* and **National Amusements**, with allegations of Redstone working to replace a number of directors on the CBS board in a push to merge with **Viacom**. Redstone has denied being behind the allegations.


Bargain Buy: Viacom announced its purchase of **AwesomenessTV**, saying it will fall under the Viacom Digital Studios. Terms weren’t disclosed, but early reports predicted Viacom wouldn’t be shelling out anything close to the \$650mln valuation Awesomeness saw in 2016. A number of Awesomeness alum now call Viacom home, including VDS pres *Kelly Day*.

Cablefax Dashboard

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So sad and unfair that the FCC wouldn't approve the Sinclair Broadcast merger with Tribune. This would have been a great and much needed Conservative voice for and of the People. Liberal Fake News NBC and Comcast gets approved, much bigger, but not Sinclair. Disgraceful!

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Proof that good guys finish first! Little known fact: Paul Buccieri commissioned 2C's first project nearly 15 years ago and many since. Huge congratulations to this brilliant, creative, & kind leader. This is fantastic news for the good people of AETN.

Research

- Overall, deal volumes declined by 4% in the first half of 2018 YoY as Q2 2018 deal volumes declined by 20% from Q1.
 - Announced deal values increased by 197% in the first half of 2018 and 19% in Q1 compared to the prior quarter.
 - Megadeals accounted for about 66% of year-to-date announced deal value.
 - The Advertising & Marketing and Internet & Information subsectors led deal volume.
- (Source: PwC “US Media and Telecommunications Deals Insights Q2 2018)**

Up Ahead

- July 29-August 1:** [The Independent Show](#); Anaheim, CA
- July 31:** [Senate Subcommittee Hearing to Review International Internet Policies](#)
- August 2:** FCC August [Open Meeting](#)
- August 5-8:** CableLabs [Summer Conference](#); Keystone, CO
- August 19-20:** 2018 Technology Policy Institute [Aspen Forum](#)
- September 12-14:** [Mobile World Congress Americas](#); LA

Quotable

“The whole Company understands that connectivity, same with Business Services. And so, it starts with everyone understanding that that’s the opportunity and then trying to be best-in-class. I think some of our competitors are focused on other things and that allowed for an opening for us to make these investments and see consumers be happy with the products. And so, I think today’s results—we are hopeful they can continue in the future. We don’t have a better crystal ball than anybody else, but we’re pretty confident with the momentum through the first half of the year. — **Comcast CEO Brian Roberts on 2Q results**



Just Released!

The 2018 Top Ops Issue features profiles on MSO of the Year Cable ONE and Independent Operator of the Year ImOn. The issue also highlights other operators and individual executives that are making waves, including MSO Regional Exec of the Year Mary McLaughlin of Comcast Cable. **Check out the issue** to read about all of Cablefax’s Top Ops honorees.

[VIEW DIGITAL ISSUE](#)

SPECIAL REPORT

The State of Independent Media

It's no secret that the industry is going through rapid, unprecedented changes. In this time as OTT flourishes, direct-to-consumer options across multiple devices proliferate, and the bundle unravels, independent networks and niche players become more important than ever.

"We're watching technology emerge seemingly faster every day," **INSP** COO *Dale Ardizzone* said. "There are all kinds of new opportunities for viewing, a lot of it is going into OTT, some of it are these bundles, and all of those play an important part in the ecosystem. All of us are watching how this evolves."

The idea that technology is moving almost too rapidly for the industry to keep up with is echoed across platforms, even for those with a foot firmly planted in digital. *Kim Hurwitz*, CMO of the start-up **Karate Combat**, said the brand has put together an extensive streaming strategy aimed at delivering consumers choice, control and convenience. Launched in April, Karate Combat operates a professional full-contact karate league, sports equipment business, and a worldwide dojo network. The company hosts events which it streams live, and expects 65 -70% of its revenue to come from media. "Things are moving much faster than ever," Hurwitz said. "We're trying to do things differently. We're embracing this digital first, social strategy." The streams are free on Karate Combat's app and website, and the company recently partnered with UFC Fight Pass as well to stream live.

Other streamers are taking a different approach, striking deals with distributors. SVOD **CuriosityStream**, founded by **Discovery** creator *John Hendricks*, is available on Comcast and YouTube TV for \$3-\$6/month. Launched originally as a direct-to-consumer SVOD, though pres/CEO *Clint Stinchcomb* believes over time the bulk of subscriptions will be through third-party partners.

Indie voices are faced with unique challenges. They

don't have the influence of the broadcast networks or the financial benefits of the big programming companies. An **FCC** proceeding that would have prohibited most-favored nations clauses and unreasonable alternative distribution method provisions that impede independent programmers was scuttled when Republicans took control of the agency.

"It's really hard to be an independent network right now," **Reelz** CEO *Stan Hubbard* explained. "You have a very small handful of giants that control distribution and programming, and in some cases there's overlap. Trying to find your fit is difficult, but even when you can find your fit creatively it's difficult because the leverage in negotiation is stacked way up against you."

A lack of leverage for indie nets is one of the largest problems they face in the current climate. Most have abandoned hope for now of regulatory intervention. "Unfortunately, I fear that we will have to wait for a new administration for any real change," former FCC commissioner *Mignon Clyburn*, who led the indie programming initiative, told **Cablefax** earlier this year.

"As operators lose subscribers, they become more sensitive to cost," **Fuse** pres/CEO *Michael Schwimmer* said. "If you don't have leverage, you've really got to earn everything on your merit."

Despite a turbulent 2017, Fuse has found success. Linear ratings for the cable network increased 33% for viewers 18-34 from 2016 to 2017. Total view time increased 22% and non-linear views increased 50%. "I think the key thing for us is... we focus on a young, multicultural audience," Schwimmer said. "Cable skews well over the age of 50, and I think distributors recognize they ignore a youth audience at their peril. We have a history of creating really good content for a young audience that is both desirable by distributors and the new folks coming in."

A major way for indie nets to find success is through diversity of voices. By providing something different and unique, the networks are able to make themselves desirable and attractive to consumers. It's something INSP firmly embraces. "If you look back over the history of television, that has been what's driven it," Ardizzone said. "We're in an interesting time where there's a lot of consolidation, a lot of bundling of networks, from a consumer perspective, we provide the consumers what they want."

It's important the market not be allowed to consolidate to the point where there is no room for independents, he said, adding that "the reality is the consumer likes options. And that's what makes television one of the greatest entertainment outlets that we have. The delivery is somewhat secondary to the content being entertainment and it being diverse in nature." The survival of independent voices is why several indie nets, along with independent cable association **ACA**, joined forces last year to push back against the proposed **Sinclair-Tribune** broadcast merger. Independents including **Cinemoi**, **MavTV**, **One America News Network** and **Ride TV** teamed up on lobbying efforts, declaring the transaction would hurt local media across the country.

"The number of players delivering content in the homes on paid TV is becoming fewer. It's super important that audiences have the ability to see content coming from a different perspective that isn't designed to be seen through conglomerates," Schwimmer explained. "The state of independent voices isn't great, not everybody is going to make it, and ultimately I believe that audiences and distributors as well will realize that having diverse content coming from a diverse set of providers makes the environment richer, makes the viewing experience richer, it enriches the audience in a way that quite frankly, the mass produced, mass market content can't do."

Reelz aims to produce 100% of original content by the end of the year. Right now, the network is at 95% original programming, according to Hubbard. "That's almost unheard of for an independent network," he said. "You have a half a dozen big program companies, there's an awful lot of sameness. A lot of same networks carrying the same programs. The independents do bring something unique."

Another important factor for indie networks is the relationship with their consumers. Many streamers, networks and distributors are now engaging directly with their customers through social media or other platforms. "We have to reach [the audience] where they are," Schwimmer said. "Our relationship with our

audience is built on them getting to know us off platform, and then coming to find us on platform."

Streamers such as Karate Combat are also embracing social media, with CMO Hurwitz suggesting its platform could give it a leg up. "That's a pretty one-to-one relationship right there," she said. "That's one of the beauties of going digital first. Most of the distribution was funneled by someone else, and I think that's why you're starting to see some of the disruption. Everybody now has their own OTT. I think there's a desire for brands to have a one on one conversation with their consumers."

Independent operators also can contribute to the chorus of independent voices. **Buckeye Broadband**, a cable and telecommunications provider in Toledo, OH, produces regional sports network **BCSN**, which has 800 live events a year. The network focuses mostly on high school sports, with some college and local professional sporting events as well.

When it first started using social media as a serious tool two years ago, it had 40,000 impressions a week. Now, Buckeye Broadband's social media averages 2mIn impressions a week. "We're getting into the social media conversation, and the kids are letting us know what's going on, and that level of engagement has reenergized the content," BCSN gm *Marc Jaromin* said.

The 15-year-old independent regional sports network recently premiered an arts programming strategy. "We also are expanding that content, we've started an arts network," Jaromin said. "The same energy and focus we spent on sports, we're expanding to the arts community."

These days, Jaromin thinks that the platform isn't as important as it once was. It's instead about engagement. "Whether I'm building my independent content for television or a social media platform, the idea is to get people to find your content and share your content," he said.

So where does the future of independent content and voices in media lead?

"At the end of the day people watch television, they watch programs to be entertained," Ardizzone said. "For us as an independent, it starts and stops with that. Are we entertaining our viewers? From there we build on a schedule that's complimentary to what they like. In terms of how do independents survive as we go forward, you've really got to start with entertainment. Are you providing an entertainment that the consumer wants?"

— Mollie Cahillane



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“

Rich Fickle
President | NCTC

Great forum to help improve the collaboration in the industry, understanding differences, making it better. It provided me with several great ideas and created new relationships that will be highly valued. The venue and vibe were terrific...

Jim Gleason
CEO | Vast Broadband

The Cablefax Retreat was a great way to hear a wide variety of opinions on industry issues and challenges. I was really impressed with the people who attended as well as the topics of discussion. I definitely had good takeaways from the meeting.

Dave Shull
CEO | The Weather Channels

The Cablefax event was unique — a beautiful, low-key event where I was able to have honest, interesting conversations with peers in the industry. This is a type of event that has been sorely missing in the cable world.

”

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