

Cablefax Daily™

Tuesday — July 31, 2018

What the Industry Reads First

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Day 1: Indy Show Ops Consider 5G Competition Given Importance of Broadband

There may be doubts over whether 5G can really be a replacement for fixed broadband, but that doesn't mean operators—even the smaller ones—aren't taking the threat seriously. "I think about it every day," **Schurz Communications'** broadband svp *Brian Lynch* said. "We choose to believe there is a high risk to it." Because of that, Schurz is pushing an agenda across its four-state footprint that will get pricing and products to a certain point in the next 3-5 years to compete. Larger operators may not feel the 5G impact immediately because it may take longer to show up because of their market size, but ultimately there will be a customer segment that wants that sort of service, **Cable ONE** COO *Mike Bowker* said during **ACA-NCTC's Independent Show** opening panel Monday. The advantage the panel sees for traditional broadband providers is that fixed should better handle a household's multiple devices, which seem to be growing by the minute. Broadband is clearly the focus these days, with the crowd questioning the future of video. Lynch gave linear video a "10-year shelf life," noting that one of Schurz's biggest challenges is that less than half of new customers are taking video when they sign up for service. At **Fidelity Communications**, the only video product growing is the skinny bundle, but it's the smallest margin the Midwest operator has, according to pres *John Colbert*. "We are very much focused on high-speed data, business services. We're not abandoning video," Colbert said. "The challenge is how do we provide video and find a way to do it less expensive. It's still a major product that we have." Cable ONE has long put HSD first. COO Bowker doesn't view OTT services as friend or foe, but simply a customer choice. "They are a service that is out there. We want to enable our customers so they can have access and consume video products the way they want," he said. The competitiveness in broadband could be seen right on stage with **Allo Communications** founder *Brad Moline*'s participation in the discussion. As a fiber overbuilder, Allo came in 15 years ago and offered HSD at a starting speed of 300Mbps. Why 300? Because as it was building out fiber, it heard competitors were thinking of 100Mbps/25 up offering. It seemed to work. "The acquisition went to such a level we had to slow down marketing," Moline said. You can't have an Independent Show panel without the obligatory retrans question. "That is a nasty, ugly business," Bowker said. "It starts with a ridiculous ask of a 200-300 percent increase, you counter and they in good faith negotiate and move a couple of pennies. ... It's

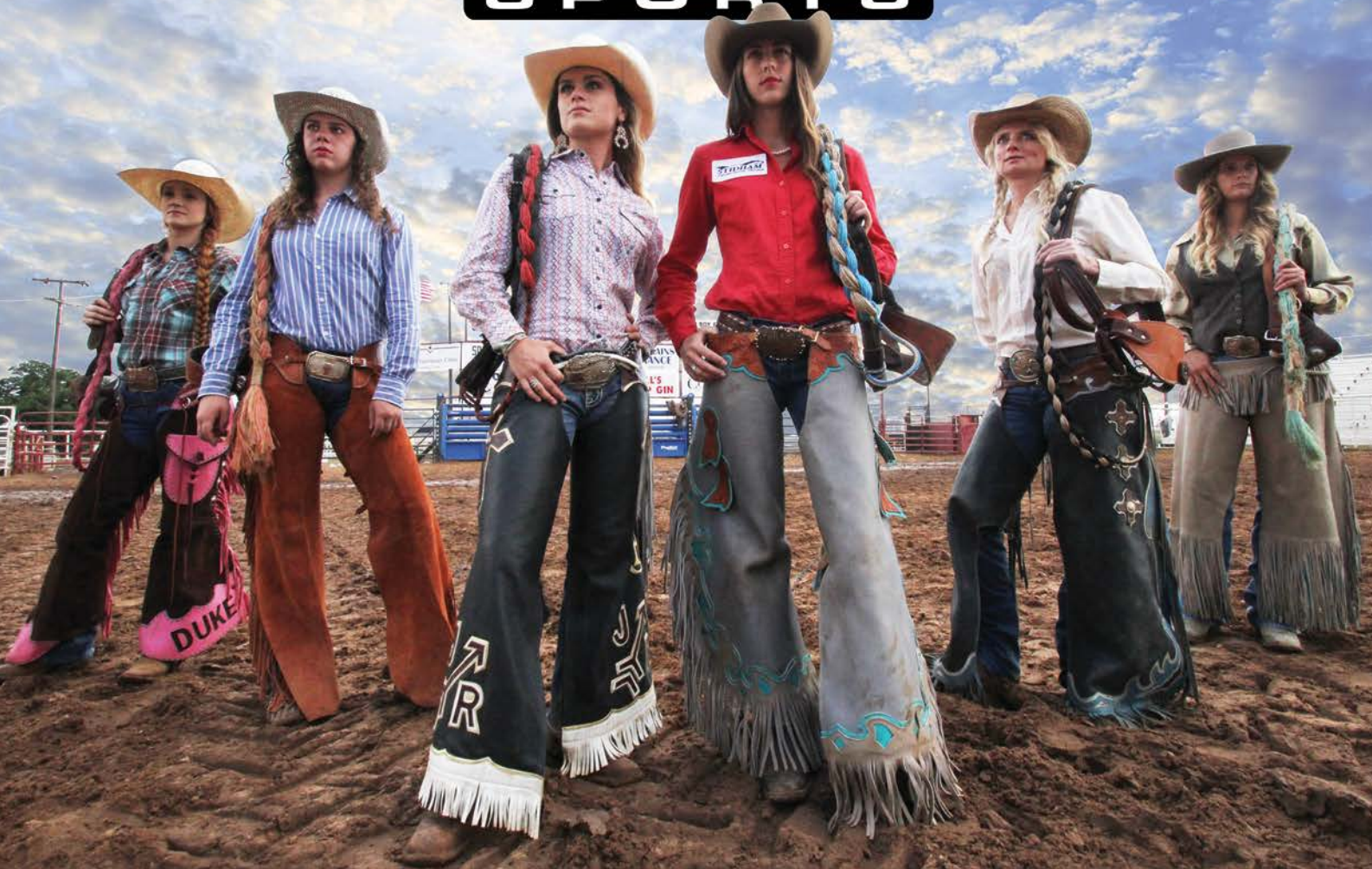
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really take it or leave it.” Lynch said Schurz has found value in recently adding broadcast retrans fees as a line item in customers’ bills—a practice that Consumer Reports recently launched a campaign to attack across all of cable. “I think it’s better than hiding behind an inflated first tier of service,” Lynch said, predicting that the industry is one retrans cycle away from “people making much harder decisions” and dropping some networks. He suggested direct-to-consumer services, such as CBS Access, may be where operators send customers. An interesting closing note to ponder came from Fidelity’s Colbert, who called customer service a headwind. “If you look at where the younger generation is... we have to find ways to do business easier,” he said, lamenting that his customers can order a pizza and track it through but can’t do the same with his high tech product. When he looks at some of the big consolidation going on, he thinks they may raise the bar on customer experience. “That’s not bad. We all rise with the tide.”

Faster and Better: The broadband future for small and mid-size ops depends largely on their ability to capitalize on strengths, outmaneuver competitors and leverage consumer perceptions, said a trio of industry experts during presentations at the Indy Show on Monday. “To me, it’s one word. It’s innovation,” said **CableLabs** COO *Chris Lammers*, noting that predictions of 100Gbps speeds in the next decade are “less important than having the platform to be able to deliver these speeds.” **Shentel** svp, cable *Tom Whitaker* listed several “no brainers” including “install as much fiber as you possibly can” and knowing the competition. That includes 5G, which everyone seems to have a different opinion on. Whitaker said it should affect big-city ops more than rural ones. “5G is way over the horizon and maybe never” for rural areas, he said. “So I wouldn’t get all jacked up about 5G unless you’re in a bigger town.” Bigger threats to rural ops include CBRS and upcoming spectrum auctions, he said. *Scott Schultz*, director, product management & development, **TDS Telecom**, said consumer perceptions are half the battle, noting that TDS’ efforts to publicize its fiber deployments have helped sales even when customers are in areas not served by fiber because they still perceive the company to be on the cutting edge. But if problems arise, he said they must be fixed quickly even if the customer was the source of the problem. “They don’t care whether it’s their fault or your fault,” he said. “They just want it fixed... Once you have that customer and it’s working, they have no reason to leave.”

Words Matter: *Frank Luntz* may be best known as a pollster and political pundit, but he’s also a language expert. And he has some advice for cable on that front. Stop referring to yourself as cable or broadband providers and call yourselves technology companies. He has the research to back him up with consumers ranking technology innovators as one of the most respected careers, behind nurses/doctors, teachers, military/soldiers and scientists. His research found 67% of people ranked technology as most important to the American economy vs 12% for telecom-

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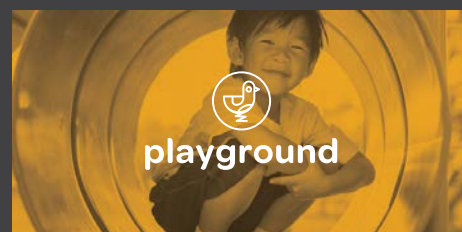
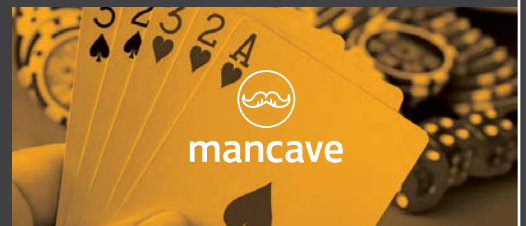
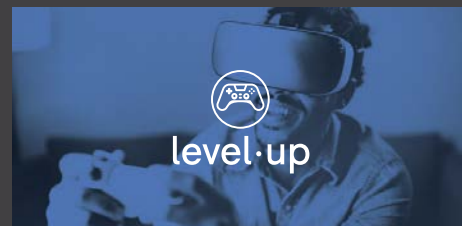
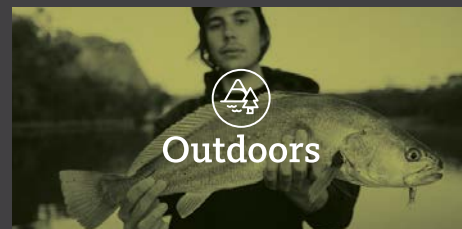
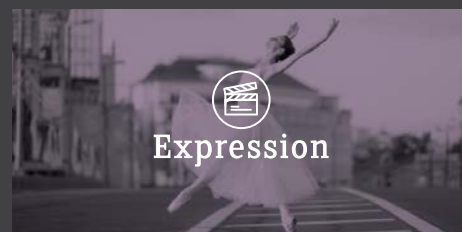
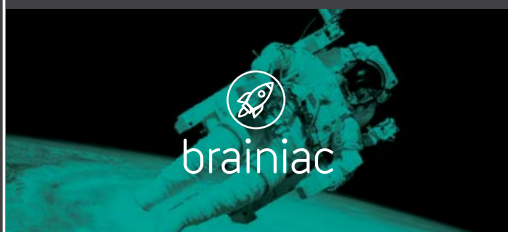
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munications. Luntz offered a list of cable words and phrases for the 21st Century, including “peace of mind,” “no fine print,” and “you deserve.” “Forget innovation. That’s boring,” he said, suggesting instead that the industry position itself as convenient and hassle free. “So much of your communication is about you when it should be about them.” He suggested phrases such as: ‘Because you are looking for affordability and reliability, we do Y.’ He also encouraged the crowd to take advantage of their local connections. “The number one thing you can do in your community is treat your employees well,” he said. -- With the midterms around the corner, it was impossible to keep politics out of the conversation. Luntz’s prediction is that Republicans will lose the House but keep the Senate. In other words: more gridlock. He shared a stat that 81% of the country believes it’s more divided than they have seen it in their lifetime—and that includes 87% of those 65 and older who have lived through Vietnam, WWII, the Civil Rights era, and so on.

Discount War: With seemingly no resolution in sight for the **Univision-DISH** dispute, the latter announced it would be offering credits of \$5/month to DishLATINO and Sling Latino package subscribers. “While we’ve been available, responsive and have made a best effort to negotiate, Univision appears to be forcing an impasse,” DISH pres/CEO *Erik Carlson* said in a statement. “We strongly believe that, in light of Univision’s departure from the negotiation table and from the DISH lineup, it’s the right thing to offer a credit to our DishLATINO and Sling Latino customers.” Univision was quick to respond. “With this announced refund, DISH recognizes what its Hispanic customers already know to be true: without Univision networks and local stations, there is no ‘DishLATINO’ and certainly no ‘Best of Spanish’ on Sling TV,” Univision said. “Given that our networks account for 60% of Spanish-language viewing on DishLATINO, their \$5 refund is yet another example of DISH drastically undervaluing Univision and Spanish-language programming, as well as disregarding why Latino viewers have paid DISH for its services.” Univision also said it returned to DISH corporate offices last week to offer “several paths forward” to resolving the dispute between the two, but claimed DISH returned with the same offer it had proposed back in June.

Cloudy Skies Ahead: Starting August 1, **DirecTV** will no longer carry **WeatherNation TV**. The weather news provider seemed shocked by the decision. “Ever since DirecTV posted publicly that they would no longer carry WeatherNation as of August 1, we’ve been bombarded by viewers expressing their frustration and asking us why?” WeatherNation pres *Michael Norton* said. “I wish we could give them an answer, but we’re just as shocked and dismayed as they are. It’s an unfortunate decision by DirecTV, especially given overwhelming customer engagement and the fact that they offered no terms by which they would continue carrying the service.” DirecTV responded by noting it will continue to carry weather programming. “We are adding **AccuWeather** to DirecTV starting Wednesday, Aug 1 and to DirecTV Now soon after,” an **AT&T** spokesperson said. “We continue to offer **The Weather Channel**, local broadcast stations, and dedicated emergency channels available in times of severe weather.”

CBS Investigates: **CBS Corporation’s** board is selecting outside counsel to conduct an independent investigation of allegations of sexual misconduct against CEO *Les Moonves* and other claims of a toxic workplace following



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.

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"Cablefax is one of the first things I read because almost every day I will get an early morning email asking for feedback about something happening in the industry that was covered in Cablefax."

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President & CEO, Discovery

"Cablefax does a great job keeping me up to speed on the latest industry news."

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General Manager, TV One

"Cablefax Daily is the best way to get succinct and current information about the most important happenings in the industry."

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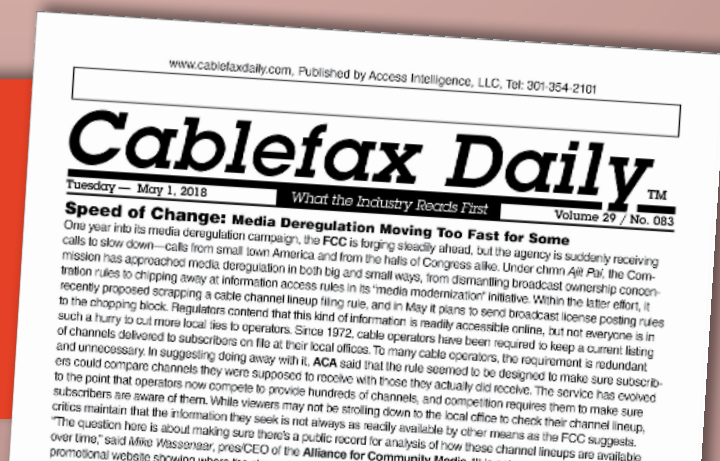
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Ronan Farrow's expose in *The New Yorker*. The board has also decided to postpone the 2018 annual stockholder meeting that was scheduled for August 10. A new date, time and location has yet to be selected.

AMCN-RLJ: Another merger is here, with **AMC Networks** set to acquire **RLJ Entertainment** for \$64mln. The combined value of the two following the deal is approximately \$274mln. Once the deal goes through, RLJ will become an indirect subsidiary of AMC Networks, with *Robert L Johnson* and his affiliates owning a 17% stake. The two entered into a strategic partnership back in October 2016, when AMC invested \$65mln in RLJ in the form of loans and AMC received warrants which, if fully exercised, would give it at least 50.1% of outstanding RLJ Entertainment common stock on a fully diluted basis.

One of the Big Dogs: Adara Technologies announced Monday that an unnamed Tier I North American cable operator has chosen to deploy its SIPV solution. The solution works with all legacy and current set-top boxes to deliver video more efficiently by distinguishing between MPEG2- and MPEG4- capable set-top boxes, enabling greater bandwidth efficiencies. The operator plans to simultaneously add more HD and 4K channel offerings while expanding its IPTV offering over DOCSIS.

More Mobi: More than 50 pay TV operators are set to roll out app-based television through the **MobiTV Connect** platform. Customers include **All West Communications, Fidelity Communications, Greenlight Community Broadband, MetroNet, Nex-Tech** and **USA Communications**. The company says the customers represent a total subscriber base of approximately one million people across the US.

TiVo Time: **Atlantic Broadband** launched the new TiVo Experience 4 with internet-based video on demand powered by **SeaChange**. The entertainment platform has an upgraded user interface, improved personalized viewing recommendations, and voice remote. TiVo Experience 4 and IP VOD enhancements will launch this week in Atlantic's Connecticut, New Hampshire and Maine service areas.

Standing Ovation: **Ovation** and **Spectrum** partnered as part of Ovation's national arts advocacy platform, Stand for the Arts. Ovation will contribute \$120,000 to arts and cultural organizations in 12 Spectrum markets. Among the Spectrum markets and arts organizations being recognized are Buffalo Arts Studios (Buffalo, NY), Northside Workshop (St. Louis, MO), SAY Sí (San Antonio, TX), Cheyenne Arts Festival (Cheyenne, WY), Cincinnati Song Initiative (Cincinnati, OH), Art House (Cleveland, OH), Latino Arts (Milwaukee, WI), South Carolina Governor's School for The Arts & Humanities (Greenville, SC), Creative City Project (Orlando, FL) and the Arts Council of Fayetteville/Cumberland County (Fayetteville, NC).

Programming: **MTV** greenlit "Lohan Beach Club" (working title) to premiere in 2019. The docuseries follows *Lindsay Lohan's* launch of Lohan Beach House in Mykonos, Greece. -- **HBO** acquired the worldwide TV and streaming rights to "At the Heart of Gold: Inside the USA Gymnastics Scandal." The documentary will debut in 2019 and explores the scandal of ongoing sexual abuse in the gymnastics community.

Cablefax: What's Happening in August

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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.

Happy Birthday, Hip Hop

Hip hop turns 45 this summer. The genre's role extends way beyond the radio, influencing essentially every aspect of pop culture and becoming a source of self and community empowerment. Cablefax takes a look at how hip hop is celebrated and incorporated into programming—from shows and specials specifically dubbed "hip hop" to the genre's bleed into other areas, including politics and sports.

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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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