

Cablefax Daily™

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What the Industry Reads First

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Permanent Split? Ergen Sees No End in Sight to Univision-DISH Spat

Don't hold your breath on a resolution between **DISH** and **Univision**. DISH chmn *Charlie Ergen* said on the company's earnings call Friday that he believes the dispute and resulting blackout will be a permanent one. While he said there were no hard feelings with the company, Ergen saw Univision as losing value to customers. "We noticed they've lost 50% of their primetime viewership over the past several years and they lost the World Cup, which was the number one short-term attraction," Ergen said. What further exacerbates the issue, the exec said, is Univision being available for free with an antenna and that an OTT service in New York (most likely referencing **Locast**) offers Univision at no charge. Univision also offers a direct feed to customers for \$7.99, a price Ergen said is much lower than what it was asking from DISH. Ergen noted that not all of the difficulties are Univision's fault, citing many executive changes at the company. However, he said the executive team at DISH has not heard from new Univision CEO *Vincent Sadusky* since he came into the role on August 3. Univision said its team remains in active discussions with DISH. "Charlie Ergen has a good perspective on the challenges facing the broader media industry. At Univision, we're in the business of developing, acquiring and delivering the very best content to serve the Hispanic community, which also happens to be a highly coveted consumer," the programmer said. "And as good distribution partners, we price that best-in-class Spanish-language content appropriately." Amidst the dispute, net DISH TV subs dropped by 192K, leaving it with 10.653mln still signed on. In a statement, Univision said it did not take any pleasure in the subscriber loss and was concerned that the continued Univision blackout would only force more subscribers to drop with Hispanic audiences making up nearly 20% of DISH's subscriber base. As far as the company's financials in the quarter, DISH reported revenue of \$3.46bln, versus \$3.64bln in 2Q17, and a net income of \$439mln versus \$40mln a year ago (although it's worth noting that 2Q17 was negatively impacted by litigation expenses of \$280mln). On the **Sling TV** front, the service saw subscribers increase by 41K to reach a total of 2.344mln. Though the service continued to grow, it fell far below **Evercore's** 75K forecast and its 120K growth in 2Q17, mostly due to OTT competition. DISH's traditional DBS service beat Evercore's forecast of a 225K loss. This quarter's revenues were not affected by the Sling Orange \$5/month price increase first reported at the end of June. Addressing questions of whether the



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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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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company was moving customers over to Sling from DISH TV, pres/CEO *Erik Carlson* was clear that it wasn't an active part of the game plan. "We really focused DISH over the last few years on getting those customers in the right geographies," Carlson said. "When you think about DISH, it doesn't require broadband. It pushes us to a less urban profile. With Sling, one thing that's required to make the service work is broadband, so it pushes that customer to a more urban profile." Carlson also highlighted that DISH TV's monthly sub churn rate is lower now at 1.46% versus 1.83% in 2Q17, a result of the company focusing on attracting and retaining high quality customers.

Tough bein' belN: A bad week for **belN Sports** just kept getting worse. A day after its channels went dark on **Comcast**, news came that **Verizon** has removed the net and the **FCC Media Bureau** has thrown out its carriage complaint against Comcast. "It has failed to provide evidence sufficient under the Commission's rules to support its claim that belN and belN-E [belN en Español] are 'similarly situated' to the Comcast-affiliated programming vendors cited in the complaint, **NBC Sports Network [NBCSN]** and **Universo**," the Bureau said. The soccer-focused programmer didn't respond to comments about the FCC action by our deadline. Comcast celebrated the news, saying it makes carriage decisions based on business reasons and the best interest of customers. "Our carriage of the belN channels was consistent with how they are carried by most other cable and satellite providers as niche services on specialty and less-penetrated tiers," Comcast said. BelN filed the complaint at the FCC in March, a move Comcast called a negotiating tactic. As for the Verizon drop, Fios customers found the channels blacked out this week. The story seems to be very similar to that of the dispute with Comcast, minus one FCC carriage complaint. "belN Sports USA learned last night that despite its offer to extend its contract with Verizon on the same rates and terms, Verizon chose to abruptly cease negotiations and drop the belN Sports channels from its platform," belN Sports deputy managing director for the US and Canada *Antonio Briceño* said in a statement. Briceño claimed belN offered to continue with the fee increase structure it had established when it launched in 2012, but Verizon was attempting to move the channels to a more expensive tier. Verizon said they remain open to negotiating a fair agreement, but that belN is demanding a significant rate increase. "We have given belN Sports a reasonable offer, but they rejected this proposal and we no longer have the right to carry their channels," Verizon said.

FX at TCA: **FX** won't change its central DNA as it expands genres to better compete amid a flurry of TV content, said FX chief *John Landgraf* at **TCA** on Friday. Landgraf, who has been warning of "peak TV" for years, told critics that FX must widen its universe of shows to include more documentaries, late-night, comedy, specials, variety etc. But he stressed that FX will stay true to its brand, drawing a parallel to **HBO** programming pres *Casey Bloys'* comments at TCA last week clarifying that the premium net will retain its brand identity despite prospective owner **AT&T's** directive to expand show volume. "That's how I feel about FX," Landgraf said, noting that he won't seek to be like **Netflix** and offer "everything that every human being would ever want to watch everywhere on planet earth." So while FX wouldn't necessarily produce a reality show, "I'm excited about variety and comedy and specials and late-night—and all the various genres of documentaries that personally I really love. And I genuinely believe that there's an application of the FX sensibility in all of those, and we're just going to have to figure out... how to uphold those values and standards." As has become a TCA tradition, Landgraf also updated critics on the net's diversity efforts, noting the number of white male directors of FX shows has declined to 51%. "We remain intent on changing what has been a broken system," he said.

Hostile Takeover: **Stingray Digital Group** announced an unsolicited offer to purchase its rival **Music Choice** for \$120mln. The Canadian music and video content provider said that it presented the bid to MC's management and each of its owners, including **Charter, Comcast, Cox Communications, Sony Corp of America, WarnerMedia, Arris** and **Microsoft**. Stingray said the offer has "not yet been accepted" and will remain open until Aug 31. "Music Choice would benefit greatly from joining forces with Stingray, given that we are well positioned to expand and build Music Choice's product portfolio and distribution in the United States and around the world," said *Eric Boyko*, pres, co-founder and CEO of Stingray in a statement. MC launched in 1987 and has 50 channels, a VOD music service and apps. In June 2016, it sued Stingray for patent infringement. Stingray countersued in Aug 2016, calling the lawsuit a "smear campaign." MC did not respond to a request for comment.

Tangled (World Wide) Web: As if net neutrality wasn't a complicated enough issue, the legal side opens up a whole new can of worms. Remember the **FCC's** 2015 rules establishing a Title II regime? The rules may have been reversed by the

current FCC, but there's still a legal fight going on over a federal court's 2016 decision allowing them to stand. Even though they no longer stand. Confusing right? Well, on Thursday, the government responded with a Supreme Court brief that tackled the confusion head on. It argues that the legal questions concerning the proper regulatory treatment of broadband will be resolved in the pending challenges to the FCC's 2018 order that overturns Title II classification. As such, the government essentially asks the court to vacate the 2016 judgment and remand the petitions for review to the lower court to dismiss as moot or to be considered in light of the effect of the 2018 order. **ACA** likes the approach, with svp, govt affairs *Ross Lieberman* expressing hope that SCOTUS will grant the request. Meanwhile, **Free Press** says it's placing full-page ads in members of Congress' local papers while they are home for the August recess to encourage them to sign the net neutrality petition. In asking for help in raising the remaining \$6K it needs for advertising, Free Press showed an example that read, "Rep Jeff Fortenberry has accepted \$99,850 from big internet service providers. Is that why he won't stand with Nebraskans to save the internet?"

Programming: **Disney** greenlit the live-action comedy "Gabby Duran & the Unsittables," premiering in 2019. -- **FX** ordered a new eight-episode limited series "Devs" starring *Nick Offerman*, as well as "Shogun," its largest international scal production to date.

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Up Ahead

- August 5-8:** CableLabs [Summer Conference](#); Keystone, CO
- August 19-20:** 2018 Technology Policy Institute [Aspen Forum](#)
- August 24:** Cablefax's People to Watch: [Call for Entries](#)
- September 12-14:** [Mobile World Congress Americas](#); LA
- November 15:** Cablefax [Most Powerful Women Luncheon](#); New York, New York

Research

- Adults spent over 11 hours per day "listening to, watching, reading or generally interacting with media" during the first quarter of the year.
 - The majority of adults' media usage came from live and time-shifted television; on average four hours and 46 minutes per day.
 - Nearly 3% of TV homes subscribe to a virtual multichannel video programming distributor (vMVPD). 15% of homes that subscribe to a vMVPD also subscribe to traditional cable services.
- (Source: Nielsen Total Audience Report: Q1 2018)**

Quotable

"What Netflix has done has been wonderful and brilliant and the customization and personalization which arrives at your home and the scale they've created is enviable and they've done a brilliant job. Nothing short of it. We have taken a separate path and have gone more targeted where the individual absolute collection and name of shows support a brand. It has its own effect and appeal for certain constituencies... So, over time, we ask ourselves the question what's smarter to do, and frankly, I'm not sure we have the answer." -- **AMC Networks pres/CEO Josh Sapan on having separate DTC products.**

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