

# Cablefax Daily™

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What the Industry Reads First

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## On the Hunt: Sinclair Likely to Bid on Fox RSNs

Though the merger termination deadline for **Sinclair-Tribune** was set for Wednesday, Sinclair had nothing to say about the deal on its 2Q earnings call Wednesday. But while tightlipped on the pending Tribune acquisition, Sinclair isn't holding back when it comes to looking to other expansion opportunities, including the 22 **Fox** RSNs that **Disney** is obligated to divest as part of its deal to acquire certain 21st Century Fox assets. "Adjacencies continue to be an interest to us, including cable, content, digital media and I would put RSNs squarely in that adjacency bucket," Sinclair CEO *Chris Ripley* said, calling them "fairly interesting" and a good fit with the broadcast footprint and operations. **CFX** first reported on the possibility of Sinclair coming in to bid last month, with **CAP Sports Group** founder *Curt Pires* saying the company's strength in local markets could drive them to pursue a deal despite all the complications it's faced with Tribune. In fact, the Tribune troubles may even make the RSNs more appealing, as deals surrounding their purchase are less regulated and easier to complete. In a totally separate Fox-hole are the affiliate deals between Sinclair and Fox that were renewed for multiple years in May. Ripley explained that those remain in place so long as the Tribune deal does go through. Should it not, Fox has the right to cancel those deals and move to renegotiating. **Evercore** analysts now see the likelihood of the Sinclair-Tribune deal closing as being below 50% and believe that, should the companies decide to tough it out and see the administrative hearing process through, it could take another 6-9 months before any sort of resolution. If their efforts somehow do prove successful, Evercore believes "valuation of the combined entity looks very attractive at current levels with material synergies likely realizable soon after closing." The company also provided more color on CompulseOTT, the just-announced OTT advertising platform that offers 15- and 30-second commercial spots on platforms such as **Roku**, **Apple TV**, gaming consoles, SmartTV's and streaming sticks. "It really fills a niche within both the local marketplace and the national marketplace for greater targeted advertising," Ripley explained, saying that Sinclair has already soft-launched it by running more than 5K campaigns with 2K unique advertisers. "We think that marketplace is already a multi-billion dollar marketplace, but it's underserved. We put together a really top notch product with multiple premium inventory suppliers mixed in with our own inventory, and with great data and analytics and daily dashboards for advertisers."

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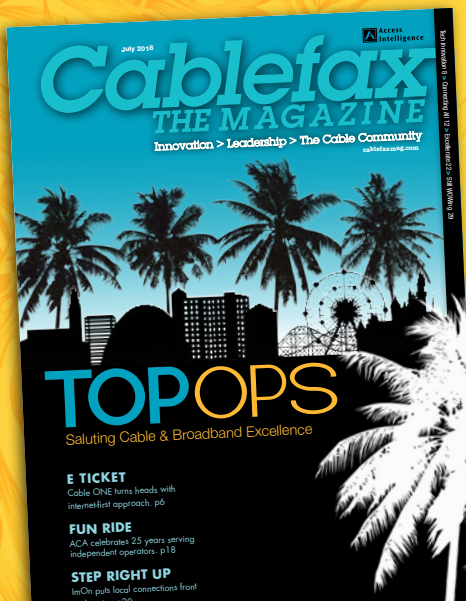
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**Past Sins:** Verizon believes that its 5G strategy will make up for the “past sins” of its previous wireless generations and deliver a one-to-one relationship. “With the enhanced capabilities of 5G, and particularly over the next 3 years as the next couple of releases of the standards come out, increasingly I will be able to deliver a network for a one-to-one relationship,” said Verizon evp & group pres for wireless *Ronan Dunne* at an investor conference Monday. Verizon 5G will launch in three cities this year, and the company plans to announce a fourth city shortly. “In some respects, 4G spent a lot of time making up for the sins of 3G. 3G overstated its capabilities, it came early, it didn’t really deliver, and to some extent expectations were kind of low,” Dunne said. “5G gives us the opportunity to build out ecosystems and models that are fundamentally enabled by the technology, but are not simply based on how do you mobilize an old traditional wireline experience.” Dunne also highlighted 5G’s ability to “network slice.” “Essentially the fact that you can separate elements in the network and deliver the individual elements or currencies. So I can feature latency as a specific enabling for an application. I can give burst capacity for things that need it at particular times,” he said.

**Rolling Out Roku:** Roku launched The Roku OTT channel Wednesday in the US. Accessible via PC, mobile phone or tablet, users can start streaming once they log in or create an account. The company also began a roll out of a navigation change to the Roku home screen, adding a “Featured Free” section. This gives users direct links to free content from The Roku Channel, **ABC, The CW, CW Seed, Fox, Freeform, Pluto TV** and more. On its Q2 2018 earnings call Wednesday, the company said the channel was created because of a thesis that there was a thirst amongst OTT users for free content. Roku’s priority now is expanding its reach, first by making the channel more available and then by expanding to more geographic regions and introducing more content categories.

**Winner Winner:** It’s another victory for **Comcast** in its ongoing patent battle with **TiVo**. **The US Patent Trial and Appeal Board** ruled Tuesday that Patent 8,621,512, covering an interactive TV program guide that allows someone to watch one program while recording another with no interruptions, was invalid, calling it an obvious variation of earlier know-how. Comcast has filed more than three dozen petitions challenging patents held by TiVo’s **Rovi** and **Viveo** groups.

**A Whole New World:** **Boingo** is no longer the Wifi provider that’s only seen in airports, and Boingo CEO *Dave Hagan* said at an investor conference Wednesday that the market is fragmented and in a stage of transition as property owners look for alternatives. He stressed the importance of strong, reliable wireless network is a necessity in any new properties being built, often being a priority from the very beginning of the construction process. “As



## 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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customers, we all walk into a building and look at do they have good cellular coverage and is there Wifi network available,” Hagan said. “Especially in the apartment space, if a tenant can walk in and see your building’s bad, they can go down the street or next door and find a building that has the infrastructure.” He also spoke of a new model where end users aren’t paying a carrier, cable company or Boingo, but to their landlord as part of their tenant services or rent, making it a wholesale business. That means no customer churn or subscription acquisition costs for Boingo. Hagan also noted that with OTT growing and younger generations shunning the bundle, it makes sense for a Boingo or another provider to take over the reins. When it comes to the spread of 5G and its impact on Boingo’s business, Hagan called it “fantastic,” noting that 5G only gives them more tools to build bigger and better networks.

**Washington Upgrades:** **St. John Telco** in Washington state is replacing its cable TV system with IPTV across a 250 square foot mile area. The company said that by going with **Innovative Systems IPTV Middleware**, customers have the flexibility of blending in a set top box service later on if their needs change.

**Business/Finance:** **Advance/Newhouse** intends to establish a credit facility collateralized by a portion of its common units in **Charter**. The MSO said Advance/Newhouse has indicated it remains committed to being a long-term Charter shareholder and has no plans to sell any units/shares other than through its continued pro-rata participation in Charter’s buyback program.

**NAMIC Co-Chairs:** Say hello to your 32nd Annual **NAMIC** conference co-chairs—**Mediacom** evp *Italia Commisso Weinand* and **TV One** gm *Michelle Rice*. The two will get things rolling Oct 16-17 in NYC.

**On the Circuit:** **CTHRA** announced its full lineup of sessions and speakers for the Leading Seismic Change HR Symposium to be held Oct 2 in Philadelphia. Fourteen HR experts will share practical insight on high-impact topics such as transforming digital HR through tech, combatting unconscious bias and bridging generational gaps. *New York Times* best-selling author *Dr Lois Frankel* will provide the keynote address. -- Nominations for **NAMIC’s** Executive Leadership Development Program (ELDP) Class XVIII are now being accepted. The fellowship, for an eligible executive of color, is housed at the University of Virginia Darden School of Business.

**Ratings:** **Katz** nets *Bounce*, *Laff*, *Escape* and *Grit* all posted ratings gains in July. *Laff* finished as the fastest-growing network in both broadcast and cable for the month in the deliver of *Persons 18-49* and *P25-54* with a +39% HH gain and +46% in *P2+* compared to July 2017. *Bounce* saw a 6% HH gain, *Escape* grew 6% in total viewers, and *Grit* saw a 17% jump in HHs.

**Programming:** The “Treehouse Masters” crew is preparing to celebrate 100 builds in the upcoming season of the series. Premiering August 17 at 8pm on **Animal Planet**, this season will see them building everything from a spy hideout to a treehouse for NFL star Antonio Brown. -- It’s **NASA’s** 60th anniversary this year, and **Discovery Channel** is celebrating with the documentary “Above and Beyond: NASA’s Journey to Tomorrow.” The film will make its debut with two cinematic screenings on September 29 and October 3 before airing on Discovery Channel on October 13. -- **OWN’s** “Queen Sugar” is returning for a fourth season. The series from *Ava DuVernay* was renewed ahead of its Season 3 finale on August 22 at 10pm. Co-executive producer *Anthony Sparks* will take the reins as showrunner/ep for the fourth season. -- **HBO** and **Axios** struck a deal for a limited documentary series of news-oriented specials that will debut on the network in the fall. Emmy-winner *Matthew O’Neill* and *Perri Peltz* will direct and produce. -- After seeing viewership grow 18% this season over the last, **HGTV** picked up another 15 half-hour episodes of “Flip or Flop.” The seventh season has attracted more than 15.2mln viewers to date, and will air its finale on September 6 at 9pm. -- **FX** ordered Season 4 of “*Fargo*,” starring *Chris Rock*. The award-winning series will begin production in 2019. In addition, FX+ is now available to all FX subscribers for \$5.99 a month, giving customers access to 35 additional series. -- **YouTube’s** first-ever Spanish Language originals are in development. Actor/director *Gael Garcia Bernal*, musician *Maluma* and comedian *Sofia Niño de Rivera* will head the projects, which span TV and film. -- **Motor Racing Network’s** “Winged Nation” TV show can be seen exclusively on **MAVTV** Saturdays at 8:30am. The original half-hour podcast reached one million listens nearly three times sooner than the year before.

**People:** **DISH** announced the appointment of *Kevin Arrix* as the leader of the Dish Media Sales group, including its operations, analytics and advertising sales for Dish TV and **Sling TV**. The new svp served as the chief revenue officer of *Verve*. -- **CBS News’** *Nancy Han* is joining “NowThis Morning” as an ep. The upcoming daily news show from **NowThis** will air on **Facebook Watch** and center around breaking news and stories for younger audiences in the “streaming generation.”

## Think about that for a minute...

### The Little Things

Commentary by Steve Effros

Many years ago I wrote about “the Lucia test.” That’s when I would put some new fancy piece of technology down in front of my wife, Lucia, and see if someone who prefers simple knobs for volume control and hardcover books for reading would find that new piece of technology useful. The original test was with what was then a new-fangled, button festooned thing called a remote control.

My friends at Zenith were working on remote control design. They knew I was very interested in promoting something the cable industry could introduce into a lot of homes with the set top box. The important thing was that customers had to love, not hate, the thing. Well, it proved to be a useful learning experience for Zenith. We were able to point out to them that one thing that absolutely needed to be done was differentiate the

“mute” button from all the others. When you’re trying to quickly grab the thing to mute the sound because you think you hear the baby crying, you don’t want to have to search through the myriad identical-looking buttons!

Zenith took that to heart, and for years many remote controls standardized on an orange “mute” button. It was a little thing, but it made the remote a lot more consumer friendly. I’m sorry the tradition hasn’t continued. But it impressed upon me how in many cases it’s the “little things” that have a major impact on customer satisfaction. When it came to remotes, the old Bell Atlantic learned that the hard way when they decided to do a technological whiz-bang overbuild of a traditional cable system on the Jersey Shore. Its system was the newest design, but the remote had so many buttons, folks hated it. Customers couldn’t figure the thing out. The effort at a competitive coup failed. Little things.



I think we’ve all come a long way in appreciating that the “little things” relating to customer usability are very important. The challenge in things like the design of remote controls, and now the newest navigation tools, apps and voice, demand that we keep checking back to make sure we have satisfied customer experiences. To be sure, all of our customers expect, nay, demand an almost flawless, speedy, reliable delivery of services. That, however, is the base expectation. It’s after that is met that you either make a “friend” of your customer or they feel like a commodity.

While it may seem frivolous, Amazon figured out, for instance, that their customers using the Echo voice command speakers had a tendency to “ask” for things, like turning on a light, and then automatically said “thank you” when it happened. But there was no response. Well, now there is, if you want it. Turn on the feature and you have more of a “conversation” with your “assistant.” It really does make a difference for some in the customer experience.

The same goes in the opposite direction; don’t do things that are obviously more attuned to your interest than the customer’s. I currently have a wonderful Cox X1 platform with a woefully designed “app” that sometimes allows me to set my DVR remotely, something my old FiOS system did with aplomb. But the app always opens with a large-font screen telling me what my bill is! Do they actually think that’s what I wanted to know first? Really? How much I owe? I almost always want a program schedule to set a recording. Can’t change the opening screen. Bad idea. The little things.

*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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