

Cablefax Daily™

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What the Industry Reads First

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5Qs: Following Carriage Drops, beIN Exec Discusses What's Next

Fresh off disputes with **DirectTV** and **Comcast**, **beIN SPORTS** Deputy Managing Director Antonio Briceño isn't worried. **Cablefax** talked with Briceño about the recent drops, beIN's growth and what's next. An excerpt, edited for clarity, follows. **What are some of beIN's most recent initiatives?** We're definitely working to secure properties to align with the premise of bringing value to our customers. We recently did a deal with the major league wrestling association because one of the things that we have shifted from is that in the beginning we had a lot of perception that we were only committed to international sports. That's definitely the anchor that we used to get into the market, but obviously we want to be perceived as a whole sports network, which is why we've been looking into properties of local nature. **Where do you see the most room for growth?** The room to grow is creating a more direct relationship with our customers so they can access the content they like more directly and have a better relationship with our brand. I believe that there's definitely a lot of room to grow on that digital playing field and obviously we continue having a lot of opportunities out there that we haven't fully exploited in terms of new sponsors, ad dollars and ad clients. **What do you think the company is doing well?** In spite of what everybody thinks out there, we've improved tremendously the process of elevating and acquiring the properties that we believe better serve our markets. I don't want to sound pretentious, but we have given the properties that have partnered with us or that we distribute a very good treatment in terms of the way they're presented on our screen and the way we have grown with them as a brand. That being said, I think there's still tremendous room for improvement and we're striving every day to get a better product out there. **How do the recent carriage drops with Comcast and AT&T impact your business?** We remain very steadfast in our decision in continuing to push. Contrary to what they have stated in their public releases, the reality remains that we were pushing since the beginning of these renewals, we have always maintained the same position that the reality is there's a value proposition that beIN brings to the table. I think that our distribution partners have unfortunately failed to recognize the value of the content that we bring to the table and want to treat us in a way that I don't believe is a way a true partner should be treated, and they want to relegate us to the high market because they consider us niche programming. We're not going to stand for that and that's the main reason

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negotiations broke. I think that's what's happening here is bigger than the fight between David and Goliath. I think we all need to recognize in the industry that there's brutal consolidation and the end result is the bigger are getting bigger and the small, independent channels are being hurt. **Are you concerned that other providers may follow suit and remove beIN?** There's always a concern that the others will try to exercise that same type of leverage that we've seen coming from Comcast and DirecTV. The good news is that the negotiations with others have concluded. So far with the other negotiations in general, I see a positive outcome for the rest of our renewals, and hopefully those two companies will come back to the table because one thing I want to make very clear to the whole industry is we never closed the door. It was quite the opposite, in both cases we offered steady terms of renewal for a period of negotiation and they both refused because they were offering things that were unfortunately extremely insulting and did not recognize by any shape or form the value of the content being presented to them.

Changing of the Guard: With 20-year **ESPN** ad sales chief *Ed Erhardt* to retire early next year, **Disney** is expanding well-known ad exec *Rita Ferro's* role to include the ESPN portfolio. She already heads up ad sales efforts for Disney entertainment, news and kids linear as well as the digital TV and radio businesses. In her new role as pres of Disney ad sales, Ferro will be tasked with selling ESPN alongside **ABC** and other Disney cable networks. She reports to Disney Direct-to-Consumer and International chmn *Kevin Mayer*. "Uniting our advertising sales efforts gives advertisers and marketers a one-stop shop for reaching audiences across all of The Walt Disney Company's media properties, providing clients with the best and most effective tools and marketing solutions possible," Mayer said in the announcement. "Throughout her career, Rita has consistently grown businesses through a focus on brand building and innovation. Erhardt, according to an internal memo, has been trying to retire for some time, but agreed to see ESPN through some of its recent changes. "He has spent his 20 years within our walls and across the industry as a visionary leader, all the while helping ESPN achieve remarkable results," ESPN pres *Jimmy Pitaro* wrote to employees. He praised Erhardt as a pioneer in measurement, including out-of-home, as well as the first sports up-front and ad innovation such as the single-advertiser "SportsCenter" experience.

Sports Season: **Comcast** and **ESPN** announced the launch of **ESPN3**, **ACC Network Extra** and **SEC Network +** on **Xfinity X1**, allowing fans to stream over the internet directly on their TV coverage of college football with more than 150 live games and over 5,000 live events annually. -- In related news, a **CSG** market survey found that sports fans have high expectations for their viewing experience. Nearly 63% of consumers want less interruption and a full experience, without paying anything additional. A majority 71% of global consumers watch live sports through cable

Congratulate and Reach the Most Influential Minorities in TV, Cable and Broadband

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subscriptions, while 18% watching on streaming services and 11% on mobile.

Caffeinated Fox: **21st Century Fox** announced it led a \$100mln round of funding in the social broadcasting platform **Caffeine** and the newly formed venture **Caffeine Studios**, which is jointly owned by **FOX Sports** and Caffeine. The new studio will create exclusive esports, video games, sports and live entertainment platform for Caffeine. Caffeine also announced a content agreement with **Live Nation** to bring concerts to the platform in Q4 2018.

USTelecom Forbearance: **USTelecom** filed comments with the **FCC** Wednesday in support of its petition to eliminate wholesale requirements related to unbundled network elements. CLECs have pushed back against such a move, saying it could cause them to raise prices or go out of business. USTelecom believes the time has come for ILECs to stop sharing their networks with rivals, thanks to increased competition from cable operators, wireless carriers and others. “Some CLECs contend that they require UNEs as a ‘stepping stone’ to deployment, but they provide no sense of how long they will need before they are able to succeed in the marketplace without UNEs, as so many other providers have,” the association said. “Indeed, economic analysis of unbundling regime in various countries has shown that continued UNE access tends to inhibit rather than accelerate CLECs’ deployment of their own facilities.” Cable is pretty quiet on this issue, although Cox has raised questions about unbundling elements related to 911 and other areas that a cable operator may need to work with an ILEC on. “Although Cox argues that the Petition’s evidence and reasoning regarding nationwide intermodal competition does not justify unbundling forbearance as to the elements specified in its filing, the Petition also demonstrated that unbundling in general is burdensome and undermines competition—a rationale that applies to all elements, including those on which Cox focuses...” USTelecom told the FCC.

Steady There: **Parks Associates** research found that the rate of cancellations for OTT video services in US broadband households has remained at a steady 18% over the past three years. The average subscription length for OTT services is 30 months, but the top three – **Netflix**, **Amazon** and **Hulu** – have the most stability, Parks said.

Dolans vs Altice: Members of the *Dolan* family, including former **Madison Square Garden** CEO *Jim Dolan* and former **News 12** pres *Pat Dolan*, have sued **Altice USA** over News 12 layoffs, according to press reports. The suit alleges the **Optimum** and **Suddenlink** operator reneged on a pledge to operate the network in accordance with a five-year business plan and cites the layoffs of 70 staffers last year. Altice bought Cablevision, largely controlled by the Dolans, in 2016. Altice USA said the lawsuit was without merit, saying it plans a vigorous defense. “Our News 12 team is comprised of the most talented journalists and staff in the news business and Altice USA remains committed to offering meaningful news coverage, enhancing our news product for our local communities, and growing our audience. Under Altice USA’s leadership, News 12 remains the most viewed TV network in Optimum households. This achievement reflects the uniqueness of News 12’s hyperlocal content and the high value viewers place on news that is tailored to their neighborhoods,” the company said. Altice USA recently added two execs to its news leadership team: *Chris Vacarro*, vp, digital news and *Kristin Malaspina*, vp, marketing & audiences.

Programming: **CNBC’s** *Jim Cramer* will speak with **Comcast** CEO *Brian Roberts* in an interview airing on Thursday’s “Mad Money” episode at 6pm. The programming is part of Comcast’s 2018 Countdown to **NFL** Kickoff Celebration in Philadelphia. -- **A&E** will premiere the docuseries “The Impeachment of Bill Clinton” (wt) in a three-night special event starting Nov 18. The series will feature exclusive content featuring *Monica Lewinsky*, *Ken Starr* and *James Carville*. It comes from Emmy-winning producer *Alex Gibney* and Emmy-winning director *Blair Foster*. -- **Comedy Central** landed a multiplatform development deal with comedian *Anthony Jeselnik*. He’ll star and executive produce an untitled half-hour series, and host an original weekly podcast. The company also announced its franchises “South Park” and “Drunk History” will have panels at the New York Comic Con during the Oct convention. -- **Oxygen** nailed down a deal with *Paul Holes*, the detective who helped capture the Golden State Killer. The deal coincides with the one-year anniversary of Oxygen’s rebrand to true crime. -- **FOX News** will move *Tom Lahren’s* online segment “Final Thoughts” away from **foxnews.com** to **FOX Nation** as programming for the forthcoming OTT digital streaming service.

People: **NCTA** announced it added two public policy veterans to its government relations team. *Amy Bender*, the new vp, government relations and legislative counsel, formerly served as a legal advisor to **FCC** commish *Mike O’Rielly*. *Saul Hernandez*, the current deputy chief of staff for rep *G.K. Butterfield*, is joining the team as vp, govt relations. -- *Charlotte Slaiman* joins **Public Knowledge** as policy counsel. She most recently worked in the Anti-competitive Practices Division of the **FTC**. -- **Starz** beefed up its International Digital Networks team, tapping *Darren Nielson* as svp, distribution and biz development and adding *Jeff Cooke* as vp, programming. Prior to joining Starz, Nielson was director of content acquisition at **Netflix**. Cooke recently served as vp, global digital at **Lionsgate**.

Think about that for a minute...

Connected

Commentary by Steve Effros

Everything seems to be connected these days. Here's a little brain-teaser for you as the summer hiatus ends; how are Brett Kavanaugh, "originalist" thinking, abortion politics, pseudo-progressives, Google and friends, net neutrality and state telecom associations all connected?



It's actually not that hard to "connect the dots," but my guess is that it will be a lot harder to deal with all of the unintended consequences of all these connections. Let's start at the top: Brett Kavanaugh, despite all the noise this week, is likely to be our next confirmed Supreme Court Justice. That will put Chief Justice John Roberts in the role of "swing" voter, which means the Supreme Court is likely to "swing" conservative, to be more on the "originalist" side of interpreting the Constitution rather than the "living document" side. It's anticipated that as cases come along the Supremes will tilt toward letting the States "do their thing" whatever that happens to be.

But in some states there are also very strong "liberal/progressive" forces who are pushing state legislatures to take on many of the issues that our non-functioning national Congress has failed to resolve. That would include both "conservative" and "liberal" issues, things like, say, marijuana legalization and regulation, gun regulations, marriage rights definitions, abortion regulation, and, yes, a whole lot of telecommunications policy.

In that last case the most glaring example right now is the adoption in California of a "net neutrality" bill. The proponents are proud of saying that their net neutrality requirements are even more stringent than the ones the FCC originally rejected before adopting the "Title II" rules that were later jettisoned. So, put simply, the folks in California have crafted a lot of rules for ISPs that not only deal with "throttling and blocking" which most of us don't

really care about given that they are already adhered to, but also limitations on future potential forms of business. The unintended consequences resulting from that could be very harmful to consumers. By the way, we know that the moving forces behind a lot of these rules are Google and friends, who have found a convenient way to keep others, like ISPs, from competing with them by having the state ban that competition! OK, so be it. We know there will be legal challenges to all this, and here's where it gets really interesting.

Remember what I noted above; the 'conservative thinking' is likely to prevail in Court. The states will have a lot more leeway to do what they want to do. So folks in Nebraska, let's say, will be able to get a great deal on broadband service, for instance, that includes a music component, but folks in California won't! Consumers are going to be hearing a lot of "national" ads that say things like "...not available in X, Y and Z states." It'll get more and more confusing as each state adopts its own set of rules. "Conservative" and "liberal" monikers become meaningless.

And that's why I included the last thing on that list. State associations. In this case I would have to say they should probably be "telecom" associations and "internet" associations rather than "cable" or "telco" or "internet" exclusives, because if you think the states are going to stop with regulating ISPs and not get into the "privacy/censorship" business and a whole lot of other things "edge" and "transport" providers do, you better think again! Then, maybe, we can get some serious work done on a national telecom bill, something we should have done long ago.

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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