

Cablefax Daily™

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What the Industry Reads First

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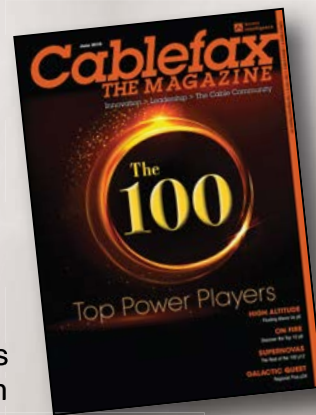
Still Shutdown: Closure Impacts Everything from Connected Cars to Lightbulbs

It doesn't deliver the gut punch that images of long airport security lines and chopped down Joshua trees might, but the partial government shutdown is delivering a wallop on issues near and dear to the cable, telecom and media industries. "The shutdown is hurting our innovation economy. Approvals of new electronics devices have halted, complaint and inquiry lines are not being answered and new broadcast and wireless licenses are not being issued," **CTA** pres/CEO *Gary Shapiro* said. "Highly skilled and knowledgeable **FCC** employees are being demoralized, demeaned and not even paid. We urge all political leaders to put their nation above their party and compromise to end the shutdown." On Thursday, the **Department of Transportation** issued a statement saying that because of the shutdown it's unable to extend the Jan 25 comment deadline on its request for feedback on Vehicle-to-Everything Communications (V2X)—the tech that lets vehicles connect with their surroundings. That said, the DOT is offering a workaround, which is what everyone seems to be trying to figure out in these uncertain days. In the case of V2V, DOT said that since the comment period coincided with the shutdown and holidays, the Department intends to consider comments submitted within 30 calendar days after the Jan 25 deadline. There's been no official word on whether the FCC will cancel its scheduled Jan 30 open meeting if the shutdown is still on, but the assumption is yes. Newest commish *Geoffrey Starks* remains in a holding pattern, with no one even to add him to the FCC's website. There are a number of rulemakings and petitions of importance to the industry that are in limbo, such as **belN's** [refiled carriage complaints](#) against **Comcast** and **Charter's** [petition](#) arguing the availability of **DirectTV NOW** constitutes effective competition in the markets presently deemed not to have it. And with lawmakers focused on the shutdown, other issues slip on the priority list. "While not directly impacted by the shutdown, Congress seems a bit slower than usual in starting to think about the extension of the Satellite Television Extension and Localism Act, which expires at the end of the year," said **Mintz Levin's** *Seth Davidson*. Among other things, the expiring legislation grants a compulsory copyright license to **DISH** and **DirectTV** to retransmit distant broadcast signals and contains provisions requiring retrans consent negotiations to be conducted in good faith. Then there's the fact that the FCC isn't processing any equipment authorizations. "It's not just telecom gear, phones and set-top boxes. It can be everything from computers to light bulbs. Anything with a radio frequency footprint has to be approved by the FCC," said **Hogan Lovells'**



Who Deserves to Rank Among Cablefax's Annual Top Power Players?

The Cablefax 100 salutes the most influential executives whose leadership continues to take the industry to new heights. We will rank the top professionals in the media, cable & broadband industry and publish the list in the June edition of Cablefax: The Magazine.



It's free to enter - but you must submit your entries by January 25!

Enter at www.Cablefax100.com | Questions: Mary-Lou French at mfrench@accessintel.com

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Trey Hanbury. While vendors are putting any authorizations generally 3-6 months in advance, there's less latitude for marketing plans the longer the closure drags out. "You could very well see this start to choke off the consumer electronics market, as well as things you wouldn't think have anything to do with the FCC," Hanbury said, warning that not only could a backlog develop, but there could be a huge hit of new authorizations once the process reopens. All sorts of things could fall into the equipment authorization holding pattern, including 5G phones and dongles, ATSC 3.0 equipment, and the latest IoT gadgetry. "There's a lot of things the FCC needs to do in order to make the industry run smoothly, and the industry is a little bit broader than cell phones or set-top boxes," Hanbury said. "There's just a lot of day-to-day functioning that assists all types of technology and telecom companies conduct their operations, and even those that don't consider themselves technology companies."

The Numbers Are In: Coming off the announcement of a price increase earlier this week, **Netflix** beat 4Q18 subs expectations, while revenue of \$4.19bln (+27%) just missed Street expectations of \$4.21bln. Total paid subs rose by a record 8.8mln (1.5mln in the US and 7.3mln internationally), beating internal estimates of 7.6mln at the start of the quarter. Netflix now touts 139.26mln around the globe, and they're watching the original content the streamer offers. Netflix is expecting that its thriller "Bird Box" will be seen by more than 80mln member households within the first four weeks of January, and CEO *Reed Hastings* wrote in a shareholder letter that the company is "expanding the film market" through its original offerings. Hastings also spoke to Netflix's position amongst its competition, and he's more concerned about a certain video game than OTT rivals. "We compete with (and lost to) 'Fortnite' more than HBO," Hastings said. "Our focus is not on **Disney+**, **Amazon** or others, but on how we can improve our experience for our members." Not every figure was skyrocketing past expectations. The streamer reported total revenues of \$4.187bln for 4Q18, not quite meeting analyst estimates and internal forecasts. -- While many analysts say Netflix's upcoming price hike should not impact subs, research from **The Diffusion Group** found that while subscriber reaction varies relative to degree, minor variations may have significant implications. At \$1 more per month (the change in its basic tier), 16% of Netflix subs are likely to either downgrade to a lower tier or cancel the streamer all together, according to TDG's research from Dec 2018. At an increase of \$3 per month, the rate of likely cancellations doubled, while the rate of likely downgrades nearly tripled. "While TDG believes that Netflix will endure any short-term backlash from these increases, it is undoubtedly reaching a level of price resistance across all tiers," stated *Michael Greeson*, pres of TDG. "At an average increase of \$3 per month, 33% of Standard tier subscribers are likely (though not certain) to downgrade to a less expensive plan and 10% are likely to cancel the service altogether, compared with 28% and 6% of Premium tier subscribers, respectively. These variances are not insignificant."

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Featured Speaker

DR. FRANK LUNTZ
 National Pollster

CBS Scuffle: *Les Moonves* isn't going down without a fight. **CBS** previously announced that its board completed the investigation of the former chmn/CEO and he would be denied a \$120mln severance. Moonves notified the company he intends to fight that decision. "On January 16, 2019, Mr. Moonves notified the company of his election to demand binding arbitration with respect to this matter," CBS said in an **SEC** filing. "The company does not intend to comment further on this matter during the pendency of the arbitration proceedings." -- In related CBS news, **MoffettNathanson** upgraded the company to "Buy." It assumes that it's a given that CBS and **Viacom** will merge in 2019, and that "fear of the deal has obscured the undeniable cheapness of the company." Assuming \$740mln in cost savings and a merger exchange ratio of 0.62 CBS/VIAB, the combined company is trading at 5x 2020 EBITDA, 6x Cash EPS and a 13.5% free cash yield.

Privacy Probing: Sen *Marco Rubio's* (R-FL) introduction of federal data privacy legislation is already facing opposition. **Public Knowledge** said Thursday that the American Data Dissemination Act would prevent states from passing their own privacy laws while also preempting any state protections already in place. PK also raised concerns regarding how long it may take for the bill's protections to go into effect should it pass. On day 27 of the government shutdown, Sens *Ed Markey* (D-MA) and *Richard Blumenthal* (D-CT) wrote to the **FTC** asking how the shutdown will impact the agency's investigation into **Facebook's** privacy policies. The investigation first began last March after the social network's **Cambridge Analytica** scandal, long before emails revealed the company was considering selling user data, a photo bug that gave third-party apps access to the photos of 6.8mln people and customers suffered multiple outages. "We strongly encourage the Commission to use every tool at its disposal in its investigation and we write to ensure that the FTC is able to address any detrimental impacts from the shutdown and conduct a fulsome investigation," the letter addressed to the five commissioners reads. The senators also inquired as to whether the agency would require more manpower in order to fight against the effects of the shutdown and asked for steps that consumers can and should take should their privacy be breached while the FTC shutdown continues.

Grand Slam: **fuboTV** added **Tennis Channel** to its fubo Extra tier and Sports Plus packages just in time for the **Australian Open**. Tennis Channel is currently airing 30 live hours and nearly 200 total hours of footage from the tournament, and the channel also has the telecast rights to other Grand Slams including the **US Open**, **Wimbledon** and the **French Open**. This is another gain for the **Sinclair**-owned channel, which recently announced it now reaches 61mln homes after gains of 5mln in December.

King's Vision: **Comcast NBCU** launched a digital mosaic to celebrate the life of *Dr. Martin Luther King Jr.* In honor of MLK Day, people across the country can head to the interactive platform visionsofking.com, and upload photos and videos through Instagram to share how they keep King's vision alive. The content will be part of a digital mosaic that will be online and also on display at The King Center in Atlanta on Jan 21 as part of its "20 19 King Holiday" celebration.

To the Future, Faster: More minds are better than less, and two major tech entities agree. The **Telecommunications Industry Association** and the **Internet of Things Community** are partnering to speed the development of smart buildings and the transformation of the Internet of Things. They'll collaborate on initiatives related to smart buildings, manufacturing, connected vehicles and more while also sharing technical and standardization insights. As the partnership kicks off, keep an eye for training content developed by the duo related to IoT and their other initiatives.

Partner Up: **Smithsonian Channel** is expanding its distribution in Asia-Pacific, Turkey, Israel, the Middle East and Africa through a collaboration with **Blue Ant Media**. The partnership involves Blue Ant Media operating the net's HD and 4K SVOD platforms, free-to-air and pay TV linear services and branded programming blocks in those territories.

Stay Together: **Nielsen** and **Cox Media Group** have agreed to a multi-year renewal agreement for TV and audio measurement services. The deal will cover all TV and radio stations along with **CoxReps** and **Videa**.

Sling Around: **Sling TV** launched its first personalization features on **Apple TV**. On Thursday, users will see a new "Recommended for You" ribbon on "My TV" suggesting live and on-demand shows and movies. The feature is upcoming on additional Sling TV supported devices.

Ratings: The **NBA** doubleheader on **ESPN** Wednesday was up 40% in metered market ratings from the comparable doubleheader in 2018. The two games averaged a 1.4 metered market rating, up from a 1.0 last year.

Programming: **EPIX** greenlit "Laurel Canyon," premiering late 2019. The feature-length documentary dives into the lives of artists who "created a music revolution" including *Joni Mitchell*, *The Eagles*, *Carole King* and far more. -- The **BET** Social Awards are returning for its second year on March 3 at 8pm, live from Atlanta. The event will celebrate social media stars across **Facebook**, **Instagram**, **YouTube**, **Twitter**, **Snapchat** and others. Nominees include *Kevin Hart*, *Nicki Minaj*, *Snoop Dogg*, *Will Smith*, *Cardi B* and plenty more.

PROGRAMMER'S PAGE

The Magic Behind 'A Discovery of Witches'

The world could always use a little more magic, and the latest sprinkle of the supernatural has arrived in the form of "A Discovery of Witches," which premiered simultaneously on **Sundance Now** and **Shudder** Thursday. The series, adapted from *Deborah Harkness's* All Souls book trilogy, is just like your typical modern-day love story aside from the witches, vampires and demons secretly working and living amongst humans. That world is turned upside down when Diana Bishop (*Teresa Palmer*), a young scholar and a descendant of witches that has renounced her magic, uncovers a bewitched manuscript that many desire for their own. That includes vampire and geneticist Matthew Clairmont (*Matthew Goode*), who partners up with Bishop to unravel the secrets of the manuscript. Complications are par for the course when it comes to translating words on a page into images on a screen, but the team worked closely with Harkness to make sure the adaptation stood out while maintaining the spirit of the novel. "In the novel, much of the setting up of the world is seen exclusively from Diana's point of view, but in the series, we can't have her narrate everything, so we've developed each of the characters based on what we discover through Diana," executive producer *Lachlan MacKinnon* said. There were also decisions made to pull some material forward from later in the novel or even later in the trilogy in order to create a complete world for the audience. While no one could deny that the creatures add a mysticality to the show, MacKinnon said they didn't set out to make it a series about the supernatural. "It's really about the individual characters who just happen to be creatures," MacKinnon said. "That allowed us to explore the really rich themes underpinning Deborah's novels, namely the prejudice that can exist in society between groups which are often passed down from generation to generation without really being questioned." – *Sara Winegardner*

Reviews: "Wayne," streaming, **YouTube Premium**. It's not fair that start-ups like YouTube Premium can offer such a high level of content. But we're in the golden age of television, right? There's nothing that screams low budget or inexperienced in "Wayne." In fact it's a tremendous series whose protagonists are abused teens who somehow have a trace of a moral compass between them. First there's Wayne (*Mark McKenna*), who seems like a violent, unstable truant. In fact, he's an urban Robin Hood. His girlfriend Del (*Ciara Bravo*) doubles Wayne's crudeness. We quickly discover it's a coping mechanism. The two escape Brockton, MA, but it's far from a pleasure trip. Augmenting this excellent duo are *Mike O'Malley* as a high school principal and *Abigail Spencer* as Del's mother. – "SMILF," Season 2 premiere, 10:30pm, Sunday, **Showtime**. Let's continue the Boston theme with "SMILF," whose Season 2 debut ep offers a wonderful, wacky, story. The wackiest is *Rosie O'Donnell* as Tutu, the mother of the SMILF, Bridgette (*Frankie Shaw*, who also created, directs and writes the series). It's hard to know if O'Donnell is improvising or Shaw's script is incredibly natural. Or perhaps O'Donnell is the natural. Whatever, O'Donnell steals every scene and gives Emmy winner *Louie Anderson* (Christine Baskets in **FX's** "Baskets") a run for her/his money as cable's favorite mom. – *Seth Arenstein*

Basic Cable P2+ Prime Rankings* (01/07/19-01/13/19)		
Mon-Sun	MC US	MC US AA
	AA%	(000)
ESPN	1.579	4,824
FNC	0.794	2,424
MSNBC	0.694	2,120
CNN	0.429	1,309
HGTV	0.428	1,308
HALL	0.406	1,241
HIST	0.369	1,126
USA	0.367	1,120
A&E	0.350	1,069
DISC	0.349	1,067
TLC	0.348	1,062
ID	0.342	1,045
FOOD	0.315	963
TBSC	0.286	875
TNT	0.251	767
BRAVO	0.249	762
NICK	0.243	741
TVLAND	0.209	640
NAN	0.205	626
ADSM	0.204	624
INSP	0.195	596
DSNY	0.187	570
LIFE	0.177	541
SYFY	0.167	510
AMC	0.166	508
CRN	0.165	503
FX	0.164	500
HMM	0.163	498
DSJR	0.152	464
VH1	0.149	456
WETV	0.148	452
APL	0.145	444
HBO	0.136	416
GSN	0.132	402
TRAVEL	0.131	401
MTV	0.130	398
FRFM	0.129	395
NKJR	0.127	389
NATGEO	0.124	379
OWN	0.118	360
ESPN2	0.112	343

*P2+ L+SD rankers are based on national Nielsen numbers, not coverage.

Cablefax: What's Happening... January

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JANUARY

CES

Cablefax will cover the largest consumer technology show in the world, previewing the hottest technologies and coolest gadgets across the broadband and video landscape.

Programming Trends

January is a busy month for programmers with NATPE, Realscreen and the Golden Globes all competing for attention. Our special coverage will examine the trends shaping up for the 2019 TV season.

Winter TCA

Cablefax will cover executive sessions and programming developments at this bi-annual gathering of TV critics.

Awards

Work Culture List

**Nomination
Deadline:**
January 16

Cablefax 100

**Nomination
Deadline:**
January 25