

Cablefax Daily™

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What the Industry Reads First

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Carriage Conundrum: Channel Drops Pick Up, While Some Nets Find Shelter

Do Blackouts Matter Any More? Maybe not... **DirectTV** has been without **Fox** affil **KTTW** for a month now. That's nothing. **Mediacom** has been without Sioux Falls-based **KTTW**, owned by **Independent Communications**, for more than two years. With rising programming costs, there's long been an argument that a day of reckoning is coming. The day may be upon us as **DISH** enters month eight without **Univision** and its fourth month without **HBO**. **Verizon** and **Comcast** both booted **Fuse** at year-end. Nervous investors are watching to see what happens with **DirectTV-Viacom** negotiations this year. Buried in **Charter's** annual report is some language that should make programmers nervous. After warning that there's a "higher concentration of programming costs" set to expire in, or before the end, 2019, Charter adds that if it can't reach reasonable terms, it may be forced to remove channels. "It certainly feels as though we've reached a turning point," **MoffettNathanson's** *Craig Moffett* told **Cablefax**. "Programmers are raising prices not because value is rising, but instead because costs are rising, and they need higher prices to offset weaker advertising and audience metrics. Distributors are becoming emboldened to push back not because they have more insight into what is and isn't worth paying for, but instead because video is getting to be less and less profitable, so there is, perversely, less and less at stake. The business model is starting to unravel." And yet there are still some new linear deals getting done. The largest cable operators—Charter and Comcast—agreed to launch **TV One's** new **Cleo TV**. **Crown Media Family Networks** has secured deals with **Cox**, **DISH**, **Altice USA** and others for its just over one-year-old **Hallmark Drama**. And **Newsmax** is racing toward 80mln homes by year-end—especially impressive considering it didn't ramp up its carriage quest until about 2016. What's not clear is the terms of these deals, including whether there is an affiliate fee attached or launch initiatives in place. **Newsmax** CEO *Christopher Ruddy* declined to comment on the terms of his carriage contracts, but is proud to have ticked off deals with the major distributors, Altice USA being the most recent. With carriage in place with Comcast, Charter, DISH, and others, the biggest holdout at the moment is Cox. "The sector is red hot. Cable news is really in demand. I think operators are realizing news and sports is going to be crucial for cable retention," Ruddy said. "I believe generally operators see the **Fox News** audience as underserved." Underserved is how TV One paints the young black females targeted by its fledgling Cleo TV. "Women of color are not monolithic and we don't see any channel super serving this

Cablefax: What's Happening... March

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		Awards	Events
MARCH	ACA Summit Cablefax will cover this annual gathering in Washington, DC, where small- and medium sized operators make their voices heard in the halls of Congress and beyond.	Cablefax People Awards Final Deadline: March 1 Top Ops Nomination Deadline: March 29	ACA Roundtable March 19 DC
	T. Howard Foundation Diversity Awards Dinner After two decades, the Foundation has become a key pipeline for supplying diverse and expert talent in media and entertainment. As we gear up for T. Howard's annual fundraising dinner, we'll look at some of the executives who began as interns and have worked their way up to vital roles within their organizations.		
	SXSW Conference & Interactive Festival Cablefax will preview what's happening in Austin at one of the coolest digital conferences around.		
	C-SPAN's 40th Anniversary If cable builds a public affairs network, will they come? Forty years after its launch, the answer is a resounding yes. This report will look at not only C-SPAN's origins, but where it's headed.		

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audience on a 24/7 basis. You'll find that networks target women of color on different nights and women have to search for this programming," TV One gm *Michelle Rice* told us. Time will tell how it shakes out. **Bernstein Research** believes TV is entering a "period of prolonged structural decline" as viewers move from ad-supported platforms to those that not ad-supported or at least less ad-supported (ie, **Netflix, CBS All Access**). There are plenty of dire forecasts out there for TV, but with deals still getting done, there's also hope as long as consumers want the content.

American AI: *President Trump* drew eyes from the tech community Monday with his signing of an executive order designed to accelerate the development of artificial intelligence in the US. Private entities have long called for greater federal support for AI deployment and advancement. **OpenAI** co-founder/CTO *Greg Brockman* testified in 2016 before Congress that the federal government only invested \$1.1bn in non-classified AI technology in the prior year. Compare that to the \$150bn China has committed to AI over the next decade and it's easy to see a problem. The initiative is one step towards closing that gap, but where the order stumbles is when it fails to mention how much AI funding is being provided and how it is being implemented. *Sen Mark Warner* (D-VA) applauded Trump's efforts, but said there were a number of holes in the order that could block any serious progress from being made. "The tone of this Executive Order reflects a laissez-faire approach to AI development that I worry will have the US repeating the mistakes it has made in treating digital technologies as inherently positive forces, with insufficient consideration paid to their misapplication," Warner said in a statement. "Similarly, the Administration's Executive Order treats the impact of AI on the American workforce almost as an after-thought—relegating consideration of upskilling and retraining to existing federal programs." Warner is not alone in his concerns.

Brookings vp and director, governance studies *Darrell West* wrote in a blog post Tuesday that the initiative is a positive move from the federal government to support AI in a way it hasn't before, seeking to increase access to federal data, provide financial support for R&D and enhance digital infrastructures. However, he echoed Warner's concerns over the lack of specifics when it comes to money. "Without additional funding for research, workforce development, and infrastructure, the new initiative likely will fall flat," West wrote. "It is one thing to call for inter-agency cooperation and coordination, and another to develop effective mechanisms that do that. Agencies need to coordinate, but they have incentives to pursue their own vision, not that of the White House or Office of Management and Budget." One department is far ahead of the others. The **Department of Defense** released a summary of its AI strategy Tuesday with key tenets being establishing a common foundation for scaling AI's impact across DOD, enabling decentralized development and experimentation and evolving partnerships with industry, academia and other partners.

Rejection Time: A group of Senate Democrats wrote to the **FCC** and the **DOJ** Tuesday, requesting lawmakers strike

Announcing the Launch of the

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down the proposed \$26bln **T-Mobile/Sprint** merger ahead of this week's House Commerce and Judiciary hearings on the deal. *Sen Richard Blumenthal* (D-CT) is leading the charge, with eight other Dems co-signing, including 2020 presidential contenders *Sens Amy Klobuchar* (D-MN), *Kirsten Gillibrand* (D-NY), *Elizabeth Warren* (D-MA), and *Cory Booker* (D-NJ). *Sens Sherrod Brown* (D-OH) and *Bernie Sanders* (I-VT) also co-signed. "For more than 30 years, our enforcers have understood that fostering robust competition in telecommunications markets is the best way to provide every American with access to high-quality, cutting-edge communications at a reasonable price," the senators wrote. "This merger will turn the clock back, returning Americans to the dark days of heavily consolidated markets and less competition, with all of the resulting harms." T-Mobile and Sprint previously argued the merger will help them better compete with **Verizon** and **AT&T** in a 5G rollout. The senators are dubious, arguing "T-Mobile's and Sprint's sudden claims that neither can create a competitive 5G network separately flies in the face of announcements, disclosures, and marketing to consumers and investors over the past two years."

Watson Everywhere: **IBM** took another step forward in its AI deployment, making Watson portable across any cloud, giving organizations a chance to apply AI to data wherever it is hosted. Data can remain in secure or preferred environments while Watson accesses it. Also announced were a series of new Watson microservices based on the open-source Kubernetes technology. Watson Openscale is an open AI platform for managing the tech, while Watson Assistant is IBM's tool for building conversational interfaces into applications and devices. IBM will introduce additional services later this year.

5G Expansion: **AT&T** is adding Minneapolis and Chicago to its 5G deployment roadmap for 2019. They join the previously announced city lineup, which includes Las Vegas, L.A., Nashville, Orlando, San Diego, San Francisco and San Jose. AT&T will simultaneously be working to expand 5G coverage in the cities it launched 5G in last year, and says it is still on track to have a nationwide 5G network launch by early 2020.

With Pride: LGBTQ+ streaming service **Revy** will soon find its way to **Comcast's** Xfinity X1. Upon launch, the partnership will boost Revy's cumulative reach to over 50mln viewers across platforms. Xfinity X1 customers will be able to subscribe by saying "revry" into their voice remote or by saying "Pride" or "LGBTQ" to access the broader LGBTQ Film and TV on demand destination. Subs will be able to add Revy to their service for \$6.99/month.

Adding DMP: **Nielsen** and **Freewheel** are building out their partnership to include the Nielsen Data Management Platform. Freewheel markets can now use the platform to analyze, build and target advanced audiences across connected TV, OTT and digital video. The server-to-server integration will allow for the delivery of campaign optimizations in real time across those channels to improve campaign responsiveness and performance. The new capabilities can be accessed through the DRIVE advanced advertising solutions suite.

Across the Pond: **Smithsonian Channel** is making its European debut with a launch in the UK. British and Irish viewers can now watch the net's programming in HD on **Virgin**, **Sky** and **Freesat**, and in SD on **Freeview**. Smithsonian previously expanded internationally in Canada, Singapore and Latin America.

Kids Zone: **Discovery International** is launching Discovery Kids Media (DKM), a unit created to develop, commission, co-produce and distribute kids animated and live-action content for both linear and digital platforms. *Carolina Lightcap*, evp and chief content officer, DLA/USH, will add to her responsibilities and serve as gm of DKM. The unit already has over 15 projects in development.

Stand for Art: **Ovation** will celebrate Arts Advocacy day with the world premiere of "Arts Across the Heartland" on March 5 at 8pm. The original one-hour doc dives into work being done by arts organizations in the heartland of America, from South Dakota where artists with disabilities work and sell artwork to Mississippi where the UMMC Mind Center hosts arts classes for people with dementia. The net is also featuring Stand For the Arts PSAs throughout the day encouraging people to sign up to become an arts advocate. For every signature, the net will donate \$1 to an arts organization, up to \$25K.

Programming: **Discovery** will premiere "Serengeti," a six-part series from "American Idol" creator *Simon Fuller* and wildlife filmmaker *John Downer*. The show dives into the experiences of life on the Serengeti and will premiere later this year. In other Discovery news, the net will broadcast live from Egypt on April 7 at 9pm with a two-hour event "Expedition Unknown: Egypt Live" (wt). -- **Comedy Central** announced a new late night series with *David Spade*. The net also confirmed it will revive "Crank Yankers," last seen on the air in 2007, and greenlit Season 2 of "The Other Two."

People: **Walmart** named *Cesar Conde* as a new independent board director. Conde, chmn **NBCU** International Group and NBCU Telemundo Enterprises, will become a member of Walmart's Audit committee and Technology and eCommerce Committee.