

Cablefax Daily™

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What the Industry Reads First

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Viacom vs AT&T: Waiting for the Midnight Hour

It was **Viacom's** stock that took the initial hit on the news that **AT&T/DirectTV** may drop its suite of channels at 11:59pm Friday (3/22), but some analysts aren't quite sure what Ma Bell is up to. "We question T's rationality here since VIAB is one of the more efficient programmers on broad-based distribution platforms, of which DTV and **U-verse** clearly are," said **Wolfe Research**, which believes AT&T will lose leverage with other content players if a blackout occurs. Whether the nets go down was uncertain Friday afternoon. We heard Viacom execs were still camped out at AT&T offices late in the day. Recall that Viacom ran a similar public campaign during negotiations with **Charter** in October 2017. The two ended up extending carriage talks and a deal was eventually signed, with Charter agreeing to move **Nick, Comedy Central, MTV** and other networks back to its most widely distributed tier. Under that multi-year deal, some Viacom networks moved into higher tiers. That seems likely with U-verse carrying 24 Viacom nets compared to 17 for DirecTV and **DirecTV Now** and six for **AT&T Watch**. Charter also snagged an exclusive content deal. AT&T may be interested in sweeteners as it looks to build out its DTC business. Wall St analyst opinions were mixed. "AT&T may drop Viacom, but it is hard to see how it is in either companies' best interest. AT&T needs Viacom programming, and Viacom needs AT&T's distribution," **BTIG's Rich Greenfield** wrote, predicting a deal would be reached relatively quickly even if a drop occurs. Many are betting the two reach a short-term extension and hammer out the details. That's what happened not only with Charter, but also **DISH** in 2016. **Bernstein Research** seems to be rooting for something more dramatic. The analysts calculate that DirecTV could lose about 3.1mln subs and still break-even. "DirecTV pays Viacom about \$1bln/year. That's a lot of cash AT&T could use for de-levering. How many other low-risk opportunities does AT&T have to save \$1bln cash?," the firm wrote in a note to clients. "If DTV doesn't fully drop Viacom, they should at least price them down significantly (like Charter did), and consider putting Nickelodeon on a newly created, optional kids/family tier. Only 40% of US HHs have kids, only a fraction of them are watching."

Net Neutrality Markup: Democrats are wasting no time on net neutrality. The **House Communications** subcommittee will hold a markup Tuesday on the "Save the Internet Act," which would restore the Title II regulatory framework repealed by the **FCC** in December 2017.

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Fox Corp: Some new titles for folks now that the **Disney** deal has created the sports and news focused **Fox Corp.** *Marianne Gambelli's* role has expanded to pres, ad sales for all of the company (she was previously over **Fox News** and **Fox Business Network**). She now oversees all linear and nonlinear sales across the portfolio, including **Fox Broadcasting**, **Fox Sports**, Fox News, etc. Fox News' evp, HR **Kevin Lord** saw his role expand to evp, HR for Fox Corp, and **Michael Biard's** title shifted from pres, distribution for Fox Networks Group to president, operations and distribution for Fox Corp, where he oversees multiplatform distribution across all brands. The company tapped **Jeff Taylor** as evp and chief litigation counsel. He comes over from **General Motors**, where he served as deputy general counsel and chief compliance officer.

Broadband and Beyond: **T-Mobile** is expanding into the world of home internet, launching an invitation-only pilot. The goal is to connect up to 50K homes this year in rural and underserved areas. The pilot is being offered exclusively in areas where T-Mobile expects to deliver speeds of 50Mbps through fixed unlimited wireless service over LTE with no data caps. Eligible customers will receive invitations this week. The cost will come in at \$50/month with AutoPay. As far as the pilot's expansion, that depends a bit on the approval of its merger with **Sprint**. If it goes through, T-Mobile plans to cover more than half of US households with 5G broadband service in excess of 100Mbps by 2024.

Family Time: The 2019 Upfront season was in high gear Thursday evening, with **Crown Media Family Networks** taking over NYC's iconic Rainbow Room. The message of the night was that Crown's suite of nets remain heavily focused on the iconic Hallmark brand. "**Hallmark Channel** continues to grow year after year, and that is not only due to the legacy of the Hallmark brand, but a content strategy that capitalizes on what our brand means to us," pres/CEO **Bill Abbott** said. "Over the past few years we have steadily built on an existing foundation to create what has become one of the country's most beloved and trusted channels in entertainment." Abbott highlighted Hallmark's year-round programming, with a special emphasis on "Countdown to Christmas," which he noted not only outperformed cable nets, but beat broadcasters for nine consecutive weeks. Newest linear net **Hallmark Drama** (launched Oct 2017) is in nearly 20mln households today and is on track to reach 40mln by year-end. The net took the opportunity to announce its first original series "Project Christmas Joy: Alabama" (wt), a series that gives a town in need an "extreme Hallmark holiday transformation." It is also launching "Christmas Cookie Countdown," a five-ep competition series featuring amateur home bakers. Crown Media will be launching a new podcast, "Hallmark Channel's Bubbly Sesh" with superfans **Jacklyn Collier** and **Shawlini Manjunath-Holbrook**. The pair started their own podcast two years ago reviewing Hallmark movies. The official weekly Hallmark podcast will launch in April. And do not forget the animals! Hallmark darling **Larissa Wohl** was on hand with cuddly rescue pups

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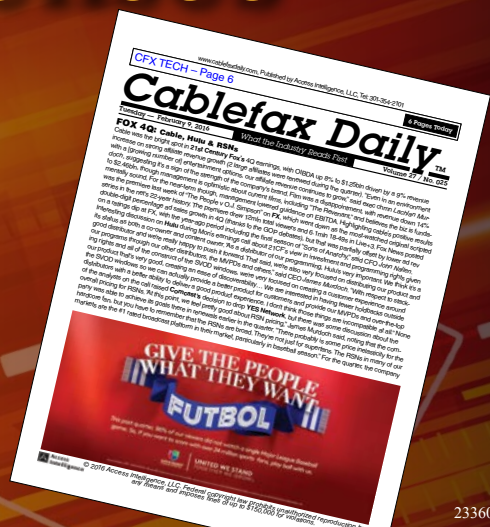
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from **North Shore Animal League**, several of which were adopted by the end of the evening.

More Upfront Notes: Game Show Network greenlit two new strip series, “Best Ever Trivia Show,” which pits contestants against trivia experts, and “Catch 21,” a reboot of classic card game 21. It also is picking up **Joey Fatone**-hosted “Common Knowledge” for a new season—hardly surprising given that it launched in January and became the net’s most-watched show among total viewers (averaging 500K+ viewers in its 5:30 time period). Among the shows in development is “Crazy Awkward Love Game,” a dating show from **Howie Mandel** that has suitors deciding who to date based solely on family members’ answers about the eligible bachelors and bachelorettes.

News Alert: WOW! and **Newsmax** agreed to a deal that will see the channel launch across the operator’s 19 markets. Newsmax is currently available in 65mIn US homes and expects to hit 80mIn by year-end.

Check Your Bill: Anime streaming service **Crunchyroll** is getting its first substantial price jump since its 2016 launch. In the US, monthly prices will increase from \$6.95 to \$7.99. While a subscription isn’t required to watch the service’s content, the premium experience gives you access to the Crunchyroll library, eliminates ads and offers simulcasts soon after a series airs in Japan. Crunchyroll is owned by **Otter Media**, a part of **AT&T’s WarnerMedia** unit.

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Up Ahead

March 27: **T. Howard Foundation Diversity Awards Dinner**; NYC

April 4-7: **SkiTam Adaptive Spirit**; Vail, Colorado

April 6-11: **NAB Show**; Las Vegas

April 8-11: **MIPTV 2019**; Cannes, France

April 29-30: **Cablefax Leaders Retreat**; Key Largo, Florida

Research

- Customers who use their provider’s mobile app to schedule an appointment with a service technician are considerably more satisfied with the experience (876 on a 1000 point scale) than those using e-mail (836), text (809) or phone rep (799).
- Just 5% of customers receive notifications via mobile app. The most popular method is still by phone (86%).
- Customers who receive a notification of when their technician may arrive are much more likely to say they arrived on time (92% vs 73%).

(Source: **JD Power**)

Quotable

“When you talk about diversity... If you could drive stick-shift and had steel toe shoes, you had a job with us. We’re color-blind, we’re sex-blind. If you can do the job, then by God, you’ve got the job. Where we live, there aren’t a lot of opportunities. Some manufacturing, but it’s mainly farming. I like to think that Boycom is a pillar of our community. It’s one relationship at a time. You have to invest in the kids, in their parents, in the school systems, in your Chamber of Commerce, in your Rotary... You name it, we’re in it.”
— **Boycom pres/ACA Connects vice chair Patricia Jo Boyers at ACA Summit**

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