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What the Industry Reads First

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Next-Gen: Are Hybrid OTT Models Way of the Future?

Netflix, Hulu, Amazon Prime. The big three are synonymous with OTT and streaming, but may not be sustainable in the long-term, especially with the upcoming launch of streaming services **Disney+** and the yet-untitled service from **Warner-Media**. “Even the players that are strong in the space, in the next two years there are content rights negotiations in the US again,” **Synamedia** CTO *Alok Gera* said at a panel Monday at **NAB** in Las Vegas. “What was available to Netflix earlier... This is going to be a very different landscape in two years. There will be a convergence, there’s no question. I definitely expect a contraction in the market.” The big streamers have shown recently that they are looking into other strategies. Netflix is testing differentiated pricing and advertising, Hulu launched its live TV option in 2017 and recently dropped the price of its basic, ad-supported service. “I think it’s very much a lot of fragmentation out there, but there’s very much a lot of proliferation,” said *Peter Gibson*, **Comcast Technology Solutions’** executive director. “We’re seeing new entrants into the content aggregator space, but then really becoming the hub of all these different subscription spaces. And then there’s a lot of flexibility in the next wave of subscription services beyond the Netflix and the Hulu where they’re trying to differentiate. They have to have flexibility in the business models, they have to consider AVODs and other revenue streams.” One way OTT providers could look at expanding revenue streams is through transactional video on demand options (TVODs). “Transactional has been around for years, at one point you could call it physical media,” said *Cameron Douglas*, **Fandango’s** home entertainment vp. “Unlike subscription where you’re trying to retain subscribers, we buy and rent movies and TV shows. Our hybrid is with ticketing.” Douglas hit on the lack of understanding consumers have when it comes to rights agreements and windows. “Consumers don’t understand windowing,” he said. “**HBO, Showtime, EPIX**, etc. Each of them had an exclusive arrangement with each individual studio, but consumers never knew that. They have HBO or Showtime and wondered why some of the movies weren’t available on the service. I think transactional addresses that.” In recent years, the OTT market has also become heavily saturated, but the panelists believe that may slow down. “There’s huge barriers to entry. Look what Disney had to do, they had to buy another studio. The landscape is kind of set already, but each of us are in business for a very different reason,” said Douglas. Gibson believes that more OTT services are coming, but they may not be successful. “What you see is that they’re looking to launch a subscription service, there’s three pillars

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of success. One is the content processing, then you've got enabling your monetization models, then you've got your user experience. You're only as good as each pillar." The smaller OTT players also struggle with discovery. The content can be there, but if no one's watching, the platform will fail. While subscription-based services are proving to be the most popular, niche content can thrive from an AVOD launch. "For niche content, AVOD is very popular. It's a great way to get your content out there and be discovered," said Gera. "And then it usually changes to an SVOD or a TVOD. From a discovery perspective, it usually starts in an AVOD environment unless it's really popular already."

Station Sales: **Nexstar** is making some concessions to get its merger with **Tribune** through the regulatory process. It has entered into a definitive agreement with **Circle City Broadcasting** to sell its two stations in Indianapolis, **WISH** and **WNDY**, for \$42.5mIn in cash following Nexstar's acquisition of Tribune. Circle City Broadcasting owner **DuJuan McCoy** will manage the stations. "The proposed sale of two stations in Indianapolis marks another important step forward towards completing the Tribune Media transaction and the last piece of the divestiture component of Nexstar's comprehensive regulatory compliance plan," Nexstar pres/chmn/CEO **Perry Sook** said in a statement. Should the merger be approved, Nexstar would take control of Tribune's two Top-Four stations in Indianapolis. A joint petition to deny Nexstar-Tribune from **Common Cause, Sports Fans Coalition, Public Knowledge** and **United Church of Christ, OC, Inc** called for that combination to be dismantled following the deal. They complained it would harm broadcast localism, competition and retransmission consent leverage. Nexstar and Tribune responded by saying the group had not found a single, direct injury that would be seen following the transaction, adding that the Indy duopoly already exists under Tribune.

Back to Life: **Liberty Puerto Rico** and **NBCU** have reached a deal that restored Telemundo and 14 other NBCU channels to Liberty's lineup between 9-9:30pm Sunday. Returning channels include **CNBC, CNBC World, NBC, Bravo, E!, MSNBC, NBCSN, Universo, Punto2, Oxygen, Universal Kids, SYFY, Golf Channel** and **USA**. Liberty Latin America said in a statement that the agreement "really puts the customer first." "Telemundo in particular has a special bond with the people of Puerto Rico and we are pleased our quality entertainment, news and sports will be available to Liberty subscribers," NBCU svp, content distribution, **Matt Schnaars** said in a statement.

Bowing Out: **Fuse Media** pres/CEO **Michael Schwimmer** is leaving the company on April 12. COO/CFO **Mike Roggero** will step in as interim CEO until a replacement is named. Schwimmer joined the company's board after **DISH** invested in **SiTV Media** in 2003. He rose to CEO in 2005, and led the company to its \$226mIn acquisition of Fuse from the **Madison Square Garden Company** in 2014. Schwimmer most recently launched "Fuse Docs" and the "Fuse Films" series. Fuse lost distribution at the beginning of 2019 with **Comcast** and **Verizon Fios**. The company entered discussions with lenders

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earlier this year to address its balance sheet after missing a \$12.5mln interest payment on Jan 1.

NAB Notebook: The 2019 **NAB Show** kicked off in Las Vegas, and at the Streaming Summit, it was all about sports Monday morning. **Amazon's** global head of digital video playback and delivery *BA Winston* took the chance to hit on the tech behind Amazon's venture into live sports. In 2017, a partnership with the **NFL** led to Prime Video broadcasting 11 Thursday Night Football games to Prime members around the world, and according to Winston, each game was streamed by customers in over 200 territories. "It's Day One for us. We'll continue to innovate and continue to build the core platform," Winston said. He also hit on the problem of latency, emphasizing that it's a priority for Prime Video heading forwards. "I think there are multiple factors that come into play when you think about latency. From a customer perspective, you don't want spoilers. As an industry, we need to come together and continue to innovate and drive down the latency," he said. "At Prime Video we're continuing to work on that, and there's a balance between reliability and quality and latency, and these are all pulling apart in different directions." For Amazon, the goal is to get latency to well under five seconds. -- Speaking of sports streaming, **FloSports** CEO and co-founder *Mark Floreani* hit on just what the aggregator was doing right. "You have to engage the fans, you have to tell the story about the events, the athletes and the sport itself," he said. "In a DTC world, it is hand-to-hand combat every day, and if our fans don't love us, our customers don't love us, it's very easy to unsubscribe. We are constantly testing, figuring out what pieces of content work, what doesn't work. If you're not giving the fans exactly what they want, they're just going to go somewhere else. Most of the time our sports have been dumbed down when they're on TV, we take the exact opposite approach. We have this authentic view of content that we want our customers to feel this way."

Done Deal: After nearly a year of looking for a buyer, **Univision** has sold **Gizmodo Media Group** and **The Onion** to private equity firm **Great Hill Partners**. The GMG digital portfolio includes Gizmodo, **Jezebel**, **Deadspin**, **Lifehacker**, **Splinter**, **The Root**, **Kotaku**, **Earther** and **Jalopnik** while the Onion's features **The Onion**, **Clickhole**, **The AV Club** and **The Takeout**. The terms of the deal were not disclosed. GMG and The Onion will form a new company called **G/O Media**, which will operate as independent assets within the Great Hill Partners portfolio. Univision first announced it was looking to sell GMG and The Onion in July, saying the sale of the assets would allow it to focus on its core assets.

Across the Pond: **Pluto TV** and **BBC Studios** have struck a deal to make the latter's content available for US viewers of the AVOD service. The free programming, coming to the service in May, includes nearly 1K episodes from BBC Studios series as well as a dedicated classic "Doctor Who" pop-up channel with more than 200 episodes.

Grab the Popcorn: **Redbox** is partnering up with **TiVo** to deploy the Tivo Personalized content Discovery platform on its more than 41,500 kiosks and Redbox on Demand streaming service. Customers will have access to its Search, Recommendations and Insights features. Redbox will also enable TiVo's Video and Video Game Metadata, giving it access to Tivo's library of enhanced entertainment metadata and allowing it to further personalize content discovery.

Streaming Now: **Oxygen** is now available on the **Roku** platform. Customers who authenticate with their pay TV subscription will have full access to Oxygen's current season episodes, past seasons, digital web series and short form content. Non-pay TV subscribers will be able to sample a limited selection of content.

AMC Networks Summit: **BBC America** renewed "Killing Eve" for a third season. The third season will see *Suzanne Heathcote* ("Fear the Walking Dead") come on board to serve as lead writer and executive producer. BBCA also announced the creation of "Project Awe" (working title). It will debut in 4Q and serve as a "micro-net" with more than 2000 hours of nature programming, including the next installments of "Frozen Planet II and Planet Earth III." BBC America will visually transform the look and feel of the channel to Project Awe for 24 hours, every Saturday beginning at 6:00 am, 52 weeks of the year. -- **IFC** will bow musical variety sketch comedy show "Sherman's Showcase" on July 31. That same night marks the debut of true crime doc series "No One Saw a Thing" on **SundanceTV**. **AMC** has greenlit a third series in the "The Walking Dead" franchise that will debut next year.

People: *Rory Brown* is joining the **MTV** family, stepping into the newly-created role of head of digital and social for **MTV**, **VH1**, **CMT** and **Logo**. He most recently served as president of *Bleacher Report*, spending 10 years growing the 13-person company to one that now has more than 450 employees worldwide. -- *Jared Sher* is joining the **NCTA** legal & regulatory affairs team as chief counsel, program network policy & deputy general counsel. Sher has held senior roles at **21st Century Fox** since 2012, most recently as evp/deputy general counsel. -- *Nathaniel Brown* is joining **Discovery** as evp, global communications, based in NYC. It's something of a reimagined role with Discovery's last global communications evp *Michelle Russo* based in London. She left the company last year before joining the **US Chamber of Commerce** as chief communications officer. Brown is a vet of **21st Century Fox** where he served as deputy global communications chief.

CFX TECH

Vegas, Baby!

It's not every day that the top dogs from media, entertainment and technology converge in one location, but they're flooding the Las Vegas Strip this week for **NAB Show**. And while there's plenty to see and explore on the show floor, you'd be remiss not to take a peek at what's coming down the line from the world of next generation television, also known as **ATSC 3.0**. And with the US proposing that the **International Telecommunication Union** adopt the ATSC 3.0 digital broadcast standard for use by all countries in the world, there's no better time than now become familiar with it.

The ATSC 3.0 standard is designed to deliver improvements such as improved spectrum efficiency, advanced emergency information, enhanced quality for audio and video services and robust mobile reception on a number of devices.

"With Next Gen TV, we see the convergence of over the air and over the top, resulting in an enhanced viewing experience," **NAB** pres/CEO *Gordon Smith* said during his keynote at NAB Show. "This enables TV stations to deliver their programming over the air not only to new TVs, but also to next-gen enabled tablets and cell phones without using your cellular network."

Smith spoke to the capabilities of the Next Gen TV attachment for phones, but said what broadcasters would really like to see is a chip built into mobile devices that would automatically give consumers access to the technology.

"In fact, we may be on the cusp of a new era of manufacturing that should and could include broadcast reception in devices," Smith added. There's only one problem: manufacturers like **Apple** are refusing to enable broadcast chips in their devices.

That snub isn't stopping some from examining how to facilitate the wider launch of ATSC 3.0. **NAGRA**, **BitRouter** and **Harmonic** are demonstrating an end-

to-end solution at the show that would provide broadcasters and device manufacturers with the most flexible way to prepare for the wide launch of the ATSC 3.0 broadcast standard. The solution integrates NAGRA's content protection technologies, the BitRouter ATSC 3.0 receiver stack and the Harmonic Packager XOS for live OTT streaming. The trio says that the integration of those technologies enable an addressable solution that will not only monetize ATSC 3.0 services, but also upsell consumers migrating to the new standard.

Solutions like these will only become more prevalent now that there's more room to explore ATSC 3.0's capabilities. During an appearance at NAB Show, **FCC** comish *Brendan Carr* applauded the agency's move to authorize broadcasters to start experimenting with ATSC 3.0, adding that the FCC "must continue to remove needless regulations that divert resources away from what broadcasters do best—serving their communities."

"And when I think about the ways that broadcasters can use that freedom to innovate, one use case stands out to me: ATSC 3.0 as a new and competitive broadband pipe," Carr said. "The technology has the potential to deliver a 25Mbps data stream to Americans all over the US. As an IP-based standard, ATSC 3.0 will enable broadcasters to leverage the same protocols that we use today in our broadband networks. And there's interesting work ongoing to solve for the return path."

It's always difficult to predict what form those innovations will take, and maybe that doesn't matter for now. For Carr, all that matters is that folks are taking the leap to explore what's possible.

"Broadcasters are already exploring innovative new applications that are well outside their traditional comfort zone of delivering over-the-air television," Carr said. "I am glad that this FCC has been working to remove the outdated regulations that only made it harder for broadcasters to compete in today's market." – *Sara Winegardner*

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