

# Cablefax Daily™

Thursday — April 11, 2019

What the Industry Reads First

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## World of Disney: Investor Day is Finally Upon Us

Forget about that deadline that falls on April 15. The date everyone is talking about this month is April 11, when **Disney** will offer up a first look at its upcoming direct-to-consumer service **Disney+**. Disney's Investor Day has been circled on analysts' and reporters' calendars for months. And given that the company's earnings webcasts attract a bevy of super fans as listeners, you can bet hardcore Mouseketeers will be checking out the Investor Day—or night if you're on the East Coast. It's slated to run from 5pm-8:30pm ET. There's no shortage of prognostications about Disney+, which CEO **Bob Iger** has repeatedly said is the company's highest priority. While Wall Street has a host of questions, including what Disney's strategy for **Hulu** will be post **Fox**, fans are also jumping in with queries. "I am really trying not to subscribe. It'll come down to the Marvel and Star Wars shows let's admit it," read a tweet from Twitter handle @NarrativeEscape on Investor Day eve. Money seems to be on many people's minds. "I've gone from one big cable bill every month to 4+ smaller streaming bills per month. I'm not sure this is progress," tweeted @jccornwell in response to a *WSJ* piece on Disney's streaming service. Media analysts have their own questions. "Will Disney's investment in its DTC transformation, in the form of both direct out-of-pocket as well as shut-down licensing, reset earnings hard, or slow?" asked **Bernstein Research**. **BTIG** compiled a list of 28 questions, including "who decides what goes where?" and "will Disney collapse theatrical windows?" Heading into the big day, **MoffettNathanson** reiterated its "buy" rating on the stock and upped its price target by \$2 to \$134. "Our new target price is calculated using a 20x multiple on non-GAAP FY 2020 EPS. However, we see further upside as confidence grows in the DTC strategy," the firm said. As for how Disney shares will perform when trading begins on Friday, it's possible there could be some weakness if DTC-related investments are seen as higher than expectations. Should that happen, "we expect any weakness in the stock will be bought by long-term investors looking for internet TV-related terminal value enhancements," said **Evercore ISI**, which rates the stock "outperform" with a \$140 price target. **GroupM's Brian Wieser** tackled the subject by taking a bigger picture look, noting that premium and ad-free or ad-limited SVOD accounts for just under 10% of TV consumption among all audiences. "Unfortunately for the broader industry, all of this activity has not led to actual growth in consumption of video services: total TV usage is relatively flat. In fact, according to data from **Nielsen's** most recent Total Audience Report covering the third quarter of 2018 we can

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DAVE SHULL

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see a year-over-year decline in video consumption of around -2%. Data covering viewing on traditional TV sets (including SVOD services, which are primarily consumed in that environment) through the fourth quarter of 2018 and most of the first quarter of 2019 suggests a continuation of this trend,” he wrote. The bottom line? Change is coming to video, but the pace of audience share shifts won’t be sudden and the costs to realize those shifts will encourage SVOD services to include advertising, he concluded. As Disney+ content news continued to trickle out Wednesday, including a report that a “Hawkeye” miniseries is in the works, a tweet from **Marvel** buff @munchiemaddie may have summed up fans and investors’ feelings alike: “please please please don’t mess it up.”

**One Step Forward:** The bill designed to restore net neutrality made it through the House Wednesday morning, but not without a few changes. Republicans were able to score a few wins when it comes to the Save the Internet Act after the showdown over forbearances in the **House Energy and Commerce** markup. *Rep Bob Latta* (R-OH) had an amendment approved that would force the **FCC** to share a list of the 700 rules that would be permanently forborne should the Save the Internet Act become federal law. *Rep Michael Burgess* (R-TX) also managed to get an amendment through that would direct the **GAO** to initiate a study to examine all entities in the internet ecosystem and whether the proposed rules protect the access of consumers to a free and open internet. Democrats had some additions of their own, including an amendment from *Rep Katie Porter* (D-CA) that would require the FCC to submit a report one year after the Save the Internet Act was enacted describing all enforcement actions taken with respect to broadband service providers. *Rep Maxine Waters* (D-CA) also saw her amendment pass, which directed the Comptroller General to submit a report to Congress examining the importance of the 2015 Open Internet Order to minorities, the socially disadvantaged, rural populations, those with disabilities and the elderly. Even with all the changes, the Save the Internet Act hasn’t gained popularity with those calling for a piece of bipartisan legislation. “Rather than pushing a partisan solution whose efficacy is debated, members of Congress should advance bipartisan net neutrality legislation,” the **Internet Innovation Alliance** said in a statement. “Such a bipartisan accomplishment could both save the internet and perhaps help save (or at least improve) Americans’ faith in government.”

**TVision Revealed:** **T-Mobile** has finally revealed its in-home offering: **TVision Home**, a rebranded and upgraded version of **Layer3 TV**. Launching on April 14, the service looks to be the exact opposite of cable’s other rival, the skinny bundle. TVision Home will offer more than 275 channels for \$90/month along with a library of more than 35K movies and shows on demand. Customers will enjoy personalized experiences and profiles for each user as well as well as 400 hours of DVR. TVision Home will be smart-home connected as well, allowing you to pair

## Cablefax: What’s Happening... April & May

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| <b>MAY</b>   | <p><b>Cable Center Cable Hall of Fame &amp; WICT Signature Luncheon</b><br/>Cablefax will provide the lowdown on this year’s honorees and all the details surrounding these annual must-attend events.</p> <p><b>The Year Was 1979...</b><br/>It was a pivotal year for the industry that included the creation of WICT, ESPN, USA Network. Cablefax looks at what made this such a key year for the industry and how it has changed over the past four decades.</p> <p><b>The Gatekeepers</b><br/>A series of Q&amp;As with MVPD programming and technology gatekeepers.</p>  |  |   |

it with your **Amazon Alexa**, **Google Assistant** and **Nest** security cameras. But if you're looking to get rid of that set-top box on your entertainment center, this may not be the offering for you. TVision will require one set-top box per home (\$10 each) while the rest of the TVs throughout the household will be able to be connected through Lite Boxes, which connect to the set-top box through the home WiFi network. For loyal Prime Video viewers, they'll have a wait before it becomes available on TVision Home. T-Mobile struck a deal with Amazon that will make Prime Video available later this year. TVision Home will initially be available to customers in Chicago, Dallas-Fort Worth, Los Angeles, NYC, Philadelphia, San Francisco, Washington DC metro areas and Longmont, CO.

**Discovery Smells the Magnolia:** Under the theme "Real Life Builds Real Business," **Discovery Inc** unveiled an ambitious slate of new series for its portfolio of networks at its largest upfront event of the season in NYC Wednesday. The big news of the day is that **DIY** will rebrand in the summer of 2020 as part of Discovery's jv with **Magnolia**, the home and lifestyle brand led by "Fixer Upper" stars **Chip** and **Joanna Gaines**. No name yet, but **Cablefax** noted back in January that Discovery had **trademarked** Magnolia Living and Magnolia Life and registered the domain MagnoliaLife.com. The multiplatform media company will comprise a linear television network and TV Everywhere app, with a subscription streaming service to debut down the road. The network also will be home to the complete library of Fixer Upper, which premiered on **HGTV** in 2013 and was one of the highest-rated series on the network during its four-year run. Chip and Joanna Gaines will serve as chief creative officers and current HGTV pres **Allison Page** will serve as president of the new venture. Page will continue to oversee HGTV until a replacement is named shortly.

**Price Adjustment:** Two years after its initial launch, **YouTube TV** has agreed to a deal with **Discovery** that will immediately bring eight of the latter's networks to the service. **Discovery Channel**, **HGTV**, **Food Network**, **TLC**, **Investigation Discovery**, **Animal Planet**, **Travel Channel** and **MotorTrend** are all available now, and **OWN** will be added later this year. **EPIX** is also available now for an additional charge. It's good news for Discovery after it was announced that **DirectTV Now** would no longer be offering Discovery nets after re-tiering its offerings. "In our view Discovery's place in the pay-TV bundle has been validated again as a group on networks generating 10% of overall TV viewership despite accounting for just 5% of programming costs," **Evercore ISI** said in a research note. All that new content isn't coming for free though. YouTube TV is the latest to up its membership prices, with a subscription now coming in at \$49.99/month. Members billed through **Apple** will be charged \$54.99/month. The price took effect Wednesday for new members while existing subs will see the changes reflected in their billing cycle after May 13.

**NAB Numbers:** Preliminary figures are in and put **NAB Show's** registered attendance at 91,460. If that figure holds, it's a dip from last year's final count 92,912. But a less than 2% decline certainly isn't worrisome. Some 160 countries were represented at the Vegas show, with more than 24K international attendees registered.

**Business Class:** **BCN** struck a deal with **Atlantic Broadband** to deliver broadband internet services across the latter's network footprint. The Atlantic Broadband services will be available through BCN's network of sales partners. BCN offers solutions including voice, data and networking services as well as options for nationwide broadband aggregation, managed equipment and monitoring services, SD-WAN and security solutions for business customers.

**A New Home:** **CLEO TV** and **Philo** struck a carriage deal, marking the first vMVPD launch for the network. The lifestyle and entertainment net was launched in January by **TV One** with **Charter** and **Comcast** on board as initial distributors.

**Peabody Nominees:** The **Peabody Awards** board of jurors have revealed the 60 nominees for the 7th annual awards. Nominees were selected by unanimous vote from more than 1200 entries across TV, radio/podcasts and the web. **Netflix** received 7 nominations while **HBO** was close behind with 5. Also receiving nods were **BBC America** (2), **FX Networks** (2), **Amazon Prime** (1), **Cartoon** (1), **ESPN** (1), **Hulu** (1), **Showtime** (1), **Starz** (1), **SundanceNow** (1), and **Univision** (1). The 30 winners will be announced over the course of the next two weeks. Winners and nominees will be celebrated at Cipriani Wall Street in NYC on May 18.

**Honors:** **Urban One** founder/chairperson **Cathy Hughes** became the first African American woman to be inducted into the **NAB** Broadcasting Radio Hall of Fame. She's also one of only three women to have been inducted into the Broadcasting Radio Hall of Fame over its 42-year history. Hughes was the first woman to own a radio station that was ranked No 1 in a major market and is credited with growing Urban One into the largest African-American owned, diversified media corporation in the country. Urban One is the parent of TV One. Her son, **Alfred Liggins III**, currently runs the company.

**People:** **Crown Media Family Networks** upped **Kathleen Charapata** to svp, legal. Charapata first joined Crown Media in 2016 and has held roles at **Charter** and **DISH**. -- **Dave Antonelli** was appointed to lead ad strategy and revenue for **Sling TV**. Antonelli formerly served as **Cognitiv's** CRO and is a veteran of **Viacom** and **LiveNation**.



## Think about that for a minute...

### Behind The Curve

Commentary by Steve Effros

The British government proposed a new set of regulatory policies the other day that, if adopted, could change the very nature of current uses of the Internet. American policy is so far behind on these issues that it could soon become irrelevant.



The European Union has long been leading the charge on regulating the “edge” providers. The General Data Protection Regulation, “GDPR,” was adopted last year. It focuses on the use of data collected by companies like Google, Facebook, etc., and puts some teeth behind those rules by having the ability to assess pretty substantial fines.

Now comes the UK, with a proposed set of rules regarding “..harmful or unlawful” information that appears on their sites. That’s information regardless of who put it there. In other words, the “safe harbor” that these companies have been anchored in for many years sheltering them from liability or responsibility for material that other people upload to their platforms, or information that they make available that is considered “harmful or unlawful,” is now potentially going to be their problem. That’s going to be quite a problem!

Lest you think this is just aimed at Google and Facebook, it apparently would apply to any company that “allows users to share or discover user-generated content or interact with each other online,” according to Axios. In other words, just about any of the major platforms including Instagram, Reddit, ISPs, and the like.

While the proposal focuses particular attention on things like terrorism and child exploitation, it doesn’t stop there, but imposes a “duty of care” on platforms to prevent or remove any “harmful or illegal” content. It also proposes a new regulatory body that could oversee this massive shift in the obligations of the edge providers including the power to

levy significant financial penalties.

This proposed rule is not law yet. But it certainly shows us the thinking of those who have decided “enough is enough” with regard to the runaway information firehose that we are now confronted with. Clearly the folks owning the platforms, having gotten very used to the safe harbor they have enjoyed, are not pleased about all this. As I noted last week, none other than Mark Zuckerberg has already publicly announced that he thinks some other form of “regulation” with government oversight should be employed. He has been roundly criticized by First Amendment advocates in the US for even suggesting that, while at the same time Facebook is under investigation for “tilting” its algorithms against “conservative” thought.

If you didn’t appreciate how much of a policy mess we are in before, I think you will now! But as also noted, all the “action” is taking place off our shores. Australia already has a regulatory body that bans certain material from internet delivery there. Now the EU and the UK are moving in the same direction, and while we have prohibitions on “illegal” material or child porn, there is weak enforcement and little enthusiasm for the government to get involved.

What that means, given that the internet is a worldwide network, is that while we struggle to figure out what we might, maybe, should do, other countries are setting the ground rules. And while it may be the case that some companies just choose not to function in certain places, like the UK or China, that’s not a realistic solution as more and more countries adopt regulations. The information we see is going to be dictated by others unless we stop being content being behind the curve.

*Steve*

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