

Cablefax Daily™

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What the Industry Reads First

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Internet Intent: Pai Unveils Plans for 5G Auction, Broadband Deployment Fund

FCC chmn *Ajit Pai* headed to the White House Friday afternoon to meet with *President Donald Trump* and was expected to deliver remarks on the state of 5G and new initiatives to advance it. It may have been more appropriate to call it a broadband deployment event. There was a taste of the future, with Pai announcing that the Commission intends to kick off its third 5G spectrum auction on December 10. This will be the largest 5G spectrum auction yet, with the FCC offering up 3400Mghz in three different spectrum bands at one time. The FCC also announced that it is seeking comment on the proposed application and bidding procedures for the auction. That's about where the 5G talk ended. Pai moved on to announce his plans to create the **Rural Digital Opportunity Fund**, a \$20.4bln program aimed at connecting up to 4mln rural homes and small businesses over the next decade. The FCC would find the money for the new initiative by repurposing funding from the Universal Service Fund that previously went to support price cap carriers to fund the buildout of broadband in rural markets. It will still need to make its way through the traditional notice and comment process, but Pai would like to see the Rural Digital Opportunity Fund distributed through a technology-neutral reverse auction and that funding be given to areas of the country that do not meet the FCC's 25Mbps standard. Pai hopes to launch the proceeding later this year. **ACA** said it was looking forward to ensuring fund rules prohibit overbuilding and allow all providers to participate on a reasonable basis. Not everyone was impressed with the announcements, or even saw the 5G connection. While it's true that the millimeter wave spectrum will be deployed with 5G eventually, **NewStreet Research** argued that the utility of that spectrum remains very limited. "If the government is serious about 5G, they ought to be focusing on getting CBRS and the C-Band spectrum into the market as quickly as possible," NewStreet said in a note. "They should also approve the **T-Mobile/Sprint** deal. The 'Real 5G' is going to flourish in what we now call mid-band spectrum, between 2-5GHz and 4.2GHz." **Public Knowledge** had far too many questions left unanswered following the announcements from Pai and the Trump Administration, and pressed Congress to request further details from the FCC chmn. "While updating these programs may prove helpful, they will not do much to change the unfortunate state of rural broadband in the short-term or do much to accelerate 5G deployment without real reform to directly address new deployment," Public Knowledge svp *Harold Feld* said in a statement.

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Worth the Wait: For the analysts who counted down the days to hear what **Disney** had in store for its streamer, Thursday's Investor Day did not disappoint. In the words of **Wolfe Research's Marci Ryvicker**, "we got what we needed and we REALLY like what we heard." The overwhelming opinion is that Disney is all-in on its DTC strategy, and is hitting all the right notes by offering a lower-than-expected \$6.99/month price point, long-term subscriber targets and profitability targets. Shares closed up 11.5% Friday. "The **Disney+** opportunity is massive: the company pointed to 100M existing consumer 'touchpoints' across existing business lines and to 1B surveyed 'fans' of the Disney brand in the 12 largest markets," **Evercore ISI** said in a note. "For our part, we count 760M global addressable homes for Internet TV and think Disney+ could be particularly successful among a subset of ~270M addressable homes with children." Disney's plan isn't perfect though, and still leaves some holes that could hamper Disney+'s growth. **Barclays** said it continues to be surprised by management's insistence on dividing OTT offerings by demographics (**Hulu** for adults, **Disney+** for families). While management pointed to a future bundling of Disney's OTT services at a discount, that aspect of the presentation lacked a solid plan. "We believe this approach is likely to play into the hands of distributors such as **Comcast** who may end up becoming better aggregators of Disney's OTT services than Disney itself," Barclays said. "This is one aspect of Disney's go-to-market strategy that will need fine-tuned over time in our opinion, to help drive down churn, reduce SAC and drive more upside."

Fox RSNs, Big3 & Charter: The **Big3 Basketball League**, which counts *Ice Cube* as a co-founder, says it has filed complaints with the **FCC** and **DOJ** against **Charter**. The news was reported Thursday by the *WSJ*. Big3 wants regulators to investigate whether the MSO has engaged in anticompetitive actions to undermine the bidding process for the **Fox RSNs** that **Disney** must sell, possibly in an effort to assist Charter shareholder **Liberty Media**, which is also interested in the nets. "Charter currently has an agreement to carry these networks and welcomes the opportunity to discuss a future carriage agreement for these networks with whomever ultimately owns them including Big3. Regardless of who owns the programming, we approach all negotiations with the same singular objective of reaching carriage agreements that best meet the needs of our customers," Charter said. Final bids for the RSN are due Monday.

FCC Meeting: At the **FCC** Open Meeting Friday, the Commission repealed an "unnecessary" policy that raised rural phone rates. The rule would have imposed a nearly 50% increase in local telephone rates for many rural consumers on July 1. Chmn *Ajit Pai* called the move "a big win for rural Americans." At the same meeting, the FCC eliminated two rules pertaining to cable operators' channel lineups. The first required operators to maintain at their local office a current listing of the channels that each cable system delivers to its subs, and the second eliminated rule required certain cable operators make their channel lineup available through their Commission-hosted public inspection file. Commish *Mike O'Rielly*

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approved of the move, as did *Jessica Rosenworcel*, though she said there is more work to be done. "In our media modernization initiative, let me offer my colleagues a suggestion: if we truly want to be modern, working on a machine-readable format for the public file should come next." The FCC also proposed updating its rule for over-the-air reception devices to help 5G deployment, suggesting it eliminate the restriction that excludes hub and relay antennas from the scope of the current rule.

Impact Statement: Data analytics firm **605** formed a strategic relationship with **Research Measurement Technologies (RMT)**, a provider of audience engagement and targeting solutions. The partnership allows 605 to combine its analytics solutions and measurement footprint with RMT's context-based psychographic data tech to measure the contextual impact that each ad placement has on brand sales. These insights can optimize multiple elements of an ad campaign to provide advertiser and programmer clients with optimized creative selections, context effects, targeting, sequencing and other significant media variables that promote both brand lift and a higher return on investment.

Ratings: ESPN's telecast for the first-round of the Masters Thursday drew nearly 2.5mln viewers. Coverage began at 3pm, and the net averaged 2.482mln for the 4.5 hour event, down from 2.971mln last year.

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So, in my house it will now be: YouTubeTV + Netflix + HBO Go + Amazon Prime TV + ESPN+ + AppleTV+ + Disney+...

Plus, indeed. ++++++

7:07 PM · 11 Apr 2019

 **ShannonTheResister** @shannonthebull Follow

RIP Senator Fritz Hollings.

I once had to fix the cable at his home. He was very welcoming and excited that I was a woman technician.

4:43 AM · 8 Apr 2019

Research

- > HBO's "Game of Thrones" saw 32.8mln US viewers tune in to its seventh season, up from 25.7mln in the season prior.
- > The show's upcoming eight season required 42 weeks of post-production.
- > Overall, the show totaled 105,846 days for extras across all seasons and 10 countries.
- > Over the course of eight seasons, the series used more 12,137 wigs and hairpieces.

(Source: HBO)

Up Ahead

- April 28-30:** Cablefax Leaders Retreat; Key Largo, FL
- May 1-2:** BCAP Cable Academy; Pocono Manor, PA
- May 2:** Cable Center Hall of Fame and WICT Signature Lunch; NYC
- May 7-8:** CTAM Communication Strategies Course; NYC
- June 4:** 2019 Promax Conference
- June 6:** Cablefax Celebration of Leadership Gala; NYC

Quotable

"We're pricing this to be accessible to the millions and millions, if not hundreds of millions of Disney fans... And I think that's where you have to start. The sheer number of people worldwide that know our brands, that interact with our brands on a daily basis, that spend money on our brands, is huge. And no other company has that. While I think Netflix has done a good job of creating brand value and name value and I think a product that I think is considered of great value to a lot of people, they're still building their brand in many respects." -- **Disney chmn/ CEO Bob Iger speaking on CNBC's "Squawk on the Street"**

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