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Tuesday — May 21, 2019

What the Industry Reads First

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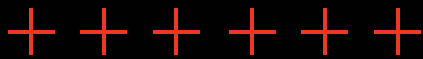
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Thumbs Up: Pai Announces Support for T-Mobile, Sprint

T-Mobile and **Sprint** scored a major victory in their fight to merge Monday, promising enough concessions to win over **FCC** chmn *Ajit Pai*. A document detailing commitments from the applicants should the deal be approved, including a promise to divest Sprint-owned prepaid brand **Boost Mobile**, tipped the balance in the merger's favor. It would see New T-Mobile offering the Boost buyer terms for a six-year wholesale MVNO agreement that would prevent New T-Mobile from treating Boost in an anticompetitive manner relative to T-Mobile's Metro brand. This and other conditions would "ensure that New Boost will be an aggressive competitor to New T-Mobile," according to the FCC filing. "In light of the significant commitments made by T-Mobile and Sprint as well as the facts in the record to date, I believe that this transaction is in the public interest and intend to recommend to my colleagues that the FCC approve it," Pai said in a statement Monday morning. The new promise came alongside commitments by New T-Mobile not to raise pricing for three years following the merger and that it will not exercise any termination rights under Sprint's existing MVNO agreement with **Altice USA**. Post-merger, New T-Mobile said it would begin good faith negotiations with Altice to expand the agreement to the new 5G network. As for the rest of the Commission, early support is falling along party lines. Commish *Brendan Carr* backed Pai, being convinced by the applicants' commitments to bring 5G to 97% of the US population within three years of the merger's completion. "When you think about US leadership in 5G, one of our big goals is make sure every single community can benefit, not just the biggest cities," Carr said in an interview on **CNBC's** "Squawk Alley." "And this combination through that enforceable mechanism that's in that detailed filing is going to put us on that path." Democratic commish *Jessica Rosenworcel* remained unconvinced, tweeting "We've seen this kind of consolidation in airlines and with drug companies. It hasn't worked out well for consumers. But now the @FCC wants to bless the same kind of consolidation for wireless carriers. I have serious doubts." And while commish *Michael O'Rielly* could be the swing vote, it seems probable that he'll side with Pai. "We don't think Commissioner O'Rielly's previous statements about his objections to rate regulation or behavioral conditions will cause him to vote against the deal, much as the Chairman's own previous statements on those matters proved irrelevant here," **New Street** said in a research note. Even if the FCC approves the deal,



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Sprint and T-Mobile's commitments will need to satisfy the **DOJ's** concerns on the competition front. New Street believes the risk of DOJ disapproval is low, even with antitrust division head *Makan Delrahim* keeping quiet following *Pai's* public approval of the deal. In an interview with **Fox Business**, T-Mobile regulatory counsel and former FCC commish *Robert McDowell* said he believed Delrahim would approve the deal because the FCC had already done much of the heavy lifting by putting into place both behavioral remedies, such as the pricing lock, and structural remedies, like the divesting of Boost. Less certain was *Bloomberg*, who [said](#) a source familiar with the DOJ's review did not believe the proposal went far enough to relieve antitrust tension.

DISH Deals: DISH is set to acquire **EchoStar's** broadcast satellite service (BSS) business, including nine direct broadcast satellites, in an all-stock, tax-free transaction valued at \$800mln. As part of the deal DISH will also acquire licensing for the 61.5-degree orbital slot and some real estate properties in exchange for 22.9mln of DISH's shares, to be distributed to EchoStar shareholders. After the deal, **Pivotal Research** downgraded DISH to "hold," noting the likely ultimate approval of the deal "significantly pushes back the timing for a potential DISH spectrum deal materially." Pivotal reduced the implied spectrum value by 10% and added in effects from the announced deal, which led to a \$4 reduction in its DISH YE 2019 target to \$37. **New Street Research** views the transaction as a positive for DISH shareholders, believing it bolsters liquidity and gives it increased negotiating leverage with potential buyers for its spectrum. The firm maintained its "buy" rating on DISH with a bullish target now at \$168. In 2017, DISH acquired other assets from EchoStar, including set-top box development, **Sling TV** tech and US satellite TV ground infrastructure. DISH shares fell 5.92% to \$33.24 at market close.

Reach for the Starz: Reports came in Friday that **CBS** has made an informal offer of \$5bln to purchase **Lionsgate-owned Starz**. Back in 2015 and 2016, CBS was interested in the premium cable net, which went to Lionsgate for \$4.4bln. So what does this mean for a the possibility of a renewed CBS-Viacom merger attempt? "CBS trying to undertake what could be a potentially major transaction without a decision on Viacom is likely to be perceived as CBS's continued lack of interest in combining with Viacom. If CBS was ultimately interested in Viacom, we believe what may have made some sense is to acquire all of LGF instead of just Starz," a research note from **Barclays** read. "Overall, therefore, the deal between CBS and Starz in itself seems intended to enable a gradual pivot but has the potential to drive a more significant shift contingent on one of the stakeholders taking a more holistic view of the long-term trajectory." Barclays kept CBS' stock rating at equal weight/neutral. Lionsgate shares jumped as much as 15% Friday after *The Information* first reported news of the offer, and closed down 1.28% at \$15.40 Monday. CBS shares dropped minorly by 0.14% to \$48.31, and Viacom stock saw a slight dip of 0.39% to \$33.33. -- In other Starz news, the net's evp of originals *Marta Fernandez* will be exiting the company after 12 years. She was promoted to her current role last December. The net has seen a lot of key exec changes over the last few months, as CEO *Chris Albrecht* stepped down as CEO in February, and earlier this month Lionsgate tapped *Alice Dickens-Koblin* as head of development and production for unscripted programming for both Lionsgate and Starz.

At the Commission: The **FCC** rechartered its Technology Advisory Council for a two-year term that began May 17. The TAC advises the FCC on areas of innovation and ways to develop informed technology policies. The next meeting

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will be held on June 21 from 10am to 4pm. *Dennis Roberson*, executive chmn of **entigenlogic** serves as chmn of the council. *Michael Ha*, deputy chief of the policy and rules division for the FCC serves as the designated federal officer, and *Julius Knapp*, chief of the office of engineering and technology is the alternate designated federal officer. -- The FCC, in coordination with the **NTIA** and **Department of Defense**, approved the environmental sensing capabilities of **CommScope**, **Federated Wireless** and **Google**. The approval marks the next step forward to commercialization of the 3.5 GHz CBRS band. In a shared spectrum environment, certified operators of the ESC sensors protect incumbent users of the band, such as the Navy, while maximizing availability of CBRS spectrum in coastal areas. NTIA has also completed the laboratory testing for five spectrum access system administrators. Those spectrum access systems would dynamically reassign users within an area to other parts of the band. The SAS administrators are expected to receive final reports on testing results from NTIA, which will then be submitted to the FCC, by the end of the month. Commercial CBRS deployment is expected as early as 2Q19 following FCC and DoD review.

Wave Expands: H5 Data Centers, a national colocation and wholesale data center provider, announced a network expansion of **Wave Business** to its Seattle data center. Wave's deep-count fiber network across the country will provide H5 with competitive fiber backhaul solutions for businesses seeking state-of-the-art data centers. Wave will support H5's Seattle location's customer base of Fortune 500 companies, content delivery nets and cloud service providers.

Match Point: **Tennis Channel** will have 15 days of live coverage for every day of the 2019 French Open. The net will have close to 350 hours of televised coverage and 700 hours of streamed matches on up to 12 courts. The net will be the first American channel with a studio stage inside the tournament's main court, Philippe-Chatrier.

Technical Comcast: After months of hiding, **Comcast** Technology Center's Universal Sphere is open to the public. The 34-foot tall, 39-foot in diameter Sphere provides a free, immersive cinematic experience featuring the short film "The Power of I" (ep'd by *Steven Spielberg*). Comcast expects to host 30 screenings per day (max of 25 guests per person).

News Time: **Pluto TV** added **The Young Turks Network** to its lineup, just after the streamer added **Viacom** content along with curated **CNN** news programming. The net describes itself as a progressive news and talk network for the "connected generation."

Ratings: To the surprise of very few, the series finale of "Game of Thrones" on Sunday evening broke records for **HBO**. A record 19.3mln viewers watched across HBO's platforms, exceeding the previous series high of 18.4mln over the prior week. The ep was also the most-watched single telecast record on HBO ever, bringing in 13.6mln viewers for the 9pm airing. The record was previously held by the Season 4 premiere of "The Sopranos" in 2002, which brought in 13.4mln. Additionally, the series finale of "Barry" reached a series high with 2.7mln viewers across the net's platforms, up 253% over last year's season finale.

Programming: **Cartoon Network** added to its programming slate with two new original adventure comedies. "Mao Mao, Heroes of Pure Heart" will officially debut July 1 at 6:10pm, but eight new episodes will be available on the CN app and on demand on June 28. "Tig N' Seek," following an eight-year-old and his cat, is expected in 2020. -- **Universal Kids** is premiering "Get Out of My Room: Backyard Takeover" May 27 at 8pm. The series is a special edition of DIY series "Get Out of My Room," hosted by landscape designer *Sana Garner* and backyard makeover specialist Luke Barr. -- "Drunk History" returns to **Comedy Central** with eight new episodes on June 18 at 10pm. -- **Bravo** greenlit new docuseries "Indian-ish," following several multi-generational families originally from India living in Miami. The series will be the first-ever all-Indian cast in an American docuseries. -- **HBO** is premiering a new comedy series, "Los Espookys" on June 14 at 11pm. The primarily Spanish-language (subtitled in English) show follows a group of friends who turn their love of horror into a business. -- **TNT's** summer drama series "Animal Kingdom" returns for a Season 4 on May 28 at 9pm.

People: *Susanne McAvoy* has landed at **Discovery**, serving as head of marketing for **Food Network**. The newly tapped svp will take on the role effective May 28. She most recently was at **Crown Media Family Networks**, where she spent 11 years leading marketing, creating communications and direction social media initiatives and SVOD strategies. Before that, McAvoy had various senior corporate, affiliate and ad sales marketing positions with **Oxygen Media**, **Comcast Spotlight** and **MTV**. -- **Fox News** tapped *Jeff Collins* as its evp, ad sales, effective immediately. He's replacing *Marianne Gambelli*, who was upped to head of ad sales for the net's parent company in the fall. Collins comes over from **Viant Technology**, where he served as chief revenue officer.

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The Stage Actors

Live sports veteran John Ward has found a new home at InDemand, where he's driving scale and efficiency advances in pay-per-view entertainment. We sat down with Ward to chat everything live, 5G and even blockchain. An edited version follows.

What is it about PPV and the On Demand marketplace that still brings in live viewers? Live events, specialty concerts and sports are really what's driving PPV... People are very familiar with the ordering process. There's no friction in using your remote to order and actually seeing the show on the screen. Today, with some of the OTT services, people are struggling a bit to find where the events are and how to actually order the event itself. We try to provide a frictionless experience. And it's not just sports. PPV for us is also movies.

What do you see remain as the greatest challenges with those live feeds? We have a very talented engineering and IT team that I've inherited and you pair that along with the latest software and hardware stack, it keeps us in front of the pack. We distribute content very quickly and very efficiently and it's on me to keep my group focused on the service while we retain flexibility to evolve workflows and processes and maintain our leadership. I always want to improve though. What could we be doing better? In our heart and our soul, we're a solutions-oriented company... We're going to always look for ways to adapt new tech and improve speed-to-market without sacrificing quality of service. We have to be able to scale as needed, depending on what we're doing. ... At InDemand, we're the PPV leader because we don't make mistakes. Some of our competitors have and others struggle and continue to do so, but our secret sauce is that we provide the best quality of service in the industry.

And with everyone trying to get a piece of the viewer-ship pie, that reputation means a lot. Absolutely. Stage actors—you're only as good as your last performance. We

have to perform. We have to execute upon all of these events and we have to do so flawlessly without friction and we have to provide a means for our customer base to enjoy all of this programming we're able to provide effortlessly.

What possibilities for improvement does 5G and beyond offer your business? 5G is going to be a very slow rollout. Both the satellite community and Tier I wireless companies are still trying to figure out the challenges with regards to spectrum. My background is live sports and from my years at Fox Sports and DirecTV/AT&T, the first practical application for a live event for 5G was tested last year as a way to send back camera signals to a production truck at a live event without a wired connection... We're going to be in the middle of those conversations to see what it means for us, to see what it gives us the ability to do even better than we currently do it. We're always looking at ways to deliver live programming to our affiliates and 5G and the rollout of it will no doubt give us another path to look at... 10G is further down the road. Not to put too simple a point on it, despite the number of G's, we're going to be in the middle of it.

You've been involved with a blockchain start-up.

What's the opportunity there for content delivery? It's potentially a cheaper way to get content out to the public at large. You could use the concept of blockchain with regard to cloud storage and to leverage cloud resources that are decentralized. Not necessarily controlled by one entity. This type of technology and relationship can be used to store transcode and deliver content much cheaper than using cloud resources from a fixed provider. This concept buys in to the fact that multiple providers and partners are used and are part of the process, so you're maximizing resources that are underutilized with each participating partner. It's all kept secure because that's a big concern for everyone with blockchain technology... This is going to continue to evolve and as the need of cloud services increases, it's only going to become a little more frenetic.

— Sara Winegardner

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