

Cablefax Daily™

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What the Industry Reads First

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Running Rampant: Fraud in OTT Advertising

Everybody knows about fraud in digital, but not everyone is talking about fraud in OTT advertising spaces. **AdLedger**, a non-profit consortium using blockchain and cryptocurrency to fight fraud, released a report Wednesday showing that 18% of the 8 trillion ad requests for OTT inventory are fraudulent. The report, which combines research from **MadHive**, **The Hershey Company**, **Hearst**, **IPG** and **Beachfront Media**, also found that the three main types of fraud plaguing OTT are misrepresentation, similar to domain spoofing in digital (where unscrupulous ad networks or exchanges obscure the nature of their traffic to resemble legitimate websites); app-based fraud, when the same OTT app shows a high rate of constant activity; and device-based fraud, when a single device reports an excessively high number of ads in a given time period. "With OTT, there's a misconception that there is no fraud," *Christiana Cacciapuoti*, executive director at AdLedger, told **Cablefax**. "Everyone has this belief that it's universally fraud free, and part of that stems from the fact that it's different from other types of fraud. There's no click fraud, filling out fraudulent papers, but it still exists." According to **MAGNA**, OTT ad spend in 2018 is estimated to have jumped by about 40% to \$2bn. Although the majority of that growth was driven by **Hulu**, who pulled in \$1.5bn in revenue for the same period, efforts from dozens of ad-supported newcomers like **WarnerMedia** and **Viacom** will broaden distribution of ad dollars as supply and demand for OTT ad impressions increases. Fraudsters are taking advantage of the OpenRTB protocol, the standard for transacting media created in 2010 before the convergence of digital and TV. "I think it is very similar to fraud in other mediums, in that it's a game of whack-a-mole," Cacciapuoti explained. "OTT is this new medium, and the CPMs are really high. Where we still are with digital, we're going to have people that are trying to take advantage of the value that's being created there. It's something that's still evolving just like the medium is still evolving." AdLedger is leaning on cryptography and blockchain to fight the constantly evolving nature of fraud in OTT spaces, in the hopes that it can become an open source solution for the industry. "They're tools that we've never had before in media, and they've been used really successfully in other sectors. There's of course work that needs to be done to bring them over to our industry, but we have clear precedent in using them effectively," she said. However, Cacciapuoti cautions that blockchain is not the end-all be-all for solutions.

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“The biggest downside is the absolute ridiculous hype cycle in all spaces. There are ridiculous claims as to what it can do. It’s still in its infancy and we need to be much more prudent in how we talk about it,” she said.

FCC Frees Up Midband Spectrum in the Quest for 5G: The FCC moved forward with a report and order Wednesday that would free up unassigned 2.5GHz spectrum on the band that had previously been reserved for EBS spectrum uses. The order eliminates restrictions on the types of entities that can hold licenses as well as any educational use requirements while upholding incumbent licensees’ agreements on existing licenses. The Republicans approved the order, while Dems *Jessica Rosenworcel* and *Geoffrey Starks* approved in part and dissented in part. Rosenworcel argued that the FCC should instead consider a voluntary incentive auction to free up mid-band spectrum while also honoring the educational history of the band. As for how it would work, the FCC has unused 2.5GHz licenses in its inventory. The auction would allow existing licensees to choose whether to keep what they have or return their airwaves for compensation that could be used to support connectivity for students who lack broadband at home. “Doing so would require addressing license size, long-term leasing and other issues unique to the band,” Rosenworcel said. “But if we were to combine these two sources of 2.5 GHz spectrum, we would be able to hold a substantial nationwide auction for new flexible commercial use of key mid-band airwaves vital to 5G service.” In his statement, chmn *Ajit Pai* said that the first time he had heard of the idea for an incentive auction was Tuesday, the day before the meeting, and that it was offered with no details on how it would work. “Of the many problems with that suggestion, one stands out: It would delay an auction of this key mid-band spectrum by several years, according to our career staff, thus substantially slowing down progress on 5G,” Pai said, adding that he would not support such a delay. The two also came to a head on a report and order establishing bidding procedures for Auction 103, the incentive auction involving licenses in the upper 37GHz, 39 GHz and 47GHz bands. The order was approved by Pai, O’Rielly, Carr and Starks. Rosenworcel approved in part, dissented in part, saying that if the FCC was serious about freeing up spectrum for 5G, it should have scheduled a mid-band auction of the 3.5GHz band “right here and now.” Pai seemed to make a pointed remark regarding Rosenworcel’s stance on the order and other mid-band initiatives, saying that he finds it “equal parts ironic and amusing that some continue to claim that we’re doing too little to free up mid-band spectrum, but then oppose every single initiative we’ve undertaken to do just that.”

FCC Updates Notification Rules, Preempts SF Broadband Ordinance: All FCC commissioners agreed Wednesday to update notification rules for TV providers by allowing them to electronically deliver required notices to broadcast TV stations. Also receiving unanimous support was an update to carriage election notice rules, which would only require broadcasters to send carriage election notices to MVPDs when first electing carriage or changing their carriage election

Cablefax: What’s Happening... August, September & October

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| | | Awards | Events |
|------------------|---|--------|--|
| AUGUST | <p>Woodstock 50th Anniversary</p> <p>We’ll celebrate peace, love and music with a special report that looks at how programmers are recognizing this historic music festival, as well as how the event helped shape the entertainment industry.</p> | | |
| SEPTEMBER | <p>Cablefax: The Magazine – September Issue</p> <p>Most Influential Minorities</p> <p>Our annual magazine will salute the men and women who are shaping the industry for years to come.</p> <p>SCTE Cable-Tec Expo</p> <p>Daily coverage from the Expo show floor along with a pre-show special report. We’ll look at the technology and standards development that you need to know about right now, including the progress with the Energy 2020 initiative. Our pre-show issue also highlights SCTE, WICT and Cablefax’s Woman in Technology award winner.</p> | | <p>Cablefax & NAMIC Diversity Breakfast</p> <p>September 17 NYC</p> |
| OCTOBER | <p>CTHRA</p> <p>In addition to shining a spotlight on Excellence in HR honorees, Cablefax will present the latest developments in HR and how they are impacting business results.</p> | | <p>The FAXIES Awards Luncheon</p> <p>NYC</p> |

status from must carry to retransmission consent, or vice versa. -- The FCC took a stand against a San Francisco ordinance, preempting a part of it that it says requires the sharing of in-use wiring in multi-tenant environments. But according to San Francisco mayor *London Breed*, the FCC has mischaracterized Article 52 of the ordinance and it merely requires that existing wiring owned by the properties be made available for use by other communications providers when possible. The FCC's order also claims that any forced sharing of facilities already in use would offer providers a free ride on existing infrastructure. "San Francisco adopted Article 52 because it is uneconomic and, in the case of many older buildings, impossible, for multiple carriers to install their own wiring to reach each occupant," Breed said in a July 2 letter to Rep *Nancy Pelosi* (D-CA). "Consequently, rather than fostering competition, the Proposed Order would strip occupants of many MTEs in San Francisco of a meaningful choice of communications providers." The House already voted to block Pai's proposal on June 26, but no decisions have been made by the Senate or the White House.

FCC Dems Still Not Feeling T-Mobile/Sprint: FCC commish *Jessica Rosenworcel* again criticized the way the Commission's analysis of the pending **T-Mobile/Sprint** merger is proceeding during a press conference following the agency's open meeting Wednesday. She echoed previous statements of hers, saying that it is unprecedented for the agency to announce that a majority of its members support a transaction via press release. "I have no legal analysis, no economic analysis, no proposed opinion, no draft, no nothing," she said. "I also know this: the Department of Justice has not reached a conclusion. There is something extraordinarily irregular about how this is proceeding." It is Democratic commish *Geoffrey Starks'* first major transaction since joining the agency, and while he has not announced his standing on the deal, he did say that he believes in a "muscular, robust merger standard." "I look forward to when I do in fact have a transaction in front of me," Starks said. "When the analysis is in, the recommendation from staff not pending for me at all... when that happens, folks will know where I stand."

Traditional Video Sub Losses Key in Growing Cable Margins: Traditional video losses continue to rise, and that's not entirely a bad thing. In fact, according to **MoffettNathanson** research analyst *Craig Moffett*, the drop in video subscriber numbers has been critical in growing cable margin expansion. "To be clear, none of the major cable operators are planning to abandon video," Moffett said. "The change—and it's not a subtle one—is in recognizing that there is a segment of customers that wants that best-in-class video product.... And there is a segment that doesn't." With **Charter** and **Comcast** making less of a move to save their traditional video numbers, they're more likely to retain video customers that aren't paying a subsidized rate for their services. Companies putting their eggs in the high-margin broadband and connectivity basket doesn't hurt things either. The discussion becomes more complicated for companies like Comcast and **AT&T** that own programmers (**NBCU** and the **Turner** networks, respectively). If vMVPDs are able to recapture the losses from traditional video, then the programmers would emerge in potentially better shape than before due to the higher affiliate fees that come from vMVPDs. According to Moffett, the more likely scenario would see programmers recapturing only a fraction of the traditional subscriber losses, resulting in programmers suffering major declines in total distribution.

Rumors Swirl Around WarnerMedia Exec Exits: Top ad sales exec *Donna Speciale* may be the latest person to leave **WarnerMedia** as **AT&T** consolidates the **Time Warner** businesses, according to a report from *The Information*. She would be the most recent in a wave of senior women to exit, including *Bernadette Aulestia*, the former head of global distribution for **HBO**, and **HBO's** chief digital officer *Diane Tryneski*.

Ratings: **Fox News'** coverage of President *Trump's* July 4th speech boosted the net to yet another week atop the prime and total day cable pyramid. The net averaged 2.06mln total viewers in prime last week and 1.28mln in total day. That placed it ahead of **MSNBC** in prime (1.19mln viewers) and **Nick** in total day (736K). The kids net, powered by "Paw Patrol" had a strong week, edging out MSNBC (708K) in total day. -- Fox News' coverage of Trump's "Salute to America" speech on Thursday notched 4.6mln total viewers, beating **CNN** (1.5mln) and MSNBC (374K) combined. It also had the edge over **NBC** for the July 4 fireworks show (4.8mln vs 3.8mln). -- Wimbledon viewership on **ESPN** is up 29% YOY over the first seven days, coming to an average of 799K viewers. Fifteen-year-old *Coco Gauff* brought in the fans—each of the four days she played her match was the most watched of the day, topping on Monday with an average of 1.123mln viewers. -- **NBCSN's** Tour de France coverage delivered the most-watched start to the event since 2016, averaging 290K viewers, up 23% from 2018 through Stage 4 (Sat-Tues). Live coverage continues at 8pm ET Wed (7/10).

People: **BET Networks** named *Devin Griffin* gm, **BET+**. The **Netflix** and **Story Lab US** vet will report to BET pres *Scott Mills* and oversee business strategy and operations for the upcoming SVOD. -- *Frank LaPlaca* and *Ari Turner* are joining **NCC Media** as svp, corporate development and svp, sales operations, respectively. LaPlaca, a former Wall Street research analyst, has held corporate development executive positions at **NeuStar**, **Comverse** and **Rovi** (now **TiVo**). Turner comes over from **Xandr** where he drove the **WarnerMedia** advertising merger/integration.

Think about that for a minute...

Flash

Commentary by Steve Effros

As you may have seen on the news, it rained in Washington, DC, on Monday. Boy, did it rain! I'm not talking metaphorically, not referring to crazy stuff happening in Congress or on Twitter, I'm talking about the wet stuff; rain.



At National Airport, where we officially measure such things around here, they got a total of 3.3 inches of rain. That's almost equal to a normal rainfall amount for the entire month (3.7)! But the really eye-opening fact is that rain came down in one hour! 2.3 inches fell in a half-hour!

Not surprisingly, there was flash flooding. Roads were washed out. Some commuters, sitting in traffic, suddenly got hit with a wall of water which picked up cars and floated them down the street! One guy had to escape by climbing out through his sunroof. The point of my telling you all this is that I want you to understand this was epic, and it was sudden. The forecast had been for some storms in the morning, but nothing like this. It gave a new reality to the term "flash flooding."

My experience of this weather event started very normally. Lucia and I were getting up and getting dressed. Yes, there was some rain outside, but nothing notable, when all of a sudden all of our phones started blaring with the emergency alert sound. We had never heard that coming from our phones before. This is not, after all, a tornado area. We get lots of thunderstorms and a hurricane or two, but this was different. It was sudden and unexpected.

The EAS sound triggered us to do exactly what it was supposed to. We immediately tuned in to a newscast and learned that while our particular area was just at the edge of the deluge, something major was happening just north and east of us. It was so surprising that

the newscasters were urging people to call anyone they knew who was driving in the morning commute and warn them to pull over. "Turn around, don't drown" was repeated over and over again. And they were right. Water rescues were happening all over the area. Roads were closed. Trees were down. It was quite something. It ended almost as suddenly as it started, and roadways were draining and clear in a lot of places by the middle of the day.

But it sure did reinforce the importance of the emergency alert system for me, and the fact that in this case it worked perfectly. The broadband, wireless and broadcast systems are all linked together to make sure this works, and this time it sure did. While it has not been perfectly designed, and sometimes the testing burdens can be pretty daunting, especially for smaller operators, I have to come down on the side of those who argue that this system is vital, and will become even more so as we start recognizing and acknowledging that the "new normal" of our climate and the weather it produces is becoming increasingly unstable and potentially far more dangerous. This time it was hard to miss, even though some folks still insist on ignoring the obvious.

We can't any more. Be damn sure your systems are fully compliant and up to snuff when it comes to EAS. Pretty soon broadband will be the primary backbone delivery system for this information. To say that it could be a life-saver is clearly an understatement. Without such warnings, whether it's floods, tornados or earthquakes, folks can be gone in a flash!

Steve

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(Steve Effros was President of CATA for 23 years and is now an advisor and consultant to the cable industry. His views do not necessarily reflect the views of Cablefax.)



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