

Cablefax Daily™

Thursday — August 8, 2019

What the Industry Reads First

Volume 30 / No. 151

The Heat: Sinclair Blames AT&T, DISH for Blackout-Filled Summer

It has certainly been the summer of retrans disputes, but on **Sinclair's** 2Q19 earnings call pres/CEO *Chris Ripley* blamed much of the fighting on **AT&T** and **DISH**. "It's certainly a time of year when there's a lack of active programming on broadcast, so it's a good time to go dark," Ripley said. He added that AT&T and DISH's actions are likely influenced by the pending renewal of STELAR. "It's really not needed anymore, and AT&T and DISH very much would like to see it renewed. They have a number of motivations to act in the way that they are," Ripley said. "And ultimately, the incremental economics that are represented by carrying broadcasters, and the subscribers that we support on their systems, will ultimately win the day." Ripley also addressed the lawsuit filed by **CBS, ABC, NBCU** and **Fox** after AT&T pushed consumers to use **Locast** while it was engaged in disputes with **Nexstar** and CBS. Their feeds have been dark since July 4 and July 20, respectively. While it hasn't necessarily had an impact on Sinclair's business, the broadcaster opposes Locast's existence in the marketplace. "Locast, although not of any significance in terms of size or subscribers... is really a commercial entity masquerading as non-profit," Ripley said. "It should be shut down, and we think that lawsuit will be the start of that process." Turning to the company's results, Sinclair brought in total revenue of \$771mln (+5.6% YOY) with operating income coming in at \$106mln. Media expenses, including production and selling, totaled \$500mln versus \$452mln a year ago. Ripley also shed more light on the success of **STIRR**, which Sinclair announced surpassed the 1mln download mark in July. Monthly average users are in excess of 500K people and usage times for the OTT service, launched in January, are "quite long," according to Ripley. The most popular content is on STIRR City, a channel offering up local news. Sinclair has launched 41 channels on the service thus far and is aiming to continue introducing new channels each month to build variety in its offering. And what about the launch of **Marquee Network**, Sinclair's **Chicago Cubs** RSN created in collaboration with the team? The build-out of the studio is well underway, with the network on track to be fully operational in 1Q20.

ACA Connects C-Band Proposal Draws Mixed Reviews: The great debate on how to reallocate spectrum in the C-band continued Wednesday at the **FCC's** deadline for comments. Many comments revolved around the plan put forth by **ACA Connects**, the **Competitive Carriers Association** and **Charter** to free up at least 370Mhz of spec-

The
DIVERSITY
List

CONGRATULATE
the Most Influential Multi-Ethnic Executives

AD SPACE
DEADLINE
AUGUST 22

Diversity Week Bonus Distribution Includes NAMIC,
WICT and The Walter Kaitz Foundation Events

www.CablefaxDiversity.com

Contact: Olivia Murray | omurray@accessintel.com | 301.354.2010

Cablefax Daily (ISSN 1069-6644) is published daily by Access Intelligence, LLC ● www.cablefax.com ● 301.354.2101 ● Editorial Director: Amy Maclean, 301.354.1760, amaclean@accessintel.com ● Publisher: Michael Grebb, 323.380.6263, mgrebb@accessintel.com ● Senior Editor: Sara Winegardner, 301.354.1701, swinegardner@accessintel.com ● Associate Editor: Mollie Cahillane, 212.621.4951, mcahillane@accessintel.com ● Acct. Exec: Olivia Murray, 301.354.2010, omurray@accessintel.com ● Director of Marketing: Kate Schaeffer, kschaeffer@accessintel.com ● Prod. Mgr: Joann Fato, jfato@accessintel.com ● Kerry Smith, Divisional President, Marketing & Media Group, ksmith@accessintel.com ● Group Subs or Subscription Questions, Client Services: 301.354.2101, clientservices@accessintel.com ● Annual subscription price: \$1,749.00/year ● Access Intelligence, LLC, 9211 Corporate Blvd., 4th Floor, Rockville, MD 20850

trum for 5G via an FCC-led auction. Content delivery would be transitioned away from the C-band and delivered via a fiber infrastructure. The transition would be accomplished within 18 months in urban areas, within three years in the majority of remaining areas and within five years in select hard-to-reach areas. **NAB** isn't a fan, calling the plan complex, unproven and time-consuming. NAB also accused ACA Connects' membership of wanting to leverage the reallocation as a way to achieve competitive advantage. "By restricting or eliminating C-band and forcing content distribution to fiber, the ACA Coalition seeks to undermine or eliminate intermodal competition for their fiber services and secure a price-setting stranglehold on the content distribution business," NAB said in its comments. "The ACA Coalition wants to get paid to undermine its competition." While **NTCA—The Rural Broadband Association** was more supportive of gradually transitioning MVPDs to fiber video delivery, it warned that everyone would need to proceed cautiously to ensure no disruptions in video programming to consumers. NTCA also noted that while it supports clearing the spectrum to make way for terrestrial wireless services, it may not be possible to clear the spectrum everywhere. While ACA Connects recognized a potential need for alternative delivery options in remote areas of Alaska, NTCA argued that there are areas within the continental US where the goal of a fiber transition and the use of super headends within only five years is likely overly ambitious. NTCA also offered up suggestions on how to ensure robust auction participation, proposing that the geographic size of new licensees following the FCC auction be counties or cellular market areas.

Warren Pitches Rural Broadband Plan: Democratic presidential hopeful sen *Elizabeth Warren* (D-MA) has laid out her plan to close the digital divide should she make it to the White House. The plan would see the federal government award \$85bln in federal grants through a newly-formed Office of Broadband Access within the Department of Economic Development to subsidize the buildout of fiber networks to rural areas. Of those dollars, \$5bln would be set aside specifically for tribal nations and to expand broadband access on Native American lands. Under the plan, the federal government would pay 90% of costs for the construction of the fiber infrastructure. Major changes would come to the **FCC** with Warren promising to appoint commissioners who will restore net neutrality and improve the accuracy of broadband maps. Investment would also be made in the FCC's Office of Native Affairs and Policy to fund trainings, technical assistance and consultations.

TCA Notebook: A content world anchored by direct-to-consumer streaming, endless choice and shows that seem divorced from brands may seem like liberation, but **FX** chief *John Landgraf* challenged TV critics to see the downside. "You think, between everybody in this room, you could name every scripted original show on television?," he

BE IN GOOD COMPANY

THE **KAITZ**
DINNER
09.18.19 / NEW YORK

WE ARE
ALL
INCLUSION

PRESENTING SPONSORS

Charter
COMMUNICATIONS

COMCAST
NBCUNIVERSAL

walter
kaitz
foundation

Act now to secure your sponsorship, table or tickets by visiting www.walterkaitz.org/dinner

asked. “I bet you a thousand dollars that this entire group of professionals, focused on it, couldn’t get every single show.” It was all part of Landgraf’s argument that brands matter—especially a well-recognized one like FX—despite consumers sometimes struggling to figure out where their favorite shows originate. “Quality gets overwhelmed with mediocrity,” he said. “How do you find quality?” He noted that **HBO** and other brands remain a “beacon of quality,” an attitude that FX will also continue to push forward so shows “become not more generic over time, but less generic over time... because we’re trying to signal to the audience, ‘We can help you cut down the morass of an infinite number of programs and find stuff that’s really worth your time.’” In a similar vein, **Fox Entertainment**—which following the **Disney** merger is the only major broadcaster operating independently—wants to differentiate itself in a world of big conglomerates and mega-streamers, said Fox Entertainment chief *Charlie Collier*. He pointed to Fox’s acquisition of animation company Bento Box earlier this week as one example of how the company will add to its strengths. But he also made the case for wooing top creators by going beyond “front-loaded mega-deals which, by the way, are great for the few who can get them. We at Fox Entertainment still believe in creating and sharing with our talent the Holy Grail of television: The backend.” Collier pointed to the first of such deals with “Criminal Minds” creator *Jeff Davis* for a broadcast-only overall deal. “I think we have an opportunity as the only independent broadcast company to do things that are good for the creative community at a time where they seem to be welcoming it,” he told **Cablefax** after the executive session. “So I’m really proud of what we’re doing.” Collier said Fox will soon announce more deals with “relatively few layers” that avoid locking down creators. “We’re building something new,” he said.

Altice Adds Altice Amplify to Product Lineup: **Altice USA** is adding to its product line with a home smart sound system. Altice Amplify, built in collaboration with **Devialet**, includes two long stroke Diamond woofers and six far-field microphones engineered to pick up sound from anywhere in a room. **Amazon Alexa** is built in to Altice Amplify, allowing for voice control of other smart home devices. The speaker is compatible with all TV systems and also offers hands-free voice control of the Altice One platform. Altice Amplify will be available for purchase later this year with pricing set at \$399 for **Optimum** and **Suddenlink** customers and \$499 for non-customers. Altice also plans to make the speaker available to Altice One customers for \$10/month.

NewsGuard Gains Backing from Cable Hall of Famer: Industry veteran *Leo Hindery* is NewsGuard’s latest investor, the company told **CFX** Wednesday. He joins previous investors **Publicis Groupe**, **Cox Investment Holdings** and former **Thomson Reuters** CEO *Tom Glocer*. Hindery, who currently serves as chmn/CEO of **Trine Acquisition Corp**, is former pres/CEO of **AT&T Broadband** and a past chmn of the **NCTA** and **C-SPAN**.

5G Finally Arrives in NYC... Sort of: **AT&T** reported Tuesday that it has made 5G-like service available in parts of NYC. Before you get too excited, there are a few catches. The service, delivered over mmWave, is available in very limited areas and only to business customers and developers. NYC is the 21st city to receive AT&T’s 5G+ service.

Roku Hits Subscriber and Financial Milestones: It was a big Q2 for **Roku**, which surpassed 30mln active accounts and reported strong revenue growth during its earnings release Wednesday. The company added 1.4mln accounts to hit 30.5mln overall and reported that its customers streamed 9.4bln hours of content during Q2. Its revenue increased 59% YOY to 250.1mln, beating analyst estimates of \$224.2mln. Analysts projected a loss of 22 cents per share, Roku reported a dip of 8 cents. Shares jumped up 10% to \$111.40 on market close Wednesday. If it holds in after-hours, Roku shares will open at an all-time high. “The industry-wide shift to streaming is accelerating. Our business momentum and ongoing investment in areas of competitive differentiation continue to drive growth and attract users, advertisers and content publishers,” the company said in a letter to shareholders.

Univision Heading to Texas to Support Shooting Victims: **Univision** is bringing its Uforia Music Series to the Lone Star State to assist those impacted in El Paso and Dayton, OH after the mass shootings. *J Balvin* and *Bad Bunny* will headline “Uforia Latino Mix Live: Dallas” on Aug 8, debuting the world premiere performance of several songs from their collaborative album “Oasis.” **Nissan**, **Verizon**, **Polaris**, **Corona Extra** and **Goya Foods** have all signed on as brand partners. “Uforia Latino Mix Live: Houston” will take place on Aug 10. **AT&T** has signed on as a brand partner. Univision is asking fans to make donations to the El Paso Community Foundation, Paso del Norte Community Foundation and The Dayton Foundation to assist those impacted by the massacres. Univision will match the first 50K of donations.

Starry Launches Outdoor and Radio Ad Campaign: Internet service **Starry** launched its first outdoor and radio advertising campaign in Boston, aiming to highlight the company’s affordable and consumer-focused internet service. The campaign will run for six weeks across metro Boston, and is launching as Starry surpasses network coverage of more than 430K households in the area.

Think about that for a minute...

Video Games? Really?

Commentary by Steve Effros

The communications industry, the focus of this column every week, can easily be accused of a lot of bad things (some good stuff, too), and you'll find that I generally take that criticism seriously. But video games, the Internet or social networks being the primary causative factors in the epidemic of mass shootings in the United States?



I try to walk carefully in this column through the minefield of Washington politics. There are times, however, when it's necessary to just dispense with diplomacy and call it what it is. Bull.

To suggest that video games, the internet or some quirk of mental health in American society is the primary factor in the carnage we are witnessing on an almost weekly basis is the worst intentional form of disinformation, "fake news," or whatever you want to call it.

This clear effort at distraction by some of our leaders, politicians and the gun industry is disheartening. If we can consider anything to be "good news" coming out of the tragic events in El Paso and Dayton in the last few days it's that despite what has become almost a rote political "talking point," few folks can miss the fact that most of the media is just not buying it any more.

To be sure, I'm not a big fan of video games. Some provide wonderful entertainment, and lots of folks consider them fun. But, yes, there are some games that are excessively violent and certainly misogynistic. However it's also true, as is being pointed out in articles across the country, that those same games are being played throughout the world. Despite the universal availability and use of video games, and the generally equal distribution of mental illness around the world, the United States is the only place experiencing a massive uptick in local, homegrown terrorism using military-grade weapons. Nine dead in 30 seconds!

The internet, too, can rightly come in for significant criticism. I've said many times that our industry is one of the key factors for the incredible development and proliferation of broadband, Internet and social network availability. With that comes the responsibility to think about and respond to the effects, some of them certainly unintended, that come with that new communications channel. Whether it's hate speech, racism, encouragement of violence or anything else, we have to be part of the effort to respond to those things while still taking into account privacy, freedom of expression, and the like.

But to suggest that mental health, or broadband, social networks, the internet, or video games are the core problem needing to be addressed when confronted with what has become an epidemic almost exclusively centered in the United States is an absurdity. It's an effort to deflect attention from what to many people has become obvious; it's not just the messenger, it's the tools being used to create the chaos that require urgent attention.

None of this distraction is new. "Killing the messenger" goes way back. "It may be a time-honored emotional response to unwanted news," quotes Wikipedia, "...but it's not a very effective method of remaining well-informed."

It's part of our job to keep folks well informed about our business. In this case, we all have to make it very clear that while there can always be improvements in treating mental health or reasonable constraints applied to the Internet or video games, focusing on those peripheral issues is an intentional effort to distract us from looking and dealing with the obvious (pardon me...) "elephant in the room." Video games? Really?

Steve

T:202-630-2099
steve@effros.com

(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.)



Women in Cable
Telecommunications™

THE FORGE
FUTURE

THE 2019 WICT
LEADERSHIP
CONFERENCE
SEPTEMBER 16-17

THE 2019 WICT
TOUCHSTONES
LUNCHEON
SEPTEMBER 16

NEW YORK MARRIOTT MARQUIS

REGISTER FOR THE WICT LEADERSHIP CONFERENCE TODAY AT WICTCONFERENCE.ORG