

# Cablefax Daily™

Thursday — September 12, 2019

What the Industry Reads First

Volume 30 / No. 175

## Still Here: AT&T Sticking With DirecTV Despite Investor Criticism

AT&T senior evp/CFO *John Stephens* stayed relatively mum at an investor conference Wednesday on **Elliott Management Corp's** suggested management changes, but did say he believes that its assets from M&A activity "could create significant value." "We certainly believe that the activities we've undergone for the last few years to get here, to accumulate those assets, we are excited about," Stephens said. Still, that doesn't mean everything Elliott pointed to in its Monday missive is safe. Stephens confirmed that AT&T's RSNs, its towers in Mexico, real estate and its stake in European broadcaster CME could all be on the chopping block. As for DirecTV, it doesn't sound like it'll have a new home anytime soon. Though Stephens is aware of the stories laying out the benefits of merging the business with **DISH** and sees the logic behind, he said it just wouldn't work for regulatory reasons. Still, the CFO added that it's a unique time in Washington and even if a combination has a history of being denied, that doesn't mean it would be shut down now by the folks in DC. Exhibit A: the merger between **T-Mobile** and **Sprint**. "The industry's got a deal going on where the Washington, DC, environment has approved it and now the state attorneys general are challenging it, so I would say to you we'd rather focus on the business than focus on the regulatory process and approvals," Stephens said. There's no way that Stephens could ignore DISH being given the go-ahead to enter the wireless market, but he echoed others in his doubts that DISH can become an equal to other mobile providers anytime soon. "We know how difficult it is to operate a retail organization, we know how hard it is to get scale. We have a history of building really good networks and we know how hard it is to build a consumer-based network," Stephens said. "An entrant that's coming in without that experience, without that base to build off of... we really do feel pretty good about whatever happens and we're in a really good place to compete." Assessing what stays and what goes will be a part of **WarnerMedia** head *John Stankey's* role when he ascends to pres/COO next month. As for the decision to place Stankey at the head of the rest of the company assets, Stephens pointed to Stankey's long history at AT&T and leadership at WarnerMedia. "When you think about what we're coming out with in **HBO Max** and our tremendous distribution capabilities with network and wireline, and consumer distribution with 170mln subscriber relationships, and you think about pulling that in the data and information into a direct-to-consumer offering, it makes sense to have all that together," Stephens said. But the newly-minted

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president won't be front and center at the highly-anticipated AT&T Investor Day on Oct 29, which will offer up details on streaming service HBO Max. Stephens said that while those at the top will make brief appearances, "a lot of the team that is really the braintrust and the talent and the capabilities" will be taking up much of the limelight. Small portions of time will be allotted to financial projections and other sections of the AT&T business, but don't expect anything beyond a brief overview of other segments. And though Apple's Apple TV+ showcase wowed some with a low price tag and strong originals lineup, Stephens remains confident that HBO Max will reign supreme. "For me, it reinforces that we have really quality assets and really quality capabilities that others just don't have," Stephens said. "I actually think Warner Bros Studios did a few of the shows that were listed yesterday so I'm sure those are pretty good shows."

**Verizon Ready for Rivals, 5G: Altice USA's** new \$20/month mobile offering is right in Verizon's backyard in New York, but it doesn't sound like Verizon Consumer evp/CEO *Ronan Dunne* is sweating the new competition. "The **Sprint** network I compete with very, very effectively every single day. I don't expect that to be different," he said during Wednesday's **Bank of America** conference. Altice is offering mobile through an MVNO with Sprint and via a roaming agreement with **AT&T**. "You'll note they don't have a roaming agreement with us. Sprint customers, when they find the holes in the Sprint network, can come on the Verizon network, but Altice customers can't," Dunne said. "The debate sometimes is about value. We very much in Verizon Consumer see value as the blending together of choice, quality and experience. It's a no compromise value offering, and I think you'll increasingly see us represent that to customers." Altice may not be the only new kid on the scene, with **DISH** poised to become a national wireless player if/when the **T-Mobile/Sprint** deal closes. "If that deal goes through and there's DISH's arrival, while I'm respectful of all my competitors, I don't see it as a reason to divert me from the strategy we have today." 5G is a big part of Verizon's strategy, with the company launching its fixed 5G wireless service 5G Home in October 2018 in parts of Houston, L.A, Indianapolis and Sacramento. "The opportunity was to get real live experience," which will help with go-to-market development as well as the interplay with deployment (indoor/outdoor antennas, etc), Dunne said. He said today Verizon is at a point where almost 80% of antenna are indoor, which helps with allowing self-activations vs truck rolls. Another finding: more than 90% of traffic for these customers stays on the 5G network, rather than 4G LTE. "We're now ready to go mass market," Dunne said, projecting commercial launch for 5G Home before the end of the year with it committing to bring 5G to 30 cities by 2020.

**Nexstar Still Waiting on the FCC:** Still nothing out of the **FCC** on **Nexstar's** proposed \$4.1bn **Tribune** acquisition. Last week, lobbyist *Izzy Klein*, acting on behalf of Nexstar, sent an ex parte describing Aug 30 calls to staffers in commissioners *Geoffrey Starks* and *Jessica Rosenworcel's* offices. Klein urged the FCC to come to a final resolu-

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tion on the matter. “During these calls, I expressed that this transaction is very much in the public interest, particularly given the investment that Nexstar has made in local broadcast news coverage and its reputation for being an important outlet for local and diverse voices in media,” he wrote. “I also indicated that unnecessary or further delay of government consideration could increase financial costs for Nexstar or other parties to this transaction.” Last week, **Common Cause** met with a Starks adviser and reiterated concerns raised in its petition to deny the merger. A Nexstar-Tribune item was circulated on Aug 29, according to the FCC website. The **DOJ** signed off on the transaction in late July. Wednesday marked Day 209 of the FCC’s public interest review of the deal.

**Discovery Leans Into Ads, JVs:** Discovery CFO *Gunnar Wiedenfels* revealed a little bit more about the company’s new deal with TV measurement firm **605**. Through the partnership with *Kristen Dolan*-led 605, “we’re now able to combine data from 40mIn households with a lot of additional data sources that they have lined up to be able to look at attribution across the entire funnel. It’s going to give us the opportunity to prove to our advertising clients the real value of tv advertising,” Wiedenfels explained at an investor conference Wednesday. He also lamented how behind he believes ad capabilities in the US are, pointing to the disappointment he felt when he moved to the US from his native Germany. “You’re moving to the No 1 TV market of the world just to find out that **Nielsen** is still using paper diaries for measurement. I think a huge issue can turn into a huge opportunity. Data driven advertising is the single largest opportunity we have for TV advertising in general,” Wiedenfels said. For what it’s worth, Nielsen switched from paper diaries to fully electronic in Nov 2018 after six decades. And about those jvs Discovery’s working on? Besides the *Chip* and *Joanna Gaines* deal, there’s also that upcoming natural history streamer in partnership with **BBC Studios**. Wiedenfels said the jv goes back to Discovery’s core, and said it’s one of the most exciting things the company is working on. He also hinted that Discovery has something big coming in the food sector, so keep your eyes peeled for that.

**Charter is Movin’ to the Country:** And we’re not sure if it will eat a lot of peaches.... But it has bought small Washington state cable op **Country Cable**. According to an **FCC** filing, Charter will proactively switch over Country Cable customers to Spectrum on or around Oct 9. At that time, existing equipment will need to be replaced with Spectrum equipment. Country Cable is a very small operator servicing Coulee Dam and Bonners Ferry, WA, with no-contract video, internet and phone service. Charter has been upgrading its network in the area since buying the operator in March.

**Tornado Damage in Sioux Falls:** **Midco** said it suffered major fiber damage after a tornado touched down in Sioux Falls, SD, late Tuesday night. The fiber was located between Humbolt and Sioux Falls, with Midco telling customers on social media Wednesday that repairs are underway and could take a few hours. “We’re looking after our team members as they assess damage to their homes, and we’ve checked with a number of community organizations to find out where Midco can help,” a spokesperson said.

**Comcast Spotlight Launches Self-Serve Ad Planner:** **Comcast Spotlight** is introducing TV Ad Planner, a new service that lets small business owners and local advertisers plan, design and manage advertising campaigns. The internet-based tool launched in 57 Comcast markets, with the final six going live later this year. Comcast says marketers can spend as little as \$250 a month on TV campaigns, and they can also create a TV spot for as little as \$295 in less than 72 hours within the portal.

**Comscore Focuses on Connected TV:** **Comscore** is emerging from a major reorg (that included an 8% layoff) with a renewed focus on connected TV. The company partnered with **Adobe**, **Google** and **Oracle Data Cloud** to introduce privacy-focused connected TV audience segments. Comscore is basing its CTV audiences on the **IAB** Tech Lab’s Identifier for Advertisers (IFA) standards, which is designed to protect consumer privacy, as it affords users the ability to fully opt-out of ad tracking and targeting at the individual device-level.

**Programming:** **NFL Media** and **YouTube** partnered up for the launch of the new series “NFL Game Day All-Access,” exclusively on YouTube. The weekly show starts streaming Wednesday and will look inside the game day experience for players and coaches. Meanwhile, Thursday (9/12) marks the kick off of Thursday Night Football, with Tampa Bay-Carolina exclusively on **NFL Net**. -- DVR Alert! *Oprah* will interview **Disney** CEO *Bob Iger* for her **OWN** series “Super Soul Sunday,” Sept 29, 11am.

**People:** *Jason Gumbs* was named regional svp for **Comcast**’s Big South region, which includes South Carolina, Georgia, Alabama, Tennessee, Mississippi, Arkansas and Louisiana. He most recently served as regional vp, technical operations in California’s West Division. Gumbs will be based in Norcross, GA. -- **BET Networks** tapped *Amy DuBois Barnett* as svp & gm of BET Digital. She comes over from **theGrio**, where she served as chief content officer and evp, digital for entertainment studios for theGrio’s parent company.

## Think about that for a minute...

### Rural Tutorial Part II

Commentary by Steve Effros

In last week's [column](#) I tried to explain to all the politicians and regulators who want to "solve" the "problem" of lack of high speed broadband in rural parts of the United States that they were pretty much uniformly looking in the wrong direction. This is true regardless of party. Virtually everyone on the campaign trail, the administration, and even those elected officials not running for office again are fixated on "getting broadband" to "rural America."

Now, I'm not saying that everyone in rural America is already getting what they want in terms of broadband. Not by a long shot. And there are unique situations, such as the tribal areas, where specialized solutions are necessary. But the principal point of last week's column was that the basic infrastructure, the "last mile" of telecommunications plant is perfectly capable of delivering ultra-fast, high-capacity broadband data and is already in place. Lesson number one: It's called the cable plant, and it's already built in almost every town or village of any size in this country. True, the "hollers" of West Virginia or the vast farms in Nebraska may not have wires already constructed, but we'll get to that in a minute.

Most places already have "hybrid fiber coax" plants in place for their primary populations, even in "rural" small-town America. That HFC plant is wonderfully designed. If it hasn't already been upgraded, it can easily be retrofitted to deliver DOCSIS 3.0 or 3.1 digital signals. Those signals, as the study in the *Wall Street Journal* which I [wrote](#) about last month pointed out, are more than fast enough to satisfy virtually any consumer need or want with regard to broadband.

You do not need "fiber to the home" to have high speed



broadband! Lesson number two. That, just like the hype on "5G" for cellular service, is just that: hype. Google was very good at it for a little while, until they stopped their mad dash and PR blitz for "Google Fiber" when they found out it was both not cost effective and not needed. New designs for DOCSIS can deliver not only "1Gig" speeds, but "10Gig" speeds! Enough said.

Lesson number 3: There are more folks who are functionally illiterate in the United States than there are folks who have computer literacy, computers, and don't have access to broadband connections. The desire for more speed in rural America is legit, and it can be resolved by improving the "middle mile".. getting a high-speed, high-capacity signal to those towns with all those rural folks. The "last mile," as I said, is already there, it's a question of getting from there to the "network access points" in the major metropolitan areas that needs to be addressed. It won't cost nearly as much as the uninformed calls for "fiber" rural America. That's a waste.

Finally, lesson four, about those really rural areas that haven't been wired. A good friend of mine has offered to take any of the current demanders of "wiring rural America" on a drive up near his place. He'll drive you to the top of a hill and have you look in any direction; all you'll see is vast, empty vistas. Beautiful. All owned by one farm. It would take roughly 14 miles of cable or fiber to reach that one farm from any direction! That doesn't make sense for anyone, any time, to build. That's just economic reality. Lesson number five: Focus on what you can really, sensibly accomplish. End of tutorial.

*Steve*

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