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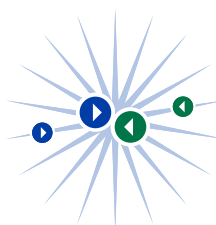
Thursday — December 5, 2019

What the Industry Reads First

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Long Wait: Locast Founder Says Broadcasters Sued Too Late

Locast founder *David Goodfriend* remains adamant that the controversial, free, broadcast over-the-air streamer does not violate US copyright law, and with no temporary restraining order in place, it continues to roll out to new markets. In October, Locast debuted in Seattle, bringing the service to about 35% of the US market. New launches have continued following a July lawsuit from **ABC**, **Fox**, **NBC** and **CBS**, claiming theft of signal. Locast has argued the broadcasters waited too long to sue, with the legal challenge coming a year and half after the service's January 2018 launch. "I think the reason they didn't seek [a temporary restraining order] is they know full well they waited too long and they would have lost. It's hard to show irreparable harm when you've done nothing for a year and a half," Goodfriend said at the TV of Tomorrow show in NYC Wednesday. Since the lawsuit, Locast has launched in three additional markets, and Goodfriend hinted that more are on the way. A free service, Locast relies on donations from viewers to maintain operations. According to Goodfriend, the majority of users do not donate, but the company is able to sustain operations on a cash-flow basis due to the voluntary donors. One of those donors, however, is **AT&T**. The telecom made a hefty \$500mIn donation a month before the broadcasters filed suit. However, Goodfriend noted that he's been surprised at "outward hostility" from pay TV. "A lot of people have argued that Locast is great for pay tv because of retrans. Not so fast," Goodfriend said, recounting that after **DISH** encouraged customers to use Locast during carriage disputes, some of those consumers ended up cutting the cord completely. "Gee Dish, thanks for pointing me towards Locast! I guess I don't need you anymore! It's not at all clear to me that there's consistency among industry verticals on the attitude about Locast," he said. While the case winds its way through court, Goodfriend is upbeat and looking at the company's future. "I'm very confident in our likelihood of success in court. I really don't worry about it. What I'm focusing on is how we can actually make Locast more available in more markets," he said. You know who else is confident? The broadcasters. Locast's critics have compared the company to **Aereo**, which the Supreme Court ruled against in 2014. "We're confident that just like predecessors **FilmOn** and **Aereo**, Locast's business model will be found to be in violation of U.S. copyright law," **NAB** spokesperson *Dennis Wharton* told **Cablefax**. Ultimately, the courts will have to decide.



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Goodfriend likes his chances. “We do exactly what that statute says a non-profit can do,” he said. “We’ve used the statute as a recipe book, we tried to follow that law so carefully, so closely. The question for any judge is does the law mean what it says? Or does it mean something that none of us can figure out?”

Say Hello to ViacomCBS: As promised, **Viacom** and **CBS** completed their merger Wednesday afternoon. **ViacomCBS** Class A and Class B shares will begin trading on the Nasdaq Global Select Market on Thursday under the ticker symbols “VIACA” and “VIAC”, respectively. By the numbers, ViacomCBS will be home to more than 140K premium TV eps, and 3.6K film titles and more than \$13bln in annual content investment. “This is a historic moment that brings together two iconic companies to form one of the world’s most important content producers and providers,” said *Bob Bakish*, pres/CEO of the combined company. “Through the combination of CBS’s and Viacom’s complementary assets, capabilities and talented teams, ViacomCBS will create and deliver premium content for its own platforms and for others, while providing innovative solutions for advertisers and distributors globally.”

Building HBO Max: WarnerMedia’s **HBO Max** launches in May 2020, but there’s a lot of work to be done before it’s ready. How does one go about building a streamer? According to *Natasha Hritzuk*, vp of consumer insights for WarnerMedia, it’s a four-face paradigm: discover, build, optimize, test and launch, with research in each of the apertures. In the Discover phase, HBO Max looked at two types of research: the viewing journey and the needs that consumers have in terms of pay points and “derailers.” “The pay points and the derailers become really important points of inflection for us because those flag up opportunities to optimize and improve or come up with new solutions,” Hritzuk said, speaking at TV of Tomorrow in NYC. WarnerMedia hosted two-day intensive workshops with consumers in its build phase, where the company took pay points, unmet needs and opportunity areas and had consumers generate solutions that in turn were converted into concepts to be optimized and tested. “The co-creation was really enlightening for us because we weren’t sure if consumers would have the ability to come up with features, but we almost had more than we could deal with,” she said. “Consumers, when you give them the right stimulus, frame it up with the right questions, are incredibly prolific and creative.” In the last round, Hritzuk said there were over 50 potential features for the streamer generated across two markets. The company optimized the top 20 that were possible for build out in the near term, which were then moved over to the UX team. No hints on exactly what those features are, but WarnerMedia is certainly gearing up for battle in the streaming wars.

Pai Proposes More Funding for Rural 5G: FCC chmn *Ajit Pai* announced Wednesday plans to establish a 5G Fund that would make up to \$9bln in Universal Service Fund support available to carriers for the deployment of 5G

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mobile wireless services in rural America over the next 10 years. Funding will be made available through a reverse auction and will target areas with low population numbers and/or rugged terrain. The \$9bn fund would also allocate at least \$1bn specifically for deployments that facilitate precision agriculture needs. The 5G Fund would replace the previously planned Mobility Fund Phase II, which would have offered up federal support for 4G LTE service in unserved areas, but Commission staff found in a report also released Wednesday that the 4G LTE coverage data submitted by providers is not reliable enough to move forward with the program. Commission staff conducted speed tests to measure network performance and found that the coverage maps submitted by certain carriers overstated actual coverage. The report also recommended that the Commission shutter the Mobility Fund Phase II challenge process, audit the coverage filings of carriers in other proceedings before the Commission and take steps to ensure coverage data is accurate.

Fox Nation vs Fox News: When one thinks **Fox News**, politics tends to jump to mind. However, SVOD **Fox Nation** customers surprised the streamer's execs with interest in topics other than the current presidential administration. "We've found the aperture for what the audience will engage with is much wider than we thought originally," said evp development for Fox News and head of Fox Nation *John Finley*. Speaking at the TV of Tomorrow show, Finley said the company originally thought the Fox audience would want more *Tucker Carlson*, *Sean Hannity* and *Laura Ingraham* out of a streaming service. "Whenever the Fox News channel would do a segment about sports, we would get an audience revolt. They didn't want the news channel taking time away from their political coverage to talk about a sports story on the linear side," said Finley. But on the digital side, Finley said that customers have "embraced it in a way that was surprising. Travel shows and a lot of stuff that the Fox News channel would never consider putting on the air, the audience has embraced on the OTT side." Fox Nation isn't "trying to capitalize on politics like the news channel does," Finley said. Whether that stays true heading into the 2020 election remains to be seen.

Anti-Robocall Bill Passes Full House: The House passed the Pallone-Thune TRACED Act, an anti-robocall measure, Wednesday by a vote of 417-3. The bill requires wireless providers to offer call-authentication to consumers and small businesses at no extra charge and requires opt-in or opt-out robocall blocking be offered for free. It also gives the **FCC** the ability to step up enforcement actions against robocalls by lengthening the statute of limitations and increasing fines in certain cases. "Robocalls have been flooding our phones for years, causing many Americans to even stop answering their phones," **NCTA** said in a statement. "The TRACED Act is an important step to help alleviate illegal robocalls and keep consumers safe from scammers."

What's Next in Addressability: What's are some of the biggest problems with addressable advertising in the industry right now? According to **Comcast Advertising** pres *Marcien Jenckes*, it's solving for measurement and optimizing inventory. "If you're a network and you have a big pile of inventory, you have decisions to make," said Jenckes, speaking at TV of Tomorrow in NYC. "You can sell it as a spot, you can break it into audiences... but how do you do that and how do you continue to reoptimize against it?" The trouble with measurement comes not just in the development of measurement in an addressable campaign, but also in traditional campaigns. "For every spot that's sold and measured by a panel, if any of that is skimmed away to deliver an addressable campaign it breaks the panel measurement," said Jenckes. "We have to figure out how to navigate those changes. More than anything we have to figure out how to simplify all the complexity involved in doing something like this across multiple partners."

Gigabit Speeds Introduced for Sparklight Business Customers: **Sparklight Business** and **NewWave Business** launched 1 Gig high-speed internet plans for their small and medium-sized business customers. Sparklight (formerly **Cable One**) purchased **NewWave Communications** in June 2017. The 1 Gig plan is available across the pair's collective footprint and includes upload speeds of up to 50Mbps.

Hulu ARPU Numbers Need Revising: After receiving feedback and having another conversation with **Hulu** management, **Bernstein Research's** *Todd Juenger* corrected his estimates of the streamer's ARPU and said it's not as low as he previously believed. An incorrect interpretation of Hulu's disclosures caused the firm to miss about \$1bn in revenues for the company. It's new estimates put Hulu's ad-supported subs ARU at \$4.50, rather than \$1.50. Advertising ARPU is estimated to be about \$8.

People: Longtime **GCI** general counsel *Tina Pidgeon* is leaving the company. She is returning to the Philadelphia area to pursue new career challenges and be closer to family. Pidgeon will remain in her role through the end of the year and continue to advise GCI through April 15, 2020. Anchorage municipal attorney *Rebecca Windt Pearson* was tapped to succeed Pidgeon, effective Feb 1.

Think about that for a minute...

Gift Giving

Commentary by Steve Effros

It was back in 1985, if memory serves me correctly, that I met a guy at a tabletop exhibit at the Western (or maybe it was at the National) Cable Show. This was during the time when legions of new start-up cable channels were being talked about and promoted. Some of them were real, some of them were just figments of someone's imagination. There was very little appreciation of what it would take, or cost, to make a channel successful.

Anyway, this guy had an idea; he wanted television to be more than what it was then. He thought science and technology and history and nature could be big draws. He was also smart enough to know that he couldn't finance production of such shows, and that there was a lot in the way of good product already created, but not seen in the United States. His solution; go to Australia and England and buy the rights for U.S. distribution.

His name; John Hendricks. The channel he was promoting from that tabletop exhibit; The Discovery Channel. I had a long talk with him that day. I was very impressed with the idea and the quality of the programs. I wrote it up in a column in the CATA (Community Antenna Television Association) newsletter. Little did I know that Hendricks would become close to a billionaire and The Discovery Channel would become one of the best known cable channels worldwide.

I mention all this because we're watching today as the biggest companies with immense resources are all competing to roll out streaming services. Netflix, trying to stay king of the hill, is spending billions each year on new product. There is every reason to believe that Disney, Apple, NBCU, Amazon and maybe a few more will do the same, fighting each other over the creation of exclusive, new product to attract customers to their pay



streaming platforms.

Meanwhile, quietly, Hendricks started a new streaming service in 2015 called CuriosityStream. Once again, it was focused on award-winning science, technology, nature and history documentaries. Some of them original and exclusive, but most are award-winning worldwide products. CuriosityStream, now at a promotional price, costs \$3.50 a month. That's for the 4K stream (and yes, they have a considerable number of stunning 4K programs). It's only \$1 a month for the HD feed. They have a library of over 3000 documentary programs.

Does this sound like an ad? Not used to doing that, especially since the other star in the cable firmament is C-Span, which the industry financed itself for the benefit of our customers. But times, they are a'changing, and cable systems are offering all sorts of "add-on" services that can also be accessed through the broadband connections we provide. Well, if there were ever a relatively inexpensive, stunning program line-up that can prove the inherent value of video "entertainment" in the form of solid, educational and fascinating, often beautiful product, CuriosityStream is it.

As cable operators we have long been stigmatized with "57 channels and nothing to watch" complaints. One of our own, John Hendricks and family, have now brought us yet another gem we can all be proud of. I watched a program called "The Science of Bubbles" the other day. Check it out. In this gift-giving season it seems to me this would be a great gift idea to let your customers know about. Take a look for yourself. You'll be proud we have created the means for folks to enjoy and learn from material like this.

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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