

Cablefax Daily™

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What the Industry Reads First

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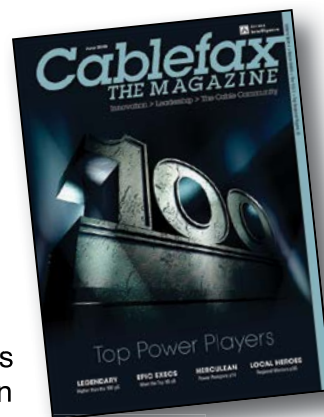
Video Drop: Charter Loses 105K Pay TV Subs, Looks at Streaming

Charter followed industry trends with an increasing decline in video subs, but strong growth in broadband. The distributor lost 105K residential video customers in 4Q19, nearly triple the 36K it lost in the quarter a year ago. CFO *Chris Winfrey* isn't worried, stating during the company's Q4 earnings call Friday that lower gross video adds are "more a function of the marketplace than anything else." He added that Charter still believes in video as an attractive piece to its connectivity play, and "we continue to invest in it, both in a traditional set-top box sense as well as all our IP platforms." Charter already offers services like **Netflix** on its platform, and CEO *Tom Rutledge* said the company is looking into working with upcoming streaming video services like **WarnerMedia's HBO Max** and **NBCU's Peacock**. "There's an opportunity in us marketing direct-to-consumer products in our relationships with programmers," Rutledge said. Don't expect the traditional cable bundle model to go anywhere, however. "We can hold both thoughts in our head at the same time," he said, explaining that Charter will sell bundled products for years to come, but also offer DTC options. Rutledge pointed to **Comcast's Flex** as a model for packaging DTC products. "We have an opportunity to create and help programmers sell their content and do that in a way that's mutually beneficial to both of us," he said. Rutledge also said Charter is having "ongoing discussions" with all entities. "Fundamentally, while I think there's a lot of dislocation going on in the video business, there's a lot of opportunity there for us." In the past, Charter has been in talks with Comcast about licensing X1 video technology, including Xfinity Flex. No update on that front, but Rutledge did say that Charter is considering developing a similar offering of its own. "Our video products are all being delivered through a variety of new technology platforms," he said. "Flex is one of those. We're pursuing all the various opportunities in video that are available to us, including those in our broadband strategy." Where video may have lost, broadband continued to win. Charter added 313K residential broadband customers, ahead of 2018's 289K additions for the same period. Spectrum Mobile added 288K mobile lines, bringing its total to 1.1mln. The company's profit more than doubled in the quarter, posting a net income of \$714mln, compared with last year's \$296mln. Revenue rose to \$11.76bln, largely driven by growth in internet, mobile, and small-and-medium business revenue. Though the company lost a substantial amount of residential video subs, it did add 4K small and medium business video customers (still lower than Q418, which saw a 14K add). Charter is also working to lower its wireless costs



Who Deserves to Rank Among Cablefax's Annual Top Power Players?

The Cablefax 100 salutes the most influential executives whose leadership continues to take the industry to new heights. We will rank the top professionals in the media, cable & broadband industry and publish the list in the June edition of Cablefax: The Magazine.



It's free to enter - but you must submit your entries by February 7!

Enter at www.Cablefax100.com | Questions: Mary-Lou French at mfrench@accessintel.com

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by building out wireless infrastructure using CBRS spectrum. The next auction for the mid-band spectrum is in June, and Rutledge said Charter is “likely to participate.” “The FCC’s been helpful in positioning that spectrum in a way that’s an opportunity for us, so we’re carefully considering our options,” said Rutledge. **MoffettNathanson** kept Charter at a “Buy” rating, with a target price of \$592. Analysts over at **New Street Research** aren’t making major changes, keeping Charter as their top pick and upping its target price to \$600.

Hulu Shake-up: Hulu CEO *Randy Freer* is exiting, with **Disney Direct-to-Consumer & International** integrating Hulu into its business operations. Freer stepped into the CEO role in 2017, replacing *Mike Hopkins* who was named **Sony Pictures TV** chmn. He’ll stay on for several weeks to help with the transition. “I want to thank Randy for his leadership the last two years as CEO and for his collaboration the past several months to ensure an exceptionally bright future for Hulu,” said *Kevin Mayer*, chmn, Direct-to-Consumer & International, **The Walt Disney Company**. “With the successful launch of **Disney+**, we are now focused on the benefits of scale within and across our portfolio of DTC businesses. Further integrating the immensely talented Hulu team into our organization will allow us to more effectively and efficiently deploy resources, rapidly grow our presence outside the US and continue to relentlessly innovate. There is a tremendous amount of opportunity ahead, and I am confident in our ability to accelerate our positive momentum and better serve consumers.”

Roku Drops Fox Ahead of Super Bowl: Roku pulled all **Fox** apps off of its platform Friday, just two days before the Super Bowl. In total, seven channels were removed: **Fox Now, Fox Sports, Fox News, Fox Business, Fox Soccer, Big Ten Network** and **Fox Nation**. A tweet from Roku Support said Fox’s distribution deal with Roku expired on Jan 31, forcing the apps to be pulled from its platform. Customers that already had the apps will not see them disappear from their UI, but will be unable to use them until a new deal is struck. Fox said it has not asked Roku to remove its apps and would prefer that Roku continue to offer them without interruption. “Roku’s tactics are a poorly timed negotiating ploy, fabricating a crisis with not thought for the alarm it generated among its own customers,” a Fox Corp spokesperson said. “Only Roku can pull apps from its customers’ devices, and we would urge them to stop the intimidation tactics and reconsider the merits of irritating their best customers in pursuit of Roku’s own interests.” Both Fox and Roku have encouraged viewers to use alternative streamers such as **Sling TV** or **YouTube TV** to watch the Super Bowl.

Cheeks Confirmed as Next CBS Chief: **ViacomCBS** confirmed Friday what many already speculated: *George Cheeks* will be the next pres/CEO of CBS Entertainment Group, effective March 23. He’ll replace current CBS head *Joe Ianniello*, who will work with the company through the transition. Ianniello first joined CBS in 1997 and became interim CEO in late 2018. “We have extraordinary employees at all levels of this organization, and I couldn’t be prouder of how they do their jobs day in and day out,” Ianniello said in a statement. “Working with Bob, I now look forward to ensuring a smooth transition to the next phase of leadership of CBS, so that the Eye can continue to thrive, just as it has for so long.” It was reported earlier this month that Cheeks was leaving behind his role as **NBCU** Content Studios vice chmn to head to **ViacomCBS**. The move marks a homecoming for Cheeks. Before moving to NBCU in 2012, Cheeks served as evp, business affairs/general counsel for Viacom’s music and entertainment group as well as Viacom’s head of standards and practices.

FCC Moves on TV Viewer Protection Act: The **FCC** issued an NPRM Friday to ensure negotiations between qualified MVPD buying groups and large broadcast stations groups are covered under rules requiring good faith negotiations for retransmission consent. The Television Viewer Protection Act that was passed by Congress late last year directs the agency to adopt such rules. The FCC’s item is proposing that a large broadcast station group is defined as an entity whose individual station members collectively have a national audience reach of more than 20%. It proposes defining a buying group as an entity that negotiates on behalf of MVPDs that collectively serve no more than 25% of all households receiving service from any MVPD in a given local market—instead of all households served by a specific MVPD in a given local market. Comments will be due 15 days after the NPRM is published in the Federal Register.

FCC Location Investigation: More than a year after news reports revealed a problem, the **FCC**’s Enforcement Bureau completed its investigation into wireless carriers’ unauthorized disclosure of consumers’ real-time location data and found that “one or more wireless carriers apparently violated federal law.” That was revealed in a letter FCC chmn *Ajit Pai* sent to members of Congress Friday. In the coming days, he plans to circulate one or more notices of apparent liability for

forfeiture. “Following our longstanding calls to take action, the FCC finally informed the Committee today that one or more wireless carriers apparently violated federal privacy protections by turning a blind eye to the widespread disclosure of consumers’ real-time location data,” **House Commerce** chmn *Frank Pallone* (D-NJ) said. “This is certainly a step in the right direction, but I’ll be watching to make sure the FCC doesn’t just let these lawbreakers off the hook with a slap on the wrist.

Circle City Tangos with AT&T: **Circle City Broadcasting**, which acquired the WISH-WNDY duopoly in Indianapolis from **Nexstar** in September for \$42.5mln, is warning **DirecTV** and **U-verse** subs they could lose the CW and My Network TV affiliates at 12:01am Saturday. “It is my understanding that the previous owner received substantial fees from the satellite providers to rebroadcast these stations. I also believe the satellite providers are trying to use their business size to intimidate me and my team,” Circle City CEO *DuJuan McCoy* wrote in a message to viewers. “This is an unfair business practice, and in my opinion, blatant discrimination against small business owners like me. The only thing that changed in the equation was me: the owner.” As expected, **AT&T** sees it differently: “We remain on the side of consumer choice and value, and this situation is nothing more than Circle City demanding a significant price increase for content [it] makes available for free over the air and often available to stream online.”

Cablefax Dashboard

Tweet Tweet



Up Ahead

Feb 7: [Cablefax 100 Nomination Deadline](#)

Feb 10-12: [Caribbean Cable Telecommunications Association Annual Meeting](#); The Bahamas

Feb 16-18: [NCTC Winter Educational Conference](#); Las Vegas

Feb 24-27: [MWC 2020](#); Barcelona

March 17-19: [ACA Connects Summit](#); DC

Quotable

“The video strategy has been pretty consistent... People watch a lot of video as part of News Feed. But... just straight consuming a lot of video on News Feed was displacing some of the social interactions... We started creating a separate tab, Watch... You can think about the content acquisition that we do there as more along the lines of either marketing or bringing new people into the experience. We’re not building out a subscription service or anything like that. – **Facebook CEO Mark Zuckerberg on the company’s 4Q19 earnings call**

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Find out the myriad of ways Cablefax can help you maximize exposure before, during and after WEC 2020 in Las Vegas, Feb. 16-18. Contact Olivia Murray at 301-354-2010 or email: omurray@accessintel.com