

Cablefax Daily™

Wednesday — February 5, 2020

What the Industry Reads First

Volume 31 / No. 024

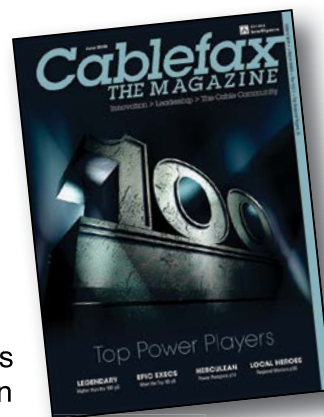
Mouse House: Disney+ Already Has 28.6m In Subscribers

Disney+ has racked up 28.6m paid subs as of Monday, Disney announced in its 1Q20 earnings report. Those growth numbers and successful theatrical releases pushed revenues to \$20.86bn for the quarter. The subscriber update — Disney's first since announcing the streamer had reached 10m in subs on its first day—comes fewer than three months after Disney+'s launch. Moving forward, Disney plans to only update its subscriber numbers on a quarterly basis. Some 50% of subs came through direct signups, many of which were for one-year or three-year plans, while an additional 20% came from Disney's partnership with Verizon. The wireless provider is offering a free year of Disney+ to those with unlimited plans. Disney added that the average monthly revenue per paid Disney+ subscriber is \$5.56. Disney chmn/CEO Bob Iger said early churn rates and the conversion from free trials to paid subscriptions have been better than expected. Considering the streamer's already explosive growth, Disney's estimate that it will reach between 60-90m in subs by 2024 seems fairly realistic. LightShed Partners has predicted that the service will exceed 50m in by the end of the year, and analyst Rich Greenfield tweeted Thursday that the forecast still looks "reasonable." Iger also said that Disney doesn't plan to raise Disney+'s \$6.99/month price point any time soon, giving it a competitive edge over other streamers like HBO Max as well as premium linear nets like standalone HBO and Showtime. Also staying the same for the near future is Disney's original content spend. Iger didn't serve up any specific numbers, but said current levels of investment are similar to what was committed to the streamer ahead of Disney+'s launch. "We're really comfortable with the volume of product that we're creating and don't really feel that there's much we need to adjust to right now," Iger said. "The decision that we made to focus on quality instead of quantity is working." Moving forward, Disney expects most subscriber growth to come from its international launches, but also expects a slight jump when it launches Marvel episodic series and the second season of "The Mandalorian" later this year. Disney+ will launch in a number of European countries on March 24 and will arrive in India on March 29. As for Disney's other SVODs, ESPN+ ended the quarter with 6.6m in subs and Hulu now has 30.4m in (27.2m in SVOD-only customers, 3.2m in Live TV+SVOD). Although Disney said in the past that it wanted to expand Hulu and launch it internationally, it's going to take a backseat to Disney+ for now. Iger said the company has a fleshed-out plan for taking Hulu international and is planning on deploying it shortly after Disney+ goes global, most likely in 2021.



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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

Huawei, ZTE Want to Stay in the USA: Huawei and ZTE are fighting back against the FCC after the agency moved to prohibit the use of USF funds to purchase equipment or services from the Chinese tech companies. The Commission moved to initially designate Huawei and ZTE as national security risks on Jan 3 and directed the Public Safety and Homeland Security Bureau to move forward with the final designation process. In a 193-page document submitted to the FCC Monday, Huawei urged the bureau not to support what it called an “unlawful and misguided” effort. Huawei claimed that the designation was not based on reliable evidence, and the final conclusions the Commission reached were “designed to implement a campaign by certain government officials, including members of Congress, to single out Huawei for burdensome and stigmatizing restrictions; put it out of business in the United States; and impugn its reputation around the world.” In a separate filing, ZTE asked the bureau to “take additional time to assess ZTE’s enhancements in the area of US export control and economic sanctions compliance and security controls in ZTE products.” Looking to reduce Huawei’s dominant position in the marketplace, the White House is working with US tech companies to create software for next-gen 5G networks, according to a *WSJ* report. **Microsoft, Dell** and **AT&T** are all part of the effort.

T-Mobile To Revise TVision Ad Claims: The **National Advertising Division** recommended that **T-Mobile** discontinue certain challenged claims for its **TVision** service present on its TVision website and a press release. Also challenged was a video advertisement that was part of that release. **Charter Communications** brought forth the challenge, saying that advertising for TVision makes falsely disparaging claims against cable television. Charter took issue with certain phrases used in the commercial, including one that described the wiring in and around televisions as “a rat’s nest of devices and wires” and another that said all cable companies offer a “crappy cable interface.” NAD recommended that T-Mobile discontinue implied claims that its system is wireless, there are no hidden fees and that cable offers “outdated technology.” T-Mobile has agreed to comply with NAD’s recommendations.

Google Fiber Dropping Linear TV for New Subs: **Google Fiber** will no longer offer a linear TV service to new customers, instead giving subscribers the option instead between **fuboTV** and **YouTube TV** (previously announced). The company says its returning its focus to “where it started,” as a gigabit internet company. “We’re also ready to challenge the status quo, to finally come out and say it: customers today just don’t need traditional TV,” Google said in a blog post. Current customers will still have access to Google Fiber’s linear TV product

TVSquared Launches Cross-Platform, MTA Solution: TV attribution analytics and measurement firm **TVSquared** has launched a global cross-platform, multi-touch attribution solution for linear and digital. The company says the

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new platform will bring more precise information to the marketplace, solves for fragmentation and measures incremental reach extension and performance lift across both linear and OTT/CTV. The platform measures reach, frequency and performance across tens of millions of households, across any device where consumers watch content. It works by tagging a wide range of ad servers, which can then measure 100% of OTT advertising, and is not limited by Automatic Content Recognition (ACR) tech. It measures both impression-based linear TV and OTT campaigns, which will let customers understand audience overlap across platforms and incremental reach, allowing for adjustment to brands' overall strategies. TVSquared operates in more than 70 different countries, and in the last 12 months has locked down partnerships with **Effectv**, **Ampersand**, **NBCU**-owned TV stations and more.

FCC Cracking Down on Robocall Enablers: The **FCC** doubled down on efforts to combat robocalls Tuesday by calling on phone companies that allow international robocalls into US networks to fully participate in efforts to track back those calls. The Commission's Enforcement Bureau chief *Rosemary Harold* sent letters to **All Access**, **Globex**, **Piratel**, **Talkie**, **Telcast**, **ThinQ** and **Third Base**, saying that tracebacks by the **USTelecom** Industry Traceback Group and the Commission found that each company was "being used as a gateway into the United States for many apparently illegal robocalls that originate overseas." Harold also requested information from each on their business practices regarding the carriage of foreign traffic. Responses are due back to the FCC by Feb 17. -- **T-Mobile** and **Sprint** are deploying SHAKEN/STIR number verification across their networks. The anti-robocall feature will give consumers reassurance that a call from Sprint's network to T-Mobile's network (or vice versa) is coming from the number listed on their caller ID. Sprint has also partnered with **Comcast** to protect consumers from unwanted robocalls between Sprint mobile customers and Comcast's Xfinity Voice landline phone customers.

MoffettNathanson Criticizes Comcast's Current Valuation: **MoffettNathanson** upgraded **Comcast's** rating to "Buy" from "Neutral" and raised its price target to \$52 from \$49. While the firm admitted that its analysts have been "Comcast skeptics" in the past, it argued in a note that at its current valuation, either **NBCU** or **Sky** is arguably being priced at less than zero. "Make no mistake. We remain bearish about the prospects for Comcast's Cable Networks and their NBC Network business. Sky faces significant secular challenges as well. And we think it is likely that the market will continue to apply a 'conglomerate discount.' But enough is enough," **MoffettNathanson** wrote.

State of Streaming: Streaming viewing continued to climb in Q419, up 58% YOY, according to research from **Conviva**. However, advertisers are still struggling with streaming quality, as the length of time a viewer must wait for the ad to start nearly doubled, jumping from 1.14 to 2.27 seconds over the single quarter. Viewer exits before an ad starts jumped 49%. Ad start failures improved, going from 35.7% in Q319 to 30.8%. The average ad time also shortened in length from 38 seconds to 26.6 seconds over the course of the quarter. **Roku** (which has 43% of the connected TV market) continues to lead the device category, reducing video start failures by 56% and reducing video start times by 12% YOY. **Amazon Fire TV**, the second-largest player with 18% of the CTV market, reduced video failures by 15% and buffering by 9%, but its video start times increased 15% YOY.

Ratings: While it's not clear who won the Iowa caucuses Monday night, **Fox News** won the overall ratings battle. In primetime (8-11pm), Fox pulled in 4.249m viewers P2+, compared to **MSNBC's** 2.53m and **CNN's** 1.764m. In its overall coverage block (6pm-12:30am), Fox again came out on top in P2+, with 3.369m viewers compared to MSNBC's 2.114m and CNN's 1.492m. CNN topped Fox and MSNBC in the A25-54 demo each hour from 10pm-1am, pulling in 766K at 10pm compared to Fox's 714K and MSNBC's 646K. In the younger P18-34 demo, CNN won the night, averaging 204K viewers during prime and 117K in its full coverage block (4pm-3am), compared to Fox's 108K in prime and MSNBC's 142K (74K and 81K in overall, respectively).

Distribution: The **Apple TV** app is now available on certain 2019 **LG** smart TVs in the US and more than 80 other countries. The company initially announced it would add the full Apple TV app (which gives access to **Apple TV+**) at CES last month. Customers with its 2019 OLED TVs of NanoCell LCD TVs now have access, and the app will roll out to select other LCDs (UM7X and UM6X series) later this month. The Apple TV app will be available on LG's 2020 TVs at launch and on LG's 2018 TVs later this year via an over-the-air firmware upgrade.

Public Affairs: **ESPN** set an all-time record with its 13th annual V Week for Cancer Research, helping to raise more than \$8.8m for the **V Foundation for Cancer Research**. The number marks a 6% YOY increase. New initiatives in 2020 included partnerships with singer *Andy Grammar*, whose song "Don't Give Up on Me" was featured in the new V Week PSA. \$333K raised during the week will benefit the Stuart Scott Memorial Cancer Research Fund, which supports cancer research for disparities among minority populations. Former ESPN colleague *Stuart Scott* lost the fight against cancer five years ago.