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Friday — February 21, 2020

What the Industry Reads First

Volume 31 / No. 035

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Three's Company: ViacomCBS Adding 'Broad Pay' Streamer in Late 2020

Ahead of its first post-merger earnings call Thursday, **ViacomCBS** pulled back the curtain on plans to expand its streaming portfolio with the addition of a "broad pay" product. The new offering will be at the center of a three-tiered approach to streaming, with the other two tiers being a free option (AVOD **Pluto TV**) and a premium option (**Showtime**). "Our going forward approach to streaming is rooted in the belief that the streaming world will evolve similarly to the linear world. That means it will have three broad pay and premium pay segments and, just like in the linear world, we will have a streaming product for each," ViacomCBS CEO **Bob Bakish** said on the 4Q19 call. To create the broad pay option, the company plans to expand **CBS All Access** by adding a significant amount of content from the libraries of **Nickelodeon**, **Comedy Central**, **MTV**, **BET** and **Smithsonian** as well as movies from **Paramount Pictures**. Approximately 30K TV episodes and up to 1K movies will be added to the new streamer. ViacomCBS did not say if content that would traditionally appear on one of its linear channels will be held back to instead premiere on the new broad pay streamer. Bakish said the offering has been designed to fit into what he called the evolving distribution landscape. "We see it as a value-creating opportunity to further broaden our partnerships with traditional distributors, akin to our recent **Comcast** relationship expansion to CBS All Access, and we also see it as a robust offering for distributors in the broader OTT space, including mobile," he said. More information will be released over the next month, and the product will be soft-launched later this year. Bakish predicted that the company will have 16m in paid US streaming subs and Pluto TV would see about 30m in monthly active users by the end of 2020. ViacomCBS also plans to continue expanding the international presence of its OTT platforms, including Pluto TV, CBS All Access and **Noggin**. Bakish also signaled that updates would be coming on that front later in 2020. The streaming announcements were a highlight of an otherwise underwhelming earnings report for the newly-joined company that caused stocks to plummet more than 17% by market close. Revenue in 4Q19 fell 3% to \$6.87bn, largely due to an 11% drop in revenue from content licensing. Advertising revenue fell 2% to \$3.03bn while affiliate revenue rose 1% to 2.13bn. In that case, retransmission fee and streaming revenues offset declines in the pay TV space. Bakish said the company is looking to divest a number of non-core assets in addition to its sale of Black Rock headquarters in order to delever the balance sheet as it invests in the development of its broad pay product through 2020.

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More Senior Leadership Changes at Comcast: Another one of *Brian Roberts'* closest advisers is moving on, with communications chief *D'Arcy Rudnay* retiring after 16 years. *Jenn Khoury* was promoted to chief communications officer, effective immediately. Rudnay will remain as a senior adviser to executive leadership through the end of the year, working on key projects including Olympics corporate brand advertising. Rudnay's departure comes as **NBCU** CEO *Steve Burke* gears up to retire in August and senior evp *David Cohen* (who Roberts credits with recruiting Rudnay) has shifted his day-to-day operational responsibilities to other execs. Rudnay joined Comcast in 2003, having spent nearly 10 years in financial services and before that various communications roles in DC. She's helped Comcast grow from a cable operator to a content and distribution behemoth, spearheading communications during the NBCU, **DreamWorks** and **Sky** acquisitions. When she joined the company in 2003, Comcast had \$18bln in revenue, compared to today's \$109bln. "D'Arcy created our corporate brand and has led our communications strategy through some of the most important milestones in our history," chmn/CEO Roberts said in a statement. Rudnay's Comcast accomplishments include founding the Women's Network employee resource group in 2011 along with then-Comcast Cable CEO *Neil Smit*. She was recognized as **WICT** Woman of the Year in 2017 and received **NCTA's** Vanguard Award for government and community relations in 2015. Khoury joined Comcast more than 20 years ago and has been responsible for leading communications for **Comcast Cable**. She reports to Roberts and *Adam Miller*, who was promoted to senior evp, Comcast Corp in addition to his evp at NBCU. "Having had the opportunity to work with Jenn all these years, I can truly say that she is the perfect person to lead us forward. She has the respect and support of our entire management team, and with her deep knowledge of the company and our industry, we could not be in better hands," Roberts wrote in a memo.

Cordcutting Hurts CommScope Too: **CommScope** stock tumbled by more than 13 points after the company reported a 19% drop YOY in combined company net sales for the quarter. CommScope evp/CFO *Alexander Pease* said on the company's 4Q19 earnings call that sales were down across all geographic regions due to a significant reduction in cable operator spending, trade tensions and temporary pause in spending due to the pending **T-Mobile/Sprint** merger. "The home network space is a significant challenge this year as operators and carriers continue to deal with material subscriber losses," CommScope CEO *Eddie Edwards* said. "While we're optimistic at the eventual offset and shift of growth to broadband gateways and modems, we realize that DOCSIS 3.1, DOCSIS 4.0 and PON growth drivers won't begin to drive improvements until the second half of 2020 and beyond." Edwards expects sales in its home networks division to be down about 20% through 2020.

Democratic Debate High: Wednesday's showdown in Vegas went down as the most-watched Democratic de-



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bate ever. It averaged nearly 20mln total viewers (12.04mln for **NBC** and 7.62mln for **MSNBC**) and 5.3mln 25-54s (3.37mln for **NBC**; 1.94mln for **MSNBC**). In fact, the debate was the third highest-rated show ever on **MSNBC**—behind the USA Hockey Game from the 2010 Olympics (8.2mln viewers) and the **MSNBC** Democratic presidential debate with *Hillary Clinton* and *Barack Obama* on Feb. 26, 2008 (7.7mln).

Locast has Eyes on Puerto Rico: **Locast** plans to bring its free broadcast streaming to Puerto Rico in the coming months. The nonprofit service made the announcement ahead of **FCC** commish *Geoffrey Starks*' hearing planned for Friday in San Juan on resilient communications. "Given that Puerto Rico has recently faced life-shattering earthquakes and hurricanes, we wholeheartedly support serious discussions about how to ensure communication networks are always available, especially for public safety," said **Locast** founder/chmn *David Goodfriend*. No exact date was given for **Locast**'s Puerto Rico launch. **Locast** is facing a legal challenge by the Big 4 broadcasters. It currently operates in 17 US cities.

Distribution: **YouTube TV** can offer **HBO** and **Cinemax** for the first time under a new deal signed with **WarnerMedia**. The virtual MVPD also has committed to distributing **HBO Max** when it launches this spring. The deal expands upon the existing carriage agreement between the two for **TBS**, **TNT**, **truTV**, **CNN**, **HLN**, **Turner Classic Movies**, **Adult Swim** and **Cartoon**, which have been on the service since 2018.

Charter Paying \$18.8mln for TWC Ad Practices: **Charter** is paying \$18.8mln to California consumers after reaching a settlement with L.A. County DA *Jackie Lacey* on a dispute related to **Time Warner Cable**. The deal represents the largest direct restitution order the DA's office has secured in a consumer protection lawsuit. The suit alleged that **TWC** used misleading ads to persuade consumers to pay for high-speed internet that the company could not deliver. **Charter** cooperated, but didn't admit liability. "We are pleased to have reached this settlement with California regarding certain **Time Warner Cable** advertising practices in California prior to our 2016 merger," **Charter** said in a statement. "Charter has made and continues to make, substantial investments enhancing internet service across the state including raising entry-level speeds of our flagship service to 200Mbps and launching **Spectrum Internet Gig**." Most consumers will receive a one-time \$90 credit on their bill, while others will be eligible for a \$180 credit. In addition, all **TWC** internet subscribers who are also cable TV subs will receive three free months of **Showtime**. Internet-only subs will be offered one free month of streamer **Spectrum Choice**.

FCC Updates Internet Data: The **FCC** says the digital divide is narrowing, rolling out new data that shows the number of Americans without any options for at least 250/25 Mbps fixed terrestrial broadband service dropped by 74% from December 2016 to December 2018, from 181.7mln to 47mln. During that same period, the number of Americans without access to at least 25/3Mbps fell 30% to 18.3mln. The data also found the number of Americans with more than two options for 25/3Mbps service increased 52% to 69.8mln from 45.9mln. Rural Americans with two or more options for 25/3Mbps service increased 52% to 22mln from 14.4mln. Meanwhile, the administration's "Economic Report of the President" was released Thursday and paints a rosy picture of the 2017 Restoring Internet Freedom Order. The report projects the rollback of Title II will increase real incomes by more than \$50bln per year and consumer welfare by almost \$40bln per year.

Mediacom 4Q Numbers: **Mediacom**'s broadband customers grew 11% YOY to more than 217K at the end of 4Q. Phone saw a 2.3% uptick, business services grew 5.8% and video dropped 3.9% during the period. Total revenue was up 3.5% YOY to \$513.9mln, while adjusted OIBDA climbed 8.2% to \$212.3mln and free cash flow rose 59.3% to \$122.1mln.

Introducing PlayersTV: **Players Media Group**, which counts **AXS TV** majority owner **Anthem Sports & Entertainment** as an investor, is launching **PlayersTV** next month on **Samsung TV Plus**, **Samsung**'s ad-supported smart TV video service that's pre-installed on all 2016-20 **Samsung** smart TVs. **PlayersTV** said it has six total distribution partners, with three additional distributors launching the service before 3Q20. No word on who they are. The network is dedicated to "sports lifestyle and culture entertainment," with athletes such as *Carmelo Anthony*, *Vernon Davis*, *CJ McCollum* and *Chris Paul* as partners. *Nancy Pingitore*, who has held senior roles at **Tennis Channel**, **Incanta** and **MOR Music TV**, will serve as CEO. The exec team includes veteran sports and entertainment attorney *Matt Allinson*, and **Showtime** and **Disney** programming alum *Bruce Rider* as chief content officer. **Anthem** is providing advertising and sponsorship sales support.

Obituary: Longtime **Insight** exec *Pam Euler Halling* passed away last week. **Insight Communications** CEO *Michael Willner* lured her from **Disney** in 1988, and she remained at the cable company for 24 years until it was purchased by **Time Warner Cable**. She managed several departments during her time at the MSO, retiring as svp, brand strategy and research. More recently, she'd been working in real estate. There will be a celebration of life on February 29 from 5pm-9pm at *Malibu Farm Restaurant*, 89 South Street, New York, NY.

PROGRAMMER'S PAGE

An Athlete's Biggest Fan

Behind every great top-tier athlete are the friends, family and coaches that have supported them to their rise to the fame. Once they make it to the big time and are thrust into the spotlight, so too are their partners. The innerworkings of that relationship are examined in "Playing for Keeps," an Aussie drama that landed on **Sundance Now** Thursday. The series centers on the wives and girlfriends (or WAGs) behind the players for a fictional Australian rules football team, the Southern Jets. The team is attempting to pull itself together after it went to the grand finals the year before and lost after being penalized for an outburst by one of its players. It first premiered on Australia's **Network 10** in September 2018 and has been renewed for two additional seasons in its home country. That's in large part because it has all the makings of the best reality TV shows with a sprinkle of thriller and a dab of sports drama for good measure. There is plenty of cattiness between the WAGs as the latest Southern Jets recruits (and their partners) enter the pro sports arena. But that's beautifully balanced by the humor that comes as newly-dubbed WAG Paige Dunkely (*Cece Peters*) attempts to balance the expensive life of trophy girlfriend of a footballer with her chosen profession as an inner city high school teacher. Producer *Kerrie Mainwaring* is particularly interested to see how a wider audience reacts to the surprise murder of one of the players, which became a favorite plot point amongst Australian viewers. "The young players and their partners' reactions to this unexpected event was beautifully shot... and the audience response was everything we hoped it would be to this opening episode," Mainwaring told **CFX**. — *Sara Winegardner*

Reviews: "We Are the Dream: The Kids of The Oakland MLK Oratorical Fest," **HBO Go**. Each year nearly 1,000 students participate in the Oakland Unified School District's MLK Oratorical Fest. The students, K through 12, learn about Dr King and gain an appreciation for hard work, perseverance and stage presence. If you liked "Song of Parkland" (2019), about drama students at Marjory Stoneman Douglas HS refusing to let the Parkland shooting postpone their musical, you'll recognize a similar treatment. Both films are from Emmy-winning director/producer *Amy Schatz*. Here she partners with Academy Award-winning actor and now exec prod *Mahershala Ali* on a heartwarming story well told. -- "What's Eating America, with Andrew Zimmern," 10pm, **MSNBC**. In last week's excellent debut of this 5-part docu series, *Andrew Zimmern* told compelling stories about how food reaches our tables at home and in restaurants. In short, without immigrants, refugees and others on special work visas, the US food industry would not exist, Zimmern argued convincingly. While Zimmern advocates a position, he rarely strays far from entertaining and just plain enjoying people and stories of food. This week: climate change and food. **Notable:** "American Masters: Miles Davis: Birth of the Cool," 9pm, Tuesday, **PBS**. We saw clips only, but the soundtrack alone is worth it. Fortunately, **Columbia Records/Legacy Recordings/Sony Entertainment** is releasing the soundtrack. — *Seth Arenstein*

Basic Cable P2+ Prime Rankings*

(2/10/20-2/16/20)

Mon-Sun	MC	MC
	US	US AA
	AA%	(000)
FNC	1.024	3,147
TNT	0.702	2,157
MSNBC	0.532	1,635
HGTV	0.409	1,255
HIST	0.391	1,201
TBSC	0.364	1,118
A&E	0.348	1,069
TLC	0.320	982
CNN	0.311	954
DISC	0.298	915
HALL	0.286	878
USA	0.261	803
FOOD	0.255	783
ESPN	0.241	740
ID	0.240	737
BRAVO	0.228	701
DSNY	0.212	651
NICK	0.196	601
INSP	0.191	587
ADSM	0.173	533
HMM	0.168	515
NAN	0.167	514
FX	0.155	477
TVLAND	0.154	474
LIFE	0.153	470
CRN	0.145	446
NATGEO	0.138	423
GSN	0.137	421
NKJR	0.129	398
SYFY	0.127	391
AMC	0.126	388
WETV	0.126	387
TRAVEL	0.125	385
FS1	0.122	375
MTV	0.120	369
APL	0.116	356
COM	0.116	355
DSJR	0.111	341
HBO	0.111	340
BET	0.109	336
VH1	0.109	335

*P2+ L+SD rankers are based on national Nielsen numbers, not coverage.

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