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What the Industry Reads First

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Sports Center: Sinclair Could Launch RSN Direct-to-Consumer Service

A week after *Charlie Ergen* lamented that **Sinclair** didn't own the **Fox** RSNs when their contract expired with **DISH**, Sinclair offered further optimism. "We continue to have discussions with DISH for the carriage of the RSNs and remain confident that our two companies will eventually reach a mutually acceptable carriage agreement," Sinclair pres/CEO *Chris Ripley* said on the company's 4Q earnings call. Sinclair stock tumbled nearly 15 points Wednesday after it failed to meet 4Q19 profit expectations. Investors are concerned over the RSN environment, but Ripley is confident and told investors the company would be aggressive in buying back stock due to its current valuation on the market. "If you do a sum of the parts on us, you will find that our current stock price ascribes no value to our sports segment... Based on the current trading levels of our stock, it's hard to argue that there is a better return for us than repurchasing our own shares," Ripley said. He also responded to rumors that Sinclair is nearing a deal with video streaming service **Deltatre** to serve as a digital video provider for the 21 Fox RSNs (and yes, Sinclair is planning to rebrand them in the coming months). According to reports, Deltatre would provide the underlying technology for live sports broadcasts across its various networks. While he wouldn't confirm a Deltatre deal, Ripley did say Sinclair's plans would make a sports streamer possible. "We are doing a lot of work around a digital reboot, which we think is a fantastic opportunity to create something on the scale of **ESPN Digital**. Not only would that include various, different content types aside from just video, but would be the ideal launching point for any direct-to-consumer offering, be that super fan upsell packages or the entirety of the RSN on a direct-to-consumer basis," he said. "That's not being done today, we have no plans to do that, but the new digital footprint that we're building out would be fully capable of doing that." He also believes that investments in the sports arena will open up new monetization opportunities. "Sports betting we think will have a large new revenue pool associated with it that would ultimately be bigger than advertising, but not as big as subscription." Ripley only briefly mentioned last week's launch of Chicago Cubs jv **Marquee Sports Network**, saying "very good progress" is being made on carriage. The biggest hold-out is **Comcast**, but Ripley is optimistic that an agreement will be reached ahead of the regular season. For the quarter, Sinclair's revenues rose 82% YOY to \$1.62bln, with a large portion coming from media assets. But net income dropped to \$44mln from 4Q18's \$206mln figure. Distribution revenues jumped to \$1.104bln from \$334mln YOY. Sinclair



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continues moving full-speed ahead with plans to deploy ATSC 3.0 this year. It joined **Pearl TV**, an organization comprised of broadcasters dedicated to deploying the technology, earlier this month. It also teamed up with **SK Telecom** in January to form **Cast.era**, a JV focused on cloud infrastructure for broadcasting, ultra-low latency OTT broadcasting and targeted advertising. “The industry is on track to deploy Next Gen TV in many markets this year, while the consumer electronics manufacturers have announced plans to bring in 20 Next Gen-enabled TVs to the market this year,” Ripley said.

AMC Networks Looks International: It's no surprise that **AMC Networks** is leaning into its SVOD services in 2020, a strategy the company emphasized back in its 3Q19 reporting. Coming off Tuesday's carriage announcement with **DISH**, AMC Networks' COO **Ed Carroll** hinted that its next move might be to roll out its “targeted” SVODs internationally. “Increasingly as we own more content, there become more efficiencies about expanding,” he said during the company's 4Q19 earnings call Wednesday. Carroll said the company was first looking at English-speaking territories “for obvious reasons,” including “parts of Europe” and Latin America. AMC Networks revealed in December that its four SVODs, **Acorn TV**, **Shudder**, **Sundance Now** and **UMC**, had surpassed 2mln subs. “In addition to having broad appeal domestically, these genres translate quite well overseas and we see the international market opportunity is as yet untapped and quite significant,” CEO **Josh Sapan** said. Overall, the company swung to a \$9mln loss in 4Q from net income of \$72mln a year ago. Evp, CFO **Sean Sullivan** attributed the decline partially to lower delivery and the absence of “Doctor Who” on **BBC America**. He did note that growth at **WE tv** and **IFC**, and increased pricing across the portfolio of networks helped to offset the unfavorable comparisons. The company's 2020 focus will be on its targeted SVODs and advanced advertising, as well as increasing content ownership and expanding distribution. “We believe in continued investment across these three areas... will move our organization from what has been solely a cable channels company into a premiere targeted content company that is now simultaneously inhabiting the pay TV ecosystem, the advanced ad world as well as the emerging targeted SVOD marketplace,” said Sapan. Though AMC Networks predicts total revenue to be down “modestly” in 2020, Sapan said he expects results to improve in the future. “We anticipate our results will reflect continued strong growth from our targeted SVOD services. This growth is expected to be offset by continued pressure on our linear business and content licensing unfavourability due to shows that were written to conclusion in 2019.”

TV Rules TikTok: Don't know what a VSCO girl is or how to do the Renegade? Then you likely aren't spending much time on **TikTok** (or have a teen who is). Savvy brands, however, are staking out claims on the social media platform with its heavy Gen Z userbase. One of the brand winners is **ViacomCBS**, whose networks and programs are well represented in **Conviva's** just-released list of Top 20 TV TikTok accounts. **Nickelodeon** took first place on its ranking,

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with 6mln followers, followed by *Nick Cannon's* **MTV** show account **WildnOut** (3.9mln followers), **AFVofficial** (3.8mln), **MTV** (3.7mln) and **EllenDeGeneres** (3.7mln). Other brands making Conviva's Top 20 list include **Netflix** (1.7mln), **Comedy Central** (1.1mln), **Telemundo** (430K), Comedy Central's **DailyShow** (320K) and **VH1's RuPaulsDragRace** (302K). Conviva's [report](#) looked at more than 300 brand accounts on the platform from January to February, finding that TV and sports media had the highest average followers (1.5mln each). One takeaway from the study: accounts that post a lot gain a lot of followers. Nickelodeon and AFVofficial were more active than any other TV-related account analyzed, with each account posting more than 1280 total videos as of February. "Sksksksksk." (Google it)

RFD-TV Gets its Stream On: **RFD-TV** is going direct to consumers. In 2010, parent **Rural Media Group** launched DTC streaming service The Country Club. Now, it's expanding that service and renaming it RFD-TV Now. It offers both real-time live programming as well as an expansive on-demand library with access to more than 90 shows, including "Hee Haw" and "The Best of the Marty Stuart Show." The DTC offering is available for \$9.99/month or \$89.99/year. Launched in 2000, RFD-TV is available in more than 50mln homes through deals with **DISH**, **Charter**, **Mediacom** and **AT&T**.

Plume Wins \$85mln in Financing: Smart home services vendor **Plume** raised \$85mln in its most recent financing round. That includes \$60mln in Series D preferred equity and \$25mln in debt financing, bringing Plume's total equity funding to \$127mln. New investors this time around included **Charter**, **Qualcomm**, **Belkin** and **Service Electric Cablevision**. Previous investors **Liberty Global** and **Shaw Communications** also participated. Following the funding round, *Andrew Ip*, Charter's svp, emerging technology & Innovation, joined Plume's board.

Distribution: **Altice USA's Altice One** is now available on **Apple TV**. Beginning Wednesday, new and existing Altice One customers can receive Apple TV 4K as part of their monthly subscription plan by purchasing a device directly from the **Optimum** and **Suddenlink** websites or from select retail stores.

FCC Gathering Data on Huawei, ZTE Equipment: The **FCC** began collecting information from telecom carriers on the use of **Huawei** and **ZTE** equipment and services in their networks. That step will aid in the design of a reimbursement program to offset the transition costs that will be incurred by carriers forced to remove and replace existing equipment and services from the two companies. "Huawei and ZTE have been initially designated as threats to national security," FCC chmn *Ajit Pai* said in a statement. "Given that those designations may become final this spring, we are moving forward quickly to identify where equipment and services from these suppliers are embedded in our communications networks and, where they do have a foothold, to be in a position to help remove them."

NewsGuard Vetting Coronavirus Stories: When we chatted with **NewsGuard** cofounder *Steven Brill* [last year](#), he warned that the service, which rates the credibility of online content, was seeing a huge number of healthcare-related hoax sites. As coronavirus fears spread, so does the amount of phony health news. This week, NewsGuard [rolled out](#) its "Coronavirus Misinformation Tracking Center," which features a list of global websites that it has identified as publishing false material about the virus. NewsGuard has a Chrome browser extension available for \$2.95/month that gives credibility ratings as you visit websites (its free to use on Microsoft Edge). NewsGuard, which counts the **Knight Foundation**, **Publicis Groupe** and *Leo Hindery* as investors, has been courting internet and mobile phone providers to license its services as a subscriber value-add.

TEGNA Sells Stake in Premion OTT Ad Unit: **TEGNA** and **Gray Television** struck a strategic OTT partnership. Gray will acquire minority ownership interest in TEGNA's **Premion**, its connected TV/OTT advertising business. As part of the deal, Gray will serve as a reseller of Premion's services across all of its 93 TV markets. Financial terms were not disclosed, and TEGNA will continue to oversee the Premion business.

Ratings: **Hallmark Channel's** "Love Ever After" programming event propelled the net up to rank No 1 on weekends in February among Households and W18+. The four new original premieres were the No 1 program of the day every Saturday and averaged 2.3mln total viewers.

Programming: **SundanceTV** is bringing back "Liar" for Season 2, kicking off April 8 at 11pm. -- **Insight TV** ordered its first doc filmed entirely in 8K UHD HDR. "Sandboarding on Dragon Hill" will follow the extreme sport of sandboarding, focusing on Canadian mountain biker *Brett Tippie* as he travels to Chile. . -- **Science Channel** is premiering "Mysteries of the Deep" April 2 at 10pm. Host *Jeremy Wade* searches for answers behind the world's most iconic underwater mysteries.

People: **WICT** announced its 2020 chapter presidents and advisors, with representatives from everyone from **INSP** to **Virgin Media**. See the full list [here](#).

Think about that for a minute...

Never Mind

Commentary by Steve Effros

I couldn't help experiencing a flashback in the past couple of weeks as various major players "reversed course" or "did a 180" or, in the inimitable style of Saturday Night Live said "never mind" to things they had been fervently espousing. Go on YouTube and find the SNL Emily Litella (Gilda Radner) "Television Violins" piece to enjoy a laugh.



But seriously, folks, we've been hearing "never mind" a lot lately. For instance, how about Google TV. Remember when Google Fiber was going to be sweeping the country? Remember when they were going to show the world how cable television should have been done? How FTTH was the only way to get TV and ultra-fast broadband into the home? Well, last week they said "never mind" on the TV part. They're shutting down the Google TV offering.

This isn't the first time the brilliant minds at Google have had to retrench (pun intended). They abandoned their "shallow trench" fiber build in Louisville, KY, after the cables started to pop up in the roadways. Google left town after trying to clean up the mess and failing.

But when it comes to "cable service," one of the richest companies in the world has announced it's folding its tent because they just didn't realize how expensive and complex it was to offer that service to customers. They're going to continue to offer broadband, but this business of video program aggregation, where you have to negotiate deals with programmers and actually pay for the video product that you deliver? Well, that was just too much for them to handle. Never mind.

And oh, by the way, the whole notion that Google "pushed" the cable industry and other ISPs to upgrade their plants and aim at "1Gig" service? Well, it's true the PR certainly was effective, and the builds may have been accelerated because of all the hype, but let's remember that Cable-

Labs was already working on gigabit HFC technology long before that Google gambit was ever announced! We're now shooting for 10G! The only thing likely to slow us down is the "middle mile" problem, not the technology, and certainly not the academic policy notion that only fiber to the home could accomplish that technological miracle. Never mind.

While we're talking about reversals, and I'll be writing in more detail about this in the future, I'm sure, Supreme Court Justice Clarence Thomas just wrote a dissent in a case that focused on our old favorite, the "Chevron Doctrine." That is, the long-held Supreme Court admonition that courts should give "deference" to administrative agency interpretation of its own empowering statute. That concept was clearly reiterated in the Supreme Court decision in *NCTA v. Brand X*. And who wrote that decision which Justice Thomas now suggests may be unconstitutional? Why none other than Justice Clarence Thomas! Never mind.

Brand X said cable was an "information service" not a "telecommunications service," therefore other folks couldn't force their way onto our systems. The decision was grounded on the "Chevron Doctrine" of deference, which Thomas has now chosen to decry. What's even more interesting is his logic, which certainly rings true in other parts of Washington today: "Chevron requires judges to surrender their independent judgment to the will of the executive...Chevron withdraws a crucial check on the executive from the separation of powers; *Brand X* gives the Executive the ability to neutralize a previously exercised check by the judiciary."

This is Justice Thomas! Think about that in the current political "executive privilege" turmoil. Oh, never mind.

Steve

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