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WHAT THE INDUSTRY READS FIRST

Best of Both Worlds: Discovery Aims to Dominate Streaming & Bundle

Discovery saw massive growth across its direct-to-consumer products in 4Q20, but CEO *David Zaslav* said the programmer is still strongly committed to the traditional bundle. In a different earnings call later Monday, the chairman of **DISH** was questioning (again) paying for content that consumers can get in other ways.

Discovery has surpassed 11 million paying DTC customers since the launch of **discovery+** in early January and is on pace to pass the 12 million mark by the end of the month. "Discovery's mission is to play hard in traditional free-to-air and cable with fantastic margins and free cash flow and play harder in direct-to-consumer, where we are uniquely positioned to achieve long-term sustainable growth," Zaslav told analysts and investors.

Color DISH chairman *Charlie Ergen* skeptical. "The content providers are... in their strategic rooms, they're saying, 'how do we keep these linear guys paying as much as possible as long as possible while we go direct-to-consumer and cut them out. And oh, by the way, we're making these guys bundle every channel and we'll go to the consumer get a lot more flexibility and be a la carte,'" Ergen said during DISH's earnings call.

But Zaslav was emphatic that Discovery is still a team player with traditional MVPDs. "We're moving things around, but we still have a full commitment to the existing bundle. We are the bundle," he said. "I was talking with some of our operators over

the weekend about the amount of original content that we're still doing and the amount of viewership that we're getting on the platform. And so we think we could do both, and we're experimenting moving things between the two... having said that, there are a number of things that we're learning. Like if we do a big crime documentary, we could put it on **ID**, and we have put it on ID. But some of those things, they want to watch it when they want to watch it."

Asked specifically about discovery+, Ergen said a lot of DISH's customers don't watch Discovery programming. "Discovery's got great content and we have a long-term relationship with them, but obviously to the extent you can get it on an a la carte basis it'll effect future negotiations," he said. "Should we burden every customer with Discovery if they can get it somewhere else? It has to be a fair rate that we can burden customers who don't watch it. We have to run that math."

Most of the 7 million subs Discovery added in the quarter were US discovery+ subscribers. "An incredible 93% of our entire 55,000 episode library has been watched, indicating a very long healthy tail of content that has immense value to consumers now that we've made it available," Zaslav said.

Other promising signs include high retention over the product's first 60 days and early indicators of lower churn than Discovery had initially modeled. CFO *Gunnar Wiedenfels* wasn't prepared to give any additional short- or long-term subscriber guidance, but said the streamer was performing "top to bottom, ahead of expectations." Work is continuing on the content front, whether

ULTIMATE COWBOY SHOWDOWN
WITH TRACE ADKINS

SEASON PREMIERE
FEBRUARY 24 | 9ET / 10PT

BLUERIDGE

INSP FILMS TV PREMIERE
MARCH 13 | 8ET / 5PT

INSP PRESENTS
WILD WEST CHRONICLES

SERIES PREMIERE
APRIL 11 | 5:30ET / 2:30PT

CAN'T STOP, WON'T STOP!

BACK-TO-BACK-TO-BACK ORIGINAL PREMIERES

EXPLORE INSP

that be for the January 2022 launch of **Magnolia Network** or for ongoing franchises, and Zaslav said the company is continuing to experiment with how it will think about placing content and moving it across its linear and streaming products.

Discovery's revenues were flat YOY, coming in at \$2.89 billion. At the US networks, revenues rose 1% YOY to hit \$1.78 billion. Advertising continued to be flat as higher pricing and the monetization of its content offerings on other platforms were offset by declines in the pay-TV ecosystem and lower ratings. Distribution revenues rose 5% primarily because of contractual affiliate rates. Discovery also saw a \$126 million gain from its minority investment in vMVPD **fuboTV** when the latter was listed on the NYSE in October.

DISH LOSES SUBS, READIES 5G

DISH lost 149,000 satellite subs in 4Q20, worse than a StreetAccount consensus of 99,000. It's virtual MVPD play **Sling** just barely posted sub gains, adding 16,000 during the quarter. "We should have more market share there" with Sling, chairman *Charlie Ergen* said, declaring that the vMVPD stumbled a bit with quality of user experience and technical issues. "Our network was the best at first and maybe we got a little complacent," he said, adding those issues are being addressed in the first half of 2021. President *Erik Carlson* maintained that Sling is a great complement for big SVODs like **Disney+** or **Peacock**. But the thrust of Monday's earnings call focused on DISH's transition away from pay TV to wireless and 5G. Ergen spent a few minutes on the call talking about how 2020 was a transition year for DISH, comparing it to when it moved from the retail business to becoming a distribution company in the 1980s and then to its decade-long transition from big satel-

lite dishes to DBS. "2020 was over a decade-long transition of accumulating spectrum and getting critical mass with spectrum to go and compete in the wireless world," he said, ticking off accomplishments such as the acquisition of **Boost**, the seven-year MVNO with **T-Mobile**, the purchase of 20Mhz of CBRS spectrum nationwide along with 600MHz of mmWave spectrum. "We have everything we need to build this one of a kind 5G network, and now for us it's execution." That means building out its first 5G to "major cities" by the end of 3Q. No word on the locales, but Ergen teased the first launch would be to an NFL city and a bit of a beta test. "I don't know what kind of problems we're going to have early on; I just know we're going to have problems," he said. "It's a big test that I think is going to work kinda by Day 1... I think as you work those bugs and kinks out in a major market, it's cookie cutter after that." DISH 4Q financials were solid, with revenue jumping to \$4.56 billion vs \$3.24 billion a year ago, while net income jumped to \$733 million vs \$389 million.

ROSENWORCEL CIRCULATES BROADBAND ORDER

FCC acting chair *Jessica Rosenworcel* on Monday circulated a report and order to establish the \$3.2 billion Emergency Broadband Benefit Program created by Congress. Under her proposal, the program would be open to all types of broadband providers—addressing concerns from cable that the program extend to non-eligible telecommunications providers that are not part of the Lifeline program. Providers will be required to deliver qualifying broadband to eligible households, but the parameters of that weren't spelled out and the order wasn't released. Through the program, eligible households may receive a discount off the cost of broadband service (up to \$50.00 per month and, on Tribal lands, the monthly discount



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 April 9!



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

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may be up to \$75.00 per month) and certain connected devices during an emergency period relating to the COVID-19 pandemic. Under the proposal, households are eligible if they meet the criteria for a participating providers' existing low-income or COVID-19 program—another recommendation of cable providers. They also are eligible if they qualify for Lifeline, receive benefits under the free- and reduced-price lunch program, established a substantial loss of income since the pandemic began or received a Federal Pell Grant.

BICKERING AHEAD OF MISINFO IN MEDIA HEARING

Wednesday's upcoming **House Communications** subcommittee hearing on disinformation in the media has already turned partisan, with two prominent Democratic members sending letters to 12 cable, satellite and streaming companies Thursday questioning their carriage of **One America News, Newsmax** and **Fox News**. The move drew a rebuke from Republican **FCC** commissioner *Brendan Carr*, who called on his colleagues to publicly denounce what he framed as an attempt to stifle political speech and independent news judgment. He quickly got back up from the Commission's only other Republican commissioner, *Nathan Simington*. The letter from Reps *Anna Eshoo* (D-CA) and *Jerry McNerney* (D-CA) went to companies such as **AT&T, Charter, Comcast, Roku** and **Hulu**. It focused on right-wing media, saying they'd been found more susceptible to "disinformation, lies and half-truths," and called out coverage of the November election as well as the COVID-19 pandemic. Distributors were asked to respond to a series of questions by March 8, including whether they plan to continue carrying the three nets and what steps they've taken to monitor and respond to the spread of "disinformation, including encouragement or incitement of violence" on the channels they carry. "By writing letters to the cable providers and other regulated entities that carry these news media outlets, the Democrats are sending a message that is as clear as it is troubling—these regulated entities will pay a price if the targeted newsrooms do not conform to Democrats' preferred political narratives. This is a chilling transgression of the free speech rights that every media outlet in this country enjoys," FCC commish Carr said. Simington said it is worrying members found it "necessary to apply the overbroad and vague label of 'misinformation' to any media reportage that calls into question their preferred political narratives."

NEWS NETS RESPOND TO DISINFORMATION LETTER

The news nets called out by two Democratic members of the **House Communications** subcommittee defended themselves ahead of Wednesday's hearing on misinformation in media. **Fox News**, which was the first outlet to call Arizona for *Biden*, stood by its reporting. "As the most-watched cable news channel throughout 2020, Fox News Media provided millions of Americans with in-depth reporting, breaking news coverage and clear opinion. For individual members of Congress to highlight political speech they do not like and demand cable distributors engage in viewpoint discrimination sets a terrible precedent," the network said. **Newsmax** piled on: "The House Democrats' attack on free speech and basic First Amendment rights should send chills down the spines of all Americans. Newsmax reported fairly and accurately on alle-

gations and claims made by both sides during the recent election contest. We did not see that same balanced coverage when CNN and MSNBC pushed for years the Russian collusion hoax, airing numerous claims and interviews with Democrat leaders that turned out to be patently false." **One America News** didn't respond with comment by our deadline.

FEMALE DEMS WANT ROSENWORCEL AS FCC CHAIR

More than 30 Democratic women are urging the White House to nominate *Jessica Rosenworcel* as the first woman to chair the **FCC**. She's currently serving as acting chair of the agency—the second woman to do so after *Mignon Clyburn*. In a letter sent Monday to White House chief of staff *Ronald Klain*, the women called it embarrassing that the Commission has never had a woman permanent chair in its 90-year history. "Since President Biden appointed Jessica Rosenworcel to the role of acting chairwoman just four weeks ago, she has already taken steps to reduce the Homework Gap, promote telehealth, and advance many more key priorities," read the letter, which was led by senior House Communications member *Anna Eshoo* (D-CA) and Democratic Women's Caucus co-chair *Jackie Speier* (D-CA).

MOBITV IN FINANCIAL TROUBLE?

MobiTV is in need of more cash to keep operations afloat, sources told *Light Reading* last week. **MobiTV** didn't respond to our request for comment. The unnamed sources said **Mobi** is on the brink of declaring bankruptcy and has been relying on at least one of its customers to help cover its monthly operational costs. If it's unable to find a long-term solution to its financial issues, the company could be forced to close down and liquidate. The domino effect from such a closure would be significant as a number of cable operators and service providers have taken advantage of **MobiTV's** solutions to launch IPTV video offerings. It counts **T-Mobile, Cable One, MCTV** and **Vast Broadband** as customers, and was able to form a number of those operator relationships after striking a partnership with **NCTC** in 2017. T-Mobile has been made aware of **MobiTV's** financial situation, according to the sources, and is already exploring other options.

PEOPLE

With **FreeWheel** co-founder and CTO *Diane Yu* joining mortgage firm **Better.com** as CTO last month, **FreeWheel** has elevated *Yuling Ma* to the top tech post. She will be leading the development of **FreeWheel's** tech operations, overseeing a global engineering team and collaborating with leadership to drive the company's strategy. *Ma* formerly oversaw **FreeWheel's** Beijing office and will relocate to NY in the coming months. – *Alison Overholt*, who became the first woman to oversee *ESPN The Magazine*, was tapped as gm for a new multiplatform lifestyle brand under **Oprah Winfrey** and **Hearst Magazines**. Overholt was promoted last March to svp, multiplatform storytelling and journalism at ESPN. The new role reflects the next iteration of *O, The Oprah Magazine*, that will debut in March and publish four times a year. – **ViacomCBS Networks International** promoted *Olivier Jollet* to the newly-created role of svp, strategy and business development, streaming and head of mobile. He last served as svp, emerging business for the EMEA region and svp, mobile.