

Cablefax Daily™

WHAT THE INDUSTRY READS FIRST

In the Mouse House: NHL, Disney/ESPN Sign Seven-Year Rights Deal

Disney and the NHL have struck a seven-year deal that will see the sport return to ESPN for the first time since 2004. Where this agreement stands out is in the considerable amount of league games that will call streaming platforms home. Beginning with the 2021-22 season, more than 1,000 live games per season will be available to stream on ESPN+'s base package. That includes 75 national games that will stream exclusively on both ESPN+ and on Hulu's SVOD service.

"It's an opportunity for us to showcase Hulu as a powerful, growing and really distinctive streaming product and a way for us to deliver incredible content at an outstanding value to Hulu subscribers," Jimmy Pitaro, Disney's chmn of ESPN and sports content, said during a Wednesday press conference.

Additionally, NHL.TV, the league's out-of-market streaming package containing more than 1,000 games, will now be rolled into ESPN+. Pitaro hopes that the sheer amount of games that will call ESPN+ home will encourage fans to stick around rather than drop off of the service after just a few months. "We're pretty optimistic here that hockey fans, passionate fans, avid fans, casual fans are going to sign up for this product and stick with it," he said.

Still, plenty of content will live in the traditional pay TV ecosystem. Throughout the regular season, 25 games from the NHL schedule will be carried live exclusively on ABC or ESPN. Additionally, in each season of the agreement, ESPN and ABC

will have live, exclusive coverage of one Conference Final series and half of all First Round and Second Round games from the Stanley Cup Playoffs.

The Stanley Cup playoffs and final will return to ABC and ESPN beginning with the 2021-2022 season. Exclusive coverage of the Stanley Cup Final will be on the networks in four of the seven years of the agreement. Disney plans to reveal more on its programming plans in the coming months, including details on a new weekly studio show airing during the NHL season on ABC, ESPN or ESPN2.

NHL commissioner/chmn Gary Bettman said that having league content appear on both linear and streaming is like the best of both worlds from his perspective.

"For us, this reflected the reality of what the media world is looking like. Everybody knows that there is cordcutting and everybody knows the streaming platforms are growing dramatically," Bettman said at the presser. "We're getting the linear exposure that more traditionally we need and want and, at the same time, we're on the cutting edge of what's coming with streaming."

Pitaro and Bettman stayed mum on the deal's value, but multiple outlets are citing sources that say ESPN will pay somewhere in the neighborhood of \$400 million annually to the NHL. The league has also retained some rights that will be negotiated in a separate deal. NBC, who has held the rights to the NHL's national broadcasts and playoffs since 2005, is seen as a possible suitor for the second rights bundle.

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COVID RELIEF BILL REAX

With the House passing the \$1.9 trillion American Rescue Plan Wednesday by a 220-211 vote, President *Biden* will soon sign the COVID-19 relief package into law. It includes \$7.1 billion in emergency connectivity for schools and libraries to purchase WiFi hotspots, modems, routers and connected devices to provide students with the broadband connections they need to complete schoolwork virtually. The **FCC** will have 60 days to set up an E-Rate Emergency Connectivity Fund. “The Emergency Connectivity Fund could make a major difference in our ability to help these families and students,” said FCC acting chair *Jessica Rosenworcel*. **NAB** applauded the legislation’s inclusion of \$1 billion for a vaccine awareness campaign, with CEO *Gordon Smith* encouraging spending across broadcast stations to maximize audience reach. In addition to a round of \$1400 stimulus payments for most Americans, the bill includes nearly \$10 billion that will be set aside for a homeowners’ assistance fund that states can dip into for certain eligible expenses including mortgage payments as well as broadband internet access service.

WIRELESS BIG FOCUS FOR COMCAST

It’s been almost five years since **Comcast** launched Xfinity Mobile, and the company feels like its proof positive that MVNOs can work. “We’re real. I think there’s no one that doubts that any more. It’s where do we go next that’s more the question,” Comcast CFO *Michael Cavanagh* said during an investor conference Wednesday. He noted the company has alluded to tuning up that MVNO agreement with **Verizon**. He didn’t offer much in details on those tweaks, saying Comcast will have “more flexibility” to offer packages of services that will offer a “great

deal.” “Our initial wave was very strong features, the number of lines free, buy by the gig or unlimited and you can mix or match in a household,” Cavanagh said, adding that Comcast see wireless is yet one more way to make broadband stickier. When mobile is attached to broadband, Comcast is seeing a 20 basis point reduction in churn. Flex is also helping with broadband churn, reducing it by 15-20%, the exec said. “With some changes to the MVNO and therefore how we go to market and just moving it up in our marketing priorities, it’s simply a big focus and can have benefits for us,” Cavanagh said of Xfinity Mobile. Comcast has said it expects to get to profitability in the wireless business at the end of this year. That’s without offloading any wireless traffic on to CBRS spectrum that Comcast purchased at auction. But over the long term, that spectrum will allow the company to do a cost benefit trade off, Cavanagh said. “It will be targeted where there’s the most traffic we can bring back on to our network, but at the same time..., we may not do it if we find the economics of staying on [the current] network get better as time passes,” he said.

STARKS FOCUSES ON BROADBAND AFFORDABILITY

The pandemic has changed everything when it comes to commissioner *Geoffrey Stark*’s time at the **FCC**, shedding more light into how deeply integrated the internet is into the nation’s economy, education systems and healthcare options. But the core issues that the global crisis has highlighted have been there for a long time. “The fact is that we’ve been talking about the digital divide for over 25 years,” Starks said during a fireside chat with the **Internet Innovation Alliance** Wednesday. He said that over the last several years, the FCC was focused primarily on expanding

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broadband access to rural communities. While those efforts need to continue, there are other opportunities to close the gap. “I’m a Kansan, so I totally understand and I believe that the rural access issue warrants attention,” Starks said. “But we also need to focus on the adoption issue, especially since nearly three times as many people live in urban, densely populated areas that have not adopted broadband. That is most pointedly focusing on the issue of affordability.” Setting up the Emergency Broadband Benefit program is the first step towards further closure of the digital divide, he added, calling it a mission-critical program. Starks was pleased to see the program be extended to help those that have experienced a substantial loss of income during the pandemic and to families that have children enrolled in the free- and reduced-lunch program. “If you are having food insecurity, I’d say you’re probably likely having digital insecurity as well,” he said. The Commission needs to stand the EBB up by late April in order to meet its deadline, and it is currently seeking outreach partners to help get the word out about the program.

XFL, CFL IN TALKS

It looked like the pandemic may have been the death of the **XFL**, with the fledgling football league canceling its season last April and laying off employees. But the XFL has thrown a hail Mary pass and is in discussions with the **Canadian Football League**. “Blending the CFL’s rich heritage with our fresh thinking, and the unique reach and experience of our ownership, could be transformative for the game,” XFL president/CEO *Jeffrey Pollack* said in a statement Wednesday. The CFL and XFL owners *Dany Garcia*, *Dwayne Johnson* and **RedBird Capital** have agreed to work together to identify opportunities for the leagues to collaborate.

LOCAST GOES TO CLEVELAND

Broadcast streaming service **Locast** has expanded into the Cleveland, OH, market. The service, now available in 30 US TV markets, delivers 70 local channels in the Cleveland area and will be available to viewers in 17 counties in the Cleveland DMA. The launch comes just in time for March Madness, and some of the NCAA championship games will be available through Locast starting March 19.

MSG NETWORKS + MADISON SQUARE GARDEN?

MSG Networks is reportedly considering re-combining with **Madison Square Garden Entertainment**. *Bloomberg* reported Wednesday that the company, which includes the Knicks RSN, is working with an adviser to consider a merger with the entertainment company, which includes the Garden and Radio City Music Hall. Talks were described as being in the early stages.

ON THE AD FRONT

Discovery is combining its sports offering with its entertainment portfolio in a single proposition across its 200 international markets. The move gives brand partners the opportunity to access all of Discovery’s content, on all of its platforms, across every global market, through one central buying point. It’s an especially noteworthy change as move toward back-to-back Olympic Games. – **FreeWheel**, A Comcast Company, has launched Data Warehouse, which provides Strata users with a single source of

flexible, consolidated insights into their cross-media campaigns from the Strata system, and it is interoperable with agencies’ existing business intelligence solutions. Data Warehouse will be available to all Strata users in April and is currently being used in beta phase by five Strata agencies, including **Harmelin**. – Syndication firm **CBS Media Ventures** entered into an exclusive partnership with **NuTime Media** to connect advertisers with African American consumers. Initiatives include soliciting third parties to represent their African American-focused programming and partnering with likeminded content creators to develop advertiser-friendly programming in syndication.

A+E NETWORKS REMEMBERS ROGER MUDD

Journalist **Roger Mudd**, who was **The History Channel**’s first on-air anchor, died of kidney failure. He was 93. A frequent fill-in in for *Walter Cronkite* on CBS in the late ’60s and early ’70s, Mudd was History’s primary anchor for more than 10 years. “We will be forever grateful for his leadership and enormous contributions which helped build The History Channel brand. He had a remarkable, award-winning career in television and we are very proud to be a part of his legacy. Our deepest sympathies are with his family,” **A+E Networks** chief *Paul Bucciari* said in a statement.

RATINGS

NBC Sports is feeling good about golf, with the PGA Tour delivering a 30% YOY viewership on **NBC** and a 24% increase for **Golf Channel**/NBC tournament coverage through last week’s Arnold Palmer Invitational.

PROGRAMMING

UPTV’s annual “Easter Lives Here” programming slate includes more than 20 titles this year. The event kicks off on March 28 at 7pm ET with “The Passion of Christ” and culminates with the premiere of “When We Last Spoke” at 7pm ET on April 4. UPTV will debut “The Chosen,” a multi-season series about the life of Jesus Christ, at 9pm ET on March 28. New eps will premiere through April 1, with a full season marathon on April 2. – **Fox News**’ new late-night program hosted by *Greg Gutfeld* will debut at 11pm ET on April 5. After the premiere, “Gutfeld!” will air every weeknight. The network will air the final weekend episode of “The Greg Gutfeld Show” Saturday at 10pm ET. A replacement Saturday evening program will be announced at a later date.

PEOPLE

Blake Sabatinelli has stepped down as CEO of **Newsy** and joined **Atmosphere**, a streaming TV service for businesses, as COO. Given the **Scripps Networks** restructuring earlier this year with the **ION** acquisition, Scripps will not appoint a new CEO and instead announce a head of network news to oversee journalism brands **Newsy** and **Court TV**. – **NewsNation** vp, news *Jennifer Lyons* has left the network, according to a *Chicago Tribune* report. Lyons was promoted last year to lead the transformation of **WGN America** into a primetime news operation. – **Comcast Advertising** appointed *Pooja Midha* as its chief growth officer, a new role in the organization. Midha most recently served as president of ad tech company **true[X]**.

Think about that for a minute...

Substitutability

Commentary by Steve Effros

Can you substitute, on an equal basis, one product or service for another? If so, that's substitutability. Determining that leads directly to a very important legal conclusion: competition. If what you are offering is substitutable then you have competition. If you have competition then there is, in theory at least, little reason or need for economic regulation.

Note that I said "in theory," and I specified "economic." Thus, we're not talking here about health or safety regulations, we're talking about things like, oh, let's just take something at random: the cable "must carry" rules, or basic cable rate regulation, or cable signal carriage rules. Well, you get the idea. As to the "in theory" part, regrettably, it's only the legal and economic concepts I'm pointing to. The political reality, as we'll see, is often quite different.

There was a time, long, long ago, when cable television was considered a "monopoly." Now some of you are going to immediately say to me that it still is! And that's the problem, and that's the issue of substitutability. For a long time I argued that cable was not and could not be a monopoly because its primary business was to deliver broadcast signals to subscribers' homes. Of course the broadcasters do the same thing! That's what "over the air television" is all about. Yes, we do it better. We provided a lot better reception of those broadcast signals to a lot of folks. But then, again, so did Winegard antennas on their roofs if viewers chose to get their broadcast signals that way. And digital transmission changed the game, too.

That argument didn't fly because cable also started offering "cable channels" like ESPN, CNN, HBO etc.,. Folks couldn't get that programming without hooking up to cable. We got tagged, again, with the "monopoly" label. The importance of that label is that it has always been the gateway to regulation of things like signal carriage and even rates. If there is no "substitutable" competitor, the logic goes, then regulation is necessary. That's how the FCC got jurisdiction over cable.

Then came DBS and then broadband and "OTT" delivery of video. But no, said the Commission, that's not substitutable with cable

service because neither included broadcast signals, even though you could still get those for "free" over the air! And now we have "plus." The OTT streamers have added local broadcast television signals. The last vestige of the argument that cable doesn't have substitutable competitors is gone.

Oh, wait! It's the cable guys who also provide broadband! So, the argument goes, theoretically, maybe... probably (we all know they're monopolists at heart, after all) they will block competitive services on their broadband systems! That justifies keeping regulatory power over them. Well, OK, so now we're going to get "net neutrality" rules back. There's no real evidence they're needed, but they're coming, regardless. So the "cable guys," as broadband providers, will have "common carrier" obligations. They won't be able to do all those nefarious "monopolistic" things.

Seems to me once that happens there's no longer any logic to maintaining economic regulatory authority over just one part of a competitive landscape of video delivery. So there is, all things being equal, a certain irony to the call for "net neutrality" rules. Their adoption should end the question of substitutability which in turn shows that there is marketplace competition and that nullifies any future suggestion that only "cable" should continue to be regulated regarding things like rates and signal carriage.

Think it will happen? Probably not. That's where politics comes in. The Commission currently has statutory authority to regulate us, but those statutes haven't caught up with all our competitors.

Until they're rewritten, the Commission will jealously hoard it's authority. There's no substitutability for the politics of power.



Steve

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(Steve Effros was President of CATA for 23 years and is now an advisor and consultant to the cable industry. His views do not necessarily reflect the views of Cablefax.)

Mark Your Calendars!

Cablefax Award Submission Deadlines:

The FAXIES Awards	Entry Deadline: March 19 Final Deadline: March 26
Cablefax 100 Nominations	April 9
Top Ops Nominations	April 23
The Diversity List Nominations	July 16
Most Powerful Women Nominations	September 10
Program Awards	Entry Deadline: Nov. 19 Final Deadline: Dec. 3

