

Cablefax Daily™

WHAT THE INDUSTRY READS FIRST

Eyes on the Prize: HBO Max Expects 120 Million Subs by '25

AT&T raised the bar on its lofty goals for **HBO Max**, saying at its analyst day Friday that it expects to count 120 million worldwide subscribers by 2025. "We have one primary focus in this year, and that is grow customer relationships," AT&T CEO *John Stankey* said to kick off the presentation.

The service, when coupled with standalone HBO, now sits at the 41.5 million subscriber mark, and **WarnerMedia** CEO *Jason Kilar* said more HBO Max subscribers were added in the final seven months of 2020 than standalone HBO added over the last decade.

WarnerMedia expects to see a huge boost to those numbers after the launch of the ad-supported tier in the US and the international launch of HBO Max, both of which are set to occur in June. The company said HBO Max will be made available in 60 territories outside of the US by the close of the year: 39 in Latin America and the Caribbean and 21 in Europe. With those international and AVOD launches, WarnerMedia expects to end this year with 67-70 million subs.

As for the breakdown of that long-term 120-150 million sub goal, WarnerMedia expects half of those to come from international markets. It's still too early to tell how the customer base will break down in terms of who takes up the cheaper ad-supported option and who will pay for the theatrical content.

"In the US market, it's interesting. There are data points from **Hulu** where people estimate what percentage of subscribers

have chosen the ad-supported option. I don't know what customers are going to decide with regards to HBO Max," Kilar said.

The team didn't announce a price for the ad-supported tier, but did say that it will largely contain the same content as the premium option available today. The main difference will be that those in the AVOD option will not have access to the **Warner Bros** theatrical releases that are currently arriving day-and-date on HBO Max. WarnerMedia will not place ads inside any HBO original series despite what tier a subscriber chooses. Kilar said the ad-supported option has already received huge interest from marketers and has secured \$80 million in upfront commitments thus far.

WarnerMedia hasn't spent much time talking about the **Turner** properties recently, but Kilar said during the conference that he's a "big fan" of the networks. "There are 85 million households that pay to be entertained through linear channels. That's more than any subscription service has right now in the US market," Kilar said, calling the Turner networks incredibly helpful to the larger WarnerMedia portfolio. "I've run a lot of different businesses in my life. That's a damn good business when you have 85 million households that are choosing each month that form of entertainment."

It's also not outrageous to think that, should HBO Max prove successful, the company would look to create direct-to-consumer platforms for its other media properties, including the Turner networks. "When I think about the next decade, two decades of WarnerMedia, I think there's fantastic opportunities to increasingly

THE FAXIES

RECOGNIZING EXCELLENCE IN PR & MARKETING

Submit your entries by **March 19**

Your hard work is done – and now it's time for you and your team to get recognized!

Honoring those people, shows, and networks who excel in digital content, marketing, advertising, social media and online content.

Categories include Audience Engagement & Experience, PR & Marketing, Executives and Teams of the Year.

www.TheFAXIES.com



go direct to consumer and to go global across general entertainment, across news and information and interactive,” Kilar said.

FCC GRANTS FIRST CBRS LICENSES

The **FCC** announced the first grants of priority access licenses in the 3.5Ghz bands, granting 17,450 licenses to 222 applicants. That means 222 out of 225 applications received licenses, with more than 70% of the applicants issued grants this week receiving a very small business, small business, or rural service provider bidding credit in the CBRS auction. Among those receiving grants are **Cox Communications**, **Mediacom** and **Midco**.

THE EBB IS COMING

With the **FCC** under tight Congressionally set deadlines to stand up the Emergency Broadband Benefit Program, ISPs are lining up to apply as providers for the program, which will distribute \$3.2 billion to qualifying households for discount on internet service as well as devices. **Charter** and **Comcast** have said they plan to participate. **AT&T** said it filed its application Friday. **ACA Connects** held a webinar earlier this week to help members apply to participate, with the association’s svp of government affairs tweeting that one member had their application approved just over two hours after submitting it on Tuesday. There’s no official start date yet for the program, but with a goal of launching around 60 days from Feb 26 (when the FCC adopted the program’s rules), the rough estimate is April 27. Eligible Telecommunications Carriers (ETC), which already have access to Lifeline databases, don’t have to seek formal approval from the FCC Wireline Competition Bureau, but non-ETCs (many cable operators) do. “From an investor perspective, the program is a mild positive to the sector, providing some enhanced revenues and lowering the risks and

costs of late or uncollectable payments,” said **NewStreet Research’s Blair Levin** in a note to clients. “The bigger question for investors is whether the program will become the foundation for a future restructured Lifeline program which could provide more significant enhanced revenues while also mitigating the current stress on the universal service funding base.”

GRAY INVESTS IN ESPORTS

Gray Television is leading a \$40 million investment round in **Envy Gaming**, an esports and entertainment company. The broadcaster is investing \$28.5 million in Envy’s Series C round and will name two director to the company’s board. Envy owns and operates the world champion Dallas Empire team in the Call of Duty League, the Dallas Fuel team in the Overwatch League, and the Team Envy franchise that competes in Halo, Rocket League, Super Smash Bros, Valorant and other games.

FIVE CHINESE FIRMS ON FCC’S RISK LIST

The **FCC’s** Public Safety and Homeland Security Bureau released a list of five Chinese communications vendors that it believes pose a threat to national security. The list includes **Huawei Technologies**, **ZTE Corp**, **Hytera Communications**, **Hangzhou Hikvision Digital** and **Dahua Technology**. The Secure Networks Act requires the FCC to publish and maintain a list of communications equipment and services that pose an unacceptable risk to national security or the security and safety of US persons. The Bureau will provide updates to the list if other companies are found to meet the criteria under the law.

DISTRIBUTION

NBCUniversal streamer **Peacock** is making country music-focused **Circle Network** available to its users. Circle, a joint

Learn **FROM** and **WITH** your fellow NCTC Members!



Group Purchasing - April 13

Broadband - April 14

WWW.NCTCSMARTCLICKS.ORG

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, Cablefax and Synopsis: Robbie Caploe, 917.974.0640, rcaploe@accessintel.com | Managing Editor: Sara Winegardner, 301.354.1701, swinegardner@accessintel.com | Assoc Editor: Theresa Maher, 301.354.1704, tmaher@accessintel.com | Executive Director, Strategic Partnerships: Albert Nassour, 917.545.3129, anassour@accessintel.com | Dir of Marketing: Kate Schaeffer, kschaeffer@accessintel.com | Production Manager: Joann Fato, jfato@accessintel.com | Kerry Smith, Divisional President, Marketing & Media Group, ksmith@accessintel.com | Group Subs/Subscription Questions, Client Services: 301.354.2101, clientservices@accessintel.com | Annual subscription price: \$1,799.00/year | Access Intelligence, LLC, 9211 Corporate Blvd., 4th Floor, Rockville, MD 20850

venture between **Opry Entertainment** and **Gray Television**, launched in January 2020 as a digital multicast network. To celebrate the Peacock launch, country star *Blake Shelton* will take over Circle Saturday for “Spring Blake,” with a day of new and library content (including episodes of **NBC’s** “The Voice,” in which he’s a coach). In the evening, Circle will feature Shelton Grand Ole Opry performances.

– **YES Network** launched the YES App to replace **FOX Sports GO** as the official destination for YES’ streaming content. The app will give authenticated users a live stream of the YES Network.

DOCSIS 3.1 CPE SPENDING RISES

With cable and fiber providers adding a beaucoup of broadband customers, total global revenue for broadband access equipment increased to \$3.5 billion in 4Q20, up 3% from 4Q19, according to market info firm **Dell’Oro Group**. Growth came from spending on PON ONTs and DOCSIS 3.1 CPE, as well as sustained spending on 10 Gbps PON OLT ports.

PROGRAMMING

AXS TV is the home of the TV broadcast premiere of concert film “On a Night Like This – Bon Jovi 2020.” The net’s also snagged a pre-show interview with *Jon Bon Jovi* that will premiere March 20 at 8pm, with the film following. – Vice President *Kamala Harris* will deliver special remarks during “Nickelodeon’s Kid’s Choice Awards 2021” as part of the show’s “Generation Change” presentation. The event airs Saturday at 7:30pm. – **discovery+** acquired documentary “INTRODUCING, SELMA BLAIR” about the actress’s experience living with MS. It will premiere at the 2021 SXSW Film Festival and air on discovery+ later this year.

CABLEFAX DASHBOARD

Tweet Tweet



Research

- > 51% of US gamers just started playing video games over the past year.
 - > More than half prefer playing video games (53%) over watching TV shows and movies (47%).
 - > American gamers spend an average of 7 hours and 43 minutes gaming each week, an hour longer than the weekly average in 2020.
 - > The average American gamer admits they've played for nearly six hours in one sitting.
- (Source: [Limelight Networks](#))

Quotable

"I think [Jessica Rosenworcel] has the inside track, but there could always be a dark horse. We've had two or three chairmen over the last generation who got the FCC chairmanship as a consolation prize for not being named Secretary of Commerce. So, there's already that possibility. Other dark horses are Gigi Sohn, former aide to Tom Wheeler, as well as Ed Smith, former NTIA administrator Larry Strickland, probably former FTC commissioner/Biden staffer Terrell McSweeney. I think any of those three or four could probably be a third commissioner, but at this point I'd put my money on Jessica Rosenworcel—probably 65% to maybe 35% on a dark horse."

– Andrew Lipman, partner at Morgan, Lewis & Bockius speaking at Deutsche Telecom's investor conference on who may be named FCC chair.

Up Ahead

- MARCH 16-20: SXSW ONLINE**
- MARCH 19: THE FAXIES ENTRY DEADLINE**
- MARCH 24: MEDIA INSTITUTE LUNCHEON WITH NATHAN SIMINGTON**
- APRIL 9: CABLEFAX 100 NOMINATION DEADLINE**
- MAY 13: WICT ROCKY MOUNTAIN VIRTUAL WALK OF FAME**



The vaccines are here. And soon, this day will be too.



Get the latest information about COVID-19 vaccines at GetVaccineAnswers.org