

Cablefax Daily™

WHAT THE INDUSTRY READS FIRST

Package Deal: Dunne Talks Fios, Content Bundling Strategies

Verizon Consumer Group evp/CEO *Ronan Dunne* isn't upset if standalone Fios customers decide to drop their plan, especially if more customers are taking Fios as part of a bundle that includes mobile and broadband.

During an appearance at the **Bernstein Strategic Decisions Conference** Wednesday, Dunne said the yield that the company is seeing per Fios customer is the best it has ever been. While some impacts can be tied to the pandemic, much of it is due to changes in consumer behavior when it comes to video consumption.

"We see that with video net adds negative every quarter—[it's] not a bad thing. I was spending \$60 to put a \$60 content bundle together, and now people coming and using Mix and Match, using the fact that they're also getting wireless content through the wireless relationship, is actually helping to fuel the Fios business and is great for fixed wireless access," he said.

The wireless provider has been hyperfocused on strengthening its relationships with content providers over the last few years, striking deals with **Disney** and **Discovery** to offer free months of their streaming services to Verizon customers. Dunne said the content bundling strategy has ultimately been an important step in the company's journey towards becoming a national competitor in the residential broadband space through its fixed wireless offering.

"Previously, I was a sub-scale purchaser of content in the Fios footprint in the northeast. I now have broader relation-

ships that give me more leverage with those key relationships with the Disneys, the Discoverys, etc. of this world," he added.

Verizon is still pushing its 5G mobile network, announcing its "biggest 5G upgrade campaign ever" this week. New and existing customers can trade in old phones for up to \$700 towards a new iPhone 12 or \$800 towards a Samsung Galaxy S21 5G if they take on one of Verizon's Do More, Play More or Get More plans. Those that switch to Verizon from a different carrier can receive an additional \$300 through a prepaid card.

Dunne said Verizon was waiting for three things to occur before introducing the new offer: for network traffic to return close to pre-pandemic levels, the opening of all retail channels and the transition for all key handsets to become C-band compatible.

"The opportunity for us to seed our base with C-band compatible devices before the launch of C-band at the end of the year is both attractive from a customer experience point of view because more and more customers are out and about now and they're getting an ultra wideband experience," he said. "But also from an investor point of view... the early migration to 5G actually optimizes our network capex over the medium term because we'll be able to exploit the incremental C-band capacity just as soon as it arrives."

Verizon and other mobile operators will start deploying their C-band spectrum later this year, adding large amounts of capacity to their networks. It's a particularly important step for Verizon, which has set the goal of having more than 50% of its customers on its 5G network by 2023.



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BATTLE OVER SONY V. COX REVIEW CONTINUES

Public Knowledge, the **Electronic Frontier Foundation** and others filed an amici curiae brief Tuesday in a federal court's review of a district court ruling that **Cox Communications** was guilty of secondary copyright infringement for not cutting off the service of customers committing copyright infringement themselves. Cox was forced to pay \$1 billion in statutory damages as a result of a ruling in the Eastern District Court of Virginia, which equated Cox's termination process for cutting off repeat copyright infringers with secondary liability for infringement. The groups argued that if the decision is affirmed by the 4th Circuit, broadband providers will be able to cut off users more frequently with less cause in order to avoid having to pay hefty fines. "What makes this even more complicated is that a broadband connection is not typically tied to a single user," Public Knowledge policy counsel *Kathleen Burke* said in a statement. "If a user accesses one of these group connections and downloads infringing content, a broadband provider might opt to terminate the internet connection in lieu of risking liability for secondary copyright infringement. This would cut many innocent users off from the internet."

HBO MAX UNVEILS AVOD TIER

HBO Max's \$9.99/month ad-supported tier launched Wednesday just after the service's first birthday. Subscribers will be subjected to no more than four minutes of commercial time per hour, and ads won't play during **HBO** programming. Still, they will need to sacrifice some features that come with the premium \$14.99/tier. Subscribers won't be able to download content for offline viewing and streaming video quality will be capped at 1080p. **Warner Bros** films arriving on HBO Max on the same

day that they appear in theaters are not included as part of the tier, but they will be available for viewing when the films return to the service in the months following their theatrical runs.

COMCAST'S MCLAUGHLIN RETIRING

Fifteen-year **Comcast** vet *Mary McLaughlin* is retiring from the company at the end of the month. She took on the role of svp, Internet Essentials earlier this year, leading the operator's signature broadband adoption program aimed at low-income households. Before that, she was svp for Comcast's Beltway Region, which includes Maryland, Virginia and DC as well as parts of Delaware, North Carolina and West Virginia. McLaughlin, named **Cablefax: The Magazine's** 2018 Regional Exec of the Year, was an Assistant Attorney General for Massachusetts before joining **Continental Cable** in 1994. Prior to joining Comcast in 2006, she spent three years as an area vp for **Adelphia** in New Hampshire and Eastern New York. Comcast has not named a successor to the Internet Essentials post, but plans to fill the role.

CHARTER, 605 RE-SIGN DATA DEAL

Charter and measurement firm **605** are extending their existing viewership data licensing agreement into 2031. The deal will also see Charter purchase a wider portfolio of 605 products and services on an annual basis.

MAY RATINGS

News is still king... and more specifically, **Fox News**, is still presiding over the kingdom. It handily beat out other cable nets for the title of most-watched cable net in May in prime (2.166 million viewers) and total day (1.187 million) **MSNBC** took second place in both dayparts (1.494m in prime; 835K total day). **NBA** hoop action helped **TNT** and **ESPN** to rank third

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and fourth, respectively, in prime with 1.242mln and 1.216mln viewers. **HGTV** was fifth in prime for the month (1.203) and third in total day (640K).

CHARTER CLOSES SENIOR NOTES

Charter closed its \$2.8 billion offering in aggregate principal amount of notes Wednesday. The notes consisted of \$1.4 billion of senior secured notes due 2052 and \$1.4 billion of senior secured notes due 2061.

AT&T FIBER-FOCUSED

AT&T has been doubling down on fiber since January, and AT&T Communications CEO *Jeff McElfresh* is ready to ride that expansion wave. The company is aiming to reach 30 million customer locations by the close of 2025, and while some are trying to compete in the broadband marketplace with fixed wireless options, he's confident in what he's got to offer. "As we've been working from home, we've been trying to compete with maybe our young ones who are learning from home, or gaming, which is probably the more likely of any activity that our teenaged children have been doing during the pandemic when they're not learning, when they're not at school. That contention that we see, that bandwidth demand that we see in these homes across the nation—that doesn't foot the math to serve exclusively with wireless," McElfresh said at an investor conference Wednesday. Even if those high demands were not a problem, the fiber infrastructure makes it more efficient and allows him to give his customers more service options. "The beauty about the fiber infrastructure itself...it's got a low-maintenance aspect to it, number one. Two, it's multi-gig enabled and so we get the opportunity to now begin to offer different speed tiers and different use categories across that fiber network to provide for some price discrimination, to help us grow our ARPU as we grow our penetration on that fiber," McElfresh said. He added that parts of the buildout will occur in areas where the company already has copper assets. Engineers can shut down the aged copper network, taking out the cost and helping grow its margins, which the company can reinvest in fiber. "We know, without question, where we have fiber, we win. Period. We win with fiber on all accounts. We win with a great customer adoption. It's the highest, most satisfying product that AT&T has in its arsenal of products," McElfresh said.

LOCAST TAKES NORTH CAROLINA

Broadcast streaming app **Locast** has expanded into the Raleigh-Durham TV market. The streamer, now serving 33 markets, will reach 23 counties in the Raleigh-Durham DMA, which also covers Mecklenburg, Virginia. The service offers residents access to 40 local TV channels.

NBC OLYMPICS, TUNITY PARTNER ON OOH

NBCU and **Tunity** will partner to measure out-of-home viewership for the network's primetime coverage of the Tokyo Olympics this summer. Tunity will provide the measurement for all NBCU linear networks presenting the Olympics in primetime, which will be incorporated into NBCU's holistic measurement of the Tokyo Games.

CARRIAGE

MAVTV Motorsports Network launched on streamer **Samsung TV Plus** across Europe, expanding its reach to Denmark, Finland, Norway, Belgium, Luxembourg, Portugal and Ireland. – Music-themed channel **AXS TV** is set to launch on Canadian telecom company **Cogeco** starting today as part of the operator's MyMix/Selectif packages and Standalone options.

RATINGS

TUDN's Sunday night telecast of the second leg of the Liga MX finale delivered the most-watched soccer match in nearly two years and the top-rated club soccer game on any network since December 2013. The match aired at 9pm ET on Univision and averaged 3 million Total viewers 2+ and 1.8 million Adults 18-49. The 11pm ET quarter hour delivered 3.7 million Total Viewers 2+ and 2.2 million Adults 18-49. – **CBS Sports'** coverage of the 2021 UEFA Champions League Final averaged 2.095 million viewers, according to **Nielsen** ratings. This made it the most-watched UEFA Champions League Final in six years for English-language coverage in the US. **Paramount+** registered record viewership as the Champions League Final is its most live-streamed non-NFL sporting event ever.

PROGRAMMING

INSP original movies "Blue Ridge" and "County Line" will premiere exclusively on the network at 3pm on July 9 and July 3, respectively. All primetime weekend movies on INSP in July will feature *James Arness* as part of the programmer's "James Arness Movie Month." – **Game Show Network's** "People Puzzler" was picked up for a second season. It is set to premiere in the fall. – **Showtime** crime drama "City on a Hill" was picked up for a third season. It will start production later this year and premiere in 2022.

PEOPLE

Two **Crown Media Family Networks** executives resigned on Wednesday. *Erin McIlvain* was evp, content strategy & distribution and *Kristen Roberts* was evp, pricing, planning & revenue management. Crown Media's management team will begin a search for their replacements. – *Derek Chang* was named CEO of content protection services company **Friend MTS**. Chang has held leadership roles at **DirectTV**, **Scripps Networks**, **Charter**, **YES Network** and was previously CEO of **NBA China**. – *Drew Tappan* is joining **OWN** as head of OWN Unscripted Development, programming and specials. Tappan comes from **495 Productions**, where he was Chief Creative Officer. – **Allen Media Group** tapped *Geraldine Moriba* as svp, news & entertainment for **The Grio**. Moriba previously held senior leadership roles at **CNN**, **NBC**, **PBS** and **ABC**. – **NCTA** announced the addition of three new members to its government relations team. *Timothy Graham* joined in March as vp, external affairs. He most recently served as legislative counsel in the office of Rep *GK Butterfield* (D-NC). *Alexander Minard* will serve in a newly-created role as vp & state legislative counsel. He comes from the **FCC**, where he most recently served as deputy division chief. *Kelsey Odum* joins as vp, federal government relations. She most recently served as GOTV operations director with **Biden for Colorado**.

Think about that for a minute...

Random Thoughts

Commentary by Steve Effros

There's an awful lot going on in the telecommunications world right now. At least there's a lot of talk, and a whole lot of "analysis," often being done by folks who are not fully versed, shall we say, in the history and nuances of the various debates. So while I fully intend to explore most of these ideas in greater detail in future columns, I thought I would just mention a few or add a little flavor to the mixed brew you are reading about.

Let's start with the whole issue of the need for a vast upgrade in the broadband capabilities of the country. As everyone should know by now, there is somewhere between \$65 and \$100 billion dollars being bandied about as the amount to be included in an infrastructure package the administration is proposing. What's it for? Well, several things. Some of them make sense and some don't.

As I've already mentioned in this column, there's a legitimate need for funding to build out broadband in areas that are simply uneconomic for the private marketplace to cover. That includes truly rural areas with very sparse populations and, for instance, the Native American lands. This mirrors what was done for telephone with the Universal Service Fund. We'll get to the issue of what that service should look like in a moment.

There's also a legitimate need for funding for those in both rural and urban settings who simply can't afford broadband. And there's an obvious need (here's where the term "infrastructure" simply doesn't suffice) to fund improvements in education and literacy since providing broadband for its societal benefits won't work if it can't be used!

But are we really in as bad shape as some would have you believe? I don't think so. One example: we are constantly being told that one of the main reasons for this major push is that the pandemic has taught us that there are gaps, as noted above, in the ability of kids to participate in "distance learning." True. But what seems to have been missed in that argument is that there's a growing consensus that "distance learning" has serious inadequacies. Socialization does not take place

through a screen. Many, if not most major school systems are going back to full time in-class teaching. Wouldn't it make more sense to provide more money for schools and teachers than broadband in that case? Just a thought. At the very least, "distance learning" does not now seem to be a great "raison d'être" for spending lots of money on broadband!

Then there's the question of 'future proofing' the system. Let's just start with the observation that none of us are terribly good at guessing the future, particularly of telecommunications. Remember the dominance of AOL, Yahoo, IBM, etc.? At the time we thought they were all going to continue to reign. Wrong. So what makes us think that today we "know" that broadband is destined to be "future proof" if we build it all in a "fiber to the home" format, or that it needs to provide service at symmetrical speeds of 100/100 up and download?

As those of us who have been around these battles for a while know, and the journalists now writing about it all apparently don't, those arguments revolve more around who will gain what benefit in terms of commercial leverage than they do about what provable future needs might be. The "fiber" guys win, the "satellite" folks lose if standards like that are adopted today. It has nothing to do with knowing, or protecting the future! It's much more a matter of "following the money" than it is responding to proven need. Just a random thought; we'll know the future only when we get there.



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.)

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