

Cablefax Daily™

WHAT THE INDUSTRY READS FIRST

Future Thinking: Managing Usage, Network Health Beyond the Pandemic

We've all heard about the drastic increase in broadband network utilization that occurred back in March 2020 at the start of the pandemic, when folks began working and learning from home. Operators have been working to cope with the increase in traffic ever since, making their best guesses at what user behavior patterns will stick around when the world opens up again and what actions need to be taken to ensure the network can continue to serve customers as promised.

"Our firm belief is these upstream levels are here to stay, which might not seem like a lot when you look at the total gigabytes consumed. There's around 30 gigabytes upstream now per household being consumed and around 500 gigabytes total, so most of that is downstream," **OpenVault** CEO *Mark Trudeau* told **CFX**. "But in a shared network, the upstream is the challenge for operators, always has been."

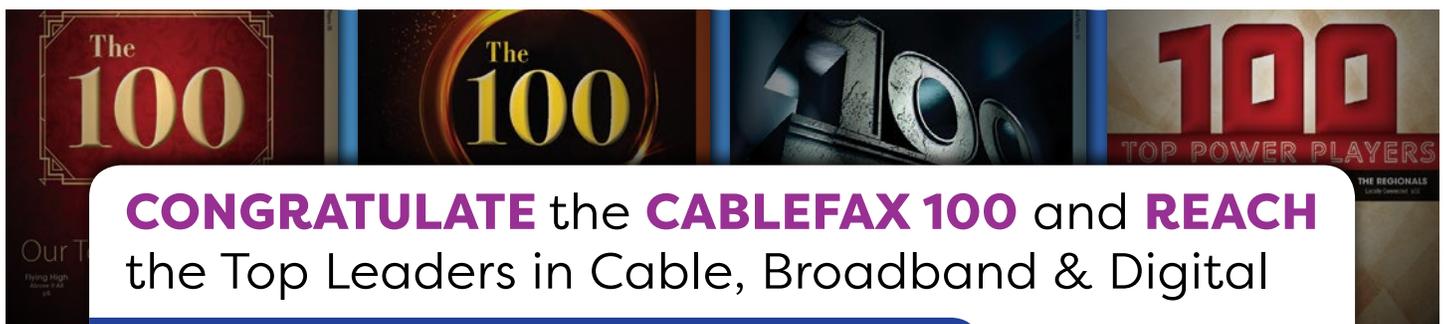
He added that there is typically a small subset of customers causing congestion in one area of the network, sometimes only one or two members that are hurting the service of 200-300 others. While it does make sense sometimes to split a node to expand capacity in an area of the network that's experiencing congestion, Trudeau said it may not be the right move when it is the result of a few, identifiable bad actors whose behavior isn't likely to change. That's where other options, like data caps, could become part of the conversation, but they're still not a perfect solution.

"It's debatable whether usage caps actually can help with network congestion outside of those real heavy abusers, those are the obvious ones," he said. "You see some subscribers using 6 or 7 terabytes of usage, they are undoubtedly having an impact on the network... a usage cap will have the biggest impact on those power users who are having a negative impact on the network."

Customer education on what data caps are meant to do could help with the negative responses that tend to come with the implementation of a usage cap, Trudeau said. "You're monetizing those people that are causing issues so you can spend money to upgrade the network and so you can avoid rate increases," he said. When data caps do prove to be the right answer for a service provider, some believe that subscribers are reaching a point in their consumption patterns that advocates a slightly higher cap than what has become standard.

"Among Plume direct-to-consumer customers, perhaps our most tech-savvy cohort, we are now seeing an average down-link consumption of over 400GB per month," **Plume** CTO *Bill McFarland* said. "The traditional 1 terabyte per month cap may be starting too low if a service provider is just trying to catch abusive outliers."

The folks at **Future Today** agree, and CEO *Vikrant Mathur* said it is especially important to consider a higher data cap should consumer behavior around home entertainment stick around after the COVID-19 pandemic. His best guess at the data trend of the future is that broadband consumption will



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double every three years. “By 2023, 40% of consumers will be at the 1 terabyte threshold, and 20% will be beyond 2 terabytes,” he said. “Service providers need to provide affordable caps to accommodate increased video conferencing, consumption of 4K programming and increased usage of other services like gaming and augmented reality.”

McFarland agreed that while there are some activities that people will return to once the world opens up, home entertainment will continue to be embraced long after the world returns to normal.

“It will be interesting to see how things shift as more entertainment options reopen, such as movie theatres,” McFarland said. “Our data certainly suggests that some habits may have been permanently altered by the COVID experience.”

AT&T STOCK UPGRADED BY NEW STREET

New Street Research upgraded **AT&T** to “Buy” based on the **WarnerMedia-Discovery** transaction. The firm put a six-month price target of \$35 in place. It likes that the transaction has \$3 billion in synergies and that AT&T cut the dividend, lowered leverage and increased investment in wireless and fiber. “Whatever you thought the stock was worth on Friday, it has to be worth more today, and yet it is cheaper,” the analysts said. AT&T closed up 1.25% Friday at \$30.01. That’s still below last Friday’s close of \$32.24. The upgrade doesn’t mean New Street isn’t concerned about AT&T’s long-term prospects—particularly in terms of how it will keep revenue and EBITDA stable in the wireless business as T-Mobile and cable ramp up wireless competition. **MoffettNathanson** continues to rate AT&T “Sell” with a target price of \$24. “They remain badly over-levered and

their positioning in 5G is relatively weak,” the firm said in a research note Friday. “Worse still, their guidance, and therefore their projected dividend payout ratio, looks overly ambitious. It will require significant growth to achieve their stated free cash flow goal of \$20 billion after divestiture, and in a wireless business where industrywide service revenue growth is GDP-minus, that means taking share. We struggle to see a scenario where that is possible.”

SHAW SHAREHOLDERS LIKE ROGERS DEAL

It’s still not clear if it will pass regulatory muster, but a **Rogers-Shaw** deal cleared one hurdle with Shaw shareholder voting in favor of combining the two Canadian operators. In total, 99.8% of votes were cast in favor of the transaction. The \$16 billion deal for Rogers to acquire Shaw was announced in March. The companies hope to close in the first half of 2022, but they will have to convince Canadian regulators that eliminating a wireless competitor won’t hurt consumers.

COMCAST SEEKS LIFT ZONE WAIVER

The **FCC** Wireline Competition Bureau is seeking comment on **Comcast’s** request to waive certain E-Rate rules to allow it to conduct a pilot program with several libraries to expand its “Lift Zone” initiative. Comcast launched Lift Zones to help address the digital divide, setting up safe places where community members can use internet to participate in remote learning and complete homework. Comcast provides complimentary business internet connections and other services, but it needs the FCC to waive rules, including those requiring libraries to conduct a competitive bidding process. Comments are due June 21, with replies due July 6.

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MAYWEATHER VS PAUL

Floyd Mayweather will enter the ring to fight Logan Paul in an exhibition bout June 6 at 8pm ET on **Showtime PPV**. The fight is now available for pre-order for \$49.99 on Showtime.com/ppv and will also be available on fan experience platform **Fanmio**. Consumers purchasing through Showtime can watch the event live through Showtime streaming service apps. Fans purchasing through Fanmio will receive an exclusive T-shirt and be able to watch via the Fanmio Boxing app.

'CODED FOR INCLUSION'

Staff Me Up is expanding its hiring platform by launching "Coded for Inclusion," an initiative aimed at addressing diversity issues in Hollywood by highlighting underrepresented groups. The initiative is endorsed by **Color of Change** and led by an alliance of **#ChangeHollywood** supporters including *Michael B Jordan's Outlier Society Fellowship*, **Hue You Know**, **AMC Networks** and **Endeavor Content**. The initiative aims to reduce and remove barriers to entry for BIPOC, women, LGBTQ+, people with disabilities and active military/veterans. Work will also be done to change the platform's algorithm to ensure historically underrepresented talent to studios and production companies are elevated. Staff Me Up will also build a production focused vendor database from craft services to insurance to equipment rentals to support the hiring platform's initiative.

PEOPLE

NBC evp, publicity *Rebecca Marks* is heading to **Warner Bros Television Group** to become the company's evp, publicity and communications. Marks, who will start at Warner Bros on June 1, has been with NBC since 1984. – *Margaret Wiener*, deputy chief, Office of Economics and Analytics at the **FCC**, is retiring in late May after 24 years of service. She joined the Commission in 1997 as a staff attorney in the Auctions and Industry Analysis division. Stepping into Wiener's shoes will be *Deena Shetler*, who has been appointed acting deputy chief, Office of Economics and Analytics.

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Discovery CEO David Zaslav Seeks \$18M for Manhattan Townhouse
 The Discovery exec is looking to sell a 19th-century Greek Revival townhouse in Greenwich Village with five bedrooms.
 @hollywoodreporter.com

Paul Walsh @PaulEWalsh · 1h
 The leadership team will include: David Clark, senior vice president and head of programming ...
 cc: @daveclark
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Fox Weather Sets Executive Leadership Team
 Fox Weather unveiled its senior executive structure ahead of a launch of its ad-supported streaming service

Dave Clark @daveclark
 Replying to @PaulEWalsh and @Variety
 Turns out, there's more than one of us David Clark's out there. I wish the Fox Weather David Clark tons of success. :)

GCI Alaska @GCI_AK
 Two gigs are better than one.
 6:15 PM · May 18, 2021 · Sprout Social

Research

- > 80% of participants indicated representation in media as a way for brands to get involved.
- > Ensuring authenticity was the most cited desire, and when done well, has the power to make audiences feel good.
- > Lack of representation triggers lack of engagement with 33% reporting that they did not identify with communities due to either a lack of media representation in general or inaccurate media representation.
- > Multicultural audiences are 4.6x more likely to rely on visual forms of media.

(Source: *NBCU, Magna and Identity "Deconstructing Diversity Today" Research Study*)

Up Ahead

- MAY 24:** MMTc EMERGENCY BROADBAND BENEFIT BLACK CHURCH PANEL
- JUNE 17:** JUNE FCC OPEN COMMISSION MEETING
- JULY 16:** 2021 CABLEFAX DIVERSITY LIST NOMINATION DEADLINE
- JULY 25-28:** FIBER CONNECT 2021

Quotable

"The Great Escape for AT&T. It's the power of monopoly. Ma Bell should have been dead and buried by now. They go into cable only a few years later to say 'Oh my God, we made a mistake' and then they sell it. They go into buying Direct, they go into buying Time Warner with an idea, but certainly not fully-fledged. And then they go into basically, I think, hurting Time Warner assets. They drive Jeff Zucker out of the building basically... then they drive out all the talented people—not all of them, there are a few left, I guess—of Time Warner. And then they say, 'Okay, never mind' and then they sell it. Although they didn't sell it... AT&T basically bought Discovery, AT&T shareholders. But Discovery management, the scrappy Mr. Zaslav and basically [John] Malone and the new houses get to control it. It's certainly in better hands, how could it have been in worse hands?" – **Fox Broadcasting founder Barry Diller on CNBC talking about the WarnerMedia/Discovery deal**