

Cablefax Daily™

WHAT THE INDUSTRY READS FIRST

Full Circle: Chang's Journey from Pay TV to Content Protection

Derek Chang has been everywhere from **YES Network** to **NBA China** over his nearly 30-year career, and now he's all in on content protection as CEO of **Friend MTS**. Chang, a veteran of the cable industry with lengthy stints at **Charter**, **DirectTV** and **Scripps Networks Interactive**, has had a toe in the content protection waters for decades. But just as conversations about distributing content and programming contracts have changed, so too have discussions around the threat of piracy.

"In those days, conditional access was always a huge concern... I remember at DirecTV, we always got pressure from content holders to protect the content, and so every agreement clearly has obligations to protect the content. Some content owners were a bit more adamant about enforcing those elements," he told **CFX**. "I remember one negotiation with **Turner** and this was probably one of the last points that got negotiated because it went down into what do you have to do in the box to make sure that it's protected. And then internally, I was getting pushback from the engineering group which said we can't agree to certain things that we may or may not be able to deliver."

He believes the industry has come a long way in terms of piracy and content protection, and the proliferation of DTC and streaming businesses has given content holders far more control over their programming until it gets in the hand of the end user.

"In addition to that, I think you're not as dependent on long technological upgrade cycles that occur on a traditional platform like a satellite television platform... you get more and more driven to an app-driven world, I think your ability to upgrade, it could happen much more rapidly," Chang said. "I hope a lot of these industry trends will allow those who are focused on this to implement and take advantage of it."

One of the things that attracted Chang to Friend MTS was its strong record in protecting live content. It's what has allowed the company to grow a client list that includes the **Premier League**, **WWE**, **DAZN**, **beIN Sports** and **NBCUniversal**. He's been bolstering his executive team to include a number of folks that specialize in both live content and sports, including former **INDEMAND** CTO *John Ward*. Content protection will only become more important for programmers as they take more sports content to direct-to-consumer platforms.

"I don't know how long this has been going on, but it's always like 'okay, when is the peak and when is the top?' I think those conversations have always been a bit premature. Sports rights... sometimes there's a newcomer that wants to come in and they're willing to in the short term pay up for those rights and that drives a step up, and sometimes there's a backward movement from that, but the general trend is continued," he said. "What changes, or what's been changing, is the distribution of the sports and the distribution methodologies. That causes some disruption, and so you see it right now with the RSNs."

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DEADLINE: Friday, July 16

www.cablefaxdiversity.com

The
DIVERSITY
List
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Chang didn't offer his specific thoughts on **Sinclair's** plans to offer its regional sports network content on a direct-to-consumer app, but said he doesn't believe that the difficulties in the RSN business are not due to any lack of value in the content those networks offer.

"If you're in a world where your primary vehicle for distribution is in decline, which is traditional pay television, then you're going to see some of these shorter term impacts," he said. "But that doesn't mean that the core IP is less valuable."

AMCN SETTLE 'WALKING DEAD' PROFIT SHARING SUIT

AMC Networks agreed to a \$200 million cash settlement to showrunner *Frank Darabont* and **CAA** in a long-running dispute over the share of profits for "The Walking Dead." The settlement, revealed in an **SEC** filing late Friday, also includes future revenue sharing related to streaming of TWD and "Fear the Walking Dead." AMCN took a charge of approximately \$143 million in 2Q21. The resolution is going to impact 2021 free cash flow. The programmer had previously indicated that it would generate about \$200 million in FCF in 2021. Now it expects FCF to be breakeven. Darabont, whose work includes "The Green Mile" and "The Shawshank Redemption," first sued in 2013. Another suit was filed in 2018. Everything was consolidated, with a trial set to commence in April 2022.

DIRECTV SUB LOSSES DOWN

DirectTV is still bleeding subscribers, but it isn't happening quite as quickly as it has in the past. According to subscriber KPIs released by parent **AT&T** on Friday, net losses went from 887,000 in 2Q20 to 473,000 in 2Q21. Consensus had predicted a quarterly net loss of 508,000. The improvement

has been driven largely by churn. Gross adds rose 2% over the year, with churn falling from 2.42% in 2Q20 to 1.87% in 2Q21. As to what this means for the long-term prospects of DirectTV, it's anyone's guess. "It remains to be seen whether DTVs churn will continue to improve. Perhaps the subs with a high propensity to churn have now been worked through, or perhaps churn will tick back up with the industry," **New Street Research** said in a note. "When we look at the performance gap between **DISH** and DTV, it seems that DTV could still improve a good deal further. It will come down to execution."

SENATE LEADERS WANT ACTION ON DATA PRIVACY

Sens **Roger Wicker** (R-MS) and **Marsha Blackburn** (R-TN) joined Reps **Cathy McMorris Rogers** (R-WA) and **Gus Bilirakis** (R-FL) to send a letter to President **Biden** urging him to prioritize comprehensive data privacy legislation. The congressional leaders cited data from the **FTC** showing an increase of 3,000% in identity theft in the past year, saying that the pandemic has worsened cyber-crimes. "Absent much-needed federal data privacy legislation, we risk losing consumers' trust and confidence in the internet marketplace and undermining our national security and technological leadership abroad," the letter read.

TCA AWARD NOMINEES

The **Television Critics Association** announced the nominees for its 37th Annual TCA Awards. This season's roundup saw **Netflix** on top with 15 nominations, followed by last year's leader **HBO** with 13. **WarnerMedia** streamer **HBO Max** came in third with 11 nods. Streamers rounded out the top five with **Apple TV+**'s eight nominations and a tie between **Disney+** and **Showtime** (five noms). **Hulu** and **NBC** each earned four nods,



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while **Amazon, CBS, FX, PBS Kids** and **Peacock** received three apiece. **Starz** had two noms. **Bravo, Comedy Central, Disney Junior, MSNBC, Nat Geo, Paramount+** and **PBS** each received one nomination.

RATINGS

The July 9-11 “Championship Weekend” that included massive showdowns in tennis, soccer and baseball saw 60.7 million viewers reached across **ESPN Networks** and **ABC**. The Wimbledon singles finals peaked at 1.6 million viewers for Saturday’s Ladies’ Championship and 2.6 million for Sunday’s Gentleman’s Championship. The UEFA EURO 2020 final on Sunday averaged 6.5 million viewers, up 31% from the 2016 championship game, making it the most-watched EURO telecast since 2008. Game 3 of the NBA Finals Sunday on ABC averaged 9.1 million viewers, up 51% from the same game in 2020. Monday’s Home Run Derby averaged 7.1 million viewers, the most-watched since 2017.

CARRIAGE

NBCU’s Olympic coverage will be available on **Amazon Fire TV** starting July 23. One day before, the service will launch a dedicated landing page and guide on the Fire TV home screen, showing all the ways viewers can see NBCUniversal’s coverage. All programming across **NBC Sports** and **Peacock** will be available to watch on Fire TV. Users will still need a subscription to NBC Sports, Peacock, **Sling TV, YouTube TV** or **Hulu + Live TV** to access the content. – **SVOD LATIVO TV** will launch in the U.S. in fall 2021. The service will feature original series, movies and documentaries as well as a library from celebrated Latino talent, producers and filmmakers. Pricing for the service will be available at launch, and LATIVO TV will be available on web and mobile devices as well as **Roku, Apple TV** and **Chromecast** at launch.

EDITOR’S NOTE

Today’s the last day to [submit](#) nominations for individuals and organizations for **Cablefax’s Diversity List** before the price increases. The final deadline is July 23. Nominations for the Diversity List will remain open and free until July 23 at [CablefaxDiversity.com](#).

CABLEFAX DASHBOARD

Twitter Hits



Research

(Source: [Hub Entertainment Research's "Evolution of the TV Set"](#))

- > 23% of viewers have watched via a co-viewing app or service this year, up from 2020 (20%).
- > Use of co-viewing apps varies widely by age group. 41% of viewers age 16-34 have used one, compared with 23% of those age 35-54 and only 3% of those 55 or older.
- > Amazon Watch Party is the most commonly used co-viewing service (44%) followed by Discord (28%) and Zoom (27%).

Up Ahead

- JULY 16:** [CFX Diversity List Nominations Due](#)
- JULY 25-28:** [Fiber Connect, Nashville](#)
- AUGUST 6:** [CFX Regional Rainmakers Nominations Due](#)
- AUGUST 9-13:** [CableLabs Innovation Boot Camp, Virtual](#)
- AUGUST 11-12:** [Kaitz Foundation Hollywood Creative Forum, Virtual](#)
- SEPT 28:** [T Howard Dinner, NYC](#)

Quotable

“Competition is important, but historically, antitrust, or at least for the last 40 or 50 years, it hasn’t looked at competition as the only goal. Consumer welfare has been the main goal. If anti-competitive behavior isn’t harming consumer welfare, then it has not been seen as an appropriate matter for antitrust enforcement... a lot of what you have now is people wanting to turn away from this consumer harm model... they think that competition per se needs to be the goal of antitrust enforcement. So even if it raises prices for consumers, even if it leads to harm for consumers, if it increases competition, then that’s better.” – Reason Magazine senior editor Elizabeth Nolan Brown on competition playing a larger role in antitrust enforcement on [C-SPAN’s “The Communicators”](#)