

Cablefax Daily™

WHAT THE INDUSTRY READS FIRST

Crystal Ball: Execs Predict Broadband Trends, DTC's Future

With news breaking Wednesday that there is bipartisan agreement on major issues in the \$1 trillion infrastructure package, the talk over how to bring broadband to everyone will only increase. Several of the executives named to the just-released **Cablefax 100** weighed in on the topic, offering prognostications on how fast internet really needs to be and the best ways to narrow the digital divide.

Mediacom CFO Mark Stephan suggested the best way forward is to “make permanent current federal and state broadband assistance program to low-income households, along with financial support to families with children to purchase electronic devices.” **NCTA** president/CEO Michael Powell agreed on the need for a permanent direct subsidy, adding in his Cablefax 100 Q&A that “we need strong public/private partnerships and public funding that is carefully targeted to the areas most in need.”

Leave it to **FX Networks** chairman John Landgraf to remind us that not everything is rosy online. “EVERYONE could spend less time online and we’d all be happier, more connected, better informed,” he said.

When it comes to the sort of internet speed needed, **Hulu** president Kelly Campbell expects a 20x increase to at least 300Mbps, with more devices per home and more streaming overall. Several 100 honorees mentioned speeds of at least 1 Gig. “The push is definitely on for FTTH at symmetric speeds, but it’s not a necessity as our members have shown through the pandemic. Moving closer to 1 Gig downstream makes sense,” **ACA Connects** Matt Polka said. Not everyone agrees, with **RCN/Grande/Wave** chair Steve Simmons calling for a wired connection with multi-gig downstream and at least 1 Gig upstream.

Charter president/COO John Bickham put it succinctly:

“Essentially more of everything: faster speeds, as well as advanced in-home WiFi solutions, and simplified control.”

With the Cablefax 100 representing the industry’s visionaries, this year’s magazine also asked for their predictions for the future of direct-to-consumer streaming. There were some noticeably different takes between content and operations leaders. “We see the streaming space evolving quickly into a space that mirrors, in some ways, the evolution of traditional TV, where you have free, broad pay, and premium pay categories,” said **ViacomCBS** streaming president Tom Ryan.

MVPD execs were more likely to question whether the numerous DTC options are confusing to consumers. “I think that could be the opportunity for cable—to once again provide that value as an aggregator of programming, unifying search and discovery in a common platform,” said Charter CFO Christopher Winfrey.

Erin McPherson, head of consumer content and partnerships for **Verizon**, expects that as DTC apps grow, there will be re-bundling and further consolidation. “Churn will continue to be a challenge and we may see programmers seek to mitigate against churn by offering deeper discounts for long term subscriptions, and we will see ongoing cracking down on password sharing and piracy,” she added.

ALLBLK and **WE tv** GM Brett Dismuke suggested it may be time to stop using the phrase cord-cutters. “We haven’t cut the cord—we have created a new cord,” he said. “With that said, it will be a large variety of content to choose from, so you better produce offerings that will psychologically stimulate viewers.”

Of course, programming itself has been impacted by COVID-19, and some of those changes are likely to stick around. That’s not a bad thing. “We are at our best when we are closer to real-life programming and that’s what we did during the lockdown. We had stars like Guy Fieri, Amy Schumer and the ‘90 Day Fiancé’ casts shooting content from their own homes with their families, and our viewers loved it,” said Discovery



Congrats, Erin

We’re proud to honor our own Erin McPherson and all of the 2021 Cablefax 100 honorees.

verizon✓

CEO David Zaslav.

As we exit the pandemic, **WarnerMedia Studios and Networks Group** chair/CEO Ann Sarnoff recognizes that audiences have gotten comfortable viewing everything from their sofa. “We need to find ways to bring people back to theaters with compelling films and theatrical experiences,” she said. “In the home, the fight for viewers is more competitive than ever, so we have to create the best series and tell the best stories on all of our linear channels and HBO Max.”

Operators also feel the quake of those pandemic programming changes. “The pandemic sped up the process of the digitization of programming and content,” said **Altice USA** COO and telecommunications president *Hakim Boubazine*. “Our customer usage of our network increase and streaming trends skyrocket. As we continue on the road to normalcy, we don’t expect those trends to slow.”

Read more responses from the rest of the Cablefax 100 in the newly-released magazine at Cablefax100.com.

ALTICE USA FEELING BROADBAND PRESSURES

Altice USA is no longer sure that its broadband adds for the year will equal the historic levels it saw in 2018 and 2019. Residential broadband net additions were flat in Q21 compared to the 13,000 it saw in Q219. According to CEO *Dexter Goei*, the biggest issue hindering the operator’s broadband growth is really elevated levels of move churn. “If move churn continues to persist and we see elevated levels of move churn in July, then the numbers that we expected to hit for the year, which was historical ‘18, ‘19 numbers, we’ll come in light on that,” he said on the company’s earnings call Wednesday. While he doesn’t believe that **Verizon** has any sort of advantage in its broadband pricing in the areas where the Fios footprint overlaps with Altice’s, Goei does feel pressure from Verizon’s marketing campaigns. He specifically pointed to its promotions for free OTT services, offers of free gift cards and bundling discounts. The Emergency Broadband Benefit program also hasn’t been a significant driver of new customer sign-ups. Goei said Altice USA has received 29,000 applications year-to-date and approximately 6,500 of those applications have

been approved. But only 300-400 of those customers are new to the Altice USA family. The operator reported a loss of 48,000 video customers, or 36,000 if you include the 12,000 it acquired from **Morris Broadband**. Total revenues grew 1.7% to \$2.52 billion, largely driven by broadband revenue growth and boosts in its news and advertising divisions.

FCC STANDS BY GOOD FAITH FORFEITURE NUMBERS

The **FCC** reaffirmed its decision to impose a per-station penalty of \$512,228 against 17 of the 18 broadcast stations that violated the Commission’s good faith standards by refusing to negotiate retrans consent with **DirectTV**. The impacted station groups include **Deerfield Media, GoCom Media, Howard Stirk Holdings, HSH, Mercury Broadcasting, MPS Media, KMTR Television, Second Generation of Iowa** and **Waitt Broadcasting**. Mercury Broadcasting demonstrated its inability to pay that amount and will see its proposed forfeiture reduced to \$30,000. The FCC first proposed the forfeiture amount back in September, after which the broadcast stations filed a response arguing that the forfeitures should be cancelled or reduced to \$25,000 per station. “We applaud the FCC’s action today imposing the statutory maximum penalty on broadcast stations who deliberately violated the Commission’s good faith negotiation rules, causing lengthy and unnecessary TV blackouts that harmed the public,” an **AT&T** spokesperson said. “These practices hold U.S. consumers hostage and we are hopeful that today’s ruling sends a strong message to broadcasters to knock off this anti-consumer behavior.”

CROWN MEDIA UNVEILS MAHOGANY CONTENT

Crown Media Family Networks is diversifying its programming, introducing a content initiative aimed at telling the stories of Black audiences. The content offering, called Mahogany, is set to launch on **Hallmark Movies & Mysteries** in early 2022 and will align with the Hallmark greeting card line of the same name. The primary themes of the content will align with much of what Crown Media has embraced across its networks: human connection, family and community. Now, those themes will be examined through the lens of Black culture.

YOU NEED BIG, BOLD IDEAS
if you're going to connect the biggest state in the nation



Ron Duncan
GCI Co-Founder and CEO

Greg Chapados
GCI President and COO

You need trailblazers.

Ron and Greg, we're so glad you are being recognized for your vision. Under your leadership, GCI has been blazing trails and connecting Alaskans since 1979. And now we're on the path to deliver 10 gig service! We can't wait to see what's next. Congratulations to you and to all the Cablefax 2021 honorees for your well-deserved recognition.

— The GCI team



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Crown Media svp, programming development *Toni Judkins* is spearheading the effort in collaboration with the brand's team at Hallmark. Crown Media president/CEO *Wonya Lucas* has championed diversity and inclusion in the company's storytelling since she joined in August 2020.

DOJ REQUIRES DIVESTITURES IN GRAY'S QUINCY BUY

The **DOJ** will require **Gray Television** and **Quincy Media** to divest 10 broadcast television stations in seven local markets as a condition of resolving a challenge to Gray's proposed \$925 million of Quincy. The Justice Department's antitrust division filed a civil lawsuit in the U.S. District Court for the District of Columbia to block the merger as well as a proposed settlement that would resolve competitive harm concerns. Without the settlement, the DOJ believes the acquisition would eliminate competition between Gray and Quincy broadcast television stations in Tucson, Arizona; Rockford, Illinois; Cedar Rapids, Iowa; Paducah, Kentucky; Eau Claire, Wisconsin; Madison, Wisconsin; and Wausau, Washington. Under the terms of the settlement, the stations would need to be divested to Allen Media or an approved alternative buyer. "Without the required divestitures, Gray's acquisition of Quincy threatens significant competitive harm to cable and satellite TV subscribers and small businesses that advertise on broadcast television," *Richard Powers*, the acting assistant AG for the antitrust division, said in a statement. "I am pleased that we have been able to reach a complete resolution of the department's concerns, thanks in part to the parties' commitment to engage in good faith settlement talks from the outset of our investigation."

EBB PROGRAM SUPPORTING FOUR MILLION HOMES

More than four million households have signed up for the Emergency Broadband Benefit program, according to the **FCC**. The \$3.2 billion program offers temporary \$50 or \$75 discounts on eligible households' internet bills and subsidies for connected devices. Some 1,100 broadband providers are now signed on to support the program. As of now, more than \$196 million in support has been claimed by providers, according to **USAC**. The vast majority of that support has been for broadband services, with only \$8.8 million going towards one-time connected device subsidies. An additional \$2.94 billion is still available for disbursement.

UNIVISION PURCHASES STAKE IN COMBATE GLOBAL

Univision is hopping into the ring, snagging a significant equity stake in Hispanic Mixed Martial Arts sports franchise **Combate Global**. The agreement goes into effect immediately. The pair

have been partners for quite a while, recently striking a five-year media rights deal that will see 30 live television events airing annually on Univision platforms.

HOUSE E&C PUTS KHAN IN HOT SEAT

The **House Consumer Protection and Commerce Subcommittee's** hearing Wednesday was *Lina Khan's* first as **FTC** chair, and it was that much harder, given that she was asking for additional resources for the FTC. Members of the Committee focused mostly on three issues including privacy and data protection for consumers, rising M&A activity and the revision of Section 18, giving Khan power to serve as chief presiding officer over rulemakings. While the FTC's commitment to consumers was on the table for discussion, Khan did not miss the chance to turn the tables on Congress and remind representatives of their obligation to enable the agency to do its job. "The agency is severely under-resourced...as I mentioned in my opening remarks, we are currently living through a huge wave of mergers and acquisitions, and I think there's particular concern that unless we're able to closely scrutinize these deals that our economy could end up becoming more concentrated than it already has, harming consumers, workers and honest businesses," she said. Khan said that in the first three fiscal year quarters, antitrust agencies processed more than 2,400 merger filings, the highest level of activity in 20 years. The hearing exposed party lines more than anything, with Republican representatives asking Khan how the agency's decision to revise Section 18 would help anyone. The statute gives Khan power to serve as chief presiding officer over rulemakings. Reps *Gus Bilirakis* (R-FL), *Brett Guthrie* (R-KY) and *Cathy McMorris Rodgers* (R-WA) were among the biggest dissenters. "Last month, we saw that the FTC went through some dramatic changes, including when it recently voted on a three to two party line for some structural change in its compulsory process...This will provide de facto control by one person, issuing subpoenas and competition cases without consultation with other FTC Commissioners or bureaus," *Rodgers* said. "I continue to hear that the FTC needs additional funding, staff, authorities, some of the bills have been proposed today by the majority, but if decisions are being made behind the scenes unilaterally, that really makes it hard to justify such requests."

PEOPLE

Nancy Altobello has been appointed to fiber-optic cable manufacturer **Amphenol's** board. Altobello most recently served as global vice chair, talent at **Ernst & Young**.



Carlsen Resources celebrates each of this year's Cablefax 100 for their outstanding achievements and leadership! Special CONGRATULATIONS to all of the Carlsen alumni who are abundantly represented on this impressive list. Cheers to being the best in the business!

We wish you continued success,

Ann Carlsen, Terri Thompson, Sandy Ramunno, McKenna Cyphers & Danielle Brown

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Think about that for a minute...

Mapping the Future

Commentary by Steve Effros

I know that getting reliable, accurate maps of where current broadband service is offered is complicated, but is it really that difficult? It shouldn't be.

Yes, there are a lot of moving parts. To start, there's the question of a definition. What should "broadband" be in the future? That is, for some, the underlying question here. It's not a question of broadband delivery today, it's more an issue of what some believe broadband delivery needs to be in some undefined future. Are we talking about three years? Five years? Ten years? The answer to that question, obviously, affects everything else.

Let's start with the obvious; what technology we might need in the future is unknowable. We've tried that repeatedly in the policy community when it comes to telecommunications, and we've been wrong almost every time. Technology simply moves too fast. One example should suffice: there's a contingent of lobbyists out there still insisting that the "only" "future proof" technology for broadband is fiber to the home. While that's a very good technology, no argument, it's not the only one that can bring the speed, and even symmetry that these folks insist is critical.

CableLabs started working on developing 10+Gb/s symmetrical technology for hybrid fiber cable plants before Google started promoting "Google Fiber" and Verizon pushed "FiOS" in the last decade. It works. There are now studies that suggest that even with high "home" demand, we won't be using or needing more than 300 Mb/s upstream for a long time to come. So should we really be looking to fund overbuilds of systems in areas to "future proof" them when we don't even agree on what the future looks like? Will 5G do the trick? What about satellites? Let's finally admit, we don't know.

The point here is that if we're going to start mapping the future, we should start by simply getting accurate maps of today, and we don't have those. The reason for that, leaving aside the definitional problem, is the other "moving parts" I referred to. Those include; some don't trust the ISPs to report where they provide

service, there is no good definition (indeed, it is being changed constantly) of what "provide service" means, some don't trust the "public interest" groups to create the maps since they have clear ulterior motives regarding promotion of things like fiber to the home, and the measurement of what service is provided is not easy to determine since consumer reporting is bedeviled by things like bad home WiFi distribution, which certainly is a problem for the consumer, but does not mean the service isn't actually being provided! Get the picture? This isn't easy.

And oh, of course, we don't really trust the regulators and legislators either, because they, too, have reason to promote one scheme over another (say to help the fiber lobby over the satellite lobby by establishing unreasonable symmetrical speed requirements).

So let's just start by getting the data we already have straight. Even that isn't happening! The FCC has a form that cable operators have to file saying what "speed" they are delivering. But some of the data the FCC is reporting that is reflected on current maps is over two years out of date! They are not accurate reflections of what has even been reported! Let's start there.

Before spending all sorts of Billions of dollars building out new "last mile" facilities based on faulty data, it might be wise, as California has just apparently done, to look at the core needs of things like the "middle mile," which few argue is not lacking, and fortify that. Maybe by then we will have a better picture of what's really going on, and can accurately attempt to map the future.



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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