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WHAT THE INDUSTRY READS FIRST

Off Season: Sinclair Still Confident on RSN Streaming Launch

Sinclair is still on track to release the direct-to-consumer product that would carry content from its regional sports networks in the first half of 2022, and president/CEO *Chris Ripley* reiterated on the company's 2Q21 earnings call Wednesday that the broadcaster has the full support of its distribution partners.

There have been questions raised about whether distributors would give Sinclair the green light to move forward with the service, especially after an **SEC** filing submitted in June revealed the service would launch with at least one tier of content that will not require authentication through a cable operator or vMVPD. But Ripley said the only hurdles that remain for the service outside from any financing required are the completion of rights renewals and deals with certain sports leagues.

"We do have to complete our renewals for the **NHL** and **NBA** and there are several teams on the **MLB** side which we have to secure the DTC rights for," he said.

As for the pricing of the service, Ripley said there have been no final decisions made on final plans. But he has confidence that it will be an attractive offering, especially for sports fans that aren't interested in a traditional cable package. He added that if 5% of homes that Sinclair reaches subscribed to the direct-to-consumer RSN product, that would mean 4.4 million homes would be taking advantage of the offering.

"Consumers that are most likely to gravitate towards the product are the younger demographic cohorts who are more likely to be cordcutters or cordnevers who desire a more interactive, personalized and community-driven experience," Ripley said. "Our research shows that a 5% penetration rate is very achievable with minimal cannibalization to the traditional MVPD subscribers."

The company also stayed mum when asked about how much it was racking up in costs in its creation of the RSN-focused service. Things are still in flux as to where the streamer will fit within Sinclair's business structure, but Ripley said the broadcaster has thus far been able to keep costs relatively low because of the assets it already had in its portfolio.

"When you look at any direct-to-consumer strategy, the number one cost you have is content. The second cost is subscriber acquisition costs... what's so unique about the situation we have is that we're loaded with premium sports rights more than anyone else in the country," he said. "We have a significant cost advantage from anyone who would be thinking about doing this on a de novo basis. In fact, you probably just couldn't do it because you wouldn't be able to get your hands on these rights."

And while Sinclair is happy with what it has in terms of sports programming, it is still prepared to step up to the plate and take a swing on more regional sports networks if they become available. It's all part of a longer-term plan to become a real force in the sports world, particular in streaming and direct-

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to-consumer products.

"We believe that the consolidation of the RSN space and of other complementary rights is inevitable... we intend on being a part of that consolidation," he said. "We think there's a chance to be a leader in direct-to-consumer sports here in the U.S., and whoever is that leader in the U.S. will have a great position to be a leader globally as well, just with different rights."

NEXSTAR STILL HIGH ON NEWSNATION

It's only been five months since **Nexstar** transformed **WGN America** into **NewsNation**, but chairman/CEO **Perry Sook** believes there's no ceiling for how popular the network's programming could become. "When we launched NewsNation, 10% of the country knew what NewsNation was. We're now up to 16%, but that means that 84% of the country has no earthly idea," Sook said during the company's 2Q21 earnings call Wednesday. "I feel very confident in the content. I'm not embarrassed by anything we put on the air, and I'm not sure that **CNN** in its infancy or **Fox** in its infancy could have said that about their news networks. We're building a very solid foundation." Nexstar has a major promotional campaign for NewsNation scheduled to begin after Labor Day across its owned-and-operated stations, which reach 68% of the country, and social media. It'll fall ahead of a major expansion of the network's programming, set to begin Sept 27. The company is also pouring more resources into the NewsNation app to transform it into a platform that's equally as informative and important as the linear network, and Sook said the company has been considering streaming or direct-to-consumer op-

portunities for the network. "There's so much content and only a fraction of it makes it on the air, we could take some of this other content that doesn't make it to air from around the country and develop a streaming opportunity for NewsNation," he said. "But again, I want to make sure we get out launches right in September and we're on a firm footing there. We are starting to see growth in the linear platform, then we can begin to focus on the electives. But I want to make sure we nail the required coursework first."

LUMEN SELLS ILEC BUSINESS TO APOLLO

Lumen Technologies is selling its incumbent local exchange carrier business in 20 states to funds managed by **Apollo Global Management** for \$7.5 billion. The assets to be sold include the consumer, small business, wholesale and copper-served enterprise customers and assets in those states. Lumen will retain its incumbent local exchange carrier business in 16 states as well as its national fiber routes and competitive local exchange carrier networks. The transaction is expected to close in the second half of 2022. This comes one week after Lumen struck a separate deal with **Stonepeak Infrastructure Partners** that will see the investment firm acquire Lumen's LATAM business for \$2.7 billion. That deal is expected to close in the first half of 2022.

MEDIACOM DROPS DEBT, GAINS HSD SUBS

Mediacom is the latest operator to benefit from the ongoing broadband boom. It reported 1.468 million high-speed data customers at the end of 2Q21, a 5.2% increase YOY. Also following the latest trends was its video business, which lost 15,000 subscribers in the quarter. Total revenue grew 5.9%

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YOY to \$557 million while adjusted OIBDA soared 15.2% to \$251.2 million. Mediacom is also continuing on its path to cut down on its net debt, reporting a \$232 million reduction in its net debt during the first half of 2021.

XANDR LAUNCHES MONETIZE TV

AT&T advertising division **Xandr** has launched self-serve advertising platform Monetize TV. The tool will offer TV sellers with monetization tools and demand enablement at launch while buyers will be able to use it to execute audience-based buys. Future plans for the platform include the implementation of converged video solutions for TV sellers. The launch follows Xandr's integration of TV advertising data platform **clypd**, which Xandr acquired in 2019. Programmers currently using Monetize TV include **A+E Networks, AMC Networks, Crown Media Family Networks, Discovery, Disney Ad Sales** and **WarnerMedia**.

WARNERMEDIA DEBUTS HOUSE OF MAX

WarnerMedia Ad Sales unveiled a new brand studio for advertisers to integrate the company's entertainment IP and more in their campaigns. The studio, House of Max, will allow advertisers to develop custom creative for their marketing on the **HBO Max** platform. House of Max also has the capability to make custom services for advertisers on other WarnerMedia entertainment properties like **Adult Swim, Cartoon Network, TBS, TNT** and **truTV**. *Maureen Polo*, svp of entertainment and marketing solutions, will oversee House of Max. The brand studio's creative lead will be *Elaine Andrade*, svp and executive creative director. House of Max custom creative will be available to brands that partner with HBO Max beginning in 4Q21.

SCTE REVEALS SCHOLARSHIP WINNER

SCTE named *Karen Zumwalt* winner of the Catherine Oakes Memorial Leadership Scholarship for Women. Zumwalt, senior manager of network engineering at **Charter**, is a self-proclaimed data evangelist and active member of **WICT** since

2017. The scholarship, which was established to recognize and reward women in the industry's technical workforce, will cover the travel expenses and cost of the WICT Executive Development Series, which is set to take place Nov 3-4 in San Diego, California.

CALL FOR NOMINATIONS

The **FCC** is opening the nomination period for the 10th FCC Chair's Awards for Advancement in Accessibility Thursday. The awards celebrate innovative practices, technologies and organizations that have utilized communications and broadband technologies to break down accessibility barriers. The nomination window closes Sept 17.

PROGRAMMING

Fox Business Network is gearing up for fall with the "FBN Prime" programming slate, a collection of primetime shows celebrating American industry and ingenuity. The slate begins Sept 20 with "How America Works" at 8pm ET, which will air weekly. At 9pm ET, "American Built" will debut with back-to-back episodes starting at 9pm ET. The slate continues Sept 21 with back-to-back episodes of "American Dream Home" starting at 8pm ET and **FOX Nation** series "Mansion Global" debuts on the net at 9pm ET. Fox Business original "American Gold: The Legend of Bear Gulch" premieres Sept 22 at 8pm ET followed by "The Pursuit! With John Rich" at 9pm ET.

PEOPLE

Jocelyn Langevine is joining **Allen Media Group** as vp, advertising sales and client partnerships. Langevine comes from **ViacomCBS**, where she was senior director of integrated marketing. – **Crown Media Family Networks** has appointed *Courtney Huber* vp, distribution partnership marketing, effective Aug 16. She joins from **CuriosityStream**, where she was vp, international partner marketing. The company also promoted *Marc Lindenman* to senior director, distribution.



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A Matter of Timing

Commentary by Steve Effros

It doesn't come as any surprise to those of us who work in the policy trenches here in Washington, DC that we are now in a "timing crunch" when it comes to major legislation. There are a lot of reasons for that, especially since the nature and size of the expenditures being proposed are so significant. Of course that's because, in part, Congress has been non-functional for so long that our infrastructure is truly aged-out and our social fabric has been worn so thin. But it's also true that this is, unfortunately, the way things work here.

I've been involved in the policy and bill-writing process for telecommunications since the 1970's. I don't recall one major legislative change that took place before the last few days of either a session or Congressional break. There seems to be an unwritten rule that compromise, which is the only way good things get done around here, is considered politically toxic, at least to the "base" of someone's voters, so it only takes place under extreme duress. Thus, timing is everything.

Of course rationally it shouldn't be that way, but as everyone seems to now appreciate, rationality is in very short supply these days. So instead of proposals that are designed to garner bipartisan support, both sides run to the extremes in their proposals, not because they think they will get what they are demanding, but because they believe that the process is "cooked" in favor of (if there is any hope of eventual compromise) trying to "meet in the middle" and affect that "middle ground" by moving as far left or as far right as possible to impact the ultimate centerpoint. It's childish, but there you have it, that's what we are stuck with these days!

So if we look at the currently debated almost 3000 page infrastructure bill (no, I have not read all the details!) the "middle ground" may turn out to be significant amounts of money for both "unserved" and "underserved" areas to build out "future proof" broadband service. As I noted last week, those definitions are the difficult part, but it would appear they are not locked in to any one technology as some had suggested. That's good. There's also money in there to recognize that in lots of

cases it's not that broadband isn't accessible, it's that some consider it too expensive. Of course that's also true of gasoline for the car, rent or food for the kids. The solution there is to identify who needs support and provide it, not build redundant infrastructure which would just result in multiple systems, all of which would still be considered inaccessible because they were all too expensive! Again, at least that seems to have been recognized and money has been allocated.

And finally, much to my surprise, it appears that someone up on "The Hill" actually heard the point about many more rural systems being perfectly capable of delivering high-speed broadband the "last mile," but not being able to do so. Why? Because there is no economic way due to a dearth of affordable "middle mile" connectivity between the rural areas and the urban "network access points." Remember, the "middle mile" is essential for the "high speed" part of the system to work.

Money has been set aside in the bill, at least so far, to finance some of that "middle mile" construction as well! That's great! Indeed, if it survives the current games being played over amendments and delays, that money proposal doubled from \$500 Million to a Billion dollars. That could make a huge, and ultimately money-saving difference.

If the "middle mile" problem is fixed first, before spending lots of money on building redundant infrastructure, you might find you don't really need "more," just "better." It truly is a matter of timing.



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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