

# Cablefax Daily™

WHAT THE INDUSTRY READS FIRST

## Call Waiting: Spectrum Mobile Wants to Compete with Wireless Mainstays

Fixed wireless is making a lot of marketing noise, but it isn't doing anything to scare traditional operators. **Charter** CEO *Tom Rutledge* used an investor conference appearance Wednesday to double-down on comments made by **Comcast's** *Brian Roberts* denouncing fixed wireless as a long-term competitor to cable.

He said it isn't that fixed wireless won't have any impact or won't take share from the largest broadband providers, but that Charter's superior product will ultimately win out. Pushing even further, Rutledge argued that pairing a powerful broadband network and CBRS spectrum could actually spell more doom for traditional wireless operators.

"I actually think we can make our mobile product be superior to that which is sold by a mobile company only by using the way it interacts with our WiFi network and the way it interacts with CBRS to actually give you more throughput than you would get otherwise. Better products, better prices," he said.

Charter has been steadily growing Spectrum Mobile since the product's 2018 launch. As of Dec. 31, the provider served 3.6 million mobile lines with 1.2 million of those additions coming in 2021. It's a business that, when packaged in with broadband and even video, can drive more valuable customer relationships and increase stickiness for customers. It's a profitable business for Charter shareholders and, with Spectrum Mobile's unlimited data plans starting at \$29.99/

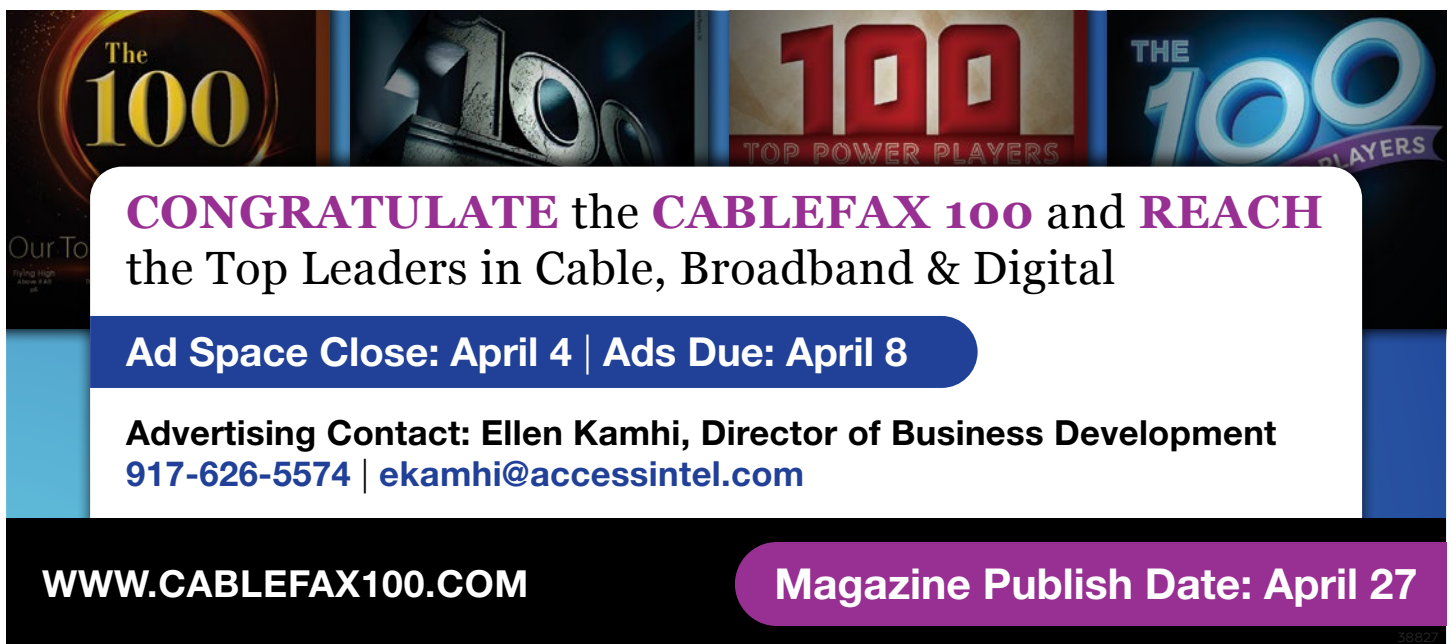
line, a more affordable option for mobile plan holders within Charter's footprint.

"I'm really trying to generate as much cash flow out of the passings we pass as possible as my primary objective. We have the ability to take mobile pricing down from the way it has been in the marketplace, grow our ARPU and actually reduce the consumers' spend," Rutledge said. He added that Comcast and Charter are the two largest wireline phone companies in America right now, and there's plenty of opportunity to transition those customers into the mobile business.

Rounding out Charter's triple play is video, a declining business that continues to generate revenue. Rutledge believes there's more damage to come to the video marketplace, particularly because nothing about the linear model that has existed for decades has meaningfully changed. At the same time, the demands of sports rights owners only continue to go up, causing pricing pressure that operators have to decide whether or not to pass on to consumers.

"If you look at all the rights fees that broadcasters paid in the most recent **NFL** deal and at baseball, players want more. Everybody wants more. There's nothing to really constrain the cost of sports... and that's still the glue that holds all the linear business together," Rutledge said. "It's still all held together by the owners of the rights. They insist on being carried with each other or not carried at all, and they haven't really gone direct-to-consumer with significant packages."

He does believe there is an opportunity within video for the



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right innovator if they start to re-aggregate content and use that aggregation to give a more cost-efficient consumer experience to viewers. That is probably still some time off, but Charter's team has begun thinking about how to build a platform that could successfully check those boxes.

"I don't want to be overly Pollyanna-ish and say that that's about to happen because the current model is still very much in force and still acting like it has been acting," Rutledge quipped. "I don't see that disappearing in the next couple of years."

**COX-SONY'S DAY IN COURT**

The Fourth Circuit three-judge panel hearing **Cox's** appeal of a \$1 billion jury award against it for subscribers' illegally downloading music had plenty of questions for both sides Wednesday. "Hypothetically, if we reverse on vicarious infringement, but not contributory infringement, would that require a new damages trial?" judge *Pamela Harris* asked Cox's counsel, who quickly responded in the affirmative. A decision is expected to be issued within a couple months. A U.S. District Court for the Eastern District of Virginia jury ordered Cox in 2019 to pay the \$1 billion in damages to **Sony** and other music labels. The operator tried unsuccessfully to appeal the ruling and the monetary amount, but ultimately everything was upheld. So, Cox turned to the U.S. Court of Appeals for the Fourth Circuit. Whatever the appeals court decides, it's widely expected the challenge could go all the way to the U.S. Supreme Court. Other ISPs, including **Charter** and **Frontier**, have also been sued, with the outcome of Cox-Sony seen as [precedent setting](#). Harris said she was having trouble figuring out how this case is about vicarious infringement, which is when the infringing

party is infringing really for the benefit of the defendant or supervisory party. "The one thing that seems undisputed is that these infringers are not agents of Cox. That Cox is in fact unable to supervise exactly what they're doing and that whatever they are doing, it is not for the purpose of benefiting Cox," she said. Along those lines, Judge *Allison Jones Rushing* asked, "Would Cox have made less if those subscribers had stopped infringing, but kept their internet service?"

**FROM DISNEY'S INVESTOR MEETING**

As per usual, most **Disney** shareholder proposals failed at Wednesday's investor meeting. But one requesting a report on pay gaps across race and gender did pass. The board said Disney is fully committed to achieving pay equity, but had recommended shareholders vote against the proposal because it didn't believe it was a necessary and effective use of company resources given the reporting it already has in place. Disney CEO *Bob Chapek* addressed concerns that the company didn't take a strong enough stance on Florida's "Don't Say Gay" bill, saying he plans to meet with Florida Gov. *Ron DeSantis* to discuss concerns it could be used to target LGBTQ+ kids and families. During the investor meeting, Chapek said Disney has pledged \$5 million to LGBTQ+ rights groups.

**VAB COMES AFTER NIELSEN'S BIG DATA REPORTS**

**Video Advertising Bureau** President/CEO *Sean Cunningham* continued his battle against **Nielsen**, pushing the latter to stop releasing its Big Data monthly reports immediately. Nielsen's offering goes beyond offering the demographics of viewers in general, pinpointing which viewers are watching which programs. In a letter addressed to Nielsen CEO *David Kenny*, Cunningham said Nielsen needs to offer disclosures

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on how the data within the national TV measurement set was created as well as disclosures on how The Big Data reports should be compared to other data sets. The VAB counts programmers like **Discovery** and **A+E Networks** and measurement firms like **Comscore** among its membership and asked the **Media Ratings Council** to suspend Nielsen's accreditation in July.

#### DISCOVERY, WARNERMEDIA CUT TIES WITH RUSSIA

**Discovery** says it has decided to suspend the broadcast of its channels and services in Russia. It says it does not believe that the action will have a material impact on its financial condition or results of operations. – On Wednesday, **WarnerMedia** said it was pausing all new business in Russia, including releasing theatricals and ceasing broadcasting. **Netflix** and **Amazon** previously announced the suspension of service to Russia.

#### AMPERSAND LAUNCHES LOCAL TV TOOL SUITE

**Ampersand** released a suite of local linear TV tools within its buy-side TV platform Tuesday. The tools, to live within Ampersand's AND Platform, include local broadcast and cable insights, an audience builder and a RFP and ordering workflow. The suite promises to give brands and agencies access to tools that have long been available for digital campaigns that they can use now on local linear campaigns. The AND Platform currently offers marketers reach across 80 million households.

#### YOUNG PEOPLE ARE GOOD FOR NEWS INDUSTRY

**News Media Alliance** President/CEO *David Chavern* is optimistic about the future of journalism, believing that the demand for quality journalism is rising among younger generations due to their frequent exposure to online media. Since the younger generation grew up paying for content online, such as **Netflix** and **Hulu**, they are keen to pay for digital subscriptions in news organizations. "We are an industry that is moving towards an energetic future," Chavern said Wednesday at a virtual luncheon for **The Media Institute**, a non-partisan organization that focuses on the First Amendment and communications policy. However, the CEO of the news industry's largest trade organization warned that the disruption in the distribution of journalism and a decrease in revenue streams from advertisers has caused the news industry to go through a change. For example, instead of a direct relationship from publisher to consumer where a newspaper is delivered straight to your doorstep, tech companies use algorithms to decide what content consumers get to see. Chavern's solution is for news publishers to campaign for public policy changes and support The Journalism Competition Preservation Act, which would allow news publishers to negotiate with internet companies over how content is displayed.

#### COMCAST CONTINUES PA BUILD

**Comcast** completed an expansion of its Pennsylvania network to bring its services to more than 1,700 additional homes and businesses in parts of Columbia, Montour and Northumberland counties. The provider is still working on buildouts in Lancaster and Sullivan counties that will reach 360 more locations.

#### VEXUS FIBER EXPANDS IN TEXAS

**Vexus Fiber** will build its fiber optic network in Huntsville, Texas, and surrounding areas starting this fall. The network will be privately funded by Vexus and will cost \$15 million to expand its service to over 12,000 residents. The project will be fully completed in approximately 18 months and will generate 50 construction jobs, with Vexus planning to hire 20 full-time workers as well.

#### ON THE CIRCUIT

**C2HR** is hosting free [webinar](#) "Pay Trends in a Hypercompetitive Talent Market" on March 22 at 2pm. **Croner Company** president and CEO *Hali Croner* will discuss jobs with the largest pay gains, bonus practices and perks companies offer to obtain talent, as well as the recent C2HR Compensation Survey.

#### PROGRAMMING

Following the discovery of *Sir Ernest Shackleton's* lost ship "Endurance," **National Geographic** partnered with **SVOD History Hit** to present a documentary chronicling the quest to find Endurance, which had been missing for over a century. The documentary will air this fall on Nat Geo Channels and **Disney+**. – Western historical docudrama "Buffalo Keepers" will premiere on **INSP** on May 7. The one-hour special dives into the history of the American buffalo, from its near extinction to its status as a symbol. – *Piers Morgan* returns to TV in a new global show "Piers Morgan Uncensored." The show will air on weeknights on UK's **TalkTV**, **FOX Nation** in the U.S. and **Sky News Australia**. The former **CNN** anchor will host a forum containing debates and interview. – **ESPN** re-signed *Matt Barrie* to a multiyear contract. Barrie hosts the noon edition of "SportsCenter" alongside *Sage Steele* and also commentates college football and golf. He'll be covering the **Masters Tournament** in April as well as the **PGA Championship** in May. – **Starz** renewed "Power Book IV: Force" for a second season. The spinoff of "Power" began in February and became the most-watched premiere in Starz history with 3.3 million multiplatform views in the U.S. – **Turner Classic Movies** will honor *Bruce Dern*, *Piper Laurie* and *Floyd Norman* during the **TCM Classic Film Festival** in April. – **HBO Max** ordered **DC** drama "The Penguin" to a limited series featuring *Colin Farrell*.

#### LINDSAY BROADBAND TEAMS WITH NUE

**Lindsay Broadband** entered into a deal to resell New Use Energy Solutions' [NUE] renewable and sustainable powering solutions to customers globally. "Powered by NUE" solutions will provide green/clean energy to networks and communities in crisis via lithium iron phosphate portable AC power stations/generators, LiFePO4 batteries, backup power trailers and solar solutions. Powered by NUE solutions are rapidly deployable, high-energy density, backup power offerings designed to replace portable, gas-powered generators.

#### PEOPLE

*Rosa I. Maceira* was appointed CPO of **Canela Media**. In this role, Maceira is responsible for setting and overseeing Canela's organizational culture, diversity and inclusion. This follows the company's \$32 million Series A funding, as well as the goal to add almost 100 positions. Maceira recently was VP & Head of HR at **Production Resource Group**.

## Think about that for a minute...

### Hang On

Commentary by Steve Effros

That's about all I can recommend you do right now, just "hang on" and ride out the somewhat chaotic situation we are now in regarding telecommunications policy and even structure! I've never seen it quite this unpredictable. The more important issue is I've never seen it quite this unstable.

Yes, I'm worried. For a very long time now I have been suggesting that our unique success at introducing broadband and supercharging the Internet was great, but that we really had no idea of the unintended consequences. Well, we have been seeing those consequences play out now for several years. That's true not only in the telecom sphere itself, but the resultant effects on politics, civility, journalism and the like. None of it seems to be good.

The cry of "fake news" when we could actually see the events unfolding ourselves, the claim of "stolen elections" that were repeatedly shown not to be stolen, and now the clamping down of access to information by various countries all points toward an inflection point in what we believe should be the way folks communicate and interact. The current signs are scary.

We developed a system where everyone could communicate with each other and distribute their version of reality. It turned out that some used that power to successfully alter some folk's perception of reality. Thus, today, we have Russian voices saying there is no "war" in the Ukraine, and whatever is happening there was started by the Ukrainians! This after Russia moved almost 200,000 troops to surround the country first.

From a telecom/tech point of view we have seen the world react by blocking propaganda flowing from Russia, but that has been circumvented by the Chinese buying ads on foreign Facebook pages to echo that propaganda. What should tech companies do? Start editing anyone who attempts to use their medium? Well, that's what some would argue for, but that would make the big tech companies the de facto arbiters of "truth" while those same companies are being challenged as being far too big and far too powerful. So policy folks and politicians are

looking at strengthening the antitrust laws while at the same time calling for those companies to now use their heft to accomplish other goals.

This is all happening while some members of Congress have decided that the best thing they can do is prevent any real movement by the FCC on these issues by blocking nominations to fill Commission empty seats. In other words, we are essentially frozen in place at the same time the world is moving so fast regarding either the disintegration of a unified broadband Internet or action to try to keep it unified but healthy. Right now it's disintegrating, with different countries establishing different rules, or blocking access, and others using the system to try to effect major change through mass dissemination of information, some of it valid, but a lot of it intentionally incendiary.

It's not at all easy to say where we should go from here other than to note that the fear of unintended consequences has proved valid, and whatever next steps we suggest, whether they be to increase regulation, block consolidation, break up existing megacompanies, or reach international understandings, if possible, on allowing free and open communication, they are all going to suffer from the same fate of unintended consequences. There's no way out of that reality at this point.

So what to do? Well, I would suggest we start by acknowledging that we have some real problems and decide in what forum they should be addressed. Is it governments or the private sector? It's likely to be both, but the conversation has to start at that basic level, and then "hang on" as we proceed from 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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