WEDNESDAY, APRIL 6, 2022 VOLUME 33 | NO.065

Cablefax Daily™

WHAT THE INDUSTRY READS FIRST

Ticking Clock: Spectrum Battles, Competition Coming for Starlink

Starlink, **SpaceX**'s satellite broadband service, has hit a bump in the road in its goal to offer global internet access.

France's State Council decided this week to reverse a decision from the country's telecom regulatory body **Arcep** that allowed Starlink access to two swaths of spectrum. It has since been using the 10.95GHz-12.7GHz band for space-to-Earth transmissions and the 14-14.5GHz band for Earth-to-space transmissions. Environmental groups pushed for the decision, claiming that Arcep failed to hold public hearings and give stakeholders an opportunity to weigh in on the topic before issuing a ruling.

It'll likely face another spectrum challenge in the U.S. in the coming months as the **FCC** ponders how to regulate access to the 12GHz band. **DISH** and **DirecTV** currently use the band to support their DBS services, but Starlink is seeking the secondary right to access unused spectrum in the band so long as its activity doesn't disrupt the incumbents. But a coalition of 5G stakeholders are also looking to use the band, petitioning the Commission to allow use of the spectrum for two-way terrestrial services. While the group says those plans would still allow Starlink access to plenty of spectrum, the provider has argued that the FCC giving them access would significantly hinder its ability to offer broadband service.

While Starlink fights these spectrum battles, **Amazon** is ramping up launch plans for **Project Kuiper**, its own venture into the satellite broadband market. On Tuesday, it revealed new agreements with Arianespace, Blue Origin and United Launch Alliance for the provision of heavy-lift launch services for the deployment of Project Kuiper's satellites.

The contracts with the three companies cover up to 83 launches across five years that should allow Amazon to deploy the majority of its 3,236-satellite constellation. "This approach reduces risk associated with launch vehicle stand-downs and supports competitive long-term pricing for Amazon, producing cost savings that we can pass on to our customers," Project Kuiper VP, Technology *Rajeev Badyal* said in a statement. "These large, heavy-lift rockets also mean we can deploy more of our constellation with fewer launches, helping simplify our launch and deployment schedule."

Analysts watching Starlink's launch cycle and its ambitious goals to connect the world have voiced some skepticism over whether it will be able to deploy enough satellites quickly enough to serve its customers. The challenge isn't just getting the satellites into orbit, but doing so at a pace that allows for growth even when satellites require replacement. "In low-Earth orbit, satellites will drift back to Earth and burn up on re-entry. Assuming the satellites have an average lifespan of five years, the number of launches to simply replace expiring satellites will, by year five, be as large as the number of launches required over the next five years to grow the constellation," **MoffettNathanson** said in a January note.

Starlink has been receiving positive press over the last several weeks for its support of Ukraine following Russia's invasion of the country. USAID announced Tuesday it had delivered 5,000 Starlink terminals to Ukraine's government through a public-private partnership with SpaceX. Ukraine Minister of Digital Transformation *Mykhailo Federov* has continued singing the company's praises on Twitter as the nation works "On April 1, mobile network operator **Vodafone** partially restored connection for residents of Irpin which was liberated from Russians," he tweeted Wednesday. "This is almost the first time in the world that @SpaceXStarlink kit has been used as a mobile transport network."

But a number of new questions have emerged with SpaceX CEO *Elon Musk* joining **Twitter**'s board this week. He's long been one of the platform's most active users, but time will tell how much of his time he will not be devoting to the social media platform. His Schedule 13D filing with the **SEC**, typically reserved for active investors, indicates that this week's announcement was a long time coming. His 9.2% stake was built over the course of the last three months, with his first purchase of 620,083 shares at $36.828/share coming on Jan. 31.

Should he eventually set his eyes on the company's CEO seat, it is possible that Musk would be pressured by other investors to abandon his existing interests. One of the major drivers for activist investor **Elliott Management**'s requests for the removal of Twitter Founder/CEO *Jack Dorsey* in 2020 was his divided attention between Twitter and payment tech company Square. As always, we'll keep an eye on Musk's Twitter feed for updates.

ALTAFIBER FILES FCC COMPLAINT AGAINST CMG

Altafiber, formerly known as **Cincinnati Bell**, filed a complaint with the **FCC** Monday alleging **Cox Media Group** has refused to negotiate in good faith with the operator. The dispute centers around carriage of **WHIO**, the **CBS** affiliate in Dayton, Ohio. Altafiber said it has been in discussions with CMG since January 2019 about offering cable television service as part of the company's expansion into the Dayton DMA. The pandemic halted those talks until April 2021 at which point Altafiber alleges CMG brought a number of new demands to the negotiating table. Those included requiring payment of retransmission consent fees on broadband-only subscribers who stream video from any source, including **YouTube**, and a requested restructuring of Altafiber's subscriber rates. "Despite having retransmission consent agreements in place or nearing completion with the other major broadcasters in the Dayton DMA, the absence of a **CBS**-affiliate, let alone the highest-rated station in the market, to complete its lineup would render Altafiber's cable television service uncompetitive and thus financially inviable," the complaint said. Altafiber has requested expedited consideration of the issue.

The *WHO* and the *WHY*

CFX's spotlight on recent new hires & promotions

JEREMY
Doig
CTO, DISNEY STREAMING

3 THINGS TO KNOW

- Jeremy is joining Disney Streaming this month as its CTO after an 18-year stint at Google. He'll implement technology on a global scale and navigate the growth of Disney+, Hulu, ESPN+ and Star+, ushering in a new phase of technical advancements for the DTC services. He'll report to President, Disney Streaming Michael Paull.
- He's the mastermind behind the video technologies that power YouTube and Google Chrome and was also the engineering chief for Google's virtual reality team. Jeremy was involved in YouTube's acquisition of Green Parrot Pictures in 2011, a move that improved video processing quality on the platform. He spearheaded spatial experiences and streaming protocols for on-demand and real-time delivery.
- Over Jeremy's almost 30-year career in online media, he's worked in technology roles at the BBC, the Multimedia Corporation and Microsoft, where he worked on Hotmail. He has an MSc from University of Kent and Newcastle University, focusing on computer science.

SIX MORE EXIT WARNERMEDIA

The **WarnerMedia** exodus continued Wednesday with the announcement of six additional executives leaving the company ahead of the merger with **Discovery**. The list includes CFO *Jennifer Biry*; EVP/CHRO *Jim Cummings*; EVP/CRO *Tony Goncalves*; Chief Inclusion Officer/EVP, Communications *Christy Haubegger*; EVP/General Counsel *Jim Meza*; and CTO *Richard Tom*. The news comes one day after news of the departures of CEO *Jason Kilar*, Studios and Networks Group Chair/CEO *Ann Sarnoff* and **HBO Max** EVP/General Manager Andy Forssell were revealed. In a note to his team, Goncalves said he would be around for a time to help with the transition. The analyst community has kept largely quiet since the exits began, but **MoffettNathanson** has set its target price for the standalone **AT&T** shares at $19. "Working in stand-alone AT&T's favor is a relatively unchallenging valuation, juicy dividend, unremittingly negative sentiment, and remarkably low expectations," the firm said in a Tuesday note. "Working against AT&T is the poor outlook for growth."

NIELSEN'S STATE OF PLAY REPORT

Nielsen released its inaugural "State of Play" report, highlighting the trends of video content in both linear and streaming. The report found Americans increased their weekly time

Cablefax Daily (ISSN 1069-6644) is published daily by Access Intelligence, LLC | www.cablefax.com | 301.354.2101 | Editorial Director: Amy Maclean, 301.354.1760, amaclean@accessintel.com | VP/Group Publisher, Cablefax and Cynopsis: Robbie Caploe, 917.974.0640, rcaploe@accessintel.com | Managing Editor: Sara Winegardner, 301.354.1701, swinegardner@accessintel.com | Associate Editor: Noah Ziegler, 301.354.1704, nziegler@accessintel.com | Director of Business Development, Cablefax: Ellen Kamhi, 917.626.5574, ekamhi@accessintel.com | Dir of Marketing: Kate Schaeffer, kschaeffer@accessintel.com | Production Manager: Joann Fato, jfato@accessintel.com | Kerry Smith, Divisional President, Marketing & Media Group, ksmith@accessintel.com | Group Subs/Subscription Questions, Client Services: 301.354.2101, clientservices@accessintel.com | Annual subscription price: $1,799.00/year | Access Intelligence, LLC, 9211 Corporate Blvd., 4th Floor, Rockville, MD 20850

streaming video by 18%, reaching 169.4 billion minutes. Nielsen also found 46% of audiences feel "overwhelmed" by the number of services, but a recent survey showed 93% of Americans plan to either increase their paid streaming services or make no changes. vMVPDs have grown in popularity, headlined by **YouTube TV** growing by over 160% since 2020. The report also found streamers yearn for bundling, with 64% of viewers wanting a bundled video streaming service that allows them to choose how many services they wanted. Forty-six percent of viewers claim it's harder to find content because there are "too many" streaming services available.

AMC NETWORKS GEARS UP FOR UPFRONT

AMC Networks unveiled a new slate of shows, a product suite for advertisers and is developing six FAST channels ahead of its 2022 upfront tonight. The new programs include travel show "You Are Here," and "Can We Talk About This?". It also is fast-tracking development of "Straight Man" with partners **Sony Pictures' Television TriStar TV** and **Gran Via**. The show will premiere on **AMC** and **AMC+** in 2023. It has greenlit "Orphan Black: Echoes," a new series based in the same world of "Orphan Black." On the ad side, TEAL is AMC Networks' new product suite for advertising partners across the company's digital ad products and advanced technologies. It includes an in-program shopping experience, a collection of overlays and the ability to integrate products post-production. Lastly, the network's six upcoming FAST channels will add to its existing AVOD slate. They include "AMC en Español," which will show Spanish-language versions of shows like "The Walking Dead," a spotlight of ALLBLK originals in "ALLBLK Gems," "HIDIVE x Anime," a collection of short films called "Shorts" and its Spanish-language version "Cortos" and sports-centric "Overtime."

PEACOCK BECOMES MLB SUNDAY MORNING HOME

Peacock will be the home to a new MLB game of the week Sunday mornings. Starting on May 8, Peacock will stream a baseball game produced by **NBC Sports** for 18 consecutive weeks, with the first six games starting at 11:30am and the remaining 12 at noon. Peacock will also have classic MLB games, documentaries and highlights in an MLB hub.

CARRIAGE

Charter is expanding carriage of several African American-themed networks, making **Aspire TV**, **Impact Network**, **Revolt TV**, **The Africa Channel**, **TV One** and **Cleo TV** available to all Spectrum TV Select video tier customers. The rollout is expected to be complete by the end of June. Charter's expansion plan also includes **Black News Channel**, whose future is unclear. BNC recently fired most of its employees and filed for Chapter 11 bankruptcy last week. – **Discovery**'s streaming TV Everywhere app is now available on **Comcast**'s XClass TV and Xfinity Flex. To access, customers can say the name of the app into the device's voice remote. – The **Weather Channel**, **Justice Central**, **Comedy.TV** and **Recipe.TV** are now available on **YouTube TV**.

ESPN DIVES INTO NFT WORLD

ESPN and NFT platform **Autograph** signed a multi-year deal for ESPN's first NFT. The partnership will begin with an NFT collection based on the docuseries "Man in the Arena: *Tom Brady*." Brady, a co-founder of Autograph, will sign 50 NFTs from the collection. A second collection "Back in the Arena" will be released in conjunction with the docuseries' 10th episode.

HOCKEY EAST REACHES DEAL WITH ESPN

Hockey East signed a six-year media rights agreement with **ESPN** and **ESPN+**. The agreement includes all men's and women's home games throughout the season as well as the entirety of both postseason tournaments. Over 300 games will be available on ESPN+, with three games on **ESPNU** each season.

SPECTRUM APP NOW AVAILABLE IN ST. LOUIS

Spectrum Networks launched the Spectrum News app in St. Louis. The app contains community news, politics, sports and weather specific to the city. Spectrum News is also starting a political podcast "The People's People: St. Louis."

8K'S GLOBAL RISE

BT Sport revealed Wednesday that it has successfully delivered the UK's first live 8K broadcast of a top sporting event. On March 26, it broadcast the Saracens v. Bristol Bears Gallagher Premiership Rugby match live in 8K in select homes as an additional test of the technology. Those testing 8K are hoping 2022 will be a year of huge growth in the space. The **8K Association** will have a booth at the **NAB Show** later this month to show off the power of the technology.

AWARDS

The **NATAS** unveiled the nominees for the 43rd **Sports Emmy Awards**. Nominations were broken up into 47 categories including Outstanding Live Special, Live Series and Playoff Coverage, Esports Championship Coverage and more. **ESPN** led networks with 62 nominations, followed by **CBS Sports**' 33 and **NBC Sports**' 30. **Fox Sports**, **Turner Sports** and **NFL Network** followed with 26, 24 and 23, respectively, and **HBO**, **Netflix**, **MLB Network** and **Univision** all had multiple nominations. The full list of nominees can be found here.

PEOPLE

Paramount Global Premium Group promoted *Michael Crotty* to COO and CFO. He'll report to Chairman and CEO *David Nevins*. In this role, Crotty will align the divisions to maximize subscriber and revenue growth and oversee finance, distribution, sales, network operations and business development, as well as future strategies and new business ventures. Crotty was most recently EVP and CFO of **Showtime Networks** and **BET Networks**. – *Kristina Schake* was named EVP, Global Communications of **Walt Disney Company**. Reporting to Chief Corporate Affairs Officer *Geoff Morrell*, Schake will be responsible for the company's global communications strategy and operations while also serving as the lead spokesperson. She previously was appointed by President *Joe Biden* to lead the nationwide COVID-19 vaccine education campaign and also was the Global Communications Director for **Instagram**. – *Amy Reinhard*, VP, Studio Operations at **Netflix**, was nominated as an independent director to join **Gannett**'s board at its upcoming annual meeting of stockholders June 6.

Think about that for a minute...

You Get...

Commentary by Steve Effros

...What You Pay For!

It never ceases to amaze me that folks still don't understand that simple truism. In the cable business we tried for years to explain to people, particularly consumer reporters and regulators, that the constant agitation for "a la carte" programming rather than the "bundles" that the industry offered would not really turn out to be a great idea for consumers.

"Nonsense," we were told. The "cable guys" are just trying to gouge us by forcing us to pay for programming we don't want! Just let me buy the stuff I want to watch! And so the argument went. We tried to point out that for most people, a "buffet" is always going to be less expensive than "a la carte," and include what they're looking for. But no, despite the obvious economics involved, the theory of "a la carte" held sway.

The problem with it, of course, is that business economics demands that programming, cable infrastructure delivery, and now for that matter, broadband delivery on top of it all is inextricably linked. There are cross subsidies all over the place. That's not a bad thing, that's just the way the market works, and it's likely the only way it could have effectively been developed.

For instance sports fans constantly told us they just want a channel like ESPN. They say they are willing to pay for it separately. But then they really don't want all the ads attached as well! That won't work. Advertising subsidizes the cost of the channel. If you took out the ads, the channel would cost twice as much, and fewer folks would be able to afford it. If that happened the total number of viewers would drop and then even advertisers would be reluctant to pay, so the entire business model would be in danger. And please note, channels like ESPN have billion dollar (yes, with a B) costs associated with long-term sports distribution contracts.

It really doesn't matter whether that channel was distributed as a separate "pay" channel on a cable system or as a "streaming service" on broadband, the costs would still be prohibitive if all the cross subsidies were eliminated.

Another obvious example is broadband service itself. It would have never been able to get the jump start that made it so successful today had it not been for the preexisting cable infrastructure, paid for by cable customers. If "broadband" had to be initiated, technically, from scratch it would have been far more expensive to deliver to homes at the speeds now common. The cross subsidy has worked for everyone.

So now what's happened? Well, we have lots of streaming services offering individual channels or groups of exclusive channels or product (Disney Plus or Netflix for instance) directly to the home, with the customer having to pay separately for delivery. Few folks seem to remember that you have to include both the cost of the channel and the cost of delivery before you "compare" that cost with the "cable bundle" which included both.

The other thing viewers are just now learning is that the cost of programming gets passed on to consumers no matter what. So the price of Netflix or the price of Amazon Prime Video or the like is going up...rapidly. What's even more confounding for consumers is that in order to "see just what they want" they are having to "subscribe" to many different services, since the only way that business model works is by offering things exclusively.

Frustration is already setting in. The need for easy navigation to find the programs among all the various streaming services is obvious, and the cost going up is also obvious. It's been a long learning curve, but customers are finally beginning to realize that they only ...get what they pay for.

Steve

T:202-630-2099
steve@effros.com

(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.)