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WHAT THE INDUSTRY READS FIRST

When and How: Questions We Have For Warner Bros. Discovery

The completion of the merger between **Discovery** and **WarnerMedia** is imminent, and while light has been shed on who will be leading the combined company, there's still a lot we don't know about how the company will operate in the weeks and months ahead. Time will answer all, but here's what will be on our minds in the meantime.

Where will Warner Bros. Discovery find the \$3 million in cost savings it expects post-merger, and how quickly will those synergies be realized?

Discovery's initial S-4 filing back in November gave us some insight into how the leadership team is thinking about this, but it's something we'll likely be investigating for some time post-close. The near-term conversation is on the costs it will take to reach those synergies and where they will be coming from. The S-4 estimated the costs to achieve those expected synergies at \$1.5 billion in one-time cash expenses within the first year after the merger close and an additional \$700 million will be allocated to restructuring costs. We've already seen the departures of big names like *Jason Kilar* and *Ann Sarnoff* at WarnerMedia, and layoffs are likely to come with the deal's completion (CEO *David Zaslav* is famously not fond of layers, dating back to his reorg of Discovery in 2007). The new leadership team will also be taking a fresh look at the corporate real

estate portfolio and determining what offices from each company should stay and which should go.

How will Warner Bros. Discovery position its streaming services to distributors?

Most pressing will be a decision on whether to push the gas pedal or pull the emergency brake when it comes to expanding distribution of fledgling service **CNN+**. It has been less than two weeks since CNN+ went live and initial reception seems mixed based on reports and consumer reviews. Right now, the news-focused streamer is only available on the CNN mobile app, web browsers and on the CNN app on Apple TV and Amazon Fire TV devices. The combined company could wait until its existing carriage contracts with MVPDs and other partners are up for renewal before adding CNN+ to the negotiating table. Some see CNN+ more likely to be added to either **discovery+** or **HBO Max**, but given the work going on to combine those two services into one, does throwing in a third muddy the waters?

How will the new management team introduce WarnerMedia employees into Discovery's culture?

This isn't Discovery's first rodeo when it comes to major integration, but the COVID-19 pandemic and the embracing of a remote workforce changes the dynamics of how you introduce new teams to each other, identify and optimize new workflows and ease stresses company-wide. And for WarnerMedia employees, this is their second merger transition in four years. Both **AT&T** and Discovery have



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mandated vaccinations in the U.S. where legally possible, signaling an alignment across their corporate messaging. And thankfully, both companies have had two years to put in place systems and procedures designed to connect teams forced to work apart from their colleagues. It will take some time to mesh those or to determine which employees will report to which in-person offices, and some growing pains are to be expected.

Where do sports fit into Warner Bros. Discovery's portfolio?

Discovery doesn't have a toe in the water in the U.S sports marketplace, but it has found success abroad with its European Olympic rights. Now it will have **Turner Sports** and its plethora of rights deals with **U.S. Soccer, MLB** and more in addition to its entertainment and news programming. Zaslav has said in the past that Discovery found benefits in Europe not by marketing sports independently, but by putting it together with other must-see content that keeps viewers wanting more. Turner Sports has been packaging in streaming rights where possible in its more recent sports rights negotiations, making HBO Max the exclusive live stream home of more than 20 U.S. National Team matches each year starting in 2023. Zaslav's comments signal that he's a supporter of that approach, but there are more digital players angling for sports content than ever before (you can watch **Apple TV+**'s first edition of "Friday Night Baseball" Friday night for free). How much is he willing to spend to keep Warner Bros. Discovery in the mix?

WOW! INVESTIGATING POSSIBLE SALE

Could another major cable buy be coming soon? **WOW!** is reportedly considering a sale of its assets or other possible deals, according to a *Bloomberg report*. Share prices skyrocketed Thursday following the report that the company had hired on an advisor to gauge interest from possible buyers, spiking as much as 13%. **WOW!** counted 523,900 HSD subscribers at the close of 2021, even after its sales of five markets to **Breezeline** (formerly **Atlantic Broadband**) and **Astound Broadband** last year. The operator has voiced in the past its openness to all possibilities when it comes to M&A or sales and its excitement around the high valuations recently coming in for buys of cable companies and fiber-based operators, especially following **Stonepeak's** \$8.1 billion acquisition of Astound. As for possible suitors, the analyst community is keeping an eye on private equity as well as Astound for **WOW!**'s Michigan systems. Names like **Cox** and **Cable One** have been thrown out for **WOW!**'s systems in Florida, as has **Mediacom**. **WOW!** has chosen not to comment on the rumor.

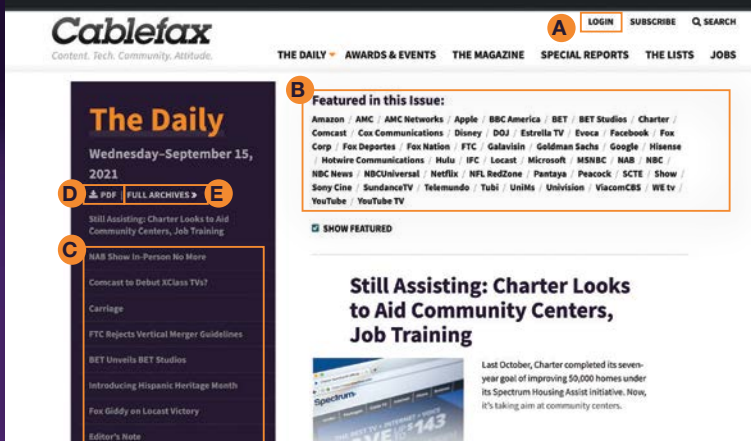
STEINLAUF LEADING U.S. AD SALES AT WBD

Another day, another leadership reveal at **Warner Bros. Discovery**. *Jon Steinlauf*, Discovery's Chief U.S. Ad Sales Officer, will hold the same role at the merged company. He'll report directly to Chief Revenue and Strategy Officer *Bruce Campbell*.

PROGRAMMING

ESPN+ is streaming two games of the "2022 Banana Ball World Tour," a series of games featuring the Savannah Bananas in their journey to spread the sport of Banana Ball. It's a similar sport to baseball, but with twists on rules such as no bunting,

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walks are sprints, if a fan catches a foul ball, it's an out, among others. The games begin at 7pm on April 8 and 9, with programming beginning at 6:15pm.

– **Melanie Newman** joined **MLB Network** to do play-by-play for Friday Night Baseball on **Apple TV+** this season, becoming the second woman to lead play-by-play duties for a national broadcast team. Newman covers the Baltimore Orioles for **MASN** and Orioles Radio Network and will host MLB Network studio programs as well.

– **AppleTV+** renewed “Greatness Code” for a second season to debut globally May 13. Athletes featured in this season are *Marcus Rashford, Russell Wilson, Letícia Bufoni, Scout Bassett, Bubba Wallace* and *Lindsey Vonn*.

– Four-part limited series “Flowers in the Attic: The Origin” is premiering at 8pm on July 9 on **Lifetime** and will conclude on July 30. The world premiere will take place at the **ATX TV Festival** on June 5.

PEOPLE

USTelecom promoted *B. Lynn Follansbee* to VP, Strategic Initiatives and Partnerships. In her new role, she'll lead the association's state and partner outreach and engage on high-priority policy objectives, as well as playing a key role in the association's advocacy. She's been with USTelecom for seven years and prior to that was an attorney at the **FCC**.

– **TelevisaUnivision** appointed new executives to its communications team. *Michelle Miguez* joins as SVP of Corporate Communications and will lead corporate media relations, internal communications and issues management. Former **HBO Max** Head of Publicity & Activations for Latin America *Gabriel Andriollo* is the new SVP of Communications for Streaming, leading communications for **VIX**. *Alyssa Bernstein* joins as VP of Communications, supporting sales and distribution in the U.S. as well as leading media relations and communications strategies across commercial business divisions. *Rubén Acosta Montoya* rounds out the team as General Director of Communications for TelevisaUnivision in Mexico and Latin America. His role will have him responsible for internal communications and the implementation of global strategies.

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Research

(Source: [Parks Associates Video Services Dashboard](#))

- > Amazon Prime Video's subscriber penetration rate is at 45% of U.S. internet households.
- > In 1Q21, 77.3 million households were members of Amazon Prime and approximately 71% of them watched Prime Video.
- > 2022's trends could change in light of Amazon Prime's announced price increase from \$119 to \$139, its first rise since 2018.

Up Ahead

- APRIL 23-27:** [NAB Show](#), Las Vegas
- APRIL 24-26:** [NTCA Legislative + Policy Conference](#); Washington, DC
- APRIL 28:** [Interactive Case Competition Meet the Judges Webinar](#)
- MAY 6:** [Free State Foundation 14th Annual Policy Conference](#); Washington, DC
- MAY 6:** [The WICT Network Rocky Mountain Chapter's Walk of Fame](#); Aurora, CO
- MAY 6:** [Cablefax Regional Rainmakers Entry Deadline](#)

Quotable

“We’ve been hard at work on this for nearly two years and so the timing of hte launches has literally been set for about a year and a half. And it is very similar to a question which is why launch HBO Max, and you launch these things because they are in many ways the future of the business. The vision for CNN+ has always twofold, which is to have a standalone service for those folks that are interested in a news product like CNN+, but also have the ability to have it bundled into HBO Max where you’re able to purchase CNN+ and be able to consume it either as a standalone app or as part of HBO Max. So that’s always been the vision and that hasn’t changed, and I suspect that won’t change with Discovery.” – **Outgoing WarnerMedia CEO Jason Kilar speaking to CNBC’s “TechCheck” on the launch of CNN+**