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Cablefax Daily™

WHAT THE INDUSTRY READS FIRST

Play Ball: Sinclair Reveals Pricing, Strategy for Bally Sports+

Sinclair has finally confirmed the pricing around and the name of its **Bally Sports** RSN direct-to-consumer service.

Launching later this quarter (no more specific date was announced on the company's 1Q22 earnings call), **Bally Sports+** will be priced at $189.99 for an annual subscription or $19.99/month. That initial launch will be something of a test period where Sinclair will be examining both the quality and reliability of the product ahead of its full launch in September. Marketing will become much more aggressive leading into the fall when additional functionalities will be added to the platform as well as monetization opportunities.

It's an interesting time to be making a splash in streaming with **Netflix**, the longtime leader among the entertainment-based services, reporting a subscriber loss in the first quarter. Sinclair President/CEO *Chris Ripley* ultimately said that the noise around saturation within the market could ultimately turn out to be a good thing for a unique sports-centric product like Bally Sports+.

"The recent developments within the streaming landscape, I view them as very favorable for what we're doing because the market is rationalizing. It was inevitable that a momentum story would eventually cycle to the end. They always do and the market becomes more rational," Ripley said. "Our plan for Bally Sports+ was never about subscriber growth for the sake of subscriber growth. It was a plan to produce incremental profitability for **Diamond Sports** and so now we feel like the market has actually caught up to our thinking in terms of our plan and that will have many benefits for us."

As for trends across the company's RSNs, Sinclair COO/President, Broadcast *Rob Weisbord* said NBA viewership for the 2021-2022 season was up from both a radio and TV household perspective. The **MLB** season is less than a month old, but viewing trends have also started favorably and remain above the levels seen last year. A major win came last month when **Charter** and Sinclair shook hands on a distribution agreement for the 19 Bally Sports RSNs along with **Marquee Sports**, **YES Network**, Tennis Channel and the Sinclair broadcast stations.

"We're very pleased about the outcome with Charter. I think relative to market expectations, which were fairly negative, we massively exceeded those. And I would say in terms of our internal expectations, we've met or exceeded our internal expectations," Ripley said. Sinclair doesn't have any major renewals coming in the next 18 months and still expects the net retrans guide for this year to be in the low single digits.

Diamond media revenues for the first quarter were $709 million, and distribution revenues of $630 million continue to be based on high single digit percentages of subscriber churn. Sinclair issued guidance of $759-766 million in media revenues for the second quarter and $621-623 million in distribution revenues.

Total revenues for Sinclair fell 14.8% to $1.288 billion from $1.511 billion YOY. Media revenues decreased by 14.8% as well while total advertising revenues of $371 million were in line with numbers from 1Q21. Distribution revenues were also lower, coming in at $873 million versus $1.109 billion.

CABLE TO FCC: LEAVE FRANCHISE RULES ALONE

NCTA, **Charter**, **Comcast** and **Cox** are pushing back on the City of Dallas, Fairfax County and **NATOA**'s recent **FCC** filing on the "state of affairs in cable franchising." It has been nearly one year since the U.S. Court of Appeals for the Sixth Circuit upheld key parts of an FCC 2019 order that determined that noncash cable-related exactions, such as operational support of PEG channels and free video service, count as franchise fees and are thus subject to a statutory 5% cap. The Sixth Circuit ruling did determine that such in-kind franchise obligations be valued at cost, rather than fair market value. In their FCC filing, the local government advocates [LGAs] argue that some cable operators are issuing invoices to local government for the retail price of cable services instead. They want the FCC to update its rules to incorporate the court's opinion on pricing as well as adding an obligation for cable operators and local governments to negotiate any necessary changes to a franchise within a reasonable time. Lobbyists representing the cable industry met with FCC Media Bureau staffers last week to tell them that the franchise process is working just fine. "We explained that more than 1,500 cable franchises have been renewed successfully since the [2019 order] became effective, which demonstrates that cable operators and local governments have been able to navigate the changes resulting from the decision," an ex parte from the cable industry said. The cable lobbyists said the local governments offered no specifics that "some cable operators" are charging retail rates for service. "While the LGAs imply that the service is being provided as an in-kind contribution, the situation they are describing could merely be an instance where a cable operator that is already paying the full 5% franchise fee is assessing a fee for services outside the franchise fee context, rather than an attempt to offset the franchise fee by the market value for the service," they said. Cable's also urging the FCC to reject the LGAs request that the FCC declare that only the designation of educational or governmental capacity on an I-Net—and not the cost of constructing the I-Net itself—is an in-kind contribution subject to the 5% cap.

T-MOBILE GOES FULL FORCE ON FIXED WIRELESS

T-Mobile is going all-in on fixed wireless and it wants anyone that wants to try its service to have a chance to do so. During a livestreamed event Wednesday, the company announced that anyone can test its home internet product free for 15 days. If they decide to switch from another provider to T-Mobile's fixed wireless offering, the provider has also committed to covering all early termination fees up to $500. All home and business internet plans will now come with a price lock for the duration of their time as a T-Mobile customer. Home internet can also be added to a Magenta MAX family plan for a discounted rate of $30/month. **New Street Research** is of the mind that while these moves should allow T-Mobile to take more broadband share faster, cable shouldn't be any more worried about fixed wireless than it was before. "We would note that the endpoint isn't changed (they still expect 7-8MM subs) and the product remains capacity constrained in nature. This means terminal market shares for T-Mobile FWB and

The *WHO* and the *WHY*

CFX's spotlight on recent new hires & promotions

ZENITA
Henderson
CHIEF MARKETING OFFICER
SEGRA

3 THINGS TO KNOW

- With Cox Communications completing its acquisition of the commercial services segment of Charlotte, N.C.-based Segra in October, the fiber infrastructure provider's CEO Kevin Hart has been busy filling out his senior management team. His latest hire joins from SCTE, with Zenita most recently VP of Marketing and Business Development for the non-profit professional association devoted to cable telecommunications engineering. She'll be heading up marketing for the fiber-based provider serving commercial enterprise and carrier customers in nine states in the Mid-Atlantic and Southeast with fiber optic infrastructure and state-of-the-art voice and data technology solutions. For the past six years, Zenita has masterminded SCTE's annual Expo conference, which Hart is intimately familiar with as he has served as chair of Expo three times.
- Before joining SCTE, Zenita spent more than 15 years with Motorola Mobility and later its predecessor ARRIS. Named a Cable TV Pioneer in 2014, Henderson's first industry job was with Toner Cable Equipment. She went on to join Jerrold/General Instrument, with various roles in customer service and community relations. She essentially spent 28 years at the same company given the various owners of Jerrold/GI before joining SCTE in 2016.
- Zenita's industry connections run deep. In 2019, she was named the Women in Technology Award winner by SCTE, The WICT Network and *Cablefax* for her work promoting and advancing technology initiatives and innovation. She's been very involved with WICT over the years, serving as VP and President of the women's leadership group's Philadelphia chapter. She's also on the board of One Day Immersion, a nonprofit that provides students and recent grads with diverse backgrounds and experiences a platform for career guidance and insights around all aspect of the media industry.

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cable will be no different than they were before these announcements, but T-Mobile may get to that terminal point even faster, and cause even more near-term pain for cable with these moves than had been expected," the firm said in a note. "We don't think this changes the value of cable companies in the long run, however, as FWB remains a generally inferior product." T-Mobile's business internet service is also now available nationwide, and the company introduced a number of new plans in areas where its network does not yet offer unlimited broadband. Business customers in those areas can choose between plans with 100GB or 300GB of high-speed data per month for $50 and $70, respectively. After that, they'll receive unlimited 600kbps data or have the option to add more high-speed data at $2 per GB. T-Mobile believes those plans should be more than adequate for most small and remote offices. It teamed up with **Cradlepoint**, part of **Ericsson**, to create a 5G router for T-Mobile business customers. It will be available soon with select T-Mobile business internet plans and services.

FCC GRANTS 3.45 GHZ LICENSES

The **FCC** dished out 4,041 spectrum licenses to the winners of the 3.45-3.55 GHz band auction Wednesday with **AT&T** standing out as the top bidder. It spent more than $9 billion on licenses in the band, which can be used for fixed or mobile wireless service. **DISH** and **T-Mobile** followed in the second and third spots, spending $7.3 billion and $2.9 billion, respectively. The auction raised nearly $22.42 billion in net bids with 23 bidders winning the awarded licenses. Of those winning bidders, 13 companies qualified as small businesses or as entities serving rural communities and more than one-third of the top 100 markets have at least four winning bidders. "Building on the success of this auction, we are hard at work preparing for the 2.5 GHz auction starting in July," FCC Chair *Jessica Rosenworcel* said in a statement. "Our continued focus on making mid-band spectrum available illustrates our commitment to the broad availability of 5G in the United States."

CARRIAGE

Allen Media Group struck an agreement with **Cox** to launch select TV networks nationwide on the Cox Contour TV lineup. **JusticeCentral.TV**, a network dedicated to court shows, legal news and trials, and food-centric **Recipe.TV** are now live, with **Comedy.TV** scheduled to launch Aug. 1. The three networks are currently carried on providers such as **Comcast**, **DirecTV**, **Spectrum**, **DISH** and **Verizon FiOS**.

MITCHKO-BEALE STEPPING AWAY FROM CHARTER

Charter EVP/CTO *Stephanie Mitchko-Beale* will soon be leaving the cable operator, according to an internal announcement obtained by *Light Reading*. Her exact exit date is not yet known, but she'll stay onboard for an unknown period of time to aid the organization through the transition. Mitchko-Beale joined Charter from **Cadent** and currently chairs **SCTE**'s board.

ESPN CREATES W. STUDIOS

ESPN launched **W. Studios**, a content generator that amplifies women-centered storytelling. The first project "W. Studios Fifty/50 Shorts" will premiere June 1 on **ESPN2** in the form of five short films detailing the effort for women's equality in sports and society.

G4 NEWFRONT NEWS

G4 is partnering with **YouTube** comedy channel Smosh to develop new show formats for digital and cable platforms. Smosh was created in 2005 and gained fame for its sketches. Since then, its portfolio includes four channels with a combined over 46 million subscribers. G4 will distribute select Smosh episodes on the network as well.

WATCH THE SOX IN 4K

NESN will broadcast all home Boston Red Sox games in native 4K/HDR for **DirecTV** and **Verizon FiOS** viewers, with **fuboTV** to join soon. This is the first time an RSN is broadcasting MLB games in 4K/HDR. DirecTV's 4K channel will be channels 105-108 and Verizon Fios' will be channel 1494. NESN recently renovated its Salem Five Studio to be fully 4K/HDR compatible.

BROADBAND DOLLARS FLOWING

The **FCC** committed nearly $39 million in the 14th wave of Emergency Connectivity Fund program support. This round will support 140 schools, 14 libraries and one consortium for students and library patrons in California, Georgia, Hawaii, Kentucky, Michigan, New York, Virginia and Puerto Rico. May 13 is the final day for entities to apply for support in purchasing eligible equipment and services for the 2022-2023 school year as part of the ECF's third application window. At least $1 billion is expected to be awarded in the final window, which will likely be the last before available funds for the program run out. – **NTIA** awarded 19 grants totaling nearly $77 million across 10 states as part of the Tribal Broadband Connectivity Program. Those grants will be used to fund internet use and adoption projects across Alaska, Arizona, California, Connecticut, Louisiana, Michigan, Oklahoma, Rhode Island, South Dakota and Washington. NTIA has now made 34 awards, giving out $83 million in funding through the Tribal Broadband Connectivity Fund.

FIBER FRENZY

TDS is expanding to Butte-Silver Bow, Montana, with construction set to start later this year. Once complete, the fiber network will deliver symmetrical speeds up to 2 Gigs, TDS TV and phone options for residential and business customers.

PROGRAMMING

ESPN is broadcasting 47 Premier Lacrosse League games across **ABC**, ESPN, **ESPN2** and **ESPN+**. Three games will be played on ABC—one of which being the 2022 Championship on Sept. 18 at 3pm—and ESPN each, six on ESPN2 and all 47 will be available to stream on ESPN+. ESPN will also televise the 2022 PLL All-Star Game on July 16 at 4pm. The season begins June 4. – **HBO Max** renewed "Julia" for a second season. Season 1 wraps up Thursday.

EDITOR'S NOTE

Cablefax will celebrate its inaugural class of Regional Rainmakers in the July issue of ***Cablefax: The Magazine***, which releases during The Independent Show. This program honors the operators, programmers, executives, associations and lobbyists who are making outstanding contributions at local and/or regional levels—be it in operations, affiliate sales, news and sports programming, state legislation, lobbying and more. It's free to enter, but you must submit your application by Friday.

Think about that for a minute...

Streaming Down the Drain?

Commentary by Steve Effros

It's getting harder and harder to understand why so many, including "analysts," "the media," regulators, the stock market, etc., instantly react to whatever the latest "news" is without any consideration of either what has come before or the multiple possibilities of what may come after.

I could go on a rant now about current events… for instance a very smart friend of mine emailed me a simple set of questions; why is anyone surprised about what the Supreme Court is apparently doing? They essentially said they were going to do it. Why are we surprised about what Putin is doing? He said he was going to do it. So has Elon Musk. Why are we surprised?

However I'll stick with telecom stuff, at least for today. And I am surprised at the reactions to such things as the Netflix announcement that for the first time they have lost subscribers (less than one percent). The reaction: the valuation of the company on Wall Street dropped almost 30 percent! Why? Did not those smart analysts and stock pickers know that it's highly unlikely that any business will always have a trajectory in one (upward) direction? Have they not heard the old maxim that "...what goes up, must come down?"

Let's get real here. Subscribership in a streaming video service cannot continue to always increase. That's especially true when we have watched for several years as new, very big competitors have entered the market, spending billions of dollars to create video programming with the same talent and the same target audience as Netflix. Of course, at the same time, Netflix has had to increase its prices for the product it delivers. All of this while we are coming out of a strict "quarantine" period and costs across the board are going up.

So some folks choose either to drop Netflix and other streaming services completely in order to save money or because they weren't using them as much, or choose to switch from one service to another. Why is this such a surprise? Why was there a shocked, instant reaction to what amounted to a very small decrease in subscribership? It's hard to fathom.

And the reaction to the retrenchment of CNN+ has also resulted in spasms of "analysis" and "reporting" that make little if any sense. Notice that I characterized it as a "retrenchment." I don't think CNN is just going to abandon the idea of longer form product or well known talent. What they apparently decided was that the business model chosen to attempt to deliver that product to the public was wrong. A subscription service (see what's going on with Netflix, above) may not be the right model any more. The competition may cut the pie in pieces too small to be worthwhile.

So we are now watching as different business models are being experimented with, particularly a combination of subscription and advertising. Gee, what a thought! You might want to take a look at how newspapers survived for so many years; subscription/purchase/plus advertising. Or maybe look at broadcast television; "no," you say… no "purchase" revenue there. But of course you'd be mistaken. What do you think "retransmission consent" was all about? The cable delivery system for broadcasters paid for that programming. The only difference is that the "free television" cost is hidden from the consumer in the cable or satellite or "streaming" bill. What about magazines? Again, customer purchase plus advertising.

The conclusion one has to draw is that in most cases a single source of revenue in the media world will not be sufficient. You need multiple sources or the exclusive "subscription" model eventually reaches a peak and starts an inevitable downward trajectory. It may still be a good business, but please, don't be surprised!

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.)