

# Cablefax Daily™

WHAT THE INDUSTRY READS FIRST

## Still Kicking: Video Still Important to NCTC Members

Some streaming service CEOs may be ready to declare the death of linear TV, but for **NCTC**'s members, video is still a core part of the value they're giving to customers.

**EPB** sees 40% of its customers still taking video, and it believes the winner in the linear television marketplace in the future will be the provider that offers the simplest experience in the home. "Our customers are searching for compelling content. They're willing to look outside the pay TV ecosystem to find the content that they want, but they're also looking for someone to make it easy to find it and they're looking for that great in-home experience," EPB VP, New Products *Katie Espeseth* said during an Independent Show panel Wednesday. "So it does matter what type of broadband service you have if you're going to be receiving your video in that manner."

Many of the providers have begun partnering with vendors like TiVo to integrate a next-gen platform into their video offering. The capabilities that are unlocked with those integrations, including enhanced content search and discovery, have been making enough of a difference that some customers have actually resubscribed to linear video products after cutting the cord to try other options.

"We are aggressively moving people to that platform. We give them, at no additional cost, Fire TV sticks to get them there," **HTC** Marketing Manager *Sandy Hendrick* said. "We're at 20% of all video members that have left that have come back through the TiVo platform."

The differentiators of the linear TV package in comparison to

streaming options have long been the availability of around-the-clock news and live sports coverage. That landscape is changing with the launch of services like **NFL+** and **Bally Sports+**. Nowadays, when it comes to how important more localized content, including RSNs, are to prospective video customers, it really depends on the market.

"Unfortunately, the [Cincinnati Reds] are terrible this year and we're seeing viewership drastically plummet compared to years past. But there's still value there, there's still enough customers that watch it," **altafiber** (formerly **Cincinnati Bell**) Director, Video Product Strategy *Jon Bond* said. "Over time, it will be interesting to see what happens with Sinclair and the [Bally Sports RSNs], which markets they expand into."

As they watch whether customers start embracing these sports streaming apps, providers are also starting to have conversations about whether they could deliver value to their broadband-only customers by partnering with those app providers and giving them another home on their linear platforms.

"We're trying to have conversations with everybody about how we can resell your 'plus' service to our broadband customers," Bond said. "There's opportunity there, so we're trying to shift as the industry evolves and migrates to more direct-to-consumer products."

## NET NEUTRALITY BILL TO BE INTRODUCED

Senators *Ed Markey* (D-MA), *Ron Wyden* (D-OR) and Congresswoman *Doris Matsui* (D-CA) will host a virtual press conference Thursday at 2:30pm ET to introduce their Net Neutrality and Broadband Justice Act. Markey will also host an Ask Me



# Thriving Striving Surviving

29<sup>th</sup> Diversity Awards Dinner

Cipriani Wall Street  
Wednesday,  
September 14

HONORING



Corporate Excellence Award

**PAUL BUCCIERI**  
PRESIDENT & CHAIRMAN  
A+E NETWORKS GROUP



Corporate Leadership Award

**GEORGE CHEEKS**  
PRESIDENT & CEO  
CBS



Executive Leadership Award

**CRAIG ROBINSON**  
EVP & CHIEF DIVERSITY OFFICER  
NBCUniversal



Guest MC

**SHEINELLE JONES**  
CO-HOST  
3RD HOUR OF TODAY

For information regarding reservations, digital ads etc., visit [www.t-howard.org](http://www.t-howard.org)

Anything on Reddit's r/Politics on Thursday at 5:30pm ET to discuss the bill and the efforts to pass it through Congress.

### MIDTERMS THREATEN A FULL FCC

**Alpine Group** Chair *Rhod Shaw* and **Kelly Drye & Warren** Partner *Tom Cohen* believe **FCC** nominee *Gigi Sohn* deserves to sit on the Commission due to her talent and experience in the industry, but they believe her chances of making it back to the agency are dead in the water. "When her nomination went up, I think there was an expectation that they would get her through... the problem with the Senate being 50/50, it meant she had no room for error and some of the major players in Washington from the private sector side of it decided they would weigh in very heavily on her nomination against it, and that appears to have been pretty effective," Shaw said during an Indy Show panel Wednesday. Senator *Joe Manchin* (D-WV) has been in the spotlight since President *Biden* took office, often being identified as a problem child for not siding with other members of his party on issues ranging from healthcare to the Build Back Better Act. But Shaw has heard that other members of the chamber that aren't ready to take the heat for opposing a policy initiative will go to Manchin and ask him to take the arrows on their behalf. The other challenge with Sohn's nomination is her commitment to not withdrawing her nomination despite the evidence that she will not get the vote. That causes complications in timing if the White House wants to pursue other candidates, particularly as there are less than two dozen Senate session days left before the midterm elections. "There's just no way to see how that actually can happen, definitely not before the election," Shaw said. "Let's say you get to December of this year, the one month left that maybe the Democrats have control of all three arms... I don't see how they get it through then. And if the Republicans have won the Senate, *Mitch McConnell* and the Republicans are going to go 'Oh, we're going to do everything we can to keep this from ever getting through.'" That doesn't mean the Commission is promised to stay at a 2-2 through the rest of the Biden presidency. Eyes are on Democratic Commissioner *Geoffrey Starks*, whose current term ended on July 1. His seat is still safe until the current session of Congress ends, but he has yet to be re-nominated for another term.

### CABLE OPS GET CREATIVE FOR FIBER BUILDS

Cable operators that are focused on fiber-to-the-home builds are embracing flexibility and creativity when it comes to securing materials and workforce training. The adaptations are in large part due to the supply chain challenges that continue to plague the industry and situations where vendors delay fulfilling smaller orders if they receive larger, more expensive orders. "We're ordering more at a time, and we certainly have to get board approval for that because we're spending a lot more money on those orders in hopes that you get [the] product. But we're also trying to secure more fiber and

## The WHO and the WHY

CFX's spotlight on recent new hires & promotions



**MICHAEL  
Piccorossi**  
CHIEF DIGITAL OFFICER  
C-SPAN

### 3 THINGS TO KNOW

- Michael will join C-SPAN as the network's first Chief Digital Officer on August 22 after spending more than 12 years at Pew Research Center. His short-term goals include working with various departments to analyze and plan a coherent strategy and improving the experience for C-SPAN's audience from a digital standpoint. In the longer term, his team will look at redesigning the C-SPAN website.
- One of the aspects of the job that Michael likes is to expand on not only C-SPAN's video presence but audio as well. He noted its franchises around history, books, as well as the presidency and Supreme Court. "I think there's really a great opportunity to build new products around what's already there," Michael told CFX. "One of my mandates is also to double down on using analytical tools to learn more about the needs of their users." He knows how to grow an audience as well. Michael said when he first arrived at Pew, its website averaged around 400,000-500,000 visitors per month. Today, a good month eclipses the 5 million mark.
- After he graduated from Rowan University, Michael worked for the communications group for Henrico County schools in Richmond, Virginia. One of the things they did was teach Japanese classes, which eventually led to him going to Japan to teach English classes as part of the JET Program. Nowadays, Michael spends time playing acoustic guitar and listening to bands like Tomberlin and Waxahatchee.

other materials for these builds," **Pioneer Telephone Broadband Services** Manager *Donnie Miller* said during an **Independent Show** panel this week. "In some of our competitive areas, we're looking at an aerial fiber install rather than buried... but that can be challenging in itself." **Cablelabs** VP, MTO Relationships and Infrastructure Operations *Jeff Leget* added that when all things are equal across pole attachments and make ready, an aerial play can be one-third of the cost of a buried fiber build. **Lumos Fiber** Chief Network Officer *David Smith* said his company has also made a shift from a project-based ordering system to a bulk ordering system based on projections from at least 18 months into the future. They already have all of their orders in for next year and are in the process of placing 2024 orders. Workforce training for fiber deployment has been a hot topic of conversation, but many of the panelists have been relying on fiber for their network builds since the mid-2000s. While their employees are trained in fiber

splicing, they're having a challenging time finding contractors they can hire to assist on larger projects. "All the contractors that are out there are HFC contractors. So what we've managed to accomplish is to negotiate the first week or two if needed for free when they bring in a new person," **Hiawatha Broadband VP, Technology and Engineering Jim Kronebusch** said. "Then they can do ride alongs. We figured they're getting a benefit, we're training them and then they can take over and help augment our staff."

### CARRIAGE

**Newsmax** agreed to a multi-year carriage deal with **Verizon** to keep the network available on Fios. Customers can view Newsmax in HD on channel 615 and in SD on channel 115. The news comes as Verizon prepares to drop **One America News** and **AWE** on July 31 because it hasn't been able to agree to new contract terms with owner **Herring Networks**.

### SO LONG, MATT POLKA

**The Independent Show's** Tuesday night dinner was one big salute to outgoing **ACA Connects** President/CEO **Matt Polka**, who is retiring after 25 years with the association. A video message from members of Congress began the tribute and included House Commerce Ranking Member **Cathy McMorris Rodgers** (R-WA), Rep **Peter Welch** (D-VT) and an enthusiastic Sen **Ed Markey** (D-MA), who kicked things off by exclaiming: "I love Matt Polka." That's a popular sentiment. **Alpine Group** Chairman **Rhod Shaw** recalled a markup that wasn't going so well for ACA Connects, but the committee chair and ranking member stopped and said, "I just want to help Matt." Polka's faith was frequently mentioned by friends and colleagues. ACAC Chair **Patricia Jo Boyers** recalled Polka telling her that in retirement he wants to do mission work with his church in Pittsburgh and serve his community. "I said, 'You've been serving in one of the greatest mission fields God could have put you in for the last 25 years,'" she said. "Matt has always prayed to have the eyes to see the best in people, a heart that forgives the worst, a mind that forgets the bad and a soul that has never lost its faith in God." The man of the hour was visibly moved as he took the stage with his wife **Sharman** and daughters **Annie** and **Molly** by his side and the ACAC staff and board behind him. "I just want to thank you for the opportunity that you've given me and all of us at ACA Connects to really build and create and to do things really the right way," Polka said. "How often do you have an opportunity where you can build something from scratch, where you can work together with groups of people to put your mark, literally your mark, on things? To do what's right for your members, for the people you represent, and to serve others and to do it right, where you put service before anything else, where you also have the ability to stand firm, despite the storms around you." He won't be able to stay away from the industry he loves for long. ACA Connects plans to hold its Summit in Washington, D.C. in 2023 and he's already asked if he can lead one of the delegations on the Hill during the show. As for the Indy Show, it will be in Minneapolis next year, July 30-Aug. 3.

### KEEP THOSE BROADBAND LABELS SIMPLE

When it comes to creating uniform broadband "nutrition labels," a one-size-fits-all approach could be challenging. The Infrastructure

Investment and Jobs Act passed by Congress late last year directs the **FCC** to adopt rules requiring broadband providers to display consumer broadband labels. The FCC is still seeking comments with a Congressional deadline to adopt rules by Nov. 15, and while existing Truth-In-Billing rules will likely hit a lot of the same areas, there are still concerns over what may be required. Even something like linking to promotional pricing can be tricky. "Just in our systems right now, we probably have 10 or 15 different promotions going on. Some are node specific. If we have to figure out how to do this for each little promotion that we're running, it's really going to be a big lift," **MCTV** President **Katherine Gessner** said during an Indy Show panel Tuesday. "I'm hopeful the FCC will figure out ways we can put some of the information out there, but not all of it." Even measuring speeds isn't as simple as it may seem. A **GCI** employee in the crowd noted that there are markets that see huge swells in population, such as a fishing camp in the summer, that has an impact on speed vs the other nine months of the year. "I hope it's a win-win where it's super simple... Really focus on price, promotional pricing and maybe a small little bit about download and upload and what you can and can't do at that speed to where it becomes muscle memory," said **Consumer Reports** Senior Policy Counsel **Jonathan Schwantes**. "If we go too far, and we add to it and make this [similar to] privacy policies, I don't know if we're doing consumers any good at that point."

### T-MOBILE'S MOMENTUM KEEPS ROLLING

**T-Mobile** raised some of its full-year guidance as it garnered \$15.32 billion in total service revenue for 2Q22. The uncarrier had 1.66 million net customer adds and 560,000 net high speed internet adds, compared to 1.32 million and 95,000, respectively, in 2Q21. T-Mobile also made its extended range 5G network available to 97% of Americans as postpaid phone net adds reached 723,000 this quarter. The company increased guidance for postpaid net customer adds from 5.3 million-5.8 million to 6 million-6.3 million, free cash flow from \$7.2 billion-\$7.6 billion to \$7.3 billion-\$7.6 billion and capex from \$13.2 billion-\$13.5 billion to \$13.5 billion-\$13.7 billion. CEO **Mike Sievert** also revealed the company will complete the shut down of Sprint networks by the end of 3Q22.

### VIVA LAS VEGAS

**Starry** is expanding service to approximately 500,000 households in Las Vegas and surrounding areas. Set to launch later this year, Vegas will be Starry's seventh market launch. Plans start at \$50/month for up to 200 Mbps download/100 Mbps upload speeds.

### PEOPLE

**Warner Bros. Discovery** ad chief **Jon Steinlauf** finalized the U.S. Ad Sales leadership team. **John Dailey** will manage cross-company partnerships and new business, while **Laura Galletta** will head integrated ad sales marketing on all digital and linear platforms. **Jim Keller** will manage strategy for streaming and digital products like **HBO Max** and **discovery+**, and **Sheereen Russell** will lead DEI content monetization. **Katrina Cukaj**, previously WarnerMedia Lead of Ad Sales and Client Partnerships, is leaving the company but will stay on through a transition period.

# Think about that for a minute...

## Sleepwalking

Commentary by Steve Effros

A new study was recently released about how folks respond to the digital media they subscribe to. If correct, the numbers, especially of so-called “subscription sleepers,” should constitute a major wakeup call.

Please note, this study is about digital media, not just the “streaming media” that we tend to focus on in our business, but it might be very instructive as to a significant danger placed in the path of the streaming business model as we go forward.

We’ve all seen the articles that suggest that “streaming” may be in trouble. That while there were a lot of very impressive subscription numbers at first, the cost of getting those numbers, like the Billions spent by Netflix to be able to offer top-notch exclusive programming, isn’t sustainable. That many of these companies (all of them?) are losing money big time and cannot continue to make the expenditures necessary. We’ve already seen a significant shift in the lowball pricing and a move toward adding an ad supported tier as responses to the underlying economic reality.

While it may be premature to say that the video streaming business model might be a balloon about to pop, the suggestion that there may be a whole lot of “subscription sleepers” in the steaming marketplace has got to be worrisome. What’s a digital media “subscription sleeper?” It’s someone who signs up for a service and then almost immediately essentially stops using it. According to the study, over 40% of digital media subscribers become inactive one day after subscribing!

The report suggests that a significant number of those who “disengage” soon after subscribing then tend to only re-engage for the purpose of canceling their subscription. Now, again, this is a study about digital media subscribers, that includes newspapers, magazines, etc. It doesn’t mean that folks who subscribe to streaming video media will display the same proclivities, but I’d suggest that there is a high likelihood that some, indeed, more than the companies would like, will.

Of course, there are lots of ways of monitoring the reactions of streaming media subscribers. We know how many times they

“tune in.” We know how many shows they watch, and those numbers all seem to continue to go up. But with the almost inevitable price increases and the reduction of quality brought about by the unsustainable costs of producing exclusive content, how long can that last? I think it’s going to be a major challenge.

We’ve all experienced that moment of doubt when we see the charges come in every month for multiple streaming services. The “average” household now has more than four. You just can’t avoid the mental calculation that asks whether that expenditure, especially when multiplied by however many you have, is still worth it. Do you really watch that much of that aggregated programming service’s stuff? Have you added up all the costs, including the “delivery” bill for the broadband service lately?

I think that type of calculation is going to become more and more prevalent as we go along. Folks who signed up to a service primarily to see a particular movie or a “special” series that they were told about will start having second, third, and fourth thoughts about whether it’s worth seeing that charge on their credit card bill every month.

There might be another way to go, and whether it’s viable as a business plan is not for me to say. I’m just throwing it out there for consideration: let folks buy individual programs; for a considerably higher price, of course. Then they could see the movie or series they were told about and maybe two or three others. At that point the accumulated individual “a la carte” cost would become equivalent to the full “subscription” price. You might get subscribers who are at lower risk of sleepwalking!



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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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