

# Cablefax Daily™

WHAT THE INDUSTRY READS FIRST

## Path Forward: Starry Talks Options for Raising More Capital

**Starry's** positive growth metrics and strong strategic plans continue to be overshadowed by financial troubles, namely a lack of capital that is hindering the company from reaching breakeven.

CEO *Chet Kanojia* provided an update on the company's 2Q22 earnings call on the steps Starry is taking to bridge the funding gap. He maintains that the ISP has the potential to break even with a penetration rate of 4% for its home service because of its differentiated technology stack and the cost of the last mile. Right now, that figure sits at 1.43%.

A major step toward profitability came with the establishment of a committed equity facility with financial partner **Cantor Fitzgerald** that allows Starry to raise up to \$100 million in capital before fees. Kanojia also said the provider is in advanced discussions with multiple parties about potential additional investment. "I can't go into specifics now and I caution that nothing is yet complete and may not ultimately occur," he said. "History has shown that good companies find funding support, and even in difficult times. In my opinion, we're a great company and expect to resolve this funding gap shortly."

**MoffettNathanson** also doesn't believe raising capital should be that hard for Starry, in theory. It has a good business model that should return more than its cost of capital. "The technology works, it is on a reasonable path to scaling, and it is served by a competent management team. The company

helpfully released cohort data today that, while not sliced exactly the way we would like to have seen it, still should provide comfort that they can scale gracefully to profitability," the firm said in a note. "One would imagine that that should help attract more permanent financing."

There could also be an opportunity for Starry to license its technology internationally in an effort to raise capital. Kanojia has engaged in "about three or four" conversations that are progressing around the opportunities for international and he's optimistic that he'll have a firmer update on that front in the next 60-90 days. In particular, demand for a product like Starry's seems to be high in emerging markets across Asia and Latin America where people are looking for cost-effective broadband solutions. He has also had a multitude of conversations on the wholesale side of the business and the possibilities of monetizing the excess capacity that exists on Starry's network.

Starry increased its customer relationships by 9,703 in 2Q22, and it closed the quarter with a total of 80,950 total relationships. During the second quarter, average data usage was 432 GB/month with the top 5% of subscribers consuming an average of more than one terabyte. Revenue came in at \$7.8 million, up 52.3% YOY. Its homes serviceable is now at 5.7 million thanks to network improvements and expansion in existing markets, and it plans to cover an additional 500,000 households with its service in 3Q22 after launching its seventh market, Las Vegas.

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“We selected Las Vegas because of its attractive demographics. It is a young, diverse and growing market dominated by a cable and telco duopoly,” COO *Alex Mouille-Berteaux* said. “We also selected Las Vegas because we believe we can make a real difference in serving households that lack access to quality broadband at a value price.” Starry Connect, the company’s digital equity program offering low-cost plans, now reaches more than 77,000 units of public and private affordable housing, a 14,000 increase since last quarter. More than 10% of Starry’s customers are participants in the **FCC’s** Affordable Connectivity Program, which provides a discount of up to \$30/month toward internet service for eligible households and up to \$75/month for households on qualifying Tribal lands.

It’s hard to ignore factors like higher inflation and supply chain challenges that are shifting the macroeconomic environment. The major challenges came last year for Starry as the company redesigned most of its product line to eliminate difficult-to-acquire components, and Starry leadership generally believes that broadband should perform well in soft market conditions due to its status as an essential service in the digital age. “No one wants to give up their connection to the internet, and Starry’s value proposition is simple, better, faster, cheaper,” Kanojia said. “This is not to minimize concerns with the current environment, but we believe we can continue to be a growth company despite macro headwinds.”

**T-MOBILE SPENDS \$3.5 BILLION ON SPECTRUM**

**T-Mobile** revealed its plans to acquire spectrum licenses in the 600 MHz band for \$3.5 billion Tuesday. It’s buying the spectrum, which T-Mobile had previously been leasing, from

venture capital firm **Columbia Capital**. The lease was coming up, offering the wireless provider an opportunity to make the licenses a permanent part of its spectrum holdings. During an investor conference appearance Tuesday, T-Mobile EVP/CFO *Peter Osvaldik* said the set of licenses covers approximately 45% of the company’s postpaid base. “That spectrum ranges from 10 to 30 MHz depending on the market. You should continue to see us as we’ve played in the past, which is to be very opportunistic, disciplined and strategic in what spectrum purchases we’re making,” he said. T-Mobile paid a premium for the spectrum when you compare the \$3.5 billion to what the **FCC’s** 600 MHz spectrum auction brought back in 2017, but Osvaldik said that’s to be expected as wireless providers continue to find new ways to utilize it for 5G service and applications. “I’m sure we would have bought a lot more of it had we had the opportunity... during the [600 MHz auction], but we’re very excited now to be able to add to our strategic holdings with this in terms of utilization of it,” he said. It will be some time before T-Mobile is able to call the spectrum its own. The FCC will need to approve the transfer of the licenses, and the wireless company’s payment won’t be due until that process is completed. T-Mobile is also currently participating in the Commission’s 2.5 GHz auction which features 8,000 geographic overlay licenses.

**C2HR NOTEBOOK**

C2HR Con kicked off Tuesday with a lot of talk about how to attract the right talent and keep them around for the long haul. As the “Great Resignation” continues to impact employers, companies have studied ways to meet the desires of potential

**Cablefax**  
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applicants. It starts with flexibility being a permanent option and not just limited to specific situations. “Flexibility is no longer considered to be a perk, right? It’s a must-have, it’s a necessity. Employees are expecting flexibility as a basic requirement, in terms of where, when, and how they work,” *Dr. Vinod Vincent*, an Assistant Professor at Clayton State University, said. “What we’ve been finding is that globally, about 80% of knowledge workers want flexibility in where they work, and 94% want flexibility in when they work. When it comes to working moms, 83% want location flexibility, with about 66% preferring hybrid work arrangements. When you consider the U.S., 95% of workers are looking for some sort of flexibility, with about 30% wanting unlimited flexibility.” The panel also discussed how transparency and flexibility have led to more engagement with job postings. A LinkedIn study found when job ads mention flexibility, it leads to about 35% more engagement, and for Gen Z candidates, that number jumps to 77%. **A+E Networks** Head of Talent Acquisition & Diversity *Fang Xu* noted workers’ desire for flexibility pushes companies to be authentic about what’s going on within the company and what their demands are for a specific job. The work doesn’t stop when a prospect accepts an offer. The next step is onboarding, which like many things in the world, has taken a virtual turn. While **Cox Communications** Senior Program Manager *Chad Prosser* initially wasn’t keen on virtual onboarding, he’s since grown to embrace it for the opportunities it’s opened for new employees to engage with senior decisionmakers. “Now that we’re doing [onboarding] virtually, every one of my new hires, regardless of where you sit, gets a front seat with our CEO,” Prosser said. “It’s really leveled the playing field for the experience of every new hire to feel that same connection.” The satisfaction that derives from the flexibility of an online workplace extends beyond the early training process. Vincent said companies in a full in-office format generally receive lower employee satisfaction scores—specifically regarding work/life balance and work-related stress—compared to workers in a hybrid or completely virtual setting.

#### ASTOUND ADDS 1.2 GB SPEEDS, STREAMING APP

**Astound Broadband** launched nationwide download speeds of up to 1.2 Gbps Tuesday with upload speeds reaching up to 50 Mbps. It’s also introducing a new streaming app for its IPTV service across the majority of its footprint. The Astound TV+ app will allow IPTV subscribers to stream live TV and on demand programs in and out of the home. They’ll be able to register up to 12 devices per account, and can stream on five devices simultaneously. The app is available on platforms including iOS and Android phones and tablets as well as select Android TVs, Apple TVs and Fire TV devices. The app will be rolled out to all remaining areas of Astound’s footprint by the end of the summer.

#### ESPN PULLS OUT OF BIG 10 MEDIA RIGHTS RACE

**CBS** and **NBC** are now the frontrunners to join **Fox Sports** as Big 10 linear broadcasting partners after **ESPN** pulled

out of negotiations. According to *Sports Business Journal*, the [deal](#) would see CBS carry a game in the 3:30pm window on Saturdays and NBC carry one in primetime. Peacock will also have exclusive games, but the exact number isn’t set. The SBJ report states ESPN rejected the Big 10’s final seven-year offer, and that network executives believed they would’ve needed to pay more than \$380 million/year to keep the package. CBS is expected to pay the conference \$350 million/year. NBC will also pay around that amount. While its linear deals are wrapping up, the conference is expected to add a streaming package, which could receive a boost after recent sports investments from **Apple** and **Amazon**.

#### ESPN STAYING ON THE PITCH

**ESPN+** agreed to a multi-year extension of the media rights to the English Football League and the Carabao Cup. The deal will see ESPN+ broadcast over 30 Carabao Cup and 182 EFL matches, including the playoff finals for the second, third and fourth divisions. – **ESPN** signed a multi-year extension with the German Football Association for the U.S. rights to the DFB-Pokal, the top domestic cup competition in the country. A minimum of 40 matches will be broadcast on **ESPN+** with select games made available on ESPN networks.

#### RATINGS

**Fox News** has made it 10 consecutive weeks topping basic cable networks in primetime viewership. FNC averaged 2.1 million viewers P2+ in prime, while **MSNBC** and **HGTV** checked in at 978,000 and 925,000, respectively. **INSP** breached the top five with 816,000, with **TLC** following at 804,000. In total day, Fox garnered 1.41 million viewers with MSNBC (670,000), HGTV (528,000) and **CNN** (511,000) trailing behind. **Hallmark Channel** completed the total-day top five with 452,000 viewers.

#### KICKING AROUND WITH TELEMUNDO

**NBCUniversal’s Telemundo Enterprises** is launching a national campaign with the goal of creating more opportunities for undeserved Hispanic youth to play soccer. Titled “El Campeón En Ti (The Champion in You),” the initiative will bring events to cities with large Hispanic populations such as New York City, Miami and Los Angeles in the months leading up to the 2022 FIFA World Cup. The U.S. Soccer Federation, independent soccer leagues, local businesses and officials are partnering with the campaign, and Telemundo’s network and local stations will be used to promote events.

#### PEOPLE

**Frontier Communications** named *Ettienne Brandt* as EVP, Commercial, reporting to CEO *Nick Jeffery*. Brandt—who oversaw commercial teams for **British Telecom**’s three brands—will manage Frontier’s commercial group, which contains the enterprise and SMB market. He most recently led the commercial teams at in-home technology sales and installation company **Enjoy Technology**.