

# Cablefax Daily™

WHAT THE INDUSTRY READS FIRST

## Recession Ready: CommScope Prepared to Weather Financial Crisis

**CommScope** is building assumptions of a moderate recession into its 2023 outlooks, but it's confident it will be largely insulated from any impacts of an economic downturn. While leadership doesn't believe CommScope will be by any means immune to the effects of issues like increasing inflation, the belief is that telecommunications infrastructure is more insulated than other segments.

"I think that's primarily because companies are wanting better connectivity, and they're fighting for customers. You've got telcos fighting against cable companies for the same customer base and we're kind of like the arms dealer in between," CEO *Chuck Treadway* said during an appearance at **Credit Suisse's** Annual Technology Conference Wednesday.

CommScope offered guidance for 2023's core adjusted EBITDA during its 3Q22 earnings call, placing its estimate within the range of \$1.35-1.5 billion for the full year. There is uncertainty moving into 2023, and Treadway said order rates have been lower in both the third and fourth quarters of this year. He believes that's more of a pause or a temporary issue, and CommScope's order backlog can help support it during any rough patches. Right now, its backlog is sitting at \$3.6 billion, up 63% YOY.

The immense amount of government funding that continues to be directed toward broadband buildouts also can't be ignored, and the RDOF, ARPA and BEAD programs have certainly

given CommScope a sense of security when it comes to the bottom line for the next five years. Treadway said the company is still in "early innings" overall, although the RDOF program is already in full swing. CommScope saw some benefit from it in 2022 that will continue into next year, but it will benefit the most when **NTIA** begins distributing funding through the BEAD program.

"We think that those states will be starting to get funding towards the end of '23, and that should start flowing out probably in '24 where that will affect us, but we do see a stacking of these things as we go '24, '25, '26," he said. "I think as important to understand is this is not just the U.S. that's doing this, and we're not just a U.S. company. We're seeing this in the U.K., Canada and we're seeing this in Australia. This is why we're bullish medium- to long-term on that business."

While the overall health of supply chains seems to be improving, the vendor is still experiencing some challenges when it comes to acquiring chips. Those include de-commits and overall availability, but some signs of improvement have come in recent quarters due to a mix of market activity and internal changes at CommScope.

"We've redesigned products to get chips in that are more readily available to us. The other piece is all of our businesses, and Chuck in particular, having better relationships and dialogue with our supplies to make sure that we're positioned to get our fair share," CFO *Kyle Lorentzen* said. "It's

**Cablefax**  
**MOST POWERFUL WOMEN**  
**Celebration Luncheon**  
 Thursday, December 8 | 11am - 2pm  
 Edison Ballroom, NYC

Join us as we salute the women who have made their mark on the industry with their leadership and innovation.

Register Your Team at  
[www.CablefaxWomen.com](http://www.CablefaxWomen.com)

still a day-to-day struggle for us. In '23, I think we feel like it probably gets progressively better. But we probably don't think that is going to work its way out completely until '24 when more capacity comes online from the chip perspective."

### EPB GOES QUANTUM

**EPB of Chattanooga** has teamed up with quantum component and design company **Qubitekk** to launch America's first industry-led, commercially available quantum network. It will be available for use by private companies as well as government and university researchers to run quantum equipment and applications in a fiber optic environment. "This is a metro-scale network that really is interconnected by more than 200 optical fibers. That's lots of capacity to grow and expand the network," Qubitekk President/CTO *Duncan Earl* said during a press conference Wednesday. "By the summer of 2023, we're going to add additional nodes to this network so that others in industry, national labs and in academia can come to Chattanooga, bring their equipment and put it on this network to collaborate and accelerate the development of those systems."

### CMG SAYS DISH IS MISLEADING CUSTOMERS

**Cox Media Group** has sent a cease-and-desist letter to **DISH** requesting that the satellite provider take back a number of claims about why 12 CMG stations went dark on Monday. CMG said DISH was intentionally misleading customers by saying the broadcaster wasn't open to an extension, and that any claim that CMG under-invests in local journalism is far from the truth. "The fact is, we asked DISH for an extension of our prior contract both in writing and verbally on several different occasions," Cox Media Group President/CEO *Daniel York* said in a statement. "CMG is now publicly asking DISH yet again to put our market-leading stations back on their satellite platform under the agreement that we both have operated under for years, and we're again inviting them to finally start engaging in a meaningful good-faith negotiation of a new contract."

### TRIBES EARN MORE SUPPORT FROM FEDS

The **FCC**, **Commerce Department** and **Department of the Interior** have agreed to a new Memorandum of Understanding centered on advancing spectrum opportunities for Tribal communities and deploying broadband and wireless services on tribal lands. The MOU will open the doors for better inter-governmental communication when it comes to the needs of Tribal communities, including greater spectrum access and data exchange. The Department of the Interior is establishing an Office of Indigenous Communications and Technology that will head its Tribal initiatives moving forward. Separately, **NTIA** awarded more than \$73 million in nine grants as part of its Tribal Broadband Connectivity Program. Tribes across

## The WHO and the WHY

CFX's spotlight on recent new hires & promotions



SHANE

### Portfolio

SVP, NETWORK ENGINEERING & TECHNOLOGY  
CHARTER

#### 3 THINGS TO KNOW

- After 26 years at Comcast, Shane is moving to Charter to lead the architecture and engineering for its core access network infrastructure. He'll report to EVP, Connectivity Technology Justin Colwell.
- He began his cable career as a customer representative at Comcast, climbing the ranks throughout his nearly three-decade career there. He most recently led the engineering and network services organization as SVP of Field Operations Engineering, helping maintain the content delivery network, core network and internal and public cloud platforms. Prior to that, Shane was SVP of Technical Operations and Engineering for Comcast's West Division and Regional VP of Engineering for the California region.
- Shane has been active with The WICT Network for several years. He currently sits on the member board of directors executive committee at Metropolitan State University of Denver and the board for Big Brothers Big Sisters of America. Additionally, Shane served in the U.S. Army for 14 years.

California, Colorado, Massachusetts, New Mexico, Nevada and Washington received funds that will be used to directly connect 3,107 unserved Naive American households and create 49 new jobs.

### SVOD CHURN A CONCERN, REPORT FINDS

Streamers in 3Q22 saw a quarter-over-quarter subscriber growth rate of 2.5%, up from 1.5% in 2Q22. That's according to **Antenna's** 3Q22 SVOD Growth Report. Antenna tracks 10 streaming services—**Apple TV+**, **Discovery+**, **Disney+**, **Peacock**, **HBO Max**, **Showtime**, **Starz**, **Hulu**, **Netflix** and **Paramount+**—and found more than 32 million users canceled service in the quarter, up from 28 million in 2Q22. However, there were more than 37.2 million people who added one (or more) of the services, with the average monthly churn rate for premium SVODs in September at 5.8%. Showtime, Starz and Peacock led the services in weighted average active monthly churn rate at above 7%, followed by Apple TV+ and Paramount+ which had over 6%.

### ARCHTOP GETS MAJOR BACKING FROM POST ROAD

Private market investor **Post Road Group** announced plans Wednesday to invest up to \$350 million in **Archtop Fiber**.



The backing has allowed Archtop to accelerate its XGS-PON network expansion projects in New York's Hudson Valley, including those in Saugerties, Kingston and Ulster. Archtop's completed network is expected to reach more than 500,000 households and local businesses.

### RATINGS

College football's rivalry week was a treat for **ESPN**, helping it soar to 3.1 million viewers P2+ and topping the prime ratings for the week. Big games include LSU vs Texas A&M—which accumulated 3.9 million viewers—and North Carolina vs North Carolina State, which had 3.6 million viewers. **Hallmark Channel** broke into the top two with 1.71 million, followed by **Fox News** (1.66 million), **Paramount** (1.19 million) and **MSNBC** (791,000). Fox News was No. 1 in total day at 1.23 million. ESPN's 1.1 million and Hallmark Channel's 878,000 were good for second and third, respectively, with **Fox Sports 1's** 589,000 and MSNBC's 556,000 rounding out the top five. – **Hallmark Channel's** "Merry Thanksgiving Weekend," which saw the premieres of seven original movies, helped the network become the most watched on cable during Thanksgiving week among W18+ for a tenth consecutive year. To date in 4Q22, Hallmark Channel is the No. 1 watched entertainment cable network among households, W25-54, W18-49, total viewers and women and persons 18+. Saturday's premiere of "Haul Out the Holly" became ad-supported cable's most-watched movie of the year to date. – Over 2.3 million daily viewing households tuned in to **Spectrum News** in November. On Election Day, that number was 2.6 million households, more than the broadcast nets, **CNN**, **Fox News** and **MSNBC**.

### FIBER FRENZY

**Breezeline** is expanding its fiber network to Durham, New Hampshire, with service slated to go live in Jan. 2023. Breezeline started building in the Granite State earlier this year when it extended to more than 15,000 homes and businesses in Somersworth, Dover, Madbury and Concord. It offers symmetrical speeds of 200 Mbps, 500 Mbps and 1 Gbps, as well as business options for 11 Mbps, 200 Mbps, 500 Mbps, 750 Mbps and 1 Gbps. – **Visionary Broadband** is committing \$100 million to bring fiber internet to 20 communities across Wyoming, Colorado and Montana. Construction is underway in Casper, Cheyenne, Gillette and Lusk, Wyoming, with go-live dates starting early next year for residential customers. Visionary is also building business fiber to Laramie, Lander and Wheatland, Wyoming, with a residential expansion planned for 2024.

### DOING GOOD

As the Countdown to Christmas continues for **Hallmark Channel**, it's partnering with Warm Up America! to begin the "Stitched with Love" initiative. The two will help create and donate blankets to women's domestic violence shelters across the country. People are encouraged to crochet or knit a square and donate it to Warm Up America! or visit the organization's website to make a monetary donation.

Hallmark Channel also donated \$25,000 to support the foundation. – The 25 recipients of **Showtime** and Human Rights Campaign's "Queer to Stay: An LGBTQ+ Business Preservation Initiative" were revealed Tuesday. The initiative—which began in 2020—focuses on supporting small businesses that are still experiencing the economic impacts of the pandemic. This year's funding pool is \$250,000, which will go to businesses like Three Palms Bar & Grill in New Orleans and Coffee Mafia in Auburn, Alabama. – As part of its national "El Campeón En Ti" campaign, **NBCUniversal Telemundo Enterprises** will donate 2,000 laptops to Hispanic youth and community organizations in Boston, Miami, Orlando, Albuquerque and more. Additionally, Comcast is teaming with Telemundo to help raise awareness of the Affordable Connectivity Program.

### PROGRAMMING

The American Kennel Club is renewing its media rights agreement with **ESPN**. The sports network will continue broadcasting AKC-recognized dog sports events across TV and digital platforms. As part of the agreement, ESPN will distribute a minimum of nine events per year starting with the AKC Agility National Championship in Feb. 2023. – **ESPN** and the Professional Pickleball Association (PPA) penned an agreement to broadcast the first-ever PPA Tour bably Team Championships. The event will take place from Las Vegas on Dec. 18, airing live on **ABC** at 1pm. – SMAC Productions and **Fubo Studios**, the production arm of **FuboTV**, will co-produce an eight-part docuseries on how Black quarterbacks have evolved over time and influenced the sport as a whole. *Michael Vick* will lead the series as he conducts one-on-one discussions with *Patrick Mahomes*, *Cam Newton*, *Doug Williams* and other players, coaches and celebrities. It'll be Fubo Studios' first production. – The animated sitcom set in a workplace of cats "Intercats" is in development at **Disney Branded Television**, the first series under *Pamela Ribon's* first-look agreement with the studio. – Season 2 of **HBO's** original series "Random Acts of Flyness: The Parable of the Pirate and the King" will begin Dec. 9 at midnight with a pair of episodes. Two episodes will roll out each week before finishing the season on Dec. 23.

### PEOPLE

*Chris Rouser* is moving across **Comcast NBCU** to serve as SVP, HR at its Central Division headquarters in Atlanta. He's held several leadership positions across the company, most recently serving as VP, HR for **FreeWheel**. Before joining Comcast, he held HR and business operations roles at **Verizon**, **Ford Motor Company** and **Advanced Technology Services**. – *Katy Greenfield* was appointed as **Telstra's** VP of Customer Solutions for the Americas, reporting to President, Americas Noah Drake. She'll oversee a team working with enterprises across the region to advance the company's development of network connectivity services. Greenfield was previously Director of Solutions Engineering for the Colorado-based Zayo Group.

Think about that for a minute...

Seeing Red

Commentary by Steve Effros

When you hear John Malone chuckle, listen carefully to what he says next. I learned that a long time ago when he used to chuckle about the “Baby Bell” telephone company leaders talking about cable. There were some famous lines.

Bell Atlantic’s CEO Ray Smith’s quote in 1995 is the one I have mentioned often here. He prognosticated: “I would say that by 2000, we’ll have 50 percent of the cable TV business – no doubt about it – Meanwhile, the cable companies won’t have even three percent of telephony revenues in their best market.” He punctuated that comment two years later: “Every year for the past five years we have said we will be delivering a video product two years from now. I still stand by that.”

Well, we now know how accurate that scenario turned out to be. And then there was the Ameritech (another “Baby Bell”) decision to enter the cable market and prove to the “cable guys” that it knew how to build and run cable systems better than they did. Malone chuckled. He commented that things would go along just fine until “...the red ink started to flow under the BoardRoom door!”

He was right.

Cable, or more generally video production, aggregation and delivery is a very tough business. The cable guys learned that first hand when the “programmers,” the producers of the content that the cable service aggregates, started to gain such immense leverage that some, like ESPN, which were considered “must have” parts of any package offered to customers, radically raised prices to the cable operators and also started demanding that additional channels they created also be included (and paid for) in the “basic” tier of programming. That trend ultimately has created the bloated, way too expensive bundles we have today. The result: competition in the form of “streaming.”

But the streaming world is now, already, in trouble. In order to get initial subscription numbers up, those services have “low-balled” their prices to the public. It worked. Lots of folks are moving to streaming. But there are two major problems. First, the subscription prices simply have to be raised, fast, because

losses can’t be sustained forever. And second, just as with the cable scenario, competition has created a fierce battle at ever-escalating costs for exclusive original programming and sports.

John Malone is chuckling again. At an investors conference this month Malone was quoted as saying: “At the moment, there’s a lot of blood flowing down the gutters of people who are streaming, and some can afford it and some cannot.” He mentioned the effect of what he said was “too much” competition, especially for sports rights. The costs are out of control and many of the competitors who are bidding up those costs are unlikely to survive.

We are seeing, as Yogi Berra was quoted as saying, “deja vu all over again!” The red ink is flowing in major quantities under boardroom doors. Stock prices for the “streamers” are getting very slippery and the structure of the entire video delivery marketplace is in question. Indeed, prices for everything in our business have gotten out of control. Malone was asked, for instance, about Discovery CEO Dave Zaslav’s compensation package for last year of more than \$242 million. He defended it, based on stock prices and options. C’mon, John...

Inflated programming costs and inflated construction costs based on multiple competitors trying to out-do each other, resulting in major losses for many of these companies will ultimately result in a forced consolidation. The question, however, is how much the customers will have to pay for this period of excess, at all levels? I don’t know the answer to that, but I do know that

when John Malone says he’s “seeing red,” whether it’s ink or blood, you should listen!



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.)



**WREATHS**  
— across —  
**AMERICA**

**JOIN US ON WREATHS ACROSS AMERICA DAY**  
- SATURDAY, DECEMBER 17TH -

Each December on **National Wreaths Across America Day**, our mission to Remember, Honor and Teach is carried out by coordinating wreath-laying ceremonies at Arlington National Cemetery, as well as almost 3,600 additional locations in all 50 U.S. states, at sea and abroad.

Join us by sponsoring a veterans’ wreath at a cemetery near you, volunteering or donating to a local sponsorship group.

Visit [www.WreathsAcrossAmerica.org](http://www.WreathsAcrossAmerica.org)