Cablefax Daily™

WHAT THE INDUSTRY READS FIRST

New Era: AT&T Fiber Customers Exceed DSL Counterparts

AT&T has reached an inflection point in its broadband businesses where its fiber customers finally outnumber its DSL subscribers.

The company added 280,000 fiber subscribers in 4Q22, but those gains were more than offset by drops across the rest of the company's broadband offerings. It lost 21,000 DSL subscribers and another 323,000 U-verse and other "advanced broadband" subscribers.

"More encouragingly, however, AT&T is seeing very solid broadband ARPU growth. This is likely a function of improving mix more than it is higher pricing," **SVB MoffettNathanson** said in a note following the company's 4Q22 earnings call. "Nevertheless, it goes a long way towards undermining a seemingly broadly held consensus that broadband faces downward pressure as industry growth slows." Total revenue came in at $31.3 billion, and total wireless postpaid net adds were 1.1 million.

The call was AT&T's first chance since announcing its Gigapower jv with **Blackrock** to address the opportunities it sees for the partnership and its long-term potential. The jv, announced in December, sees the pair operating a commercial fiber platform that will serve customers outside of AT&T's traditional 21-state wireline service footprint. Gigapower plans to deploy a multi-gig fiber network to an initial 1.5 million customer locations nationwide using a commercial open access platform, but CEO *John Stankey* said those initial estimates may likely increase if the effort proves to be a success. "We set up this first tranche to be able to come back to you over the course of 18 months and give you information that raises your confidence," he said.

Any gains from Gigapower will be incremental to AT&T's existing target of exceeding 30 million fiber locations by the close of 2025. Gigapower's existence also doesn't prohibit AT&T from building fiber outside of its current footprint if it makes sense.

"Just like we might have done when we were building wireless infrastructure a couple decades ago, if we hit the ball out of the park and things are great, we may choose to do some of this in-house on our own and not necessarily subjected to a partnership. On the other hand, if we need more scale and we need to move faster, we have a vehicle now that's set up that we can move very quickly to increase the amount of funding and the amount of capacity that's in that entity to take advantage of that," Stankey said.

None of these numbers assume that AT&T will win any funding or grants through programs like **NTIA**'s BEAD program, but leadership believes that having Gigapower as a separate entity may give it a leg up in the competitive process to win projects. AT&T will be able to bid for projects by positioning itself as an embedded wireline operation within a scaled national wireless provider while Gigapower may participate as a focused and flexible commercial open access wireline fiber network. In its observations of and conversations with state offices in the preparations for participating in these grant programs, AT&T has found that the larger states with a more robust staffing capability have been more prompt and aggressive in submitting challenges to the **FCC**'s broadband maps, among other things. Some of the smaller states have taken a step back as they look to mimic the models of their larger counterparts with minimized manpower and budgets.

Stankey has been vocal about how the rise in inflation has made it a tough economic environment to operate in, and while debates rage on about where the U.S. economy is heading, he's of the opinion that we've already lived through the worst of the waves.

"The good news is I think we're through the worst of it, and we've expected that we're going to continue dealing with some of that pressure as we move through this year," Stankey said. "We've kind of assumed that we're not going to be in a robust growth environment as we make our way through the year… I think the swing factor, frankly, is if there's some kind of geopolitical disruption that's something significant that none of us anticipated."

NEWSMAX GONE FROM DIRECTV

At the stroke of midnight, **Newsmax** was no more on **DirecTV**. It's a notable loss for the conservative news channel, with DirecTV one of its first distributors when it launched in June 2014. The breakdown came over Newsmax seeking to receive a carriage fee from DirecTV for the first time since launch. It has renewed carriage with **DISH**, **Verizon** and **NCTC**. Newsmax is focusing on how it's the second conservative channel to be dropped from DirecTV's lineup in the past year, with **One America News** getting the boot in April. "DirecTV believes Newsmax should receive ZERO cable fees, even though it is the 4 highest-rated cable news channel in the nation, according to Nielsen. Newsmax is also a top 16th ranked channel for all of cable in daytime," Newsmax said in a statement. CEO Christopher Ruddy described the situation as "a blatant act of political discrimination and censorship" against Newsmax. "The most extreme liberal channels, even with tiny ratings, get fees from AT&T's DirecTV, but Newsmax and OAN needed to be de-platformed," he said in a statement. DirecTV said it wanted to continue offering the channel, but it would have led to "significantly" higher costs that would have to be passed to customers. It pointed subs to free avenues for watching the channel, although Newsmax has indicated the free stream will end at some point this year. "We continually evaluate the most relevant programming to provide our customers and expect to fill this available channel with new content," DirecTV said. Given the history and involvement of GOP members in this debate, we suspect this isn't the last we'll hear on this one.

COX TAPS REGIONAL LEADERS

Cox Communications expanded its region manager roles at the start of this year to give leaders larger areas to drive consistency around operations and the customer experience across markets. This sort of change also seems to make sense as it embarks on creating a unified approach to its **Cox Mobile** venture. As a result of the new structure, *JD Myers*' title shifted from SVP, Region Manager of Virginia to SVP, East Region Manager. *Anthony Pope*, SVP & Region Manager Southeast Region, is now SVP, Central Region Manager. *Sam Attisha*, who left his role as SVP, California Region Manager in November 2021 to serve in the corporate role of SVP, Operations, is back in a regional post, serving as SVP, West Region.

The *WHO* and the *WHY*

CFX's spotlight on recent new hires & promotions

STEFANIE
Nimick
SVP, PORTFOLIO CONTENT DISTRIBUTION & PLATFORM MARKETING
HALLMARK MEDIA

3 THINGS TO KNOW

- Stefanie joins Hallmark Media from Starz, where she led negotiations with major distributors for multi-platform agreements on Starz's legacy and emerging platforms as SVP, Distribution & Partnership Marketing. At Hallmark, she'll oversee its plans for renewals, contracts and execution of content distribution to linear and digital partners.
- She brings plenty of experience to Hallmark. Before her six-year stint at Starz, she was SVP, Distribution at AMC Networks for nearly 13 years, having created and implemented multi-distribution and marketing strategies for AMC, WEtv, IFC, IFC Films and Sundance. Stefanie also worked at Fuse Media and Fox Sports.
- A longtime member of The WICT Network, Stefanie currently serves as the Immediate Past President and Chapter Advisor for the New York chapter. She was previously on the board of directors for the Chicago chapter and is an alumnus of The WICT Network's Betsy Magness Leadership Institute and Stanford Senior Executive Management Program.

PAC-12, COMCAST AT ODDS

The Pac-12's struggles continue off the field. **Comcast** is seeking around $50 million from the **Pac-12 Networks** after overpaying the RSN from 2012-16. The situation was first reported by *The Mercury News* on Friday when the Pac-12 fired CFO *Brent Willman* and Pac-12 Networks President *Mark Shuken* for failing to report overpayments from a distribution partner. That was revealed to be Comcast, which was a founding partner of the Pac-12 Networks in August 2012. The network conducted an internal audit in spring 2017 that led to the discovery of the overpayments. Shuken and Willman were informed of the audit's results in December of that year but didn't inform the conference's board of directors or external auditors of the situation, according to the conference. Now the conference's member schools will have to repay the money to Comcast, which will include the outgoing University of Southern California and UCLA.

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COMCAST TOPS IN DOWNLOAD SPEED

Comcast overtook **Charter** to snag the title of fastest media download speed among top fixed broadband providers in the U.S., according to **Ookla**'s latest Speedtest Intelligence report. Comcast clocked in at 226.18 Mbps in Q422, with Charter second at 225.33 Mbps, followed by **Cox** at 212.37 Mbps. Rounding out the list were **Optimum** (190.82), **AT&T Internet** (187.08) and **Verizon** (183.25). AT&T Internet had the fastest median upload speed among top fixed broadband providers at 142.76 Mbps during Q4 2022, followed by Verizon (104.89). Optimum was a distant third at 29.77 followed by Comcast, Charter and Cox.

INSIDE THE BELTWAY

Bob Latta (R-OH) was tapped to chair **House Commerce**'s Subcommittee on Communications and Technology. – The **FCC**'s Task Force to Prevent Digital Discrimination is seeking input from consumers in regards to their experiences in obtaining access to broadband internet. The information provided will help the Commission create rules and policies to combat digital discrimination, as well as identify areas that have been historically marginalized and excluded from access.

CARRIAGE

Three new networks are coming to **YouTube TV** this week. **ION**, **Bounce** and **Scripps News** (formerly **Newsy**) will launch on the platform's base service as part of a multi-year distribution agreement with **Scripps Networks**. The deal also includes extended carriage of **Court TV** and the option to roll out **Grit**, **ION Mystery** and **Laff** in the future.

DISNEY'S DEEP DIVE ON DATA

Upfront season used to be about splashy, talent-heavy presentations in NYC for media buyers. Those are still taking place for the most part, but there's been an increasing emphasis on data metric deep dives ahead of the upfronts. Case in point, **Disney Advertising Sales** held its third annual "Tech & Data Showcase" on Wednesday to get clients thinking about how its technology can power their ad buys. The virtual Showcase presentation included the unveiling of **Unilever** as the first beta partner for the collaboration with **The Trade Desk**'s Unified ID 2.0 identity framework and Disney's Audience Graph. Disney said it's seen programmatic rise nearly 150% in biddable, double the growth seen last year. It projects it will be delivering 50% of revenue through automation by 2024. There was some star power on hand in the form of actor/director *Edward Norton*, who is co-founder of data company **EDO**, short for Entertainment Data Oracle. Disney is extending its relationship with EDO to make it a preferred partner for outcome measurement across Disney's addressable ads across all its streaming platforms. EDO says it can predict the effectiveness of convergent TV campaigns with unprecedented accuracy. "Let me explain that as a member of the creative community, I've seen firsthand for decades the degree to which the creative artists have a stake in the efficacy of studio campaign spends. Expensive but ineffective spends mean artists themselves are compensated less and, critically, that fewer dollars will be invested on bold and interesting work that we all love," Norton said. The message of the day was that Disney is at the forefront of measurement innovation through initiatives such as Alpha tests like **Nielsen One** and by enabling first-party measurement through a direct integration to Disney's Audience Graph leveraging Clean Room technology. Today, Disney Advertising has engaged with most major agency and media holding companies, including **Dentsu**, **Horizon** and **Publicis Media**, as well as nearly 75 advertisers, for its Clean Room offering. It also has expanded access to Clean Room capabilities to mid-size performance agencies and platforms.

SPEAKING UPFRONTLY

Warner Bros. Discovery set its 2023 upfront for May 17 at The Theater at Madison Square Garden in New York. This year's event will see the company provide details on the upcoming combined **HBO Max** and **discovery+** service as well as new measurement and currency solutions.

DOING GOOD

In a partnership with **Paramount**'s Content for Change initiative, **Showtime** is donating $300,000 to North Community High School in Minneapolis. The school is featured in Showtime's docuseries "Boys in Blue," which follows the football team in the aftermath of the murder of *George Floyd*. The donation will be used to award 22 scholarships to graduating seniors over the next six years, with four scholarships worth $10,000 each being given out this year. The school will also get a $10,000 grant annually to help provide resources such as school supplies, field trips and after-school activities. – **Charter** is now taking applications for the Spectrum Scholars program for the 2023-24 academic school year. Applicants must be rising college juniors who identify as Asian/Pacific Islander, Black/African American, Hispanic/Latino or Native American and have financial need. Selected students will receive a $20,000 scholarship and an opportunity to intern at one of Charter's corporate offices (St. Louis, Charlotte, Denver, Tampa Bay, Austin or Stamford, Connecticut). So far, Charter has given $800,000 in scholarships through the program, and the upcoming class is set to push that mark to $1.2 million.

PROGRAMMING

The 76th EE British Academy of Film and TV Arts Awards will be broadcast on the streamer **BritBox** in eight countries: U.S., Canada, Australia, South Africa, Denmark, Sweden, Finland and Norway. The event will take place Feb. 19 at the Royal Festival Hall in London. – **Law&Crime** will have full coverage of the murder trial of *Alex Murdaugh* across linear, **YouTube** and social media sites. The trial began today. The network will have correspondents at the Colleton County Courthouse in Walterboro, S.C., to provide live updates. Those reporters will have a daily live Q&A throughout the trial, which will also be accompanied by online content and podcasts.

PEOPLE

Saj Jamal is heading to **SSIMWAVE** as VP, Marketing, following the company's acquisition from **IMAX**. Jamal has been involved with SSIMWAVE in the past, helping support the initial development of the company. In his new role, he'll build on IMAX's brand and market how SSIMWAVE's tech will enhance the delivery of content.

Think about that for a minute...

And So It Begins

Commentary by Steve Effros

If you're a longtime reader of this column, you'll know that for at least the past five years I've been trying to get folks to focus on the damage being done by the nature, size and scale of both the largest "tech" companies and the power that creates in the world of "search" and "social media." I've ruminated at length about possible ways to deal with the issues and concluded that there really are no effective ways to regulate or mitigate the problems associated with that size and dominance. My suggestion: major structural change.

We're starting to see the first big steps in that direction, and I've discussed both of them before. They hit the headlines together in the past few weeks. Changing both the conceptual direction of the antitrust laws and at the very least limiting if not eliminating some of the legal protections now enjoyed by websites can go a long way toward significant shifts in what we currently know as the Internet.

The first example comes from the almost breathless filing by Google in the Supreme Court in response to a suit arguing that the "Section 230" liability protections for web sites that publish material posted by others does not apply when the web site uses an algorithm to moderate the content, particularly when it promotes and thus amplifies the audience for selected material. The specific case has to do with the YouTube (owned by Google) recommendation engine that highlighted videos created by the terrorist group Isis.

In broad strokes, this is all about whether recommendation engines or content moderation done by algorithm constitutes an editorial statement of its own, rather than the site simply acting as a distribution platform for others. It's already pretty clear that the algorithms are designed to promote maximum viewing, and thus maximum data collection for the benefit of the web site which can sell that data to advertisers. It's not "judging" if you will, the content so much as calculating what content will attract the most eyeballs which in turn is the fuel for the web site's business plan.

As Google notes in its filing, if liability does attach to that activity (in other words if Section 230 does not protect the company from lawsuits) then the very nature of the Internet will change. Either there will be little or no content moderation or there will be very heavy editing to eliminate anything that might be considered objectionable. It's not clear what their business plan would be if that happened. Either way, says Google, the public, and the Internet are diminished.

It's an incredibly important and complicated subject. For competing reasons both liberals and conservatives are challenging the way the major websites are moderating content. The President has repeatedly said he thinks Section 230 of the Communications Act should be modified. If the Congress doesn't do it, the Court might, and in that case it might not be a nuanced approach but one that simply upends the valid purposes of the liability protection.

On another front, the Justice Department this past week announced that it's taking Google to court charging the company with antitrust violations because of its dominance and control of Internet advertising. This, too, could change the way we use and interact with the Internet. It's more focused, aiming at Google specifically rather than the broader question of what or who qualifies as a "publisher," and thus liable for anything distributed by them, but it's still a major move.

In the recent past the antitrust laws have been used very sparingly except when there is evidence of anticompetitive practices between companies. Now the DOJ is once again challenging the power of size and scale of dominant companies. That, too, is something to really watch. And so it begins.

Steve

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