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WHAT THE INDUSTRY READS FIRST

Closely Watched: DirecTV, Newsmax Could be Industry Bellwether

While the **DirecTV-Newsmax** saga has an obvious impact on the two companies, there are plenty of others with a vested interest in how this plays out. Several other MVPDs, including **Comcast** and **Charter**, have deals to renew with Newsmax and DirecTV may set the precedent.

Industry sources have suggested that even the inked Newsmax renewals could contain prospective Most-Favored Nations that require Newsmax to obtain payment from any of the top three distributors to trigger payments in these prior agreements. A Newsmax spokesperson said the net does have MFN agreements with other providers as is common in the industry. But added that "it is not true that under these other existing agreements that we would need to have DirecTV as cable operator in our system in order for other providers to pay a fee."

For his part, Newsmax CEO *Chris Ruddy* has said the network will be just fine without DirecTV, though it is obviously fighting hard for carriage and rallying supporters on the Hill.

DirecTV maintains this is a typical carriage dispute over money, denying Newsmax's allegations that this is an attempt to limit distribution of conservative voices. As for **FCC** nominee *Gigi Sohn*'s recent comments that the Newsmax and **One America News** deplatforming may present an opportunity to look at some of the practices around bundling and Most-Favored Nations clauses, DirecTV Chief Content Officer *Robert*

Thun said to bring it on. "We would applaud Gigi Sohn for taking strides toward fixing a problem that's existed for years and years. We've always been supportive of any further look into bundling and tying, as well as retransmission consent reform for local stations where costs are just exploding," Thun told **CFX**. "If we could pick and choose only the most popular networks or stations in a portfolio and just license those—with some curbed pricing for retransmission consent—we wouldn't be in this position with Newsmax or other similar channels."

As an independent network, that might be a bit of common ground for Newsmax to share with DirecTV. Though it's hard to see any signs of olive branches with GOP lawmakers loudly protesting the drop and Newsmax having a section of its homepage devoted to the fight. Under the banner "**DirecTV Censors Newsmax,**" Newsmax.com has a running tally of stories with headlines such as "Texas AG Paxton: State Should Probe AT&T," "Sen. Cruz: DirecTV Censorship 'Indefensible,'" and "CPAC Chairman Urges AT&T, DirecTV to Reinstate Newsmax."

Newsmax's coverage of the dispute online and on the air has gotten under DirecTV's skin. "Unfortunately, in pursuit of a purely commercial goal that it has not been able to obtain through negotiations, Newsmax is using its news/editorial platform to publish inaccurate and misleading information regarding our contract dispute," DirecTV General Counsel *Michael Hartman* wrote in a letter to a group of Republican senators probing the dispute, which includes Cruz and *Lindsey Graham* (SC).

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After dropping Newsmax, DirecTV launched **The First**, a conservative-focused FAST channel that scored its first linear carriage through the deal. “In the very short period of time they’ve been on the air, they are clipping the gap of viewership against Newsmax,” Thun said. That doesn’t mean Newsmax isn’t missed by some DirecTV customers, with Thun acknowledging it has seen some subscriber impact since the Jan. 24 expiration without providing specifics. “We do analyses and think about the potential churn in every single deal that we go into of a certain size, and it’s within the collar of what we thought we were going to see,” he said.

As for **The First**, look for more carriage deals soon. Another deal with a traditional MVPD is almost wrapped up, according to CEO *Chris Balfe*. “We’re knocking on everyone’s door. But clearly, DirecTV has shown a path to how you could save money, and clearly, we’re absolutely going to talk to everyone who is struggling with making those decisions and see if we could be a good fit,” he told **CFX**. **Paramount’s** free streamer **Pluto TV** was **The First’s** first distributor in 2019, with industry veteran *Lynne Costantini* making the rounds for carriage over the past few years. She also helped launch the now defunct **Blaze TV**, which Balfe served as CEO of for a time.

With a FAST channel getting traditional carriage, MVPDs don’t have a license fee and typically they get the benefit of a larger ad load. **The First** isn’t **Nielsen** rated, but Balfe said there’s been a lift in viewers and social media posts, plus **The First** crossed over a million downloads of its native app. “We’re already seeing a huge increase in ad sales. Advertisers are reporting four times more engagement with us than they were before Direct TV was added,” he said, with the network’s ad inventory largely direct response.

Newsmax’s Ruddy has been [dismissive](#) of **The First** as a substitute channel, arguing that its largely video podcasts with no newsgathering. “He should really be able to defend the quality of his own network without taking shots at other networks. I don’t think that what he’s doing is appropriate or good for conservatism,” said Balfe. “It’s not a network of podcasts. It’s original programming for television. *Bill O’Reilly’s* show is an original show for television. *Jesse Kelly’s* show is an original show for television. These are television programs that also have podcasts, just like most other shows are also podcasting.”

AMC NETWORKS LOOKS FOR SEA CHANGE IN STREAMING

AMC Networks Executive Chair *Jim Dolan* expressed optimism about the company’s future on the company’s 4Q22 earnings call after a number of tough decisions, including layoffs and series cancellations. But while the programmer has a plan to

right the ship in a rocky media environment, Dolan admitted that AMC Networks isn’t entirely in control given the instability that has struck companies embracing streaming over the last few years. “I really think that what we have to look for is a sea change across the industry. That is something that AMC is not going to be at the forefront with because we’re just playing, we’re not big enough,” Dolan said. “But the marketplace will evolve and what we need to do as a company is we need to be really in tune with it. We have to watch what the customers are doing, how they’re behaving with their subscriptions, what kind of content they like, etc.” Moving forward, he said AMC Networks needs to adopt the mentality of a retailer rather than a wholesaler, meaning that it needs to think more about customer care as it delves deeper into the direct-to-consumer space. “Thinking of things like the customer journey and churn, they are all part of becoming a good retailer. The pricing becomes very important and where you apply your manpower,” Dolan said. “Affiliate relations is a much smaller task now compared to understanding the customer and serving them well, and that is a cultural change for AMC as it will be for a lot of other companies.”

DOLAN SAYS INDUSTRY MEDIA CONSOLIDATION LIKELY ON HOLD

When asked about the potential for **AMC Networks** to be acquired or its interest in a strategic transaction, Executive Chairman *Jim Dolan* said leadership isn’t opposed to any of the options on the table. But he doesn’t believe there will be a massive push for consolidation in the streaming or programming ecosystem until companies figure out how to better monetize content. “Once they reorganize themselves and start to get a better handle on that and better strategy with that, then you could see consolidation because there will be consolidation around building stronger products and stronger offerings to the customers and building business,” he said. “I don’t see anybody who has the answer to this yet and without that answer, I don’t get the rationale for pursuing your consolidation strategy.” Right now, he believes the role of the programmer is to work with MVPDs as they create new platforms and environments for their customers to figure out how the entire industry can thrive moving forward. AMC Networks’ net revenue for 4Q22 rose 20% YOY to \$965 million with streaming revenues increasing 41%. At the end of the quarter, the programmer had 11.8 million total streaming subscribers across its offerings. In the quarter, it realized restructuring and other charges of \$449 million comprised of \$404 million of strategic programming write-offs and \$45 million of orga-

nizational restructuring costs. Other charges were non-cash, including \$41 million of severance and employee-related costs, EVP/CFO *Patrick O'Connell* said. Notably absent from the call was newly-dubbed CEO *Kristin Dolan* as the leadership transition continues at AMC Networks. There's also work being done at **605**, the advanced advertising firm she founded, to chart a path forward without her in the CEO chair. 605 President *Tom Keaveney* will take over day-to-day management and leadership of the company with Kristin transitioning to the role of Chair. She'll remain on 605's board as well.

XFL RETURNS SATURDAY WITH ACCESS IN MIND

Disappointed that football season is over following Sunday's Super Bowl? You're in luck. The **XFL** is coming back Saturday in what will be the league's third attempt to get off the ground since 2001. It's been three years since the XFL re-launched in 2020, ultimately shutting down from constraints brought by the pandemic. Now, XFL 3.0 arrives with a new ownership group that includes *Dwayne Johnson*, with the goal of solving the tricky problem of sustaining as a non-NFL football league. XFL 3.0 will be broadcast on a combination of **ABC**, **ESPN**, **ESPN2** and **FX**. The season will have 43 total games (40 in the regular season, two semifinal games and a championship) and ultimately wrap up May 13. ESPN and **Fox** split the broadcast duties for the league last go around, but now it's all Disney's as Fox is focused on the **USFL**. For the broadcast itself, each game will have a SkyCam as well as wireless cameras on the field to capture teams celebrating touchdowns and other moments. XFL 3.0 will keep its various rule changes like allowing coaches to challenge any play, the three-point conversion, alternate kickoff methods and more. ESPN Coordinating Producer *Bryan Jaroch* told **CFX** that on top of making the broadcast visually appealing for viewers as well as making sure the on-field product is up to par, transparency is a key factor in cultivating an audience and making sure those same viewers keep coming back. "From an audio standpoint, we're going to have microphones on both head coaches, both coordinators, all the officials, all the quarterbacks and then select players," Jaroch said. "That part is a differentiating factor for this league—whether it's college football or NFL—just that access even just to be able to listen to the live mics." The broadcast will also have access to bench areas and locker rooms before, during and after games. But one area that fans enjoyed during XFL 2.0 was the access to referees. That will be carried over as fans will be able to hear what the XFL's VP, Officiating and Rules Innovation *Dean Blandino* is saying to referees during reviews on the live broadcast. "We're also going to have access to ask [Blandino] for further clarification," Jaroch said. "So if our play-by-play person needs to follow up with Dean and say, 'Hey, Dean help us understand that rule or that call,' or whatever it may be, we can then open up his mic and have an open conversation with him on our air."

FTC INTRODUCES OFFICE OF TECHNOLOGY

To help stay up to speed with technological challenges in the digital marketplace, the **FTC** created a new Office of Technology. It'll serve the Commission in a number of roles, including supporting FTC investigations into business practices and the technologies underlying them, engaging with staff on policy and research initiatives and highlighting market trends and emerging technologies that impact the FTC. CTO *Stephanie Nguyen*, who officially became CTO in October, will head up the new office.

QVC+ LAUNCHES GARDENING CHANNEL

QVC+ is rolling out a new 24/7 gardening channel called **Outdoor Escape** on Friday. It'll feature lifestyle shows from **QVC** and **HSN** along with the livestream shopping programs. *Sandra Bennett*, who has hosted QVC outdoor shows such as "In the Garden with Sandra," will be the primary host for Outdoor Escape.

CARRIAGE

Sling Freestream has added 17 more channels, meaning it now offers more than 225 channels on its FAST service. The new offerings include **Architectural Digest**, **AsianCrush**, **America's Test Kitchen** and **Red Bull Batalla**.

AT THE COMMISSION

FCC Chair *Jessica Rosenworcel* and Illinois Attorney General *Kwame Raoul* signed a partnership to protect the state's residents against robocall scams. Thus far, 44 states have agreed to partnerships with the FCC's Enforcement Bureau that establish that state and federal investigators will share informations and create structures for cooperation when investigating spoofing and robocall scam campaigns. The Enforcement Bureau also has MOUs with enforcers in Guam and D.C.

PROGRAMMING

Discovery Channel's "Naked and Afraid: Solo" will debut on Discovery Channel on March 12 at 10pm following a new episode of "Naked and Afraid." The new series will have eight of the franchise's iconic participants go through 21 days completely alone. – *Molly Yeh* signed a two-year exclusive deal with **Food Network** that includes more episodes of "Girl Meets Farm." The series shows Yeh's life on the border of Minnesota and North Dakota and dishes inspired by her Jewish and Chinese heritage.

DOING GOOD

March 4 will mark the 30th anniversary of *Jim Valvano's* famous speech at the ESPYS, and support of the V Foundation for Cancer Research is at a high. **ESPN's** 2022 V Week helped raise over \$15.56 million—the most V Week has ever fundraised. That's also a 17.7% increase compared to 2021 and 32% jump from 2020. Ahead of the speech's anniversary, ESPN and Disney Music Group will release a song "Stronger Than You Know" on March 3, with a portion of the proceeds going to the V Foundation.

1,000 EXHIBITORS FOR NAB

More than 1,000 companies will be on hand at the 2023 **NAB** Show in Las Vegas. Slated for April 15-19, exhibitors will be focused on four primary verticals relative to the content lifecycle: create, connect, capitalize and intelligent content. Over 140 of those exhibitors will be at the event for the first time as they showcase technological advancements for media and entertainment. Other show floor areas include a pavilion about ATSC 3.0 and a showcase of demos from more than 50 streaming video platforms and devices.

CW + LIV GOLF

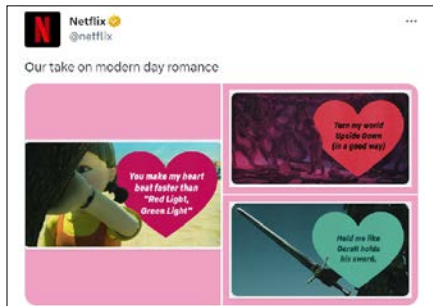
The upcoming tournaments in the 2023 **LIV Golf** slate will air in all **CW Network** markets in the U.S., signaling a commitment for live coverage from most CW affiliates. The two announced their [broadcast deal](#) in January after LIV had previously streamed its events on **Facebook** and **YouTube**. The first event will take place Feb. 24-26, with all broadcasts beginning at 1pm.

PEOPLE

NBCU's Amrei Wolfschuetz has been upped to VP, Content Distribution. *Nirali Koh* is moving over to the sales team and will now serve as Senior Director, Content Distribution. Wolfschuetz will continue to lead distribution strategy across Canada and the Caribbean while also adding oversight of the **Tubi**, **Cox** and **Roku** distribution partnerships. Meanwhile, Koh will focus on distribution relationships with **DirecTV**, **YouTube TV/Google**, **Hulu** and **Apple**.

CABLEFAX DASHBOARD

Twitter Hits



Research

(Source: [Nielsen January 2023 The Gauge](#))

- > A surge of viewership for broadcast dramas, sports and new streaming content kicked off 2023.
- > Cable usage was flat compared with December, as a 22% increase in sports usage couldn't make up the gap left by the 19% decline in cable movie viewing.
- > Streaming usage rose 1.2% with Amazon Prime Video seeing a 9.3% surge in usage thanks to a new season of "Jack Ryan". Hulu, including Hulu Live, rose 2.9% in usage.

Up Ahead

FEBRUARY 28-MARCH 3: [ACA Connects Summit](#); DC

MARCH 7: [INCOMPAS Policy Summit](#); DC

MARCH 13-16: [Satellite 2023](#); DC

MARCH 28: [Free State Foundation's Fifteenth Annual Policy Conference](#); DC

APRIL 19-20: [Telecommunications Industry Association's BEAD Success Summit](#); Arlington

Quotable

"It's hard to escape the reality that change in media consumption has been particularly hard on the RSNs. Obviously, we want all of our broadcast partners to be successful. We don't want them to have financial difficulties and we have been spending a lot of time and effort trying to work with Diamond to figure out exactly where they are. Obviously, our first choice would be that Diamond pay the clubs what they are contractually obligated to pay them. Because I guess I'm a contingency planner by nature, we are prepared no matter what happens with respect to Diamond to make sure that games are available to fans in their local markets. We think it will be both linear in the traditional cable bundle and digitally on our own platforms, but that remains to be seen."

– **MLB Commissioner Rob Manfred** speaking on preparing for a potential bankruptcy at **Diamond Sports Group** during a spring training [press conference](#)