

# Cablefax Daily™

WHAT THE INDUSTRY READS FIRST

## New Altice: CEO Mathew Outlines Strategy, New Management

**Altice USA** CEO *Dennis Mathew* outlined his vision for the company during Wednesday's 4Q22 earnings call and there are signs the operator may be beginning to turn the corner. It lost 8,000 residential broadband customers in the period, much better than the approximately 40,000 lost in 3Q22 and 2Q22.

"While we tend to see an underlying improvement in Q4 sequentially, the additional improvement is driven by a number of factors. First, we've been seeing an increase in growth that's driven by the investment in growing our sales channel, including door-to-door and retail stores," said Mathew, who took over as CEO in October as *Dexter Goei* shifted to executive chairman. "Second, the rebrand has been a success. We've seen increased awareness and consideration of **Optimum** as well as improved brand perceptions across our customer surveys, with Optimum being perceived more positively than **Suddenlink** on key perceptual measures including speed, service, reliability, quality and price. And third, our customer experience and care investments are beginning to make an impact." For example, he said NPS scores across all frontline teams improved 5 to 20 points compared to 2021.

The New Altice has a largely new management team in place, with the company announcing Wednesday that CFO *Michael Grau* has opted to step down. *Marc Sirota*, a former **Comcast** exec like Mathew, will take over the role on March 1. Grau will serve as a senior adviser until early July and help

with the transition. The company also hired *Leroy Williams* for the new role of EVP, Chief Growth Officer. Williams, a former **Rogers** and **Verizon** exec, joined this week from **Samsung Electronics America** where he most recently served as Chief Product Officer for the consumer and B2B businesses. Other changes include *Matthew Grover* retiring after more than 20 years with the company and *David Williams* taking over the role of EVP, Chief Revenue Officer. Williams recently served in the positions of Chief Marketing Officer and SVP of Sales for the Comcast Central Division.

The company brought *Shuvankar Roy* on board in January from Comcast to serve as SVP, Customer Experience. His role has been expanded as he'll serve as Altice's first EVP, Chief Customer Experience Officer, leading all customer care and retention functions. Management mentioned several customer enhancements to come later this year, including a new "cable box/stream box" that will facilitate video self-installs and a new mobile app that will allow customers to more effectively manage accounts and do basic troubleshooting.

As for Mathews' vision, it's not quite as fiber focused as his predecessor. He thinks Optimum East and Optimum West have different paths forward. In the East, where Verizon has overbuilt 70% of the footprint and **Frontier** is also building out fiber, he's very bullish on FTTH. FTTH broadband net additions were 36,000 in 4Q22, more than three times the growth compared to 4Q21 (11,000). The company has surpassed 2.16 million FTTH passings, adding 251,000 new passings in the quarter.

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It's a different story in the West, which is only about 25% overbuilt (primarily by AT&T and pockets of fiber overbuilders) and much less dense. "We think that we can continue to invest in DOCSIS in the West depending on the footprint. We're going to invest in 3.1, for example. We have 200,000 plus homes that we're going to invest in and we believe that those investments will allow us to be competitive and to drive growth."

Mathew declined to speculate on when Altice USA could get to overall positive customer growth, but said he's very optimistic. He outlined four tenants the company is rallying around: customer experience, the network, employees, and a broadband-first strategy that will include more rigor around pricing. The goal is to launch an evolution of Altice's broadband and mobile offering later this year, though he cautioned it won't be a one-size-fits-all market approach.

Overall, total residential customers relationships declined YOY 2.9%, with quarterly video net losses of 53,000 vs 71,000 a year ago. Mobile had 4,000 net additions in the quarter, bringing total mobile lines to 240,000 at the end of 2022. For the quarter, Altice USA's total revenue declined 6% YOY to \$2.37 billion, while its net loss was \$193.1 million compared to net income of \$251.7 million in 4Q21. Adjusted EBITDA declined 15.7% YOY in 4Q22 to \$913.3 million.

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## SINCLAIR CALLS FOR CHANGE IN NEGOTIATIONS WITH VMVPDS

Sinclair is calling out the differences in negotiations with traditional MVPDs and vMVPDs after a dispute with Paramount has left some FuboTV viewers without a local CBS feed. Earlier this month, Nexstar, Sinclair, TEGNA and others pulled their stations' signals from Fubo after the CBS affiliate board rejected the terms of a deal negotiated between FuboTV and CBS. "The affiliate board concluded that the offer was just meaningfully undervalued for the global content that our stations provide, and that was really the main driver of the decision," Sinclair CEO Chris Ripley said on the company's 4Q22 earnings call Wednesday. "That being said, I will say that there's a growing consensus within the broadcast community, and also within D.C., that this situation with the virtuals, it needs to change. It really is not consistent with the way the industry is set up and the way market power should be used." Sinclair doesn't have any renewals with CBS until the end of the year, and Ripley is optimistic the situation with Fubo will get resolved over the next few months. The broadcaster had previously guided that 2023 net retrans revenue would be down by a low single-digit percentage because its renewals fell in the second half of the year, but the future is looking a little murkier now. It isn't ready to provide a new outlook or stand by its previous guidance.

## The WHO and the WHY

CFX's spotlight on recent new hires & promotions



DAVID Dworin  
CHIEF PRODUCT OFFICER  
FREEWHEEL

### 3 THINGS TO KNOW

- David was promoted from his previous role of VP, Product Management, marking another milestone in his nearly six-year stint at FreeWheel. His new position will have him guide the company's product vision, strategy, design and development across the globe. He'll report to GM Mark McKee.
- He's made a big impact on FreeWheel's migration to a global platform company, having led its enablement of programmatic for premium video and the focus on connecting buyers and sellers to perform transactions across multiple screens. David has also served as the head of FreeWheel's consulting arm and the trust and standards team, which seeks to boost industry trust through ongoing accreditation, compliance and marketplace quality initiatives.
- Before FreeWheel, David was Managing Consultant at his firm Dworin Consulting. Prior to that he was at StrategyOne from 2011-12 and at Gallup from 2007-11.

"We're seeing subscriber churn by the MVPDs increasing, but industry reports are still showing churn to moderate," CFO Lucy Rutishauser said. "What we can't control is churn and really what 2023 is all about is where the churn goes."

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## GLO FIBER READY FOR GLOW UP

Shentel is gearing up for a landmark year for its Glo Fiber brand that should see it construct more than 100,000 new passings. It has secured franchise agreements for 445,000 passings and its network now includes more than 8,300 route miles of fiber. COO Ed McKay said during Shentel's 4Q22 earnings call Wednesday the company hasn't had much trouble finding crews to build out its network, and Shentel has more construction crews working right now than it has in the history of Glo Fiber. "We have seen impacts from inflation. Our costs for both materials and labor have gone up 5-10%," he said. "So we've previously disclosed, we expect a range of \$1000-1400 per new Glo passing up to this point. We've been in the lower half of that range, we do think those inflationary factors will push us up higher into that range." McKay added that another factor is that some of the markets Shentel is building in now are less dense and

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have more underground construction, which drives the cost per passing up as well. In the fourth quarter, approximately 44% of Shentel's new residential subscribers adopted speed tiers at the one gigabit level or higher, and more than 7% took the company's 2 gigabit service. Shentel has tried to make sure more cost-conscious customers also have options, rolling out a 100 Mbps speed tier, but it has proven less popular than plans with higher peaks. Less than 6% of new customers adopted it in 4Q22. Shentel's Glo Fiber data customers grew 113.5% YOY to approximately 24,000 and overall revenue grew 9% to \$267.4 million.

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### STARLINK CHARGING CUSTOMERS IN AREAS WITH LIMITED CAPACITY

Starlink is changing up its pricing in a way that will see customers in areas with limited capacity pay more. In an email to customers sent Tuesday, the satellite broadband service said a \$10 increase would be applied to customers living in areas with limited capacity, bringing their service cost to \$120/month. Those in areas with excess capacity will now receive a discount, seeing costs drop to \$90/month. The changes go into effect on April 24 for existing customers, but the impacts will be immediately felt by new customers.

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### APPLE A POTENTIAL LANDING SPOT FOR PAC-12

The college sports media carousel is still running, with all eyes on the Pac-12 as it searches for a broadcast home. Now, a potential destination has emerged, with the NY Post reporting Apple TV+ has entered the mix for the Pac-12's college football rights. ESPN, Prime Video and Fox Sports are still involved in talks, but the question about price remains after the Big 12 struck a deal in October with both ESPN and Fox—which also could signal that the two networks aren't as interested as before. It's no secret Apple has been diving into sports with its deal with MLB to stream Friday night baseball games and recent 10-year agreement with MLS to carry its Season Pass offering.

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### RATINGS

Make it another week with Fox News at the top of Nielsen's weekly primetime and total-day ratings among cable nets. It led the total day category with an average of 1.45 million viewers P2+, with MSNBC in second at 727,000 and HGTV third with 472,000. ESPN came fourth at 467,000, followed closely by CNN's 461,000. For prime, Fox News had 2.18 million viewers, with TNT making an appearance in second with 1.6 million. MSNBC and HGTV had 1.17 million and 904,000, respectively, and ESPN capped the prime top five with 838,000 viewers. – XFL 3.0's first weekend is in the books, and the weekend's four games combined to average 1.3 million viewers across ABC, ESPN, ESPN Deportes and FX. Coverage was led by

Sunday's game between St. Louis and San Antonio, which garnered 1.6 million average viewers. Saturday's season opener between Las Vegas and Arlington had 1.5 million viewers, with Orlando-Houston and Seattle-D.C. getting 1.1 million and 934,000, respectively. The league's docuseries "Player 54: Chasing the XFL Dream" aired Saturday on ABC leading into the Vipers-Renegades contest, averaging 696,000 viewers.

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### MARKEY, RASKIN ASK FOR STUDY ON TECH, MEDIA AND CHILDREN

Sen Ed Markey (D-MA) and Rep. Jamie Raskin (D-MD) sent a letter to Dr. Lawrence Tabak, Acting Director of the NIH, calling for the initiation of research into the impact of tech and media on children, teens and infants. Such a study would be consistent with the CAMRA Act, which was passed as part of the 2023 omnibus spending package that directed \$15 million for research into how technology use shapes the cognitive, physical and mental development of young people and children. "As President Biden highlighted in his recent State of the Union address, social media and new technologies are affecting our children in ways we don't yet fully understand, and we must do more to protect them from online harms," the letter read.

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### FIBER FRENZY

A majority of residents and businesses in East Moline, Illinois, now have access to Metronet's multi-gig fiber network. Construction began in 2020 and Metronet has since installed over 90 miles of fiber optic internet, giving customers access to speeds of up to 1 Gbps.

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### PROGRAMMING

AspireTV is introducing a new cooking show with rapper Yo-Yo called "Downright Delicious with Yo-Yo." It'll premiere in June as part of the network's Black Music Month celebration, but fans can get a special first look March 7 at 8pm. – "Waco: The Aftermath" will be available to stream on Showtime beginning April 14. The five-episode limited series will then have its linear debut April 16 at 10pm.

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### PEOPLE

The Alliance for Women in Media and its Foundation unveiled its 2023 board and officers Wednesday. Hallmark Media Chief Communications Officer Annie Howell will take over duties as chair while Heather Cohen, EVP, The Weiss Agency, moves to immediate past chair. ESPN VP, Communications Katina Arnold will be the incoming vice chair, with Matrix Solutions President Brenda Hetrick filling in as treasurer and First Look Media VP, Marketing Monica Bloom as treasurer-elect. New members of the board include NBCU's Cori Abraham; Amazon's Jayne Bussman-Wise and American Urban Radio Network CEO Chesley Maddox-Dorsey.

# Think about that for a minute...

## Expertise

Commentary by Steve Effros

It became very clear this week that we have reached a significant inflection point in the debate over what should be done, if anything, about regulating the internet. Two different, but at the same time almost identical regulatory conundrums are front and center both in the press and in the courts and it's very obvious no one really knows what to do about them.

The first is the entire issue of "Section 230" and the responsibility of "social media" platforms to either do a lot more content moderation or abandon it because it is "biased" in one direction or another. I've written about Section 230 in this column for a long time. It was obvious that it would finally reach an inflection point where regulators, legislators and the courts would become involved. This week's Supreme Court arguments about whether Section 230 protects social media "edge" providers like Google (YouTube), Facebook, Instagram, and the like even when they employ algorithms to highlight content provided by others is a classic case in point.

The Supreme Court Justices were transparent in their acknowledgement that they had little to no expertise about the internet, social media, algorithms or all the implications thereof. Justice Kagan said it best when she noted "...these are not the nine greatest experts on the internet." Justice Alito followed up noting that he was "...completely confused by whatever argument you're making at the present time." And the consensus from the bench may be that these questions are not appropriate for a Court to figure out, this is a job for Congress.

But of course we've already heard way too much from members of Congress indicating that they really don't understand the internet, algorithms, social media, and notions of bias either liberal or conservative either! And this is the easy stuff! Wait until they start considering what to do with "Artificial Intelligence" when it's overlaid on all those recommendation engines and computer generated "answers" to questions.

We are already seeing the hash being created by alleged consumer and "tech" reporters as they play games with the

newly-hatched applications like ChatGPT. Is it any surprise that a four-month old can be totally flummoxed by firing multiple conflicting instructions at it? That doesn't tell us anything other than that this is the infancy of AI applications and there's a lot more to come. That, in itself, is important. What we as a society should do about it is even more important. We never really contemplated the implications of the internet, and now something far more significant is on the scene. What should we do?

I would suggest that the first thing to do is gain some expertise. Someone who's done that for a long time is Stephen Wolfram. He's written an incredible piece that I strongly recommend you peruse. Don't, however, think you will read or understand the whole thing! It goes into such depth that I doubt many will get through it all. But it's well worth digesting the first part of his explanation of what ChatGPT is, and what it actually does to understand that it's not thinking, it's not intelligent and of course its output is going to be subject to lots of variables. Just take a [look](#).

Spend a little time and you will begin to understand why the current discussions of whether the Courts or Congress should start to design regulations regarding these things is the wrong question. We should first spend some time making an effort to gain just a little expertise, and finding the folks who have more, before imagining that we can understand the implications of what's coming. The one thing I'm sure of is that it's coming

sooner than we expected, and it likely will have as much impact as the introduction of the internet itself.



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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.)*

2023

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