Cablefax Daily™

WHAT THE INDUSTRY READS FIRST

Shiny and New: Charter Eyes Xumo as its Video Future

Charter CEO *Chris Winfrey* got a sneak peek at the Xumo platform during **CES** in January, and he left that meeting wishing he could have it on every one of his television sets immediately.

Once it debuts, Xumo, a jv with **Comcast**, will be the principal way that Charter deploys its video product. As a Xumo shareholder, Charter will benefit from those customers whether they are linear video subscribers or not and those subs can upgrade, downgrade or drop their video packages and still have access to the Xumo app platform.

"What Xumo gives us the ability to do is a fully integrated app and live video experience for customers all in a single place with the very best that Comcast has to offer together with our Spectrum TV app to the extent somebody wants to take video, and to provide utility to customers wondering whether they want to take traditional live video or not," Winfrey said during an appearance at the Morgan Stanley TMT Conference. "I think Xumo is really good for consumers… I also think it's really good for programmers if they've gone down this path with direct-to-consumer… And I think we can benefit because of the relationship with our connectivity services."

After leaving that CES meeting, he looked at the Charter and Comcast teams and said it was too bad video can't make much money because it would be really powerful if it could. Distributors like Charter continue to offer video because they have enough customers who can afford those packages as they continue to grow more expensive, but there is a ceiling for even those with the deepest pockets.

"The reality is because the programmers have done what they've done, it's become too expensive for many people. Yes, we're the best-performing video operator in the market, I think, but we're still losing and I don't see that changing," Winfrey said.

Charter's real bread-and-butter product right now is Spectrum Mobile, and much of that growth is coming from its existing 30 million broadband customers. "The opportunity to drive new relationship connects is relatively untapped. That's the real opportunity, so I think we can continue to grow at an accelerated pace," Winfrey said. "If anything, we have a chance to get more efficient over time because we've had a little bit of a victim of our own success in having so much growth and trying to onboard and activate that."

In a separate session, Comcast Corp President *Mike Cavanagh* said the distributor is working with Charter to test whether or not offloading some of that wireless traffic onto owned-and-operated networks would make sense. But both execs said that at least 80% of the traffic on their respective mobile offerings is already being carried over their WiFi networks. Right now, there's not a dire need for either company to act quickly to achieve owner's economics, especially when they're happy with their relationship with **Verizon**.

"There's a path there if that becomes feasible. We're going to test away at that. But remember the scale and growth pace that Charter and us together are generating creates pretty good dynamics for wanting to be served by the wireless industry," Cavanagh said. "There will also be advances as time passes in just the dynamics of MVNO relationships."

SIMINGTON SAYS FIXED WIRELESS NOT GETTING FAIR SHAKE

Not everyone has swallowed the fiber pill. Fixed wireless broadband deserves more recognition for bringing unserved and underserved Americans online, and BEAD broadband deployment funding unfairly favors fiber, Republican **FCC** Commissioner *Nathan Simington* told **WISPAmerica** attendees Wednesday. “The definitions adopted by **NTIA** have, unfortunately, stacked the deck in favor of fiber deployments—in places where fiber will likely take years to build-out, if it’s even possible, whether because of the difficulties presented by the terrain in specific areas, the lack of infrastructure for supporting fiber, or competition for limited fiber supplies from more densely populated markets,” he said. “We must reconsider this approach if we wish for rural America to keep pace with the rest of the U.S. and the U.S. with the rest of the world.” Simington cited a Communications Marketplace Report showing **T-Mobile** as the operator with the largest fixed broadband footprint—at 60% of the population—because of its rapid deployment of a fixed wireless network. “Despite successfully serving these communities, federal policies would rather ignore these successes in favor of pie-in-the-sky ideals about fiber’s technological superiority or the necessity of 100 Mbps symmetry for all broadband networks,” he said. WISPA’s annual four-day conference opened on Monday in Louisville, KY. The trade association has argued that NTIA’s “technological bias” could raise the costs of BEAD by $30 to $60 billion.

The *WHO* and the *WHY*

CFX’s spotlight on recent new hires & promotions

SARAH
Gitchell
SVP, CONTENT ACQUISITION
COMCAST CABLE

3 THINGS TO KNOW

- Sarah was appointed to her new position after being SVP/Senior Deputy General Counsel for Comcast’s legal team for 2.5 years. She’ll head up the field operations and compliance teams while also developing the company’s overall content strategy, leading major initiatives and conducting certain deal negotiations.
- She’s been with Comcast since 2005 and has since assembled a legal team that has helped broker deals for VOD, TV everywhere or streaming apps. Sarah told CFX her focus will be to continue enhancing coordination and alignment across her team and how they interact across their business.
- She’s excited to continue leading the company into new frontiers, which is something she has prided herself on over the course of her career. “The favorite moments over my career are where we explored new territory and tried to figure out new business models and rights profiles.” Outside of work, Sarah is a yoga enthusiast and advocates for its help with developing patience. She’s also set to obtain her Master of Laws in Cybersecurity and Data Privacy from Drexel University’s Kline School of Law in June.

FCC ENFORCEMENT BUREAU VS STANDARD GENERAL

The **FCC**’s Enforcement Bureau wants the agency’s Administrative Law Judge to extend the deadline for responding to **Standard General** and **TEGNA**’s motion seeking to have the full Commission weigh in on whether the proposed merger should have been designated for a hearing. With a May 22 deadline to get the multi-billion dollar deal done, the broadcasters are not surprisingly objecting to the request. The Bureau said it appears the deadline for filing an opposition to Standard General and TEGNA’s motion is March 9, arguing that the ALJ should extend the deadline to March 20 because the issues raised are “complex” and because two of the entities made parties to the proceeding (**CWA** and **Common Cause/UCC**) haven’t yet filed a notice of appearance. The parties have until March 16 to file a notice of appearance. In a filing posted to the FCC site Wednesday, Standard General and TEGNA said it was inappropriate for the Bureau to “take sides” and extend the deadline set by FCC rules. They’re also not buying the complex argument. “The complexity of the legal questions involved simply underscores the importance of elevating these issues for immediate Commission review, and is not, under Commission precedent, a basis for extension,” they said. “And having only very recently authored a lengthy order purporting to justify why a hearing is needed here, FCC staff should be well-positioned to explain why its position squares with controlling Commission precedent in even less time than the rules allot—if an explanation exists.”

BAKISH CALLS NEVINS’ SHOWTIME OFFER ‘NOT THAT INTERESTING’

Last month, it was reported that **Paramount** turned down a $3 billion from former **Showtime** exec *David Nevins* to acquire the network. Without naming names, Paramount CEO *Bob Bakish* addressed the receipt of that offer during an investor conference, saying there was a high bar anyone would have to meet to make a sale of Showtime make sense. “We got an unsolicited offer for Showtime. We looked at it and the reality is it was not that interesting to us,” Bakish said. “Because if you compare that

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price… to our internal business plan, the reality is our internal plan is far more value-creating when you take the base earnings and the synergies. And by the way, how it affects the streaming path to profitability… it just didn't make sense to divest the asset anywhere near that price." Paramount is preparing to combine **Paramount Plus** and **Showtime** together across its linear and streaming properties, and Bakish is bullish on the opportunities that will come with the unlocked synergies. One example is in the combination of the marketing and operations divisions of the two separate platforms, and the programmer has quoted a $700 million number when talking about those potential synergies in the past. "It's a win for distributors who are fundamentally going to be distributing a better product, whether you're **Comcast** or you're **Amazon**… and it's a win for Paramount and shareholders because by being a strong product, it'll be accretive to revenue and it'll be part of enabling a price increase too," he said. Bakish and the rest of the C-suite have been keeping a close eye on the impacts of the price increases some of its competitors have implemented. Those rises don't seem to affect churn, and while it can affect acquisition, there are tools like promotional pricing to smooth that out. "One of the things I think people miss on the path to profitability of streaming is this pricing dimension. Price will go up from streaming over time, we will raise price this year and we will raise price again in the future and you have to build that into your economics because everybody will," Bakish said.

NEWSMAX, DIRECTV - WEEK 6

It's been 42 days since **DirecTV** dropped **Newsmax** from its lineup, and there's still bickering over whether the move was financial as DirecTV argues or political as Newsmax claims. Coming out on the side of economics is *Jessica Melugin*, Director of the Center for Technology & Innovation at the **Competitive Enterprise Institute**. "Carriage disputes regularly result in temporary blackouts, but usually are eventually resolved. The kerfuffle between DirecTV and Newsmax is nothing out of the ordinary. That is, except that some members of Congress have decided to get involved," she wrote in a blog post Wednesday. She concludes: "Any American paying more for almost everything and watching unprecedented government spending knows Congress has better things to do than lament the possible dropping of a small news channel from one of many carriers." Meanwhile, Newsmax.com continues to keep a running tally of articles on its homepage under the header "DirecTV Censors Newsmax." The latest includes Rep. *Michael Waltz* (R-FL) suggesting his colleagues will hold hearings on the issue, noting however that he's not on any committees that would have jurisdiction. Last week, Newsmax chief *Chris Ruddy* spoke on CPAC's main stage, calling the removal censorship.

'POPULAR IS PARAMOUNT,' SAYS NEW AD CAMPAIGN

Paramount launched a new ad campaign that puts its most popular content front and center. The campaign, dubbed "Popular is Paramount," is designed to emphasize the value of its biggest IP to advertisers, distributors and the creative community. The campaign will roll out across influential owned and paid media, as well as out-of-home placements in New York and Los Angeles.

RATINGS

With March Madness ready to begin next week, **ESPN** had its most-watched men's college basketball regular season in four years. Over 350 games across **ABC**, ESPN and **ESPN2** averaged 554,000 viewers P2+, with A18-49 checking in with 192,000. ESPN nets had 57 games eclipse 1 million viewers, up from 46 in the 2021-22 season. Both iterations of the Duke-UNC rivalry game were the two top audiences this season, with the Feb. 4 contest averaging 2.86 million and Saturday's matchup having 2.63 million.

A+E AT THE UPFRONTS

A+E Networks is unveiling a slew of new series across its family of networks at this year's upfronts, including five new documentaries focused on some of rock's greatest legends. Films centered on *Alice Cooper*, *Bret Michaels*, *Sammy Hagar* and more will be produced under the Biography banner. Coming to the **History Channel** is eight-episode docuseries "Kevin Costner's The West" as well as nonfiction series "Five Families," a deep dive into the history of the American Mafia. **Lifetime**'s lineup includes a second documentary on *Janet Jackson* to be simulcast across Lifetime and **A&E** as well as biopic "Keyshia Cole: This is My Story," premiering June 24.

PROGRAMMING

INSP's "Ultimate Cowboy Showdown" is returning for Season 4 with the premiere date to be announced in the coming months. Country music superstar Trace Adkins will return as host of the cowboy competition series along with fan-favorite competitors from the first three seasons. – British sitcom "Hullraisers" is coming to **IFC** on April 5 at 11pm. The full season will be available on **Sundance Now** and **AMC+** on the same day.

SAD NEWS

Our thoughts are with **Conexon** Partner *Jonathan Chambers* and his family. On Friday, a Conexon-owned jet experienced severe turbulence, killing Chambers' wife *Dana Hyde*, a prominent D.C. attorney who served in the *Obama* and *Clinton* administrations. Before Conexon, Chambers spent time as the GOP staff director for **Senate Commerce** and served as Chief of the Office of Strategic Planning for the **FCC** in 2012. Conexon is a fiber network design and construction management provider that works with rural electric co-ops. Conexon and its Rural Electric Cooperative Consortium members were awarded $1.1 billion in Phase 1 of the Rural Digital Opportunity Fund auction.

Think about that for a minute...

Now What?

Commentary by Steve Effros

We all have pretty clear imagery of a dog chasing a car down the street. What we don't have is any clear idea of what would happen if it actually caught the car. And, I suspect, neither does the dog. We're in that situation right now regarding telecommunications in the home, and there's an awful lot of money being spent with no solid indication that anyone has a business plan for monetizing the "catch."

It's long been the case that "owning the home" was the objective of lots of companies in our business. The television stations certainly succeeded for a long time, and still do, with a product, now anchored by sports, which has become a mainstay in almost every American home. The combination of a false narrative that over-the-air television is "free," (we all pay for the advertising that supports it) and "retransmission consent" payments from the cable industry to the broadcasters has stood them in very good stead. But their hold on the home bumper has been slipping for quite a while.

First it was cable, with the introduction of competitive video content. Cable subscription's grip started loosening when technology brought us the VCR, then the DVR and now, finally, "streaming." Meanwhile, a whole new bunch of "alpha dogs" started to chase the dream of "owning the home." But these are unusually large dogs; Amazon, Google and Apple.

You see, the mantra has long been that if you "own the home," meaning you supply the dominant, and hopefully exclusive gateway to the American viewing (or now with data, "use" as well as "viewing") public, then you can develop all sorts of additional revenue streams and be very successful. Well, at least that's the theory.

Some tried to do that with a business plan focused on selling the technology. Apple has certainly been successful with that in the cell phone context with high-priced equipment and "walled garden" control. The VCR/DVR folks tried it, but "cloud computing" superseded their equipment, especially after the cable folks were able to incorporate that technology into their offerings. Then came Roku and the new "Alpha Dogs"; Apple TV, Amazon Fire Stick, Google Home, Alexa.

Full disclosure; I have Alexa devices throughout my house. We use them constantly. They work well and Amazon sold them at very low prices precisely in order to "own the home." But there's one huge problem; the "Alpha dog" may, indeed, have "caught the car," but now what? The division in the company responsible for Alexa reportedly lost over $10 billion last year. There is no indication that, while it may be the most successful device in the home these days, there's any business plan that expects to turn a profit on that "win." The dog has firmly grabbed the rear bumper, but its tail is dragging across the ground!

Why? Well the anticipated use, that folks would start simply ordering things from Amazon with their new voice-connected home devices simply didn't happen. Getting the weather, controlling the lights, asking a question, sure. However the collateral business benefits of "owning the home" never showed up. And if you low-ball the entry price of the equipment (unlike Apple) and also attract lots of competition, like Google Home equipment which has the same problem, then it gets harder and harder to see why you started "chasing the car" in the first place!

The obvious next question is "now what?" There's no obvious answer. Indeed, there are a whole host of new "chasers" in the mix. Almost every major television manufacturer is designing equipment offering pieces of the convenience that were supposed to derive the profit from "owning the home." The "pie" is being sliced thinner and thinner. I suspect, eventually, selling service, not seeking to "own the home" will prevail.

Steve

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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.)