

# Cablefax Daily™

WHAT THE INDUSTRY READS FIRST

## Ol' Reliable: Verizon Depends on Broadband Amid Wireless Slowdown

Verizon may be all about the prospects of its fixed wireless business, but FTTH product Fios isn't letting the new shiny broadband offering steal all the spotlight. The Fios business brought in 72,000 internet net additions during 3Q23, up from the 61,000 it gained in the same period last year. During the company's earnings call Tuesday, Verizon CEO *Hans Vestberg* said Fios continues to maintain its reputation as a coveted high-quality service, taking share and delivering strong numbers even when move activity is down.

Fixed wireless offerings are still the main character in Verizon's broadband playbook, however. The company reported 384,000 fixed wireless net additions, and now counts nearly 2.7 million subscribers through that broadband offering. Executives continued to shut down any concerns about capacity on the network as it adds fixed wireless customers, and Vestberg believes there is still a lot of room to use technology to unlock further capacity when Verizon needs it in the future.

The executives on the call were questioned about the M&A environment in the fiber and wireless spaces recently, but Vestberg didn't seem to have much of an appetite for any new fiber assets at this point in time.

"Right now, our strategy is clear. We want to take broadband subscribers with fixed wireless access because we get them right now. It's a superior product, and we don't see a need right now for adding any fiber to that footprint," Vestberg said.

"Over time, of course we will always look into it and anyone that would dispose of any telecommunications assets in the market will talk to us. But the hurdle is high." Vestberg didn't directly address the topic on the wireless front.

**New Street Research** agrees that now may not be the time for Verizon to make any major purchases, but the time to acquire isn't too far away. Verizon paid down \$2.6 billion in debt during the third quarter and is raising its 2023 free cash flow guidance by \$1 billion to more than \$18 billion. As it continues to make its balance sheet more attractive, the desire to buy is sure to go up.

"We continue to believe that FWA will run out of capacity and Verizon will need more fixed assets at some point. M&A will likely come sometime after mid-2025, when the carriers have all deleveraged back to their leverage targets following C-Band and 5G investments," New Street Research said in a note.

Looking to its wireless business, Verizon recorded service revenue of \$19.3 billion, up 2.9% YOY, with 100,000 postpaid phone net additions. Much of that increase was driven by price increases implemented earlier in the year and growth from fixed wireless.

With growth in the wireless business continuing to be slow, some analysts are starting to show concern over whether Verizon's MVNO deals are doing more harm than good. In a note, **MoffettNathanson** voiced its concerns about the down-sides of these MVNO agreements. Looking at Verizon's deal with **Comcast** in particular, the firm called the deal positive on its face. For every three customers the MVNO acquires,

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only one is likely to come from Verizon, by MoffettNathanson's estimates. Its biggest concern at this point is that MVNO deals are lowering ARPU across the industry as a whole, and with cable companies earning the lion's share of net additions, it is hard to see any growth that is possible for the traditional wireless companies. Verizon, ever the optimist on this front, doesn't seem to share the same concerns.

"What I can tell you is that we are very happy with the MVNO agreements and those agreements are accretive. It's an important business and, as Hans has said many times, it is consistent with our strategy to monetize the network," CFO *Tony Skiadas* said. "It's a very profitable business for us, it's growing and we're very comfortable with the arrangement."

Vestberg closed the call by sharing his thoughts on the conflict in Israel, condemning terrorism in all forms and the violence that has claimed the lives of civilians in the region. "My hope is that we will move to a peaceful resolution as soon as possible," he said. "In the meantime, we need to come together as a society and lean into what connects us, not what divides us."

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## FCC TEES UP VOTE ON DIGITAL DISCRIMINATION RULES

Cable keeps racking up misfortune at the **FCC** now that it has a full slate of commissioners. Recent weeks have seen the [re-introduction of Title II](#), a retrans [item](#) that puts the thumb on the scale of broadcasters and now a digital discrimination order that pursues a much broader disparate impact standard than the industry had lobbied for. FCC Chairwoman *Jessica Rosenworcel* announced the proposed digital discrimination rules at an event Tuesday, with the agency's five commissioners to vote on them at the Nov. 15 open meeting. That's the Congressionally mandated deadline under the Infrastructure Act for the FCC to define digital discrimination. **NCTA** and other telecom stakeholders had urged the FCC to pursue disparate treatment, which would cover intentional discrimination and thus could recognize legitimate business reasons that might lead to uneven deployment. In her speech at the 41st Annual Everett C. Parker Ethics in Telecommunications Lecture at the First Congregational United Church of Christ, Rosenworcel outlined why the FCC would instead pursue disparate impact, which allows the agency to address any discriminatory effects regardless of intent. "There is little or no evidence in the legislative history or in the record of this proceeding that intentional discrimination by broadband providers is a meaningful contributor to disparities in internet access," she said, explaining that instead the record shows that gaps in broadband access for low-income, rural, Tribal, and minority communities stem from policies and practices that may be neutral on their face, rather than the result of intentionally discriminatory conduct. "If we were to adopt rules that only cover

discriminatory intent, we would fall short of fully meeting our obligation to 'facilitate equal access' to broadband." While the proposal isn't what the industry hoped for, it didn't seem surprised. Last week, NCTA President/CEO *Michael Powell* called it a "dangerous proceeding" during an appearance at **SCTE Cable-Tec Expo**. "When you merge the idea of economic discrimination with social, societal and civil discrimination, you can really make bad decisions," he said. "Lots of economic decisions differentiate, discriminate on sound economic basis. We price discriminate—we charge higher prices for certain speeds. We do that in order to the maximize the audience." Still, Powell thinks cable is positioned pretty well because it has a long history of building out the entire footprint. He acknowledged that some of that came from the regulatory franchising model, which required cable operators to commit to serve whole areas. But he said it's now deeply in the industry's DNA. A public draft of the proposed FCC rules will be released Wednesday. One thing to look for is how the complaint process will work since unintentional discrimination isn't definable until a complaint is brought and adjudicated. The FCC also will seek comment on new reporting requirements intended to provide a clearer picture of recently completed deployment, upgrade, and maintenance projects. The idea is to help remove impediments to equal broadband access before they develop.

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## ESPN READY FOR NEW NBA SEASON

The new **NBA** season tips off tonight with no shortage of storylines on the court, but the league is at the beginning of its own distribution transformation stage. The NBA's current deal with **Disney** and **Warner Bros. Discovery** expires after the 2024-25 season, and while talks between the incumbent partners and the league have already begun, **ESPN** is making adjustments to remain at the forefront of NBA coverage amid broadcast rights renewal talks. It starts with on-air talent. The network made a litany of additions including former Knicks GM *Scott Perry* as an analyst on "NBA Today," "SportsCenter" and other studio shows, *Austin Rivers*—former player and the son of *Doc Rivers*, who's joining the network's top broadcast team—and former NBA champion *Andre Iguodala*. Former Warriors GM *Bob Myers*, Las Vegas Aces head coach *Becky Hammon* and Connecticut Aces head coach *Stephanie White* will also join the network's lineup. ESPN Head of Event & Studio Product *David Roberts* said having figures who are recently removed from the league gives the network an advantage in its coverage. "I think the currency factor is very relevant in the decision because I think that it serves the fans well when you have a coach just off the bench or you have someone like a Bob Myers who was the architect of four world championships, who just spent years, recent years, looking at the rosters and talking strategy about every one of his past competitors," Roberts said on a media call Monday.

As for the broadcasts themselves, Roberts revealed there will be more of the three-point tracker as well as players who are mic'd up during games. Studio wise, the network will continue to use the graphics package it rolled out last year in addition to new animation elements. But an added factor for broadcasts this season is the ongoing actors' strike. **ABC** has adjusted by adding simulcasts of Monday Night Football, and it's already added five NBA games on Wednesday nights in January. However, time will tell if more games will be added to the broadcast net if the strike continues into the season. "It would be premature for me to answer that question. We will remain nimble and make decisions that will be in the best interest of the Walt Disney Company," Roberts said. "Having a property such as the NBA puts us in a very strong position because the NBA is one of the best dramas out there."

## RATINGS

It's a different look at the top of the weekly primetime ratings among cable nets, and that's thanks to the ongoing **MLB** Playoffs. **TBS**—which has the ongoing NLCS between the Phillies and Diamondbacks—topped the prime chart with 2.99 million viewers P2+. Game 7 of that series will take place tonight at 8:07pm on TBS. **Fox Sports 1** had the seven-game Rangers vs Astros series that fueled 2.2 million average viewers for the week, which was followed by **Fox News** at 2.05 million. **ESPN** and **MSNBC** capped the prime top five with 1.83 million and 1.29 million, respectively. Fox News did hold its No. 1 spot in the total-day rankings with 1.37 million viewers. **MSNBC** came second at 918,000 and TBS third with 732,000. **ESPN** (666,000) and **CNN** (631,000) took spots No. 4 and 5. – **Samba TV** reports **Prime Video's** movie "Totally Killer" accumulated 413,000 U.S. households during the L+6D window. Households in the A35-44 range over-indexed on viewership at 5% during the same timeframe. Elsewhere, **Paramount+'s** "Pet Sematary: Bloodlines" had 326,000 U.S. households watched in L+6D.

## CARRIAGE

**Prime Video** and **Crunchyroll** struck a global distribution agreement to make Crunchyroll available on Prime Video Channels in the U.S., U.K., Canada and Sweden. More territories will be added throughout 2024. Prime members can pick between two Crunchyroll memberships: the ad-free "Fan" plan, which starts at \$7.99/month to stream on one device at a time, and the "Mega Fan" tier, which is also ad-free and allows for streaming on up to four devices simultaneously as well as offline viewing.

## FIBER FRENZY

**GoNetspeed's** \$1.5 million fiber internet project in Plymouth, Connecticut, is ready to go for customers. Once construction is fully complete, over 2,700 residents and businesses will get symmetrical speeds from 500 Mbps for \$49.99/month

to 1 Gbps for \$69.99/month. – **TDS** connected the first set of customers in Evansville, Wisconsin. The project was announced last fall and broke ground in May, helping bring TDS' internet, phone and TV services to the area. Customers can get symmetrical speeds of up to 8 Gbps.

## BANGO, MYBUNDLE COLLAB

**MyBundle** has teamed up with UK-based **Bango** to accelerate billing integration for streaming networks. The Bango Digital Vending Machine offers pre-built integrations for many subscription products and streaming services to expand MyBundle's subscription portfolio. Through Bango's single API integration, MyBundle can quickly deliver streaming services within months, dramatically reducing time-to-market. Streaming aggregator MyBundle has more than 180 broadband provider customers in the U.S. that serve more than 10 million households.

## PROGRAMMING

The **HBO** documentary "David Holmes: The Boy Who Lived" will premiere Nov. 15 at 9pm, available to stream on **Max**. The doc looks at the life of *David Holmes*, the stunt double of *Daniel Radcliffe* in the "Harry Potter" franchise, and the two's bond through fame and tragedy. – **Fox Nation's** original film "Christmas with the Foxes" will debut Nov. 23 along with "Christmas in Big Sky Country," "Christmas in Maple Hills" and "Christmas with the Knightlys." Fox Nation will also run a holiday promotion for \$2.50/month for the yearly plan. – "Inside Track: The Business of Formula 1" will premiere globally Nov. 16 at 8pm on **CNBC**. The one-hour documentary will give a behind-the-scenes look at the business aspects of the rapidly growing racing series. – Season 2 of "Julia" will begin with three episodes Nov. 16 on **Max**. One episode will be released weekly through Dec. 21 for a total of eight episodes.

## DOING GOOD

**Mediacom** employees raised more than \$30,000 for the **American Cancer Society** with employees at its Mediacom Park HQ walking the property's nature trail as part of the annual Making Strides of Hudson Valley walk day event. An initial \$15,600 was raised by employees, their family members, and friends, which was then matched by the company.

## PEOPLE

**Plume** made a pair of appointments to its executive leadership. *Valerie Buckingham* is joining the company as CMO, while *Adrian Fitzgerald* fills in the role of CRO. Buckingham has been at Plume since February, having joined with experience at companies like **Microsoft**, **Paramount**, **Nokia** and **Palo Alto Networks**. Fitzgerald held the titles of CRO and GVP, Global Sales for Sandvine and **Oracle**, respectively.