

# Cablefax Daily™

WHAT THE INDUSTRY READS FIRST

## No Doubt: Bakish Confident in Paramount's Standalone Sports

Paramount Global CEO *Bob Bakish* is not sweating a bullet when it comes to the sports jv between **Warner Bros. Discovery, Fox and Disney**. Part of that is because many elements remain unknown, and he also believes that for a true sports fan, the product is going to have some significant holes.

"It's missing half the **NFL**, a lot of college, has virtually no soccer or golf, etc. So look, that's hard to believe that's ideal, especially at the price points that have been speculated," Bakish said on the programmer's 4Q23 earnings call Wednesday. "We serve true sports fans through our MVPD and vMVPD partnerships that provide the full complement of sports really year-round... and we like our sports. **NFL, NCAA, UEFA**, those are locked up into the next decade. So we have a real advantage here. Bottom line, we very much like where we are with respect to sports execution."

When it comes to the M&A rumors that have been swirling, Bakish had little to say beyond noting the programmer is always looking for ways to create shareholder value and adding he wouldn't talk about speculation or timelines. He did want to talk about the unique mix that the company has in terms of the programming on **Paramount+**, with 90% of subscribers that come to the service for sports spending 90% of their engagement time with non-sports content.

DTC revenue increased 34% YOY with growth across all levels, and Paramount+ has now surpassed 67.5 million subscribers with 4.1 million net additions in the quarter. Subscription revenue

grew 43% thanks to subscriber additions and pricing increases, and advertising revenue rose 14% with contributions coming from Paramount+ and **Pluto TV**. In 2023, audiences spent nearly 40% more hours on Paramount Global's streaming platforms.

This was the year of **Showtime's** integration into Paramount+, and Bakish said that led to a reduction in full-year DTC losses and meant Paramount Global hit peak streaming losses a year ahead of schedule. Paramount Global now expects Paramount+ to reach domestic profitability in 2025.

Things weren't so rosy in the TV Media division, with revenue dropping 12% YOY. Bakish was asked how the company views MVPDs wanting to offer skinny bundles and whether he would consider offering cable networks without packaging them with **CBS**. He pointed to deals Paramount Global has already done to package cable networks in skinny bundles like **Charter Spectrum Essentials** and those offered by **Sling**.

"That is from deals that were done a while ago, which we could continue to roll forward. It is a piece of the market we participate in. And we've seen some nice growth, particularly at Charter," he said.

Advertising revenues plummeted by 15% due to the ongoing softness globally in the ad market as well as lower political advertising. Advertising revenue was also impacted by the Hollywood strikes of last year, and it wasn't the only line item on the balance sheet impacted by the strikes. Licensing and other revenue also declined 25% in part due to the impact of the strikes on the content Paramount had available for licensing.



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Bakish said Paramount Global is optimistic about the advertising market, citing signs of stabilization like healthy scatter premiums. He also said not enough people are talking about the opportunity to grow the demand side of the equation, and that is where Paramount is focusing.

"In addition to our focus on tapping into small and medium business budgets, something that historically was not accessible at the national TV level, we're now excited about being able to go toe to toe in bringing retail media to connected TV where we can and incorporate purchase data from large-scale retailers to target and measure the impact of media investment on business outcomes," Bakish said. "This is fundamentally reshaping the marketing landscape, drawing budgets to connected TV previously reserved for other formats."

## NEXSTAR SEES SPORTS JV'S POTENTIAL, BUT HAS QUESTIONS

Given his more than two decades in distribution at **Fox**, it is especially interesting to hear **Nexstar** President/COO **Michael Biard's** thoughts on **Disney**, **Fox Corp.** and **Warner Bros. Discovery's** planned sports streaming jv. He feels like there was an initial misinterpretation and market overreaction to the jv and believes it would be an additive incremental revenue stream for Nexstar. He noted that all three partners understand the value of the linear ecosystem and pointed to Fox Corp. CEO **Lachlan Murdoch's** comments that the service would focus on cord-nevers. "All that said, to date, we have more questions than answers about the proposed product, including assurance that it will actually launch," Biard said during Nexstar's 4Q23 earnings call Wednesday. "We know launching a new streaming startup will be challenging, including potential regulatory hurdles, lawsuits and other complicating factors surrounding the JV. So, we'll have to see how this all plays out. But there is no question that the bundled linear video, particularly broadcast, continues to be the most effective distribution platform for sports content and the most attractive value proposition to customers for access to the most compelling sports, news and entertainment, all in one place." Nexstar continues to believe broadcast is the king for sports, with management pointing to all the hype surrounding the 23 million viewers **Peacock** scored for its exclusive playoff game. "On broadcast, a less competitive wildcard game that was moved to a Monday because of bad weather generated 31 million viewers and the Chiefs-Bills playoff games generated 50 million viewers, more than twice the Peacock game. That's the power of broadcast television," said CEO **Perry Sook**. Asked about whether Nexstar might be interested in buying a broadcast network like ABC, Sook said "never say never," but

## The WHO and the WHY

CFX's spotlight on recent new hires & promotions



**KATHRYN Vaughan**  
SVP, HEAD OF PRODUCTION  
INVESTIGATION DISCOVERY

### 3 THINGS TO KNOW

- Kathryn joins ID after a two-year stint with AMPLE Entertainment where she was Head of Development and Current Programming. She'll now be based in New York and report to President of Turner Networks, ID and HLN, Linear & Streaming **Jason Sarlanis**.
- Kathryn boasts more than 20 years of experience working across unscripted genres like true crime, lifestyle and sports, including on programs already under the Warner Bros. Discovery umbrella. During her time at AMPLE, she had her hand in several series and documentaries such as "Violent Minds: Killers on Tape" on Peacock and "Morimoto's Sushi Master" on Roku in addition to upcoming limited series for both Netflix and ABC News. Kathryn also oversaw a few series for ID with "The Price of Glee," "Death by Fame" and "Murder in the Heartland."
- Before AMPLE, she was President of Good Caper Content, which she launched as ITV America's true crime and investigation documentary sector. She managed series like TLC's "Taken at Birth" and MTV's "True Life Crime," while also creating "New York Homicide" and "Final Moments" for Oxygen, "BTK: Confessions of a Serial Killer" for A&E and "Holy Heist" for discovery+.

said it would have to make sense financially. Nexstar's 4Q23 net revenue fell 12.3% to \$1.3 billion, with total TV ad sales down 36% YOY to \$479. Political ad sales plummeted 88.7% YOY without midterm elections to \$88.7 million.

## WILL COMCAST & MASN PLAY BALL?

Tomorrow, Feb. 29, marks the contract expiration for **MASN's** carriage deal with **Comcast**. It's an important RSN deal to watch with Comcast the primary cable operator for the DC-Maryland-Virginia area that makes up the Orioles and Nationals fanbase. Word is Comcast wants to move MASN to a less penetrated tier, something it did earlier this year when **SportsNet Pittsburgh** moved from its \$70/month package to its \$90/month "Ultimate" plan. Both sides continue to talk and while there's been plenty of press in the D.C. area speculating about what might happen if the two don't strike a deal (particularly given new Orioles ownership), the RSN hasn't run any messaging warning of a potential drop.

## DIRECTV RESOLVES SATELLITE ISSUE

**DirecTV** said Wednesday that it had resolved a satellite positioning issue that had caused some DBS customers to lose channels, primarily local broadcast networks. The problems began Tuesday, with the provider directing affected customers to watch programming through the DirecTV app or by activating SignalSaver via an internet connection on a set-top box. "Following a space event, our team of engineers and rocket scientists repositioned the satellite and have successfully restored all channels," a spokesperson said Wednesday.

## SINCLAIR POLITICAL AD REVENUE SET TO BE 'RECORD-BREAKING'

As the strategic adjustments continue for **Sinclair**, the company is looking forward to a big 2H24 for its political segment. President/CEO **Chris Ripley** said on the company's 4Q23 earnings call that Sinclair expects record-breaking political advertising revenues this year, beating out the previous record of \$350 million in 2020 (which excluded the Georgia runoff). "Given the lack of hyper-competitive primaries, we do expect political advertising spend to be more heavily weighted to the third and fourth quarters, as we anticipate most of the spend at the presidential level will be focused on the general election," Ripley said. Political advertising is one of Sinclair's many focus areas, but it's also looking at its local news and sports content to drive viewership. Speaking of sports, it's the first earnings call since Sinclair's settlement with **Diamond Sports Group** that eliminated all outstanding litigation claims between the two companies. Sinclair is due to pay the first \$50 million of the \$495 million total by this week. As for the sports streaming jv recently announced by **Fox Corp.**, **Warner Bros. Discovery** and **ESPN**, Ripley isn't worried about possible ramifications since the platform is expected to carry the company's **Fox** and **ABC** stations, allowing Sinclair to receive compensation. "Our perspective on that is that it's an incremental development, not a game-changing development," Ripley said. "We don't believe it's going to have mass customer or consumer appeal. But we are happy that our ABC and Fox stations are going to be included in this package and be paid for their content." Total revenue for Sinclair in 4Q23 dipped 14% YOY from \$960 million to \$826 million. Media revenues also decreased 14% to \$821 million. Total ad revenues fell 28% YOY to \$363 million, but core advertising revenues were up 2% with \$339 million. Distribution revenues also increased from \$415 million to \$422 million in 4Q23. Sinclair has nearly all four of its big-four traditional subscribers renewing by the end of 2024, with the lone being its smallest group in **NBC**.

## ALABAMA AWARDS NEARLY \$150M FOR BROADBAND EXPANSION

Alabama is getting more bucks for broadband after Gov. **Kay Ivey** awarded 66 Capital Projects Fund grants totaling \$148.3 million

to go toward high-speed internet service expansion to unserved areas in the state. The grants—which are fueled by funding from the American Rescue Plan Act—were awarded to 16 ISPs that'll build to homes, businesses and public institutions across 48 counties, bringing internet access to almost 54,000 additional locations. Recipients of the "last mile" grants include **Mediacom** getting eight projects totaling \$22.8 million, Spectrum Southeast with 23 grants for a total of \$44.83 million and the **Central Alabama Electric Cooperative** with seven grants totaling \$21.94 million.

## FUSE READY FOR UPFRONT

With diverse consumers making up approximately 50% of the U.S. population and wielding a buying power of \$7 trillion, **Fuse Media** is leaning into its multicultural roots as it enters the 2024-25 upfront season, touting its "Diverse Owned and Targeted Media Growth Fronts." The company is partnering with **Lionsgate**, **Tastemade** and **Trusted Media Brands** to allow for brands to better access multicultural young audiences. Fuse will sell ad inventory on behalf of Lionsgate for select FAST channels including **EBONY TV**, **MovieSphere** and **HerSphere**. Fuse also is the only company with access to Tastemade's inventory across the **Tastemade Travel**, **Tastemade Home** and **Tastemade en Español** brands as well as **Fail Army**, **The Pet Collective** and **Weather Spy**. Tastemade's in-house sales team will continue to handle selling inventory.

## VIAMEDIA, TDS RE-UP DEAL

**Viamedia** will represent ad sales for **TDS'** video services across its new TV markets of Green Bay, Eau Claire, Milwaukee and Wausau, Wisconsin. It comes after the two companies renewed and expanded their partnership, which also includes Viamedia continuing ad sales in the Madison and Charlotte markets.

## FIBER FRENZY

**ImOn Communications** is expanding to Marshalltown, Iowa, after it unveiled plans to build out the city in 2024. It'll be the fifth metropolitan service area ImOn will expand to after Cedar Rapids, Iowa City, Dubuque and Siouxland. Once the project is complete, Marshalltown residents can get up to 1 Gbps speeds and businesses up to 10 Gbps.

## PEOPLE

Longtime **Cisco** exec **John Chapman** is part of the company's latest round of layoffs, impacting about 4,000 jobs or 5% of its workforce. *LightReading's* **Jeff Baumgartner** [reported](#) the news, noting that the 34-year company vet helped lead the industry's development of DOCSIS and its move to Distributed Access Architecture. Chapman most recently served as a Cisco Fellow and Broadband CTO. Chapman told *LightReading* he plans to take a short break before exploring new options.



## Think about that for a minute...

### Expectations

Commentary by Steve Effros

Imagine a five-year-old standing at the street corner. She sees a lot of adults starting to walk across the street, so she does too. NO! Shouts her mother. The light is not green! You must not cross the street until the light is green! The mother then decides there is no hope. Her daughter is seriously flawed and will never amount to much, or, indeed, might become a danger to herself or others.

Of course, we know that the little girl will quickly assimilate the new piece of information she has been given about the green light..never mind what the other adults are doing. That's what "learning" is all about. It's worked for all of us, and for some reason we're now seemingly forgetting that the process of learning is linear, takes time, and has to constantly continue, because we'll always make mistakes and we'll always need new information to address those errors.

Why go through all this? Because journalists, politicians (especially around election times, which seem to be happening more often) and pundits are going crazy over the fact that a new "AI" less-than-a-year old program was just introduced and lo and behold it made some mistakes! Armageddon is apparently the only likely result according to these folks. The whole thing is patently ridiculous.

If you hadn't heard about this already, it's Google's new AI picture generating program. Some of the beta testers asked it things like "paint a picture of founding fathers" and it generated a picture with most of those austere, American, historically famous owners of enslaved people not being white! The Pope was depicted as a black man. The sky fell. Never mind the ambiguous instructions.

Now if you're an AI program, and you've been "trained" on data from around the world and you know that two-thirds or three-fourths of the world population is not "white," and you are asked to paint a picture that is accurately representative of the world, what would you do? Well, what we are hearing from the manic crowd is that this is an indication of the ultra-left-wing powers that be of Silicon Valley being "woke" (Elon Musk?) and taking "diversity" too far. AI has to be regulated (by whom?) and we need

assurances that it will not provide "skewed" information, they say.

But what do you expect of a less than one-year-old? Why is that expectation of perfection imposed on a large language model "AI"? We all really know that, first, there is no such thing as perfection, and second, newly introduced linear learning, whether by a human or a computer, will make mistakes before there can be learned corrections.

Yes, we could criticize Google for introducing this ability to "paint" a picture with words before it had "learned" more about the strange rules and mores of the world. But the other side of that argument is that if you allow folks to "play" with the early models they will identify the "faults" and correct them much faster. None of that will happen if we "take down" any new computer program that is released and has flaws in it. Actually, I don't know of any new program that was introduced and didn't have flaws. So why all this noise?

Maybe it's because we're all tired of the other news that we constantly hear over and over, or because the "errors" were, as Google programmers acknowledged, an "overcompensation" for the admittedly skewed (meaning predominantly Western, white) data that is generally used to "train" these new AI capabilities. That's an understandable problem. After all, the largest global ethnic group is the Han Chinese, but translating all that Chinese data into Silicon Valley English would have taken years!

So accept the errors, understand we're not going to instantly get perfection, and take a deep breath.



*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.)*

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