

WHAT THE INDUSTRY READS FIRST

DID YOU KNOW?

The World Cup is averaging 6.66 million viewers across Fox, FS1 and Tubi through 12 matches, up 152% from the 2022 tournament, while Spanish-language coverage on Telemundo and Peacock is at 7.5 million—up 234%. Beyond Mexico and the U.S.’ openers, highlights include: Brazil-Morocco (10.02 million on Fox), Netherlands-Japan (8.84 million on Fox), Korea-Czechia (6.4 million on Telemundo/Peacock) and Germany-Curacao (6.23 million on Fox).

THE RIVER OF EYEBALLS: FAST CHANNELS

When the wave of FAST channels and platforms hit shore years ago, some wondered if they were a flash in the pan or a genuine player in the streaming video space. Survival is no longer in question—but as FAST expands beyond library content into live news and sports, what it evolves into is now the bigger story. This week’s news of **Fox’s** spending \$22 billion for **Roku** is the latest signal that the big players are betting on free, ad-supported streaming’s future.

It’s taken a while to get here. When **Fubo Sports Network** launched in fall 2019, the concept of a free ad-supported streaming channel built around live sports was still novel enough that the team went from idea to market in about five months. “We were the OG,” said *Pamela Duckworth*, who has overseen Fubo Sports Network since its creation.

Six-and-a-half years later, the sports FAST space has grown by what Duckworth quipped “20-fold,” and the defining challenge has flipped from building the category to surviving it. What Fubo Sports Network has that most of the field doesn’t is distribution. Eighteen platform partners, including **Prime Video**, **LG Channels**, **Samsung TV Plus** and **The Roku Channel**, plus OTA reach, give it coverage throughout around 90% of the country. However, Duckworth is direct about how difficult that might be to accomplish today.

“Distribution is the hardest thing to get right now. That’s why we were super fortunate in 2019 launching and now having 18 different partners. That’s not easy,” she said.

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Steve Shannon, Founder and CEO of combat sports FAST platform **Swerve TV**, went as far as to say scoring distribution on one of the top FAST platforms makes a channel “virtually guaranteed to pay for themselves” by virtue of the built-in audiences those platforms offer. He knows a thing or two about building a successful FAST platform, having helped build The Roku Channel during his time as GM, Content Services at Roku. The distribution issue gets even more difficult when it comes to emerging leagues.

“Right now, it’s way too hard for a niche sports league to get distribution in FAST. The platforms are still focused on big deals with big companies,” Shannon said. “There are a few of us that got in early enough to be able to grab some real estate there, but I would say by and large, it’s too hard for niche sports leagues to gain distribution on these major FAST platforms.”

A good example of that came during Monday’s Fox-Roku call, when an analyst asked if the deal would change Fox’s appetite for Tier 3 sports. CEO *Lachlan Murdoch* called it an interesting question that’s too early to answer before proceeding to talk about the importance of its Tier 1 sports deals and how Roku can assist with viewership.

Fubo Sports Network and Swerve TV share the underlying logic that FAST offers what no other video environment can replicate. To Shannon, FAST is a “constant river of eyeballs” while putting up a VOD asset is “a ghost town.”

The discovery dynamic is taking more focus as well. Duckworth cited **Deloitte** research suggesting 2/3 of Gen Z and millennials already watch FAST channels. So, instead of a standalone revenue engine, Duckworth—Shannon as well—describe FAST’s primary value to sports programmers as a top-of-the-funnel mechanism to build awareness, social followings or drive paid subscriptions and PPV purchases.

Shannon notes a wrinkle though: FAST lifts VOD. “When we add a FAST channel, the video on-demand traffic goes way up,” he said. “FAST drives VOD, which a lot of folks don’t realize, and in fact they’re starting to merge—where **Pluto TV** and Roku, they have a feature where you can play it from the beginning.”

Live sports, the most coveted property in any distribution format, challenges the FAST space’s structural build. Duckworth believes live rights will continue to belong to companies that have the budget to grab them, citing Fubo Sports Network’s ability to air **UEFA** matches and **Mountain West** sports through rights deals made by vMVPD **Fubo** as the type of leverage smaller FAST channels don’t have access to. Similarly, **Tubi** has benefitted from Fox’s sports portfolio, most notably streaming **Super Bowl LIX** and amassing 15.5 million peak concurrent streaming viewers alongside an average minute audience of 13.6 million.

Shannon approaches the live sports obstacle from a different angle, arguing the platform side of the equation needs work regardless of who’s paying for rights. In the current FAST environment, he said live events and replays are nearly indistinguishable to viewers because platforms don’t promote them differently enough.

“It’s very difficult to know what’s live versus what’s a replay,” Shannon said. “Our typical mode is, we’ll air something live, we’ll record it and edit it down, then we’ll run it again like a dozen times. The replays don’t fare much differ-

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ently than the live events, and that's because of lack of promotion, really, by the platforms.”

Both programmers see a creator economy wave coming to FAST, and they're already moving toward it. Fubo Sports Network recently partnered with Jomboy Media on a channel and is actively recruiting other creators. Duckworth frames the network's distribution footprint as what it brings to those partnerships. Shannon said podcasting is Swerve's current focus and describes creator-driven FAST as a mechanism for broadening the audience beyond what he sees as FAST's current demographic ceiling—a cord-cutter base that skews lower income.

“We have to not just be led by our noses with data, and instead have a vision for what the audience is going to be over time,” Shannon said, adding that he's convinced FAST is foundationally built for sustained growth. “Every eyeball that goes to YouTube is money they are not getting. They found that FAST is a great way to compete with **YouTube**.”

The category is getting more competitive as more viewers explore the FAST world. But the trajectory is looking upward as more sports, channels and platforms look to break through with another form of revenue.

HARMONIC, MEDIAKIND DEAL CLOSES

Harmonic wrapped up the \$145 million sale (subject to customary post-closing adjustments) of its video business to **MediaKind**, solidifying its transition to a pure-play broadband company. The virtual CMTS and DAA vendor is looking to be a linchpin as the industry moves to virtualized software-defined broadband networks powered by intelligence capabilities. It'll host an Investor Day in NYC on Sept. 15 to give an under-the-hood look at its tech and growth outlook. Meanwhile, MediaKind is celebrating the closing with a new [website](#) that emphasizes its shift to an end-to-end streaming infrastructure company. The transaction gives it a large recurring SaaS revenue base and long-standing Tier 1 operator relationships along with video encoding and transcoding tech. MediaKind estimates that the newly combined company enters the market with more than \$100 million in annual recurring revenue and over \$150 million in annual appliance revenue.

RETRANS WARNING

Verizon customers could lose **DeltaVision**-owned **WSYT Fox** affiliate and **MyNetworkTV** station in Syracuse with a retransmission consent deadline coming next week in the middle of **World Cup** action. The **American Television Alliance**, which counts Verizon, **DirectTV** and **Mediacom** among its members, claimed the broadcaster is seeking the “most egregious retransmission consent fee increases Verizon has ever seen” but didn't offer details. Mississippi-based Deltavision was formed last year by acquiring **Imagicom**'s broadcast properties. DeltaVision didn't respond by our deadline. -- Meanwhile, **DirectTV** and **Scripps** are still at odds. Scripps stations have been dark on **DirectTV** since May 31.

CHANGING OF THE NCTA GUARD

The latest **NCTA** board election reflects the consolidation and changes impacting the industry, with **Charter's Chris Winfrey** moving into the Chairman role previously held by **Cox Communications** CEO *Mark Greatrex*. Greatrex is expected to stay on the board at least until Charter's \$34.5 billion merger with Cox is complete, with California the last regulatory hurdle to clear. He will serve as Secretary and Immediate Past Chair. **AMC Global Media** CEO *Kristin Dolan* was elected as Vice Chair, **Comcast** CEO Connectivity & Platforms *Steve Coney* was named Treasurer. The board recognized its retiring members at a retreat on June 8. Those leaving are retired **Mediacom** EVP, Operations *John Pascarelli*, **Midco** Chair/CEO *Pat McAdaragh*, **Evans Telecommunications** Chair/CEO *John Evans* and President/CEO **Sjoberg's** *Dick Sjoberg*. New to the board are **Mediacom** Chair/CEO *Giuseppe Commisso* and **Midco** President/COO *Ben Dold*. *Paul Buccieri*, President & Chairman of **A+E Global Media**, and *Mark Lazarus*, CEO of **Versant Media**, were elected to serve two-year terms as At-Large Programmer Directors. **Vistance** President/CEO *Chuck Treadway* was re-elected for another two-year term as Associate Director. Other directors were not up for re-election. Find the full board [here](#).

FIBER FRENZY

Archtop Fiber is bringing its network to the Town of Sand Lake, New York. Construction is already underway, and the first set of customers are expected to go live this summer. Once connected, residents and businesses will have access to symmetrical speeds of up to 10 Gbps.

What We're Listening to

Recon Analytics, Craig Moffett Talk Convergence

MoffettNathanson's Craig Moffett has been modeling the economics of fiber deployment since he was advising what would eventually become Verizon, and one of his many reads on the industry right now is a cautionary one. In a recent episode of "This Week with Roger," a podcast hosted by Recon Analytics' Founder Roger Entner and President Don Kellogg, Moffett worked through the math of continued fiber overbuilding and arrived at the conclusion that the numbers are starting to get trickier.



The core problem is density, an issue Moffett said has been at play for 30 years. "That, by the way, is a lesson that seems like we're relearning over and over again," he quipped. Moffett breaks down the U.S. into population density deciles, where the densest 10% of the country lives in census block groups that average around 700 homes per road mile while the second is about a quarter of that. Currently, the most overbuilding is concentrated in the fifth decile, where the homes per road mile drops to roughly 76. In four years—assuming current build projections prove to be correct—Moffett projects the industry will have reached the seventh or eighth decile, around 47 homes per mile.

Getting there requires not just laying more fiber, but potentially doubling the number of fiber miles installed annually to maintain current homes-passed targets. "It's about 40% lower density, so you have to build 40% more road miles to move from the fifth to the seventh decile, and then it drops again by about half... That's where you get to the cost implications," Moffett said.

The supply chain is working against efforts, too. Entner noted that while at this year's Fiber Connect, he felt data centers locked up allocations that were earmarked for BEAD deployment—and competing for the same labor force to build networks.

Moffett also flagged a wrinkle specific to the current political landscape. "The labor supply to do this has historically been, if not predominantly, immigrant. There's certainly been a large immigrant component of the fiber deployment labor supply, and at a time when we've closed the borders to immigration, it makes it much harder to see where the labor force is going to come from to meet these demands," he said.

The pricing pressure may be the most acute near-term concern. Moffett cited Comcast and Optimum both offering a \$50/month, five-year rate lock, which he reads as a market signal for operators to put \$50 offerings in their models, rather than \$70. "The smaller operators that are trying to build into a world where it's going to be \$50 ARPUs are facing bankruptcy, and all of their business models are predicated on the assumption that there's going to be a buyer out there that's going to take them out at 12X EBITDA," he said. "But what if there isn't?" — Noah Ziegler

FOX NEWS' AMERICA 250 PLANS

Fox News is going all out for America's 250th. Not only will it have plenty of patriotic programming, but it's also lowering the annual subscription to SVOD **Fox Nation** to \$17.76, a record low that compares to a retail price of \$64.99. A marathon of coverage runs from June 24-July 5 and includes live reports from historic locations, such as the National Mall, Mount Rushmore and *Teddy Roosevelt's* Presidential Library. The red, white and blue programming includes live coverage of the Times Square ball drop—which will drop eight times to mark midnight in every U.S. time zone—as well as the July 4 fireworks show on the National Mall, anchored by the Great America State Fair. The lengthy 250 plans include Fox News taking over **SiriusXM's** Triumph Channel with a dedicated America 250 pop-up channel from July 3-5. Even **Fox Weather** is getting in on America 250 Week with historical vignettes and curated Fireworks Forecasts Across America.

DOING GOOD

Charter awarded 15 college students scholarships as part of the Spectrum Scholars program. It's a two-year initiative that provides career mentorship with a Spectrum employee, networking and professional development and paid internship opportunities, in addition to a \$20,000 scholarship across the recipients' junior and senior years. This year's class is Spectrum Scholars' sixth since launching in 2020, having awarded more than \$2 million in scholarships to more than 100 students.

PEOPLE

Dish and **Sling TV's** former SVP, Acquisition Marketing *Ajinkya "Jinx" Joglekar* has joined the **Optimum** team as CMO, an especially pivotal role as the operator continues its turnaround efforts. Appropriately, we've got a whole [podcast episode](#) with Joglekar walking us through the first 30-60-90 days at a new job! Also recently joining Optimum is former Senate staffer and **Charter** exec *Christianna Lewis Barnhart* as SVP, Government Affairs. -- Some appointments came at **Tegna** as its merger with **Nexstar** sits in purgatory. *Kurt Rao* was tapped as EVP and Chief Technology and Digital Products Officer, a newly made role that'll have him oversee Tegna's digital products and tech platforms. It's the first executive hiring made by new CEO *Patrick Paolini*. Rao joined Tegna in 2018 as SVP/CTO, where he's been managing the company's tech strategy, broadcast operations and IT.



THINK ABOUT THAT FOR A MINUTE...

COMMENTARY BY STEVE EFFROS | STEVE@EFFROS.COM

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DUMPSTER FIRES

By the time you read this, it's likely (hopefully) that the latest dumpster fire singeing the development of telecommunications in the United States has been extinguished. But that doesn't mean there won't be more of them; there will be.

And their ultimate effect on our regulatory and legal policies related to new communications technology could result in serious economic and technical burns.

Here's what's happened so far: The AI company Anthropic had already limited the distribution of its newest and most powerful model, Mythos, because the company said it was too strong to release generally since it was easily finding ways to locate heretofore-unearthed vulnerabilities in other programs. Some of those programs have been around for years. They worked with the U.S. government to distribute the new program to select other companies to allow them to use it (including the U.S. government) to essentially re-examine all the other programs being used to find unknown flaws. Anthropic then released a new "consumer" version of Mythos called Fable last week.

But Amazon, which is often asked by the government to vet high-level programs for security issues (as are most of the other major AI companies), reported back that they still found some ways to get around some of the basic guardrails Anthropic had constructed around Fable. The government security folks forwarded that information to Anthropic, which reportedly responded that those circumventing methods were common and anticipated by just about all AI programs. They apparently did not consider it significant and said they would work to close any loopholes.

Here's where the story gets messy. The government says its concerns were ignored and Anthropic did not do what they had agreed to do in the past. Communications between the two sides got testy. Anthropic says it was then told that it had 90 minutes to take down both Mythos and Fable if things weren't resolved. In less than a day, Anthropic got a notice that they were required to stop distributing their strongest new AI models not only internationally to foreign users (Mythos was already in approved limited international

distribution) but that even here, in the United States, it was restricted and could not be used by any foreign nationals. These orders, from the White House, were based on sweeping export control rules that cited national security.

As of this writing, that's where we are. Anthropic is reportedly sending its top technical folks to D.C. for detailed discussions that hopefully will result in the administration being satisfied with whatever the company does to show that they have resolved any jailbreak potential of the new Fable consumer model. It's not clear to me why Mythos was included in the order since both Anthropic and the government had already agreed on how it could be put in limited distribution. But I'm sure we'll learn more.

The point here is not who's wrong and who's right, or whether this was, indeed, a major security issue or not. There's no way, in my view, that programs like Mythos and Fable will not swiftly be a part of the computer ecosystem. It's almost impossible to stop that. What's concerning is how this all happened: a chaotic couple of days. We simply don't have any legal, regulatory or political mechanisms to adequately deal with technology that is moving as fast as AI. There are some very basic questions we have yet to broadly consider or codify in a regulatory or Congressional setting.

For instance, in this case, is it better to distribute a program so other computer users can use it to fix flaws in their own systems, or can we truly sequester these programs so that others will not get them? Let's remember that China, for instance, is just a short way behind us in developing the exact same capabilities. Also, attempting to "ban" allowing "foreign nationals" in the United States from access to American developed programs like Mythos or Fable is somewhat of a chimera since a significant number of the folks who have been recruited by Anthropic, OpenAI, Google and the like are foreign nationals! Are we saying the folks who designed these programs can no longer use or continue to develop them if they stay here? That's just not going to work. It will only hurt our own position.

As I said, hopefully the current dumpster fire will be extinguished. But we have to seriously, quickly, consider how to avoid future ones.