

# Cablefax Daily™

Friday — September 27, 2019

What the Industry Reads First

Volume 30 / No. 186

## Lucky Strike: Sinclair CEO Talks RSN Acquisitions

If **Comcast**, **AT&T**, **Disney**, **Fox** or **CBS** had been in the running for the Fox regional sports networks, **Sinclair** probably wouldn't have ended up with the 21 channels. "If any one of those five other buyers had been in the process, you would have seen a price much more in line with what we thought early on in the process," Sinclair CEO *Chris Ripley* said during a panel at Advertising Week in NYC on Thursday. "Much to Disney's misfortune was our great fortune, and at the end of the day, that's how we prevailed in this process. Better to be lucky than good." The \$9.6bln deal closed earlier this year, with Wall Street analysts originally projecting up to \$20bln in return. The intense media scrutiny of the sale didn't help matters. "It was literally in the paper every day. If I was Disney and I had a choice, I would have pulled the sale," Ripley said. "It's very hard to run an effective sale process if everyone knows what everyone else is doing." But do it they did. Sinclair first got into the RSN game five years ago with **American Sports Network**, now known as **Stadium**. Three years ago the company purchased "diamond in the rough" **Tennis Channel**, which Ripley says is the fastest growing cable net in North America (it jumped from being in 30mln homes to 60mln over three years, thanks to the retrans leverage Sinclair brought to the table). Tennis Channel is also expanding internationally into Germany and Australia later this year. As for the Fox RSNs, Ripley gives credit to the Chicago Cubs and the NY Yankees for helping Sinclair enter the space. The **Marquee Sports Network**, a jv between Sinclair and the Cubs, is set to launch in Feb 2020. Ripley said the deal paid Sinclair's "tuition in the industry" and helped lead to Sinclair being part of a consortium with the **Yankees** and **Amazon** for YES Network. More than 75% of Sinclair's revenue is now from sports and news, something the company "could not even imagine" five years ago. The focus for Sinclair now is integrating the RSNs into its overall portfolio and growth opportunities. It's not without its challenges, with **DISH** dropping the RSNs in July and suggesting it may never carry them again. Ripley doesn't seem to be sweating the future, saying integration is "not going to be a heavy lift." Sinclair is pushing a slate of 20 growth initiatives around OTT and sports-betting, with Ripley believing gambling is going to change the way people consume sports "forever." Expect a revamp in digital too. In January it launched OTT app **Stirr**. It's now planning on updating Fox Sports Go, another bonus of the Fox deal. "Fox Sports Go is a fine app, but it really needs to be replaced, it needs to be upgraded," Ripley said. "It needs to have more data,

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more interactivity, and it needs to be at the core of the offering as opposed to the afterthought that it is today.” And keep an eye on further acquisitions. **AT&T**'s rumored to be contemplating a \$1bn sale of its four RSNs, and Sinclair has its eye on the prize. “There are some rumors about potential other RSNs coming on the market, and we'll be looking at those and adding to the portfolio as the opportunity comes up,” said Ripley.

**DISH Loses Fox Corp Broadcast, Cable Nets:** DISH lost a lot of **Fox** properties Thursday, but importantly, it didn't lose top-rated **Fox News** as the president faces an impeachment inquiry. That's because the newser and sibling **Fox Business** are covered under a different contract—for now. It's expected that Fox Corp is working to sync up Fox News with its other networks ASAP given the leverage the channel offers. DISH did lose Fox News and Fox Business for roughly three weeks in late 2014, early 2015. That appears to be the most recent negotiation between DISH and the news net. No word on when their current deal expires. As of now, DISH and **Sling TV** customers have lost **FS1, FS2, Big 10 Network, Fox Soccer Plus** and **Fox Deportes**. Fox O&Os in 17 markets across 23 states and DC are also off DISH's lineup. It's an interesting time for Fox, with the blackout coming as **Sinclair** warns that **AT&T** may lose its stations, which include more than 30 Fox affiliates. DISH claims that Fox is demanding a double-digit percentage rate increase for continued carriage of its local channels and is attempting to force a bundling of its local channels and cable networks. It also said that DISH offered Fox a short-term contract extension to Fox that would include a retroactive true-up when new rates were agreed upon. Fox claims that DISH was the one choosing to drop programming as a negotiating tactic and has launched KeepFox.com for viewers. “DISH/Sling elected to drop Fox networks in an effort to coerce us to agree to outrageous demands,” a Fox Corp spokesperson said. “While we regret this is DISH/Sling's preferred approach to negotiating, we remind our loyal viewers that the FOX services are widely available through every other major television provider.” Both sides are informing customers of alternative ways to watch content, with DISH offering free over-the-air antennas and promoting streaming while Fox is providing info on how to switch providers. DISH subs looking to tune in to the “Thursday Night Football” game between the Green Bay Packers and the Philadelphia Eagles have some options, with it available on Fox, **NFL Network & Amazon Prime Video**.

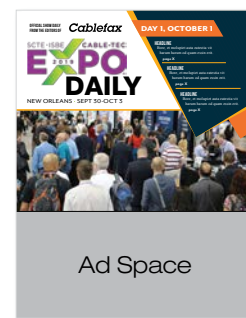
**Jeffrey Hirsch Named New Starz CEO:** After five months without a proper leader, **Starz** has a new head. *Jeffrey Hirsch* signed a long-term deal to become pres/CEO of the net, filling a position that's been left empty since *Chris Albrecht* stepped down in March. Albrecht left after more than eight years at Starz, leaving the net in the hands of Hirsch and the current leadership team (including programming pres *Carmi Zlotnik*) and **Lionsgate** CEO *Jon Feltheimer*. Hirsch joined Starz four years ago as pres, global marketing and product development before being promoted to COO in 2016. Before joining Starz, Hirsch served as evp/CMO, residential services at **Time Warner Cable**.

**What You Need to Know About ATSC 3.0:** First of all, forget about ATSC 3.0, which **Sinclair** CEO *Chris Ripley* describes as “a mouthful.” **CTA** unveiled Thursday a logo and go-to-market name of “NextGen TV” for the new TV transmission standard technology. Speaking at a panel during Advertising Week in NYC, Ripley outlined the five things the industry needs to know about NextGen Television. “Not many of you probably use over-the air, and that's really the problem. It's an antiquated distribution model,” he said. First of all, it's mobile-first, which Ripley said is “important because as advertisers and media people we know that viewing is moving to personal mobile devices, so it's important



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to be able to pipe content right to a mobile device.” Secondly, it’s based on Internet Protocol, so traditional programming would become just one possible use for a broadcast television channel. It’s addressable, meaning targeted ads. It will allow for subscription-based offerings, which Ripley said means RSNs could potentially be distributed over-the-air on broadcast. Lastly, it will increase the existing broadcast spectrum by “four to five times,” which has big implications for streaming with fewer problems with buffering, quality loss and latency. With broadcasters expected to deploy the standard next year, CTA’s NEXTGEN logo will appear on devices meeting newly developed ATSC 3.0 interoperability test specifications.

**Future of Sports Programming:** Live sports aren’t going anywhere, at least according to a group of sports leaders at a panel at Advertising Week on Thursday in NYC. Take the NY Yankees, for example. Last year, the New York DMA consumed 8bln minutes of Yankees baseball on **YES Network**. “If you want to replicate that on primetime, you’d have to do that by buying the top 11 shows,” said YES CEO *Jon Litterer*. “140 shows that were on the air last year across primetime were cancelled. Last time I checked, the NY Yankees have never been cancelled,” he said. “It’s there, it’s stable with new storylines, new stars emerging, new magical moments. Every single year.” And cable owes a lot to live sports. **ESPN** launched in 1979, one of the first cable networks out there. “Sports was a driving factor in the development of cable. The pressure to get subscribers and get lift at all was in sports,” said *David Stern*, NBA commissioner emeritus. “[Sports] has powered television and will power every distribution channel that’s ever invented,” said **NHL** commissioner *Gary Bettman*.

**DOCSIS 4.0 Coming Soon:** **CableLabs** said it’s on track to completing the DOCSIS 4.0 spec early next year. The standard is an important component of cable’s 10G vision, featuring support for Extended Spectrum DOCSIS and Full Duplex DOCSIS. More will be presented during **SCTE-ISBE’s** Cable-Tec Expo in New Orleans next week, with CableLabs hosting a forum on Monday on the standard and 10G.

**FCC Approves 3.5GHz Auction Start Date:** The **FCC** unanimously approved Thursday a June 25, 2020 start date for the auction of Priority Access Licenses in the 3550-3650 MHz portion of the 3.5GHz band. It’s seen as prime real estate for 5G services. The Commission is also seeking comment on auction procedures, including using an ascending clock format in which bidders indicate their demand for generic license blocks in specific counties. All five commissioners also gave their blessing to allocating \$950mln to fortify broadband networks in Puerto Rico and the US Virgin Islands. Democrat *Jessica Rosenworcel* concurred, however, because she believes the FCC could have done a better job with its response following Hurricane Maria’s landfall in the area in 2017.

**Direct Purchaser Question Still Alive:** Legal precedent, specifically Illinois Brick, has said recovery for antitrust damages is concentrated in the hands of the direct purchaser, who can sue for 100% of the overcharge. In other words, indirect purchasers don’t have standing to bring suit. But there are some cases out there that are challenging this regime, US Deputy Assistant AG *Michael Murray* said in remarks Wednesday before the US Council for International Business Competition. One he pointed to is the 9th Circuit’s recent ruling that fans who wanted to watch **NFL** games without purchasing **DirecTV’s** NFL Sunday Ticket could proceed with their lawsuit—even though they aren’t direct purchasers. DirecTV and the NFL are seeking a rehearing en banc. “I’d suggest that the direct purchaser issue is more alive now than it has ever been. The future is uncertain,” Murray said. “Illinois Brick was nominally reaffirmed. But the foundation has been laid for a subsequent case overturning Illinois Brick. This only becomes more likely as the complex issues that are making their way through the Seventh and Ninth Circuit start to work their way up to the Supreme Court.”

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# PROGRAMMER'S PAGE

## Just like 'Ozzie & Harriet'...

It may be hard to believe, but this week's premiere of **FXX's** "It's Always Sunny in Philadelphia" marks the 14th season celebrating five self-absorbed friends whose offensive antics co-exist with a merciless willingness to betray each other. None of us who value basic decency should watch this show. But we do. We can't help it. And frankly, creator *Rob McElhenney* doesn't really know why. "The characters haven't grown, changed, learned anything, evolved in any way," he told attendees of Tuesday night's S14 premiere, including some 500 invited fans, at the famous TCL Chinese Theatre in Hollywood. He noted that his character Mac is "still the same degenerate sociopath piece of garbage—just like the rest of the cast—that for some reason people seem to love." One reason is that "the gang" never really wins because they're too busy sabotaging each other to make any real progress. And that's comforting to the rest of us. Another reason is that these characters' inability to exhibit any decency, empathy or regret for their abhorrent behavior forces all of us to consider whether we're all that much better in some of our worst moments. We strive to not be them. Always. And this tried-and-true formula continues to work after 14 years (tying the live-action comedy series record held by 1950s/60s phenom "The Adventures of Ozzie & Harriet"), amazingly with the same original cast of McElhenney, *Charlie Day*, *Glen Howerton* and *Kaitlin Olson*—along with *Danny DeVito*, who joined in Season 2. As *Nick Grad*, FX Entertainment president, original programming, noted before the premiere, cross-platform viewership since the show's debut in August 2005 just recently topped an astounding 955 million hours. And McElhenney was quick to pounce on that stat. "All I can think is I'm going to make so much money, and they are going to be so sad and pissed that they said that publicly." Always thinking of yourself, Mac, and that's why we love you. — *Michael Grebb*

**Reviews:** "Frontline: The Crown Prince of Saudi Arabia," 9pm, Tuesday, **PBS**. This is a fascinating look at *Crown Prince Mohammad bin Salman* (MBS) and his perch in Saudi Arabia. He's accumulated more power than any Saudi royal in memory. Of course, the doc deals with the alleged murder of journalist *Jamal Khashoggi*. That's just a fraction of the story about the 34-year-old ruler. The show is a standout, in part, because of its wealth of footage featuring Khashoggi, portrayed as a complex character. Of note are clips showing Khashoggi when he supported the Saudi royal family. And then there's the conference following *President Donald Trump's* election, where he urged Gulf leaders to approach US relations cautiously. It's believed that his guarded approach to Trump led to MBS's split with him. An outstanding guide who seems to know everyone in the Middle East, Frontline reporter *Martin Smith* digs into interesting stories, including MBS's **Twitter** hacking squad, his limited political reforms and the Yemen war. — "Dr. Oakley: Yukon Vet," Season 7 premiere, 9pm, Saturday, **Nat Geo Wild**. How many series reach seven seasons? Dr. Oakley's secret is her authenticity. There's little pretense about her or the series. The camera follows the good doc as she treats a large variety of animals. She never forgets the series' stars are the animals. — *Seth Arenstein*

Basic Cable P2+ Prime Rankings* (09/16/19-09/22/19)		
Mon-Sun	MC US	MC US AA (000)
ESPN	1.009	3,100
FNC	0.776	2,385
MSNBC	0.491	1,509
HGTV	0.372	1,143
NFL	0.341	1,048
USA	0.326	1,001
A&E	0.314	965
TLC	0.301	926
ID	0.274	842
HALL	0.268	823
FOOD	0.257	791
TBS	0.254	781
CNN	0.247	760
DISC	0.238	731
HISTORY	0.226	695
NICK	0.218	671
FX	0.218	669
TNT	0.206	632
ADSM	0.205	631
INSP	0.191	587
NAN	0.186	572
TVLAND	0.185	569
BRAVO	0.183	561
HMM	0.177	542
SYFY	0.160	491
FRFM	0.157	481
DSNY	0.155	477
AMC	0.155	475
VH1	0.146	450
LIFE	0.144	442
MTV	0.141	432
CRN	0.128	394
TRAVEL	0.125	384
GSN	0.124	380
WETV	0.123	377
ANIMAL	0.121	372
NKJR	0.120	369
DSJR	0.115	354
NATGEO	0.110	339
PARA	0.106	326
COM	0.103	318

\*P2+ L+SD rankers are based on national Nielsen numbers, not coverage.



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