

Cablefax Daily™

WHAT THE INDUSTRY READS FIRST

All In: Sports Betting Brings New Opportunities for ESPN

ESPN has long observed the rise of the sports betting world and the impacts it has on a multitude of industries, but now, the network knows it's the time to strike if it wants to be a player in the gambling space.

The network that's synonymous with sports wants to meet its audience wherever it is. Right now, that's in the sports betting ring as fans look for more ways to immerse themselves in live events. ESPN already incorporates discussions on betting odds in its programming and has shows dedicated to wagering, but it wants to dive deeper. On Oct. 7, Action Network broke the news that ESPN and **DraftKings** were close to an [exclusive agreement](#) that would include rebranding the book to include the ESPN moniker. While not official just yet, it signals that the sports betting craze isn't just a phase—it's [here to stay](#).

"Fans, for one expect us to be in the space," said **Disney Networks** and ESPN EVP, Commercial Marketing *Laura Gentile* at the network's Edge Conference Wednesday. "When you think about sports betting we are very much expected to be a leader ... We've had an opportunity to sort of watch how the space is evolving. We've seen who's emerged as market leaders. We've seen how states have adopted legalization of sports betting or not. We've had an opportunity to really get our bearings, take a look and see who'd [we] want to partner with."

According to **Pew Research Center**, about one in five U.S. adults have placed a wager within the past 12 months. ESPN

Executive Editor-In-Chief *Rob King* likened sports betting's recent spike in popularity to Formula 1, saying both have been present for many years but are now the "hot" topic in the sports world. He pointed to the **NBA** and **NFL** leaning into the opportunities betting provides the leagues and their teams, which in turn meant ESPN had to match that level of presence. The NBA has official partnerships with FanDuel and DraftKings as well as 17 authorized operators, while the NFL has deals with **FanDuel**, DraftKings and **Caesars**, along with secondary agreements with four other books.

ESPN's main goal is to tell the stories of what's happening in the sports world. King joked that the network has "an election night every night," but the notion of sports betting is becoming a primary theme that is sometimes too large to not include in storytelling. For example, in its midnight edition of "SportsCenter," host *Scott Van Pelt* has a segment dedicated to various lines and bets that weren't determined until the last moment of a game.

On the editorial side, King said it's an added way for the network's sports and information division to add more insight. Such information used to be found in its ESPN Insider subscription (now part of **ESPN+**), but even with more people placing bets, there's still a large part of the audience that has no interest in betting or isn't familiar with what the different terms mean.

"People will figure it out. We have a way of letting people know how to get in, so one of the jobs is to ease some of the friction for sports fans who know that this is a growing part of what we offer to everyone, and they're curious about it. That



Congratulations to all the Honorees!

Enjoy the digital issue, read expanded Q&As with our Diversity honorees and order personalized awards at www.CablefaxDiversity.com

requires intentionality,” King said.

Gentile said the road to being front and center of the sports betting space will be a long one, but like the fans who are learning about the ins and outs of betting, it won't all come together overnight. It'll take meticulous planning to span across platforms in order to cover the full reach of what its audience wants, and now, it wants betting content.

The conference covered a wide range of topics outside of sports betting. The co-founders of StatusPRO *Troy Jones* and *Andrew Hawkins* talked about the recent release of the first NFL-licensed VR game, highlighting how it isn't only for fans but also for players who want more reps outside of practice. Senior writer *André Snellings*—who came to ESPN after 16 years as a biomedical engineer—also previewed how the network's analytics and technology are being used to spot areas teams can improve in.

RETRANS PAINS

We don't enter a new retrans election cycle until next year, but we're already seeing signs of how expensive things are getting. **Frontier** has started notifying customers that it will be raising their “sports/broadcast TV fee” by \$6 a month beginning in December. The current broadcast/sports fee is \$16.99, so the hike will push the charge well over the \$20 mark. **Charter** is in the process of instituting an increase that's around \$4/month in most markets for the broadcast surcharge of grandfathered services Spectrum TV Stream and Choice 10, taking the fee to approximately \$21/month. “TV programmers continue to raise fees annually to carry their content, driving higher costs across the entire industry. As a direct result of the growing cost of programming from the local broadcast stations we carry, we are passing through these increased fees to viewers,” Charter said. Meanwhile, **Nexstar** and **Verizon** are still in a standoff, with the blackout involving 13 local stations entering its fifth day (bad news for fans of **CW** series “Stargirl,” which has a new ep premiering tonight). The blackout also comes as Nexstar hosts several state and local candidate debates leading up to the November election. The broadcaster said this week's debate between the candidates in the race to represent Rhode Island's Second Congressional District was simulcast on the live stream wpri.com and the station's mobile app to give impacted Verizon Fios customers a way to view the debate.

STARKS EXPRESSES ATSC 3.0 PRIVACY CONCERNS

FCC Commissioner *Geoffrey Starks* called on broadcasters to be good stewards of the data they collect through the ATSC 3.0 standard. “Broadcasters have the opportunity to live up to their reputations as trusted members of their communities and be good actors from the start. I call on them to do so,” he said during a speech at Penn Law's Center for Technology, Innovation & Competition on Tuesday. Starks said he sees

The WHO and the WHY

CFX's spotlight on recent new hires & promotions



DEREK
Mattsson
CEO
VIDGO

3 THINGS TO KNOW

- Derek joined the college sports, news and entertainment streamer in January and has since helped re-shape Vidgo before it relaunched Sept. 7. He's credited with coming up with a brand strategy tailored for its viewers in middle America, such as signing on Bill O'Reilly to host an exclusive program “Shock and Awe.”
- Before Vidgo, he was Founder/CEO of DJM Media, where for 2.5 years he helped with market strategies, financial models and planning, personnel and spotting fundraising opportunities. He was a co-founder and President of the programmatic ad supply-side platform Placemedia in 2012, which was eventually acquired by Altice and became the foundation for its programmatic ad sales.
- Derek came up with the concept of bundling cable TV and internet for automotive dealers. That helped him co-found Vehix.com, where as CEO/President, he led the website to become a top-ten online automotive buying site that would eventually be purchased by Comcast in 2008.

the benefit of using info about a user's geographic location to send them tailored news and weather, but has seen the harm of selling such data to third parties and data brokers. He implored broadcasters to get ahead of the issue and look at what data they'll collect, how they can minimize data collection and how they will protect special groups, such as children. “We know to ask these questions, and we can make sure that the answers are developed with the public interest in mind,” he said. Starks also said he'd like to hear ideas to help all Americans get access to 3.0 programming. “Are there low-cost converters or dongles that the consumer electronics industry can develop? Can they be distributed at community events that broadcasters frequently host or participate in?” he asked. “The industry has managed the transition thus far without the level of government involvement characteristic of the digital transition, which is to be applauded, but I can't overcome my job title: is there perhaps an effort for the FCC to lead here, as we did in developing a Congressionally mandated digital transition equipment subsidy program, or using our role as the regulator of television equipment?”

MOODY'S WEIGHS IN ON FOX-NEWS CORP COMBO

The possibility of **Fox Corp** and **News Corp** re-tying the knot

could be neutral or negative for Fox's credit profile and positive for News Corp's credit profile, **Moody's Investors Service** said Wednesday. The companies announced on Friday that each has formed independent special committees, but said they have yet to thoroughly evaluate such a potential combination. At this early stage there is no certainty that the companies will engage in such a transaction. "For the higher rated Fox, the effect of a combination could be credit neutral to negative depending upon the transaction structure, financial policies, and extent of revenue and cost synergies. Before any revenue or cost synergies, Fox's nearly \$14 billion in annual revenues and \$3.1 billion in annual EBITDA combined with News Corp's \$10.4 billion in annual revenues and \$1.8 billion in annual EBITDA would combine to \$24.4 billion and \$4.9 billion in annual revenues and EBITDA, respectively," Moody's said, noting the total combined debt would be \$12.5 billion. Fox's leverage is 2.62x and News Corp's is 2.34x, and would combine to be 2.54x (all including Moody's adjustments and based on June 30 LTM data).

NTIA OFFERS HELP WITH WORKFORCE PLANNING

NTIA released a Workforce Planning Guide Wednesday with guidance for states and territories as they plan high-speed broadband deployment projects, including those that will be funded through the BEAD program. Some of the strings that come attached to BEAD funding relate to the workforce, with entities eligible to receive funding having to submit a plan for how they will achieve a diverse, skilled and sufficient workforce for the building and maintenance of internet infrastructure. The guide includes a highlight of the requirements, guidelines tied to workforce development and labor standards, suggested planning steps for the workforce plan and strategies and examples of existing programs at the Federal, state and local level. In addition to the planning guide, NTIA is offering technical assistance to states and grantees on workforce requirements through both public webinars and one-on-one meetings.

NETFLIX OPTIMISTIC ON AD TIER REVENUE

Netflix shares closed up 13% Wednesday, a day after its 3Q22 earnings report. Netflix Basic with Ads tier is arriving in two weeks, and the company has priced it in a way that hopefully ensures it will have a positive impact on the bottom line. On the company's earnings call, COO/Chief Product Officer **Greg Peters** said Netflix modeled out what it believes the expected revenue will be in the countries the ad tier is launching in from the combination of the subscription price and the monetization of advertising. If all goes according to plan, unit economics-wise, the product will be revenue positive to neutral. "And then when we look at them, the fact that we think that this consumer basic price will bring in a lot more members, then we're quite confident in the long term that this will lead to a significant incremental revenue and profit stream," he said. **MoffettNathanson** strongly believes that Netflix's twin spears of the ad tier and the blocking of password sharing make sense and could reignite revenue growth, but that depends on how consumers react to each of those efforts. "Will consumers 'hate churn' or spin down from their four-stream \$19.99 service when they are asked to pay for

family members who are college-aged students or just starting out on their own? Does the current higher inflationary period and intensely competitive streaming landscape create a new normal in which all of Netflix's prior observations of consumer behavior are much less relevant?" the firm asked.

STARLINK READY TO FLY

Starlink is again adding to its product lineup, offering high-speed satellite broadband service for planes starting in 2023. A newly-created website proposes that Starlink will be able to offer up to 350Mbps to each plane with latency staying as low as 20ms, and all aviation plans include unlimited data. That would seemingly create conditions that could allow for activities like video calls and online gaming. But the service doesn't come cheap with plans costing between \$12,500-\$25,000/month with a one-time hardware cost of \$150,000. The Starlink Aviation Kit includes the Aero Terminal, a power supply, two wireless access points as well as needed harnesses. The hardware is under warranty for as long as the Starlink subscription is active. Starlink plans to support a wider range of planes in the future, but as of now, it is hoping to offer service to aircraft including the ERJ-135, ERJ-145, G650, G550, Falcon 2000, G450, Challenger 300, Challenger 350, Global Express, Global 5000, Global 6000, and Global 7500.

VIDGO EMBRACES ESPANOL

Vidgo introduced a new subscription plan Wednesday that features 42 live and on-demand Spanish-language channels, including content from **Univision** and **UniMás** local broadcast stations, as well as **Fox Deportes**, **Discovery Familias**, **Estrella TV** and others (notably no **Telemundo**). It's priced at \$39.95/month with no contract.

AT THE COMMISSION

The **FCC** is committing another nearly \$78 million in funding rounds to Emergency Connectivity Program applications. These new funding commitments will support applications from the first and third application windows and will benefit more than 190 schools, 30 libraries and one consortium across Delaware, Florida, Indiana, North Carolina, New Mexico and Texas. To date, the Commission has committed approximately \$6.1 billion for digital services benefiting students and patrons of institutions like libraries.

CARRIAGE

FETV and **FMC** are now available on **Philo**, bringing TV series such as "Leave It to Beaver" and "Rawhide" as well as the "Gunsmoke" movie collection to the entertainment streamer. FETV recently surpassed the [50 million mark](#) after signing a distribution deal with **Altice USA**, and FMC is available on **DISH**, **Evoca TV** and **Xfinity**.

PEOPLE

NBCUniversal appointed five senior execs to its Global Advertising and Partnerships division: **Dan Bernard**, SVP, Brand Engagement; **Kaitie Coghlan**, SVP, Data Product and Partnerships; **Nick Illobre**, SVP, Product Strategy and Business Development Enterprise Data; **Leah van Zelm**, SVP, Data Science; and **Maggie Zhang**, SVP, Measurement Strategy and Operations.

Think about that for a minute...

Misfire

Commentary by Steve Effros

Some of my “tech” friends have been sending me an article from a techie publication that tries to denigrate infrastructure builders such as Comcast because of individual circumstances that they suggest are easily remedied by local efforts.

The article, which really looks like it was written by consultants trying to drum up new business creating Co-Op ISPs, misfires.

In short, someone in a very wealthy enclave was upset when he bought a house and then found out there would be a huge charge to run a line extension to his home even though neighbors already had the service. Now, granted, \$210,000 is nothing to be sneezed at, and even though Comcast says they make no money on charges like this, it is eye-popping.

The problem, as many of you in the business know, is that when a new house is built on an already paved (with high-density materials) road in an area where regulations require deep undergrounding and then full repair of the road to original specs, you’re talking about a lot of money!

Well, this “Silicon Valley” guy decided to organize his own Co-Op ISP. It was simple, according to the article (we’ll show those rapacious big companies!) Just find about 20 folks all willing to put up more than ten grand apiece up front, then you can put in conduit to run fiber but only on roads that are not yet paved, and extensions only work if some other rich guy pays for it and lets his friends tap in, and the monthly fee for the resulting admittedly excellent service is higher than what Comcast charges. Such a deal! Oh, and wait until the first break in that fiber happens..who pays? How much? Yup, you sure convinced me!

I keep thinking of what’s going to happen to those folks when one of the neighbors has some new big landscaping done and cuts the fiber. There aren’t any trucks or techs in that enclave ready to deal with it. How long will it take to get service back? What will those folks be saying then? And ultimately, how much did it really cost them to build their “Co-Op Isp?” Oh, and

what happens when regulations and laws change and they’re required to screen and block certain feeds, or their current “middle mile” provider gets burned out by the latest wildfire?

Oh, I could go on, and I’m sure many of you could too, telling stories of the true challenges and difficulties of building and maintaining (and constantly upgrading) an infrastructure such as a cable/broadband system. There’s little question in my mind that the last thing you really want to do is get into that business on a “part time” basis! We’ve been trying to explain that to the local municipalities who get cajoled into building their own systems for a long time. There are plenty of studies listing the muni-systems that have found they can’t provide any better service, and their rates (when including the tax and regulation subsidies) are not any significantly different than the ones offered by “the bad guys.”

Of course there are also studies showing how many of those systems have gone bankrupt. I’ll just quote one local article from 2013 to make the point: “... iProvo, a financially distressed fiber Internet service in Provo, Utah, is being sold to Google — for a whole dollar. The city, meanwhile, will have to pay millions to close the deal and to pay off bonds used to build the network in the first place.” This is not new, and it’s likely that as the consultants move from trying to convince communities to trying to convince unservable individuals to get into the broadband business, we’ll see history repeating

itself. We should look at other solutions in these cases. What about “fixed wireless?”



Steve

T:202-630-2099
steve@effros.com

(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.)

NAMIC
 NETWORKING ACCESS MENTORING INVOLVEMENT COMMUNITY
 Embrace Diversity. Embrace Success.

JOIN OR RENEW NOW

FOLLOW THE CONVERSATION namic.com