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WHAT THE INDUSTRY READS FIRST

Steady Ground: Roku Feels Secure in Platform Leadership Position

Roku is facing more competition than ever before, but CEO Anthony Wood doesn't believe it will lose its place as king of the content aggregators any time soon. Speaking at the Morgan Stanley TMT conference Monday, he attributed some of the company's success to its sole focus on the television video experience.

"Roku is purpose-built for TV, so you know that by focusing on that particular TV ecosystem exclusively, we just do a better job," he said. "The result is that Roku shares are growing. In the U.S. last year in Q4, more Roku TVs were sold than Samsung and LG sold combined."

Those technology companies have been Roku's competitors for a long time, alongside giants like Amazon and its Fire TV sticks. But new entrants are on the way including Comcast and Charter's jv Xumo, a project that will see the two work together to create a national streaming platform. Branded devices produced under the jv are set to hit the market later this year. Time will tell on whether Xumo will be able to break through, but Wood is confident that Roku can continue to take share from its existing tv maker competitors.

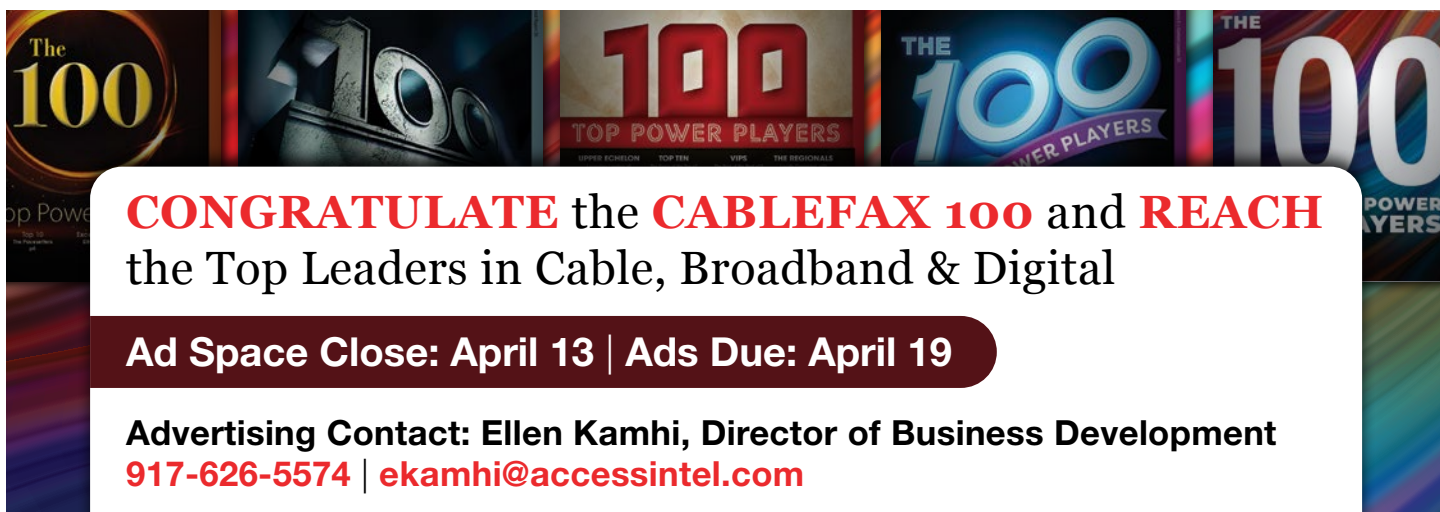
"The biggest opportunity for us to continue to grow is by taking share from LG, Samsung and Vizio, basically, and those are the TV companies that are sort of left in terms of material market share other than Roku and they've got their own proprietary operating systems that they built," Wood said. "But the amount of money and the amount of resources and the amount of focus

you need to be a successful global TV operating system is huge, and I don't think actually any one TV company can amortize the cost successfully on just their brands."

Roku's OS has been adopted by a number of partners already, but it announced at CES this year that it would be bringing Roku-branded TVs to market for the first time. Those will hit the market this spring and the hope for those is that they can offer an innovation playground for Roku. It will be able to test out new concepts and product improvements on its own devices and hopefully leave with proof to show potential partners on why they should adopt Roku's OS as well.

"They often don't want to adopt innovations until they know that they're going to be successful in the market, and so by doing our own first party TVs, improving some of these innovations that we believe in and are actually liked by customers, then that will encourage our key partners to adopt them and help them have more advanced and innovative products in the market," Wood said.

The biggest impediment to Roku's revenue growth last year was the advertising business, and it is no secret that the pullback in overall ad spend was tied to uncertainty around the state of the U.S. economy. Wood fully believes that the ad market, cyclical in nature, will recover, and when it does, Roku should get a decent share of the dollars. That's in part because advertisers are allocating more dollars than ever before away from traditional pay TV and over to streaming, and also because the streamers that have introduced ad-supported tiers over the last several years are going to continue to want



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a spot front and center on Roku's platform.

"When you have ads in your streaming, you're focused on engagement a lot more than you were before because the more people watch your content, the more ads you can sell. I think as streaming services focus more and more on engagement, that'll make our [media and entertainment] offerings even more appealing," Wood said.

NCTA WANTS FCC TO CLOSE BROADCAST BIG 4 'LOOPHOLE'

NCTA wants the FCC to keep its rule that prevents an entity from owning two of the top-four broadcast stations in a DMA and extend the prohibition to low power stations and multicast streams. "A growing number of broadcasters in a growing number of instances have been using these means to reap the economic benefits of top-four station consolidation without running afoul of the rule, even though this practice imposes the same harms on competition and consumers as the acquisition of full power stations," NCTA said in a filing. Friday marked the deadline for submitting comments for the FCC's 2022 Quadrennial Review of Broadcast Media Ownership rules. The Commission is required every four years to examine the rules, but NAB is objecting to this review since the FCC has yet to release its 2018 review after putting it on hold due to legal challenges. The proceeding is often used by MVPDs to call for reform to retransmission consent rules. NCTA said the use of multicast streams and LPTV stations to broadcast a second—or even a third, or fourth—top-four affiliation is extensive, counting 113 instances, across 91 markets. The cable association identified Gray as accounting for 30% of those instances, using LPTV or multicast to broadcast two more top-four network affiliations in 34 markets. It said Sinclair is doing the same in 15 markets and Nexstar has at least 9 such markets. "A single broadcaster is negotiating retransmission consent for access to at least two Big Four networks, gaining the kind of undue leverage in retransmission consent negotiations that the Top-Four Prohibition was intended to prevent, thereby placing upward pressure on retransmission consent fees," NCTA said. The American Television Alliance, a coalition of primarily MVPDs that wants retrans reform, agreed with NCTA and also raised concerns over broadcast sidecar arrangements. "It would be helpful for the Commission to re-emphasize that stations must act independently from one another to avoid attribution," ATVA said. Comcast and Charter have asked the FCC to find Nexstar's sidecar arrangement with Mission Broadcasting should make Mission-owned WPIX in NY attributable to Nexstar, which would put the broadcaster in violation of the 39% national audience ownership cap. "The Commission should clarify that any involvement by a principal in its sidecar's retransmission consent negotiations triggers attribution, regardless of whether either entity

has stations in overlapping markets. Nothing is more important to a station group's finances today than retransmission consent," ATVA said.

STANDARD GENERAL, TEGNA THREATEN LEGAL ACTION

Standard General and TEGNA continue to push back on the FCC Media Bureau decision that sent key questions in the proposed merger to the agency's administrative law judge for review. On Friday, they filed a motion requesting that the ALJ certify to the full Commission an immediate application for review of the Bureau's hearing designation order. If the ALJ doesn't act on the motion, the companies intend to file for relief directly with the FCC on March 17 and, if necessary, seek judicial review. "The Media Bureau's decision to issue the HDO is ... not just tantamount to denying the transactions at issue in this proceeding without having to reach a decision on the merits, it is absolutely a denial without due process," the broadcasters wrote, noting they face a May 22 deadline for a merger agreement. After that date, the financing behind the multi-billion transaction will fall apart. Standard General and TEGNA continue to line up supporters, with NAACP National Board Member and New York NAACP President Hazel Dukes among the latest to protest the deal being sent to the ALJ. "This action was deliberate and malicious and only happened because some deemed [Standard General Founding Partner] Soo Kim is considered not to be 'the right type of minority,'" Dukes wrote. New Street Research gives the broadcasters a low chance of succeeding because of the upcoming merger deadline and the inability of a court to mandate that the FCC approve a license transfer.

VERIZON EXECUTIVE SHAKEUP

Verizon's Consumer Group is getting its third official leader in as many years with Sowmyanarayan Sampath taking over the role. He transitioned into the role of EVP/CEO of the division Friday and out of his previous position as CEO of Verizon Business. "What is special about Sampath is, of course, his ability to execute. You have seen that in Verizon Business Group with great results we have had the last 6 quarters when it comes to wireless," Verizon CEO Hans Vestberg said on a call announcing the changes. "But not only that, he's also a visionary that can take this unit forward." Kyle Malady, who has led the Global Networks & Technology division, will now lead Verizon Business and Joe Russo, Chief Network Officer, will move over to fill Malady's previous seat. Additionally, Verizon CFO Matt Ellis announced his plans to step down on May 1 and pursue other opportunities. He's been at the wireless provider for 10

years, joining it after 15 years at **Tyson Foods**. *Tony Skiadas*, Verizon's Controller, will serve as interim CFO with a search for a permanent replacement to begin very soon.

FCC STAYS ATSC 3.0 RULE SUNSET

The **FCC** has temporarily stayed the March 6, 2023 sunset of a requirement for broadcaster primary streams to comply with the ATSC A/322 standard, a technical standard for formatting a broadcaster's signal. The requirement was established in 2017 when the agency authorized the Next Gen TV/ATSC 3.0 standard on a voluntary, market-driven basis. "It is unclear whether any consumer receive equipment could display 3.0 signals that were noncompliant with A/322, meaning the viewing public could lose all 3.0 service during any period of noncompliance by broadcasters. Furthermore, there is no information in the record indicating that any party will be harmed by the grant of an interim stay," the agency said.

SHAREHOLDER SUIT SETTLEMENTS

John Malone and former **Charter** board colleagues have agreed to an \$87.5 million settlement to settle a seven-year-old shareholder lawsuit that claimed Malone received unfair advantages through Charter's 2016 \$79 billion purchase of **Time Warner Cable**, [Bloomberg reports](#). The suit claimed Malone was able to score unfair tax benefits from stock he got in a side deal. The money will come from insurance covering directors named in the suit and will be paid directly to Charter. The deal, which was disclosed in a filing Friday, doesn't carry any admission of wrong doing. – **Paramount Global** will pay a \$122.5 million settlement to put an end to a 2019 lawsuit from its shareholders over the merger of **Viacom** and **CBS**. The suit's primary argument is that Paramount Chair *Shari Redstone* did everything in her power to push the deal through, including pressuring others in power to support the agreement, and ultimately hurt the company's investors. It seeks unspecified damages, costs and expenses. Paramount filed motions to dismiss in May 2020, but those were dismissed in December of the same year. The settlement is subject to the final approval of the Court of Chancery of the State of Delaware, and the vast majority of the settlement payment will be due no less than five business days before the final settlement hearing. Paramount is still engaged in litigation regarding insurance coverage against certain insurance carriers in a move related to the shareholder lawsuit. "The Company intends to pursue its claims vigorously. Pending recovery of any such insurance proceeds, the Company will advance funds for the settlement when they become due," Paramount said in the filing.

WBD, GROUPEM DEI ACCELERATOR

GroupM and **Warner Bros. Discovery** entered a strategic partnership that'll see WBD support the Diverse Voices Accelerator,

an initiative that helps creators, writers, producers, directors and studios from underrepresented groups in the entertainment space. The first project from the partnership will be "Rebuilding Black Wall Street: Greenwood," a six-part docuseries that will arrive on **OWN** this fall. Additionally, projects made as part of the DVA will be supported by GroupM's media agencies that can connect with brands such as Domino's.

RATINGS

This year's spring training on **ESPN** was the most-watched since 2016, according to **Nielsen**. The four-game afternoon schedule averaged 378,000 viewers, up 29% from 2021 (ESPN did not broadcast spring training contests in 2022). The Mets-Cardinals game on Feb. 27 had the highest amount of viewers for the week with an average of 423,000 viewers, also making it the most-watched spring training game since 2016.

CARRIAGE

Vidgo is adding **Tennis Channel** to its lineup, giving its viewers access to over 93% of professional tennis events each year. The carriage deal comes just before the BNP Paribas Open, which begins Wednesday and runs until March 19, and adds to Vidgo's slate of more than 150 live channels.

PROGRAMMING

Nexstar's NewsNation is launching a new hour-long weekday political ensemble show on April 24 at 5pm. "The Hill" will be moderated by anchor/correspondent *Leland Vittert*, who will also be hosting NewsNation's "On Balance with Leland Vittert" on weeknights at 7pm. – The 8th Annual Latin American Music Awards will broadcast live on **Univision**, **UNIMÁS** and **Galavisión** on April 20 at 7pm. In the weeks before the event itself, UNIMÁS will have three one-hour specials: "Latin AMAs: Pase VIP" on Thursday at 7pm, the nomination reveal "Latin AMAs: Nominaciones" on March 13 at 6pm and "Latin AMAs: Legacy" on April 4 at 7pm. – The docuseries "AEW: All Access" will arrive on **TBS** on March 29 at 10pm. Season 1 will span six episodes. – Three more original romantic comedy movies are coming to **E!** in the summer: "Arranged Love," "Ms. Match" and "Platonic." The first batch of romantic comedies ("Married by Mistake," "Why Can't My Life be a Rom-Com" and "Royal Rendezvous") are available on the E! app.

PEOPLE

Comcast Cable appointed *Sarah Gitchell* as SVP, Content Acquisition, after serving as SVP/Senior Deputy General Counsel for Comcast's legal team. Her new position will have Gitchell leading field operations and compliance teams, while also assisting in developing the company's overall content strategy. Reporting to President, Content Acquisition *Greg Rigdon*, Gitchell will also head up major initiatives and conduct certain deal negotiations.