

Cablefax Daily™

WHAT THE INDUSTRY READS FIRST

Bridging the Gap: Roberts' Plans for Linear-to-Streaming Shift

We're still waiting for the launch of **Comcast** and **Charter's** streaming juv **Xumo**, with Comcast CEO *Brian Roberts* teasing Tuesday that the nationwide platform will ultimately make the operator indifferent to accelerations in cordcutting.

"We make more money, and that's part of the revenue shift of the company. If people are cordcutting, yes, we lose revenue, but we lose expense and therefore it's maybe not such a big deal as long as they take broadband on the other side," Roberts said during a fireside chat at **SVB MoffettNathanson's** inaugural TMT Conference. "We can envision a day where broadband is even more valuable to them and to us and to the shareholders."

He pointed to trends across the business that he believes support the thesis that the amount of data used per home will only continue to rise over time, and the move of sports from linear platforms to streaming options in particular stands out.

"**Amazon** took one football game and put it on Thursday night and changed the entire consumption of America with a game that only had 50% of the viewing it had on broadcast the year before, give or take based on the numbers I've seen," Roberts said. "Sunday Ticket is about to go and become only available on streaming. *Bob Iger* has been ruminating about **ESPN** going streaming, regional sports networks are going through some difficult times and talking about streaming... If I said who thinks we're going to have more streaming in 10 years than we have today of sports, probably every hand goes up."

Investors continue to question whether streaming is a good business as content costs increase and the marketplace becomes more crowded. Roberts is growing more confident in **Peacock** by the day, and he also can clearly see a world where a Peacock customer would bring in as much value as a traditional pay TV sub.

"A Peacock subscriber is not as valuable today, but it's a lot closer than it was a few years ago when you combine the fee as compared to being a free service and now being \$5/month," he said. "And then the advertising hopefully can double that and get you to the kind of money we've been getting from distributors over time and you can see a path to transitioning from this point over to the other side of the river."

When questioned about **Disney's** most recent comments about its commitment to general entertainment and **Hulu**, Roberts said he wasn't surprised that Disney CEO *Iger* would voice those sentiments. He continues to believe that the scenarios where Disney purchases Comcast's stake in Hulu are the best for the company's shareholders.

"I think Disney recognizes, as anybody else would recognize, that Hulu is really valuable... it's what would a willing buyer in a robust auction pay is sort of the hypothetical question because you not only get a 50-55 million plus domestic streaming service, but number two is that there's never been one for sale," Roberts said. "And in the hypothetical that the appraisal process imagined when we structured the relationship, you get all the content from Disney and Fox with it, in theory forever... and that's what the job is, to then give us one-third of that value."



CONGRATULATIONS to all the honorees!

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SAMPATH TALKS PATH TO GROWTH AT VERIZON CONSUMER

Sowmyanarayan Sampath has been CEO/EVP of the Verizon Consumer Group for two months and he already has a plan in place to bring about the same success he experienced when he led the company's business division. "We've been 100% reliant on price and literally 0% on quantity. While that works well for us given the quality of the base and the high FICO score of the base, to have a sustainable medium-term business, we need a better balance between p and q," he said during an appearance at an investor conference Tuesday. "I would like it to be in the 80/20 range—80% price, 20% quantity." Verizon announced another revision to its wireless offerings Tuesday, introducing myPlan. Customers first choose between the \$30/line Unlimited Welcome plan with 5G speeds or the \$45/line Unlimited Plus plan, which includes 30 GB of premium mobile hotspot data and access to Verizon's faster 5G Ultra Wideband capabilities. Customers will then be able to choose from a wide number of discounted products from Verizon's partners. For \$10/month, customers can subscribe to the **Disney** streaming bundle, Apple One, Walmart+ and more. The motivation for the shift was ultimately to simplify Verizon's offerings and cut down on confusion that came from the plethora of plans it offered before. "We used to have six of them. Six is too many unless you're going for an Indian buffet," Sampath said. "So we came down to two and we love those two plans because it shows who we are. It shows the value of our network, which is kind of the star of the show." Customers won't be forced to migrate to these new plans, which will become available on Thursday. The plans notably don't incorporate Verizon's fixed wireless product, and Sampath said offering products for free is a lazy way to drive convergence. "Our fixed wireless product has a high value, high NPS score and I want to create more revenue and ARPU to that piece. We want to build a FWA business that is sustainable over a period of time, that has low churn, ARPU that is growing consistently year after year and that's exactly what we are doing," he said.

GOP LEADERS WANT FCC PROBE ON STANDARD GENERAL-TEGNA

Senate Commerce Ranking Member *Ted Cruz* (R-TX) and **House Commerce** Chair *Cathy McMorris Rogers* (R-WA) want the FCC's Acting Inspector General to investigate whether FCC Chairwoman *Jessica Rosenworcel's* decision to have the agency's Media Bureau designate the proposed **Standard General-TEGNA** transaction for an ALJ hearing was motivated by a biased desire to block the deal. "No less than five aspects of that decision and the circumstances surrounding it suggest that it was motivated by a biased desire to defeat the Standard

General-TEGNA transaction. If that is true, then the FCC is serving as a partisan cudgel, rather than fulfilling its mission to ensure a robust and competitive market," they wrote.

FRONTIER FEELING 15

When **Frontier** initially laid out its fiber build plan in 2021, most of it was focused in the four legacy states of California, Texas, Florida and Connecticut. But it made the decision in late 2021 to build in 15 of its 25-state footprint based on attractiveness as it dug deeper into the footprint. "I think that's roughly where we'll stay. We may add a state or two here or there. We may add a state if we're very active in securing government subsidies outside of those 15," CFO *Scott Beasley* said during an investor conference Tuesday. Frontier raised eyebrows earlier this month when it raised cap ex guidance for the year from \$2.8 billion to the \$3 to \$3.2 billion range, citing higher build costs as well increasing its inventory. It built nearly two million passings at \$830 per location, but this year expects to be at \$1,000 to \$1,100 per passing. Beasley said that cost per passing is important, but isn't the most significant value driver of a fiber build. "The most important ones are ARPU and penetration. We've had some examples where our build cost has been higher. For example, we're building an area west of DFW in Texas, where our build costs have been higher because of rock, but our penetration is 60%+ in less than two years," he said. "We've actually had to go back and add equipment there because our sales have far exceeded any penetration targets we've had, and that's a really strong IRR." The CFO added that cap ex should be lower in 2024 because Frontier will be through with the bulk of its startup costs. For example, if it continues at a pace of about 1.3 million passing next year, that would put cap ex in the high \$2 billion range.

DISNEY ON UPFRONT STAGE

Disney's expansive sports coverage was front and center at its upfront Tuesday. Over 30% of sporting events are watched on Disney-owned linear and digital platforms, which is a key reason why "The Pat McAfee Show" is headed to ESPN. "[*Jimmy Pitaro*] was one of the only people that I talked to that truly understood what the future of sports media is going to look like," McAfee said. "I think the future of sports media is certainly something that we're creeping in on... Digital has become an influence. It has the structure, it has the ability to reach millions and millions of people on a daily basis. And linear ESPN is still reaching more people than it's ever reached in the past." McAfee comes from **FanDuel TV**, where he had a \$120 million deal over four years. His show will continue to stream on **YouTube** as well through ESPN's channel, something McAfee insisted on keeping to continue the show's reach with a younger audience.

He was preceded by *Serena Williams*, who was also on hand to talk about her upcoming docuseries “In the Arena: Serena Williams.” It’ll have a similar feel to Tom Brady’s “Man in the Arena,” taking viewers through Williams’ 23 Grand Slam titles and her upbringing. Williams’ docuseries is a microcosm of Disney’s commitment to women’s sports, which it sees as a big opportunity to match a growing audience. The 2023 NCAA Women’s Basketball championship reeled in 9.9 million, but women’s sports only take 5% of overall marketing. Disney’s currently riding the viewership highs of the NBA Playoffs and the hype surrounding the upcoming **NFL** season, but it’s also got the **SEC** to look forward to next year. The conference’s games will be on ESPN and ABC for starting in 2024 and will remain with the network for 10 years.

CHAPEK, OTHER EXECS HIT WITH DISNEY SHAREHOLDER SUIT

Disney shareholders have sued ousted Disney CEO *Bob Chapek*, current CFO *Christine McCarthy*, former Disney Media and Entertainment Distribution Chair *Kareem Daniel* and the company itself for allegedly misleading investors about the success of **Disney+**. The shareholders are seeking a jury trial and claim that the company concealed the true costs of the platform as well as the expense and difficulty of maintaining its subscriber growth. They claim that the company hid important obstacles tied to **Disney+** while still claiming it was on track to achieve profitability and 230-260 million paid global subs by the end of fiscal year 2024. “Defendants made these representations notwithstanding the fact that initial subscriber numbers for **Disney+** had been boosted temporarily and unsustainably by a low launch price of \$6.99 per month, a bevy of additional short-term, low-cost promotions and a near-captive audience of consumers who were homebound due to COVID-19 restrictions,” the suit said. It was filed in the Western Division of the Central California District Court.

WEEKLY RATINGS’ NEWS STORY

Despite the ratings hit **Fox News** is experiencing from the loss of *Tucker Carlson*, it continues to edge out **MSNBC** in primetime. Last week, Fox News averaged 1.43 million viewers, good enough to make it the third most-watch cable net in prime and putting it ahead of fourth-place finisher **MSNBC** (1.16 million), according to **Nielsen** data. Helped by its Trump town hall, **CNN** finished in 7th place with 701,000 prime viewers for the week, up from 494,000 the previous week. **Newsmax** has reported viewership gains in the wake of Carlson’s departure and last Friday it managed to beat **CNN** in impressions for every hour of primetime, despite being in 20 million fewer homes. **Newsmax**’s “Eric Bolling The Balance” had 467,000 impressions vs 447,000 for **CNN**’s “Anderson Cooper 360,” while new 9pm show “Chris Plante The Right Squad” had 325,000 impressions vs **CNN**’s “Whole Story’s” 293,000. The top prime spot in the weekly cable race went to **TNT** at 3.04 million viewers, with **ESPN** taking the runner-up spot at 2.89 million. Fox

News celebrated its 19th consecutive week as the most-watched network in all of cable with total day viewers (1.14mIn). **ESPN** (902,000), **TNT** (894,000), **MSNBC** (755,000) and **CNN** (462,000) round out the week’s five most-watched nets in total day.

TELEVISAUUNIVISION’S UPFRONT

TelevisaUnivision used its upfront Tuesday to announce it has secured the Spanish-language rights to **CBS**’ Feb 11 Super Bowl, marking its first-ever national broadcast of an **NFL** game. **ESPN Deportes** had previously licensed the Spanish rights from **CBS**. There’s also plenty of futbol at the net, with the programmer securing the rights to Copa America from June 14-July 14. And *Sportico reports* that **TelevisaUnivision** has nabbed the Spanish-language rights to UEFA club competitions in a three-year deal that sources put at \$225 million. Execs at the Spanish-language programmer used the upfront presentation to drive home its reach among Hispanic households. “We all know today’s TV measurement isn’t adequate for our multiscreen world. As a consequence, U.S. Hispanics have been undercounted. In fact, our audience is 29% bigger than currently measured,” ad chief *Donna Speciale* said. “How do we get that figure? Because **Nielsen** just told us with their panel plus big data solutions.” She urged media buyers to lean in to this new Nielsen currency, calling it a “huge step for equity.” Streaming service **ViX** also took centerstage, with **ViX** CEO *Pierluigi Gazzolo* revealing the platform has surpassed 30 million active monthly users globally. “Importantly, 63% of users are incremental to the massive audience we serve on linear which means greater cross platform reach for all of you,” he said. Other highlights: Univision’s “Aqui y Ahora” *Iliá Calderon* will host a new crime series on **ViX** and the 2023 Latin Grammys will air live from Seville, Spain on Nov. 16, marking first-ever international telecast in the history of the show.

PEACOCK GETS NFL EXCLUSIVE

Another streamer is getting in on the **NFL** action. The league and **NBCUniversal** revealed Monday that the Saturday night game in the Wild Card round of the playoffs will be on **Peacock**, making it the first NFL postseason game to be exclusively on a streaming service. The game will take place Jan 13 at either 8:15pm or 8:30pm. According to *The Wall Street Journal*, which cites people familiar with the deal, it’s a one-year agreement that’ll see the NFL receive around \$110 million.

CABLE ONE GOES WITH EERO

Cable One has begun offering the **eero** Pro6E, marketing it as “Wall-to-Wall WiFi” with a retail price of \$12.50/month. The router covers up to 2,000 square feet, features a built-in smart home hub and supports network speeds up to 2.3 Gbps (up to a gigabit wired and 1.6 Gbps wireless). An **eero Plus** option will be available to customers for an additional \$8/month, providing an additional layer of advanced online security with **eero** Dynamic DNS, licenses for 1Password, Malwarebytes, and encrypt.me VPN and more.