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WHAT THE INDUSTRY READS FIRST

One More Time: AT&T Shuts Down DirecTV Rumors (Again)

The rumors that **DISH** and **DirectTV** will merge are again growing louder, but **AT&T** CFO *Pascal Desroches* made it clear at an investor conference Tuesday that any decision of that nature isn't primarily the wireless company's anymore. Nor did he sound especially keen on a deal.

"The asset has produced \$4.5 billion for us last year. This year, we've got it to around \$3.5 billion. We have a really good line of sight over the next several years as to what we believe the cash flows will come out of that business," Desroches said. "We look at other opportunities, we always do. That's our job. But the bar would be pretty high in order to do something to try to accelerate more value creation."

Speaking at the **Bank of America** C-Suite Technology, Media and Telecommunications Conference, Desroches acknowledged the team at **TPG Capital** for optimizing the DirecTV business since the two closed their partnership agreement in 2021. Before AT&T gets involved in any conversation about any DirecTV transaction, it would look to TPG to see if the deal met the fairly well-defined bar they've established for M&A moving forward.

Until the time comes to talk about any acquisitions, AT&T will continue to be focused on building out fiber. Desroches said the company's priorities right now include investing every incremental dollar into the technology. The company remains convinced that it is the tech of the future, and the early results

from the customer base have AT&T more confident than ever that it can compete with cable providers.

"Right now, the pricing that we're seeing in the market is much better than we even thought and we're still at a meaningful discount from cable. So over time, we believe there is room to move up the ARPU stack, and the durability of that makes the returns really attractive," Desroches said. "The other thing that investing in fiber will allow us to do over time is continue to have more of our wireless traffic offloaded onto our fiber network."

Desroches did admit that AT&T has ceded ground to cable in the SMB category, and he feels that building out the fiber footprint and capability will unveil a good opportunity in that sector for AT&T to gain back share.

He's also not seeing much impact from cable's charge into wireless on AT&T, even as cable has continued to report massive growth numbers over the last several quarters. AT&T's porting ratios relative to cable haven't changed in the last 12-18 months, so Desroches doesn't believe cable's gains are coming at his company's expense.

"One of the cable companies acknowledged that 50% of their additions the last couple of quarters are non-ports. I look at that, OK, it gives me a sense for the quality and the economics of those subscribers, and I think there is an element of prepaid to postpaid migration," Desroches said. "Cable will do what they do, but I think they largely are playing in a different pool than we are."

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FCC LAUNCHES PROCEEDING ON VIDEO PRICE TRANSPARENCY

The **FCC** has approved a Notice of Proposed Rulemaking that proposes requiring cable and satellite providers to provide an “all-in” price for video service in promotional materials and on subscribers’ bills. “This all-in pricing proposal is intended to give consumers a transparent and accurate reflection of their subscription payment obligations and eliminate unexpected fees. It also seeks to provide consumers with the ability to comparison shop among competing cable operators and DBS providers, and to compare programming costs against alternative programming providers, including streaming services,” the FCC said. The Commission also is seeking comment on whether it should consider expanding the requirements of this proceeding to other types of video providers. “Increases in programming costs shouldn’t be described as a tax, fee, or surcharge,” FCC Chairwoman *Jessica Rosenworcel* said in a statement that likened the proceeding to the broadband nutrition labels.

JAZZ TO ROLL OUT OTA, STREAMING OPTIONS NEXT SEASON

In a move that resembles the Phoenix Suns and its bid for broadcasting games digitally, the Utah Jazz’s parent company **Smith Entertainment Group** launched **SEG Media**. Starting in the 2023-24 season, SEG Media will allow fans to watch games and other types of content through a combination of OTA broadcast TV and a subscription streaming service. Fans within the Jazz’s local market will be able to watch all non-nationally televised games on **Sinclair**’s OTA station KJZZ, and details regarding the new DTC offering will be revealed in the coming months. The team will also collaborate with Sinclair’s CBS affiliate KUTV to provide coverage of the team.

A+E NETWORKS’ ‘ON PATROL: LIVE’ LAWSUIT MOVES FORWARD

A judge for the Southern District of New York denied **Big Fish Entertainment, Reelz** and **Half Moon Productions**’ motion to dismiss **A+E Networks**’ lawsuit accusing them of stealing intellectual property. The federal lawsuit was [filed](#) in August following the debut of “On Patrol: Live” on Reelz, which A+E argued is virtually identical to its series “Live PD.” “Because On Patrol: Live copies nearly every single element in the same manner, coordination and arrangement as Live PD, the Court does not hesitate to find that the works are substantially similar. On look alone, the two shows are virtually indistinguishable,” wrote Judge *Katherine Polk Failla* in the 61-page order. The court also found that AETN

sufficiently pleaded claims for trademark infringement and unfair competition. The case will now proceed to the discovery phase.

WBD LAYOFFS (AGAIN)

Another round of layoffs began at **Warner Bros. Discovery** Tuesday, with the cable networks largely in the crosshairs. Word quickly got out that **TCM** chief and 25-year company vet *Pola Changnon* will be leaving. “While change is never easy and can create a sense of uncertainty, I want to assure you that we remain fully committed to this business, the TCM brand, and its purpose to protect and celebrate culture-defining movies. As storytellers, that is our legacy, and we will continue bringing the history and impact of classic films to life on-air and in other ways,” *Kathleen Finch*, Chief Content Officer U.S. Networks, wrote in a memo that praised Changnon for cementing TCM as “the dominant classic movie brand.” *Michael Ouweleen*, the President of **Adult Swim, Cartoon Network, Discovery Family** and **Boomerang**, who previously oversaw TCM, will again lead the network. Deadline [reported](#) that the departures also include *Amy Introcaso-Davis*, EVP, Development and Production, Factual Programming, **Discovery**.

MOFFETTNATHANSON NOTES

What does the news that **SVB Financial Group** has reached a deal to sell its investment banking business to a management team bidder group led by **SVB Securities** CEO *Jeff Leerink* mean for technology, media and telecom research provider **MoffettNathanson**? Not much. MoffettNathanson is not included in the transaction. It will remain owned by SVB Financial and operate under the MoffettNathanson brand. “We are excited to return to our roots as a standalone TMT research provider while leveraging the additional resources and coverage verticals we gained with SVB Securities, as we continue building upon our industry-leading position in equity research,” the firm said. – Meanwhile, the firm just released a research note dissecting whether cable can keep growing broadband ARPU. Cable’s broadband growth slowed to essentially nothing in 1Q23, but the analysts don’t believe that ARPU has to follow suit. “Our judgement is that ARPU growth can, and will, continue at something like the same 3% or so pace that we have seen in recent years; that is to say, at a rate below the recent rate of inflation, but still meaningful,” the note said. “Even faster ARPU growth rates for cable’s competitors—**AT&T**’s fiber ARPU is rising at a 9.0% annual growth rate—provide some measure of confidence. What is inarguable is that this really matters. Broadband unit growth may get 90% of the attention, but the trajectory of cable stocks from here almost certainly rests on broadband ARPU outcomes more than any other factor.”

STREAMING LEADS 'THE GAUGE'

Total TV usage in the U.S. was down for a fourth consecutive month in May, with streaming still garnering the most eyeballs, according to Nielsen's "The Gauge" report. Of time spent watching TV, streaming took 36.4% of the pie, followed by cable at 31.1% and broadcast with 22.8%. Time spent streaming through a TV set did increase by 2.5% compared to April. Among streaming services, YouTube, excluding YouTube TV, accounted for 8.5% of viewership. Netflix was second at 7.9% and Hulu third with 3.7%. The biggest usage jumps went to Netflix and Prime Video, which had increases of 9.2% and 5.1%, respectively. The Gauge also found that the three FAST channels it reports on—Pluto TV, Tubi and Roku Channel—accounted for 3.3%.

DIVERSITY KEY FOR VIEWERS

With diversity taking a higher preference among TV viewers, Samba TV found on-screen representation is leading to higher viewership. In its State of Diversity on TV Report, it found a positive correlation of 43% among households with Black, Hispanic, Asian, mixed race or another non-white ethnicity watching programs that have higher percentages of non-white stars. On the linear side, Black representation was 27% while comprising 12% of the U.S. census, but it dropped to 17% for streaming. Hispanic representation, however, was 10% for both linear and streaming despite making up 18% of the census population. The growing diversity in the U.S. is also an opportunity for advertisers. Hispanic households are currently delivered 15% of ad impressions, while Black households come in at 13% and Asian households at 4%.

NBCU EXPANDS ONE PLATFORM

NBCUniversal is letting marketers manage multi-market campaigns across addressable linear TV, CTV and premium digital video ad inventory in a single buy for the first time through its One Platform. The company is expanding the platform's offerings thanks to partnerships with FreeWheel and international broadcasters spanning Europe, Asia, Australia and the Americas. FreeWheel's technology gives marketers the ability to deliver advanced ad solutions at scale across premium networks and geographical boundaries. Marketers can also utilize brand-safe ad inventory across more than 100 premium broadcasters, 1,000 digital publishers and over 50 demand-side platforms in one transaction.

SAY YES TO LIVE STATS

YES Network will begin providing single-screen interactive stats on connected devices, a first for any regional or national sports network. The network is partnering with Ease Live to deliver real-time stats on screen for New York Yankees telecasts starting tonight at 7pm. Viewers will be able to see various tidbits including individual batter and pitcher notes, type of pitch, pitch speed, batting order, division standings and more. It'll be a similar feel to the live stats offering YES has with its Brooklyn Nets

telecasts. Fans will be able to control the live stats experience via their TV remotes or on their mobile phones.

CARRIAGE

It's a big day for the Maximum Effort Channel, which rolled out on both Fubo and Sling Freestream today. The channel is owned by Ryan Reynolds' production company Maximum Effort Productions and comes with original and classic TV and movies like "The Adam Project," "Welcome to Wrexham" and "Bedtime Stories with Ryan" featuring Reynolds.

RATINGS

The Season 2 premiere of Freeform's "Cruel Summer" garnered 2.6 million total viewers across linear and digital platforms during the first seven days it was available. That's the highest-rated Freeform telecast since the show's Season 1 finale in June 2021, and it's averaging 2.3 million total viewers through two episodes. Additionally, the first two episodes were the most-watched scripted TV episodes on Hulu during its initial week (June 6-12). – The 2023 U.S. Open in Los Angeles had its best ratings performance since 2019 across NBCU broadcast, cable and streaming platforms. The final round on Sunday averaged 8.8 million viewers in primetime, peaking at 10.2 million viewers from 9:30-9:45pm. NBC, Peacock and NBC Sports Digital had an average of 6.2 million viewers for the full final round. Peacock had an average minute audience of 304,000 viewers for the final round as well. Across 47 total hours of coverage, NBC, Peacock and USA Network averaged a total audience delivery of 3.4 million viewers.

ON THE CIRCUIT

"When Wire Was King," a feature length doc from EchoStar's Jennifer Manner that explores the history of the telecommunications industry, gets its first showing on a PBS station. Austin PBS affiliate KLRU airs the doc in June 30 at 8pm.

DOING GOOD

Saturday was DirecTV Day, and its employees spent it volunteering at various organizations across the U.S. The day signifies the first sale of DirecTV service, which came in Jackson, Mississippi, in 1994. Nearly 500 employees helped cook meals, organize activities and bake treats for Ronald McDonald House Charities families as well as Project Angel Food in L.A.

PEOPLE

Fox Sports exec Mike Mulvihill was upped to President, Insights and Analytics, where he'll oversee the research, analytics and strategic planning teams across Fox Sports, Fox Entertainment and Tubi. Mulvihill held his previous role of EVP, Head of Strategy and Analytics for Fox Sports since 2016 and originally joined the company in 1995 as a research analyst.