

Cablefax Daily™

WHAT THE INDUSTRY READS FIRST

Precedent Setting: Charter, Disney Deal Sets New Path Forward for Video

Charter has made it clear that it wants DTC apps included in video deals going forward. Monday's deal returning (most) **Disney** networks and **ABC** O&Os includes just that and, importantly, blazes the trail for the operator to score similar arrangements with **Paramount**, **NBCUniversal** and others. And this isn't just about Charter-Disney. While it doesn't sound like the deal will trigger Most Favored Nations clauses, you can bet other MVPDs will be interested in striking similar arrangements. Under the deal, Charter will pay more money to Disney, but most subs will have access to Disney+ with Ads and many will get ESPN+ (and its DTC app once it launches). Charter's also slimming down its linear lineup with Spectrum packages by no longer including Baby TV, Disney Junior, Disney XD, Freeform, FXM, FXX, Nat Geo Wild and Nat Geo Mundo. For the first time, it will begin to sell the Disney DTC apps directly to its customers, particularly those that are broadband only. We spoke with Rich DiGeronimo, Charter's President of Product and Technology, about the deal, its upcoming Xumo launch and what it all means.

It seems like Charter got what it wanted. Was there something else out there that you were seeking that you still don't have?

Charter's very proud of the agreement and what we can provide customers. We're also really pleased that Disney took a real substantial step to also provide their unique

content to more customers as well. And we think collectively between Disney and Charter, what we've done here is a really innovative, transformational agreement to continue to provide customers with choice and we believe a differentiated value in the marketplace. I'm very satisfied that we got what we want. You'll have to talk to Disney, but I think they got what they wanted. Most importantly, customers are going to not only watch Monday Night Football tonight, but also they'll be able in many of our packages to get these great direct-to-consumer apps included as part of their package. So, I think that Disney won, I think Charter won, I think customers won.

Charter has made a big deal about how it's time to change the video model and you've both described this deal as transformative. When do we really start to see something different?

I think this does set a new and proper standard for distribution agreements, whereby the customer has choice, but they also have a great value in the packages that they purchase. And to the extent that the programmer has similar content within their direct-to-consumer app, that content should also be included as part of your linear subscription.

The announcement talks about added flexibility. Does any Disney content move over to TV Essentials, a \$24.99/month streaming package available to internet-only customers with 60+ channels?

The way we look at it is that our customers will still be able

THE KAITZ DINNER

WEDNESDAY, SEPTEMBER 20, 2023

40

NEW YORK MARRIOTT MARQUIS

YEARS OF STAYING FOCUSED

Tables,
Tickets &
Sponsorships
Available
Now!



to maintain that flexibility at different at different price points. We have nothing to announce right now as it relates to Disney content in that package.

As far as the linear channels that you dropped, Freeform seemed to be the biggest name there. Can you talk a little bit about how you settled on those channels?

Our view is that there's a substantial amount of content that exists within the direct-to-consumer apps and for us, it was really a priority for our customers to have free access to those direct-to-consumer apps, which includes much of the content from those linear channels. Our focus was really to include the direct-to-consumer apps as part of the overall video package that you purchase from us.

Do you have any insight on when we might see that ESPN direct-to-consumer app?

That's clearly a question for Disney. They've said publicly it's not if, it's when. From our perspective, we just want to make sure that when it does occur, that our customers who are purchasing ESPN get full access to that DTC app. This agreement allows for that, which we think is really great for consumers, and really is consistent with the overall parameters that we set forth when we spoke publicly about this.

If I'm a Charter subscriber, when and how will I start to see the changes here? How, for instance, will Disney+ with Ads be integrated?

If you subscribe to our Spectrum TV Select package, which the significant majority of our video customers have access to, our goal is in the coming months those customers will get free access to the app. We're working through how those integrations will work. Now what I'm excited about is we're about to distribute the Xumo Stream box. It will have the Spectrum TV app on it, which we're really proud of. It's still the highest-rated pay TV streaming app in the U.S. But next to that can be Disney+ and ESPN+. And as part of your select subscription with the Charter, not only can you watch the great Spectrum, TV app and consume all that great content, but you can quickly and with the same credentials, be able to watch the ad supported Disney+ for no additional fee. To the extent that you have one of our sports related packages, you'll be able to also watch the ESPN+ app with the same authentication. That's really going to come to light on all third-party connected devices, but Xumo, which we're about to launch, will be certainly one of those.

You've said Xumo will be the go-to video platform for Charter. What does that launch look like?

Xumo will be really for new video customers to start. They will get access to a Xumo box as a selection they can choose. They can also still continue to utilize another third party device, like an Apple TV or Roku. They can certainly choose a Xumo

box if they like. It will be largely focused on those new video customers and then we'll work through business rules over time as it relates to our existing customer base.

.....

DISNEY-CHARTER - WHO WON?

MoffettNathanson called the deal a "win-win," depending on how you slice it. "If the framework to make the call is an evolution of prior deals to include DTC as part of a new way to provide value to subscribers along with cutting down on long-tail cable network payments, then we can see how **Charter** can claim victory," the firm told clients. "However, from an economic standpoint, as long as **Disney** gets the 'very strong' rate increases on its core cable networks and ABC retrans, plus the wholesale arrangement for Disney+ ad-tier, we would expect the \$2.2 billion Charter is set to pay Disney this year to keep going up nicely over the multi-year agreement. We would call this a win for Disney." The analysts noted that Charter didn't succeed in its attempt to get Disney+ for free and instead will pay a wholesale rate. "Depending on the discount to the retail rate, we should see some RPU impact from the addition of these lower-priced subscribers once the deal kicks in," the firm said. **New Street Research** analysts said it looks like Charter got most of what it wanted, though it's unclear how much that's costing them. "The impact to the industry will depend on the magnitude of disruption to Charter's business due to the blackout. Charter management stated, and we believe, that much of the churn would have been experienced quickly. If the churn was severe, other distributors may think twice before going toe-to-toe with Disney; if it was manageable, the distributors will be emboldened," the firm said, suggesting the dispute will more of a shift of leverage from programmers to distributors than a paradigm shift where cable operators stop offering video. **New Street** thinks **DISH** and **DirecTV** may be best positioned to take advantage of these headwinds. – Charter posted a [blog](#) Monday titled "The Winner in the New Charter-Disney Deal? Consumers." It wrote that customers affected by the programming disruption will receive a credit on their bills. "The fact is, we want to be proud of the value that we deliver to our customers, and we knew that it was time to say, 'enough is enough.' Working with Disney, we reached a deal that will save consumers money going forward," Charter said. – Both companies saw their shares rise Monday. Charter ended the day up more than 3%, while Disney ticked up 1.15%.

YOUTUBE'S SUNDAY TICKET EARNS EARLY APPLAUSE

Google is breathing a collective sigh of relief Monday after a successful first week of **NFL Sunday Ticket** on **YouTube**. The service didn't suffer from any outages and reviews generally praised the picture quality, graphics and integrated features like multiview. The biggest note thus far: allow fans to pick which games they want to watch in their multiview. Right now, fans have to cycle through various game configurations before choosing which is the best fit for their families. "Sunday Ticket on YouTube TV is already significantly better than **DirectTV**. The video quality is better and the 4-game multi-view is an awesome [addition]. Now let us pick the game combinations ourselves and it'll be a home run," one **X** user said. The feature is also exclusively a smart TV experience, and while the workaround would seem to be opening multiple windows on a computer and choosing the teams you want to watch, not everyone has a computer powerful enough to manage those livestreams. Others that also subscribe to YouTube TV's vMVPD package said there were pain points in switching between the local games available through the service and the games housed within the Sunday Ticket package.

AT&T SAYS NETWORK IS READY FOR MORE TRAFFIC

AT&T has seen annual user traffic growth rise by more than 30% over the last three years, and the provider gave customers an inside look into how it is managing that increase Monday. In a blog [post](#), AT&T Network President *Chris Sambar* called the rise a direct result of the pace of innovation and the needs of how people integrate technology into their everyday life. But he claims the network can handle much more traffic, citing the launch of standalone 5G and products like AT&T Internet Air, the provider's home fixed wireless service. He also said advancements like network splicing will unlock the full potential of 5G to deliver services designed to fit a specific need. "For example, we could offer unique network capabilities that provide specialized high-bandwidth access for doctors and healthcare professionals as they transmit medical imaging files or patient records in hospitals," Sambar said. "We could also enable low-latency connections for data-heavy entertainment applications like cloud gaming, or safety-critical applications in autonomous vehicles and advanced robotics." AT&T is working now with folks across healthcare, manufacturing, the public sector and more to address any future use cases that could require critical network access. "Getting to this point has been the result of multi-year planning. But we couldn't do it without the talent and people working in the labs, maintaining and building the network, and when needed, putting the network back

together when a natural disaster strikes," he said. "The work and innovation in these areas continues, as it always will, making its mark in history one connection at a time."

RATINGS

Live-action film "The Little Mermaid" hit **Disney+** last week and it has racked up 16 million viewers in its first five days of streaming. That makes it Disney+'s most viewed Disney movie premiere since "Hocus Pocus 2" last October. Just before the film's streaming debut, Disney launched a \$1.99/month for three months promo for the service. It's available through Sept. 20. – **TLC** was the No. 1 network for the week of August 28-Sept. 3 with W25-54 thanks to hits "Sister Wives," "90 Day: The Last Resort," "90 Day Fiancé: Before the 90 Days" and "90 Day Fiancé: The Other Way." Their telecasts were four of the top five excluding sports for the week with A25-54. Of particular note was *Sister Wives* earning a 2.27 L+3 rating with W25-54.

PROGRAMMING

MTV and **TelevisaUnivision** are teaming up for the first time for a live, hosted simulcast of the 2023 VMAs on Tuesday at 8pm. The show will be available live on **UniMás** with an encore hitting Univision at 11:30pm. During UniMás' coverage, host *Alejandra Espinoza* will offer in-show commentary. The VMAs will also be simulcast across MTV's sister brands including **BET**, **CMT**, **Comedy Central**, **Logo**, **Nickelodeon**, **Paramount**, **Pop** and **VH1**.

PEOPLE

Altice USA expanded *Keith Bowen's* role to include responsibility for all Optimum programming developments, including distribution negotiations. He continues to oversee news and advertising. Programming was previously under former procurement officer *Yossi Benchebrit*, who was separated from the company in August following an internal investigation in relation to a Portuguese corruption probe that involves Altice-affiliated individuals as well as individuals outside of **Altice Europe**. As **CFX** reported last month, *Luciano Ramos* was named Chief Technology and Information Officer and *Nate Edwards* was selected as EVP, Field Operations with *Pragash Pillai* moving to senior adviser and planning to exit the company at year-end. Former **Comcast** *Jennifer Yohe* was hired as new SVP, Chief Procurement Officer.

EDITOR'S NOTE

Headed to NYC for **Diversity Week** next week? Don't forget to RSVP for **NAMIC's** [Reception](#) honoring the **Cablefax Diversity List** at the NY Marriott Marquis Tuesday. The magazine featuring our annual Diversity and Pride List will make its debut Monday at [CablefaxDiversity.com](#).