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WHAT THE INDUSTRY READS FIRST

Over the Air: Sinclair CEO Calls Losing Sports to Streaming a Societal Issue

The migration of sports content to exclusive streaming platforms has **Sinclair** CEO *Chris Ripley* worried about alienating a significant portion of American households. And while most of his message at a Tuesday **Media Institute** appearance focused on deregulation, this is an area in which he seemed to welcome government assistance.

"The migration of big sporting events to streaming exclusively I think is an issue that is something that governmentally and societally we should be looking at. You're disenfranchising that 20% of the population who exclusively rely on OTA, and I think it's shortsighted to do that," he said. "I think a lot of what's going on right now is experimental, stunting, things like that. But if you are a sports rights holder, you're actually hurting your brand. You're hurting your long-term viability if you paywall yourself exclusively on one platform."

Ripley had talked about the importance of big, live event programming for broadcasters, prompting a question on how it competes as those events move to streaming. A growing number of games, including a Wild Card **NFL** playoff game, will be available exclusively through streamers. And even when there's not exclusivity, network owners are often promoting the same big live events on their own streaming properties that are also available on broadcast or cable networks. **Peacock** is currently running a promotion that would make the streaming service available for $19.99 for one year. The limited time promo, which saves users 67% off the with ads service, is intended to shore up the streamer's sub base before its July 18 price hike of $2/month. Of course, with the Summer Olympics to kick off on July 26, it could also help bring in new subs before the Games.

"I'm not personally worried about that sort of activity when it's done for science and promotion. But I do think societally, we should be concerned about disenfranchising large parts of the population to provide access to that content, which is part of the fabric of this country," Ripley said. Of course, there is also the issue of whether MVPDs and vMVPDs will continue paying affiliate fees for tentpole programming that may be available cheaper on streaming services.

Most of Ripley's appearance at Tuesday's D.C. event centered on advocating for a regulatory overhaul, a call that comes after **CNBC** reported Sinclair is considering selling up 60% of its TV stations. Ripley said he wouldn't comment on press speculation, but he reiterated the stance that there are "no sacred cows." "The economics of Sinclair are such that we have this massive gap in valuation between what the sum of our parts is worth and what we're worth in the marketplace. So, my board has told me I need to fix that. Otherwise, I'll be out of a job," Ripley said. "If someone wants to buy anything in our portfolio for the right price, it will transact. But only for the right price."

With consumer behavior changing, the biggest challenge Sinclair and other broadcasters face is their ability to adapt to that change, he said. "Asymmetric regulation is a huge incompetence to facilitating that adaptation," said Ripley. "Big tech is almost completely unregulated. Big media has some regulations, and little broadcast has a whole bunch of regulations that are really just from a bygone era."

While there's an argument that given today's competitive state, broadcasters need to move toward more consolidation, the Sinclair chief said it's just not possible because of regulatory rules such as the 39% audience cap or the limit of owning no more than two of the top four stations in the same DMA. Ripley argued that newspapers didn't face as many regulations and as a result, ended up with one or two strong players in a market. That's a model he thinks broadcasters should emulate. "You need to allow consolidation to have better resourced, more economically viable players to exist. If you make them exist in a very siloed or fragmented way, then that's not going to be sustainable," he said.

Then there's the **Standard General-TEGNA** merger that was essentially kiboshed by the **FCC** when it designated it for a hearing. "We're in a world where nobody knows what they can and can't do… We need to at least have some clarity. And ideally, it needs to be more than what we think we can even do today in order to have capital be interested in our industry," Ripley said.

During the Q&A with Media Institute CEO *Richard Kaplar,* Ripley repeatedly referred to broadcasters as the last bastion for local news. But he's trying to redefine what that looks like. Sinclair has rebranded its newsrooms as content centers. "We know, study after study, every generation actually wants to know about local news. They just don't necessarily want it from a 6pm newscast. It's up to us to adapt to other platforms and other means of reaching these people in the way they want to be reached," he said. "I think we can navigate that. I'm hoping for a little help from our government."

As AI proliferates, Ripley believes localism presents an opportunity. "What will be unique is what do we know about the local community that AI can't know itself. What information gathering are we doing? What nuances do we know about this community?" he said. "We're doing a lot of thinking about that in terms of what is our unique data set? You can apply this thinking to any company, but just in different contexts—what is it that you're bringing to the table for the AI then to consume and create?"

Sinclair's Tennis Channel is already using AI to translate programs from English to German and synching up voices to match the lips, etc. "With human assistance—not completely automated—most of the media that we consume today will be created by AI," Ripley predicted. "That's certainly true of the news business, and it's true of the movie business. And it's true for pretty much the whole business."

PARAMOUNT IGNORES SKYDANCE

Anybody tuning into **Paramount Global**'s annual shareholder meeting Tuesday morning hoping for an update on **Skydance Media**'s latest merger offer was left disappointed. Instead, it was more of a coming out party for the three executives composing Paramount's Office of the CEO: **CBS** President/CEO *George Cheeks*, **Paramount Pictures** and **Nickelodeon** President/CEO *Brian Robbins* and **Showtime** & **MTV Entertainment Studios** President/CEO *Chris McCarthy*. Together, the trio agreed that Paramount is not where anybody wants it to be, and McCarthy said the C-suite knows there is significant value to be unlocked given the strength of the company's assets, its people and its long-term competitive advantage. They've developed a three-pronged plan to move forward, and the first prong revolves around finding profitability in streaming. More streaming services are adopting bundled offers to reduce churn and build subscriber relationships, and Robbins and McCarthy said Paramount has received a lot of interest from other streamers in creating business ties that would lift all boats. That has included jvs that would benefit from the strength of **Paramount+**'s hit originals. "Let me be clear—we're not talking about marketing bundles. This is a deep and expansive relationship," Robbins said. The other key priorities include reducing non-content costs by streamlining the organization and selling certain assets to pay down debt. "In fact, we're already in talks to divest some of our assets to unlock value," Cheeks said. On the cost savings side, the co-CEOs said they have already identified $500 million in near-term cost reductions, and that does include everything from reorganizing duplicative teams across the organization to real estate. The company is going to offer more details on everything, including the timing of these actions, on the company's earnings call in August. The lack of mention of Skydance during the meeting only raised more questions about whether the deal will make it across the finish line. A special committee formed by Paramount Global's board and Skydance have reportedly agreed on deal terms, but *Shari Redstone* has not yet given the deal her blessing. *Rich Greenfield* of **Lightshed Partners** appeared on **CNBC**'s "Squawk Box" after the meeting to unpack it, and he doesn't believe the transaction is moving forward as planned. He believes something happened over the past week that is leading Paramount to look for other routes forward outside of the Skydance deal. "That doesn't mean this won't happen, but I do think if it does happen, it may be happening on a slower timeframe because I think they are actively pursuing alternatives despite how much Skydance wants this," Greenfield said. Paramount stock closed down 4.38%.

LOUISIANA OPENS WINDOW FOR BEAD PRE-APPROVALS

Louisiana was the first state to earn approval of its BEAD Volume II plan from NTIA, and now it is the first to open its doors to subgrantees. ConnectLa opened a pre-qualification window

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Monday for interested prospective subgrantees to allow them to get a jumpstart on the state's application process. It's an early opportunity to submit pre-qualification materials for initial review and will give those that participate the chance to cure any requests from ConnectLA in the event any materials raise red flags. The state is strongly encouraging participation by ISPs given the accelerated timeline that will come into play once ConnectLA releases final eligible locations, reference pricing and more. The pre-qualification filing window was something included in Louisiana's Volume II proposal, and the state also thoroughly discussed how subgrantees and the state could work together to make service affordable in that plan. Of course, it was drafted and accepted before the expiration of the **FCC**'s Affordable Connectivity Program. Now, ConnectLA has to go back to the drawing board and come up with a new affordability attack plan before it submits its Final Proposal on or before Dec. 15. **The Benton Institute** released a blog post looking at Louisiana's plan and the work it will have to do across the next six months, particularly as only 59.5% of households with incomes below $20,000 have access to a broadband subscription. "As ConnectLA scores BEAD applications and NTIA evaluates the state's final BEAD plan, it will be a significant missed opportunity if low-income and middle-class Louisianians cannot afford the cost of internet service offered over BEAD networks," the Benton Institute said.

NEW RSN COMING TO CHICAGO

The Windy City's RSN storm is starting to settle. The **Chicago Sports Network**, or CHSN, will officially launch in October across multiple platforms and carry the Bulls, Blackhawks and White Sox. It's a jv between the three teams and **Standard Media**, which is based in Nashville and owns four media stations across the country. CHSN's footprint will include most of Illinois and parts of Indiana, Iowa, Michigan and Wisconsin, pending league approvals. Once it launches in October, it'll begin with Blackhawks and Bulls preseason games before the first White Sox game airs in 2025. All remaining White Sox games this season will be broadcast on **NBC Sports Chicago**. CHSN will have agreements in place with cable providers and streaming services while also being available for free over the air upon launch. Production will be homed in studios in both Chicago's United Center and Guaranteed Rate Field.

MAX UPS AD-FREE PLAN COSTS

As the Season 2 premiere of **HBO**'s "House of the Dragon" on June 16 approaches, **Max** is increasing the price of its ad-free plans. The Ad-Free monthly cost will go up by $1 to $16.99/month, while the yearly plan will increase by $20 to $169.99/year. The Ultimate Ad-Free option will have its monthly plan also move up $1 to $20.99/month as the yearly plan shifts to $209.99/year—up from $199.99/year. The changes will go into effect immediately for new subscribers. Existing subscribers will be notified 30 days in advance of their plan renewing and see the price increases begin from their next billing cycle on or after July 4 (yearly subscribers won't see an increase until renewal). Max's ad-supported offering will remain the same $9.99/month or $99.99/year rate.

NEWSMAX FILES FOR SANCTIONS AGAINST SMARTMATIC

Newsmax has filed a motion in the Delaware Superior Court seeking extensive financial and evidentiary sanctions against voting machine company Smartmatic. It's alleging Smartmatic misled the network, a Special Master and the Court about its ability to produce discovery regarding the Department of Justice's criminal investigation into Smartmatic and senior executives, which relate to an alleged bribery scheme that involves an elected official in the Philippines. Smartmatic is currently seeking over $1 billion in damages in future lost business opportunities allegedly caused by Newsmax statements pertaining to the 2020 election. "Newsmax asserts that for five months Smartmatic misled the Court, the Special Master, and Newsmax to believe that DOJ was blocking critical discovery concerning the likelihood that Smartmatic and its executives may soon face serious, public, criminal bribery charges," the network said. "The motion explains that Smartmatic and its counsel repeatedly informed the Court that DOJ was preventing Smartmatic from disclosing relevant information to Newsmax. Newsmax notes in its motion that, as it turns out, Smartmatic—not DOJ—was blocking this critical discovery."

TDS ENTERS DEAL TO SELL ILECS

TDS Telecom entered into a stock purchase agreement with **RiverStreet Management Services** to transfer ownership of two ILECs in Virginia, **Amelia Telephone Corporation** and **New Castle Telephone Company**. Eight local TDS field service associates will also be moved to RiverStreet as part of the agreement. The deal is expected to close in 3Q24.

CSG ACQUIRES ICG PAY

CSG bought iCheckGateway.com for an upfront price of $17 million. iCG Pay is an ACH and credit card payment processing company that focuses on the North American region. CSG will integrate the iCG Pay platform into its Payment Solutions strategy, which will let it continue to expand into industries like TV broadcasting.

DIRECTV CELEBRATES 30

DirecTV turns 30 years old June 17, and it's celebrating by offering daily specials throughout the month via its loyalty reward program DirecTV Perks. It'll give out 50 $5 Baskin Robbins gift cards each day in June, and customers won't need to use any tokens to get it—it's available on a first-come, first-served basis.