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WHAT THE INDUSTRY READS FIRST

Status Report: Republicans Critical of BEAD Ahead of Debate

For those of us who have kept up with Congress's oversight of the BEAD program this year, Tuesday's **House Communications** Subcommittee's hearing on its progress had a pointed tone that was expected considering it fell on the same day as a presidential debate.

Rather than placing the blame for BEAD delays on **NTIA** and President *Biden* as she had in hearings past, Commerce Chair *Cathy McMorris Rodgers* (R-WA) specifically called out Vice President *Kamala Harris* in her opening remarks.

"Vice President Harris was tasked by President Biden to be the broadband czar, which has resulted in little progress and heavy-handed federal bureaucracy," she said.

Republican members universally criticized NTIA's handling of the program, taking shots at the agency for adding requirements that are making BEAD less attractive to ISPs and delaying the start of subsidized builds. But **New Street Research** Policy Analyst and **Brookings Institution** Non-Resident Fellow *Blair Levin* had a different opinion to share, arguing the principal causes of the BEAD timeline stem from Congress's desire to avoid the problems of waste, fraud and abuse that plagued 2020's Rural Digital Opportunity Fund.

"I think, as Congress correctly saw, the RDOF program, done in the final days of the *Trump* administration, was a total disaster. It used a map that was inadequate and funded places that shouldn't have been funded. It had participants who could not deliver on the promises they made. A promise made is not a promise kept," Levin said. "I think everyone recognizes that problem, and that's why Congress wanted a much more deliberate, thorough process."

Misty Ann Giles, Director/COO of the **Montana Department of Administration**, applauded NTIA for putting forth its best effort to ensure the program moves forward as smoothly as possible, but said the agency has left much to be desired. She said states lack clear guidance at times, and when that guidance is available, it often comes too late or conflicts with previous information offered by NTIA staff. That is not only frustrating, but also puts pressure on the state when it comes to operations and costs associated with BEAD. She said Montana experienced a prime example of this as it ran its challenge process.

"Several rounds of guidance were issued, states received approval and new guidance came out," Giles said. "We had to manually implement those processes in my home state to be able to get the job done. Similarly, with alternative technologies, it is great that we finally have guidance, but it's at the 11th hour for all states. Our initial proposals were due last December and we've got to figure out how to weave those in and implement."

When questioned about whether she believes the agency is engaging in de-facto rate regulation, Giles spoke to the fact that states don't really have a choice in whether or not they want to participate in the BEAD program.

"The position NTIA has given to the states… is that this is a voluntary program, so it's not rate setting. However, I would state that is a farce. It's a $42.5 billion program. In Montana, we call this a family affair and companies big and small, all different types of industries are going to need to come to the table to get this done," she said.

NTCA-The Rural Broadband Association CEO *Shirley Bloomfield* reminded Congress of her association's concerns around how states are defining geographic areas for BEAD and how those will dictate who is actually going to participate in the program and the kinds of networks that will be built.

"For smaller providers like my members, being required to serve every unserved location in a massive rural county will be daunting," she said. "Also, if a project area is too big, it undermines the bids for priority broadband projects. So rather than getting fiber to most locations and alternative technology to the remainder, we're going to end up with the lowest common denominator for all locations. This is a bad result for both consumers and the government."

She also gave her support to the **FCC**'s Universal Service Fund and used some of her time to fight against the Fifth Circuit's decision to hold that the contribution mechanism is unconstitutional. She spoke to the program's merits and how the USF has helped providers develop a business case for building out to rural communities and hard-to-serve areas.

"If that goes into effect, honestly… my members have said 70% of their deployments next year will be on hold, will be on ice, and I think that's bad for American consumers," she said.

DISNEY-DIRECTV DAY 10: AARON RODGERS WHO?

Anyone doubting **DirecTV** couldn't sit out "Monday Night Football" is eating a little crow today as its impasse with **Disney** continues. Former **Fox Sports** CEO *Bob Thompson* had been among those who suggested DirecTV would settle the spat before kickoff. "Maybe next week?" he wrote on X, adding that DirecTV's language seems "more extreme" than in past carriage battles. **MoffettNathanson** analysts noted that DirecTV benefits from feeling less pressure as a private company. Given that DirecTV pays Disney roughly $2 billion annually for all the Disney networks, the firm ran the math for the impact on Disney if the dispute drags on. "The severity of the impact will depend on how many subscribers are recaptured by other vMVPDs (including Disney's own **Hulu Live TV**). If we use a 60% recapture rate for these lost potential subscribers, we estimate a negative impact of roughly -$200 million per quarter or -$140 million in EBIT (70% incremental margins) with additional cost cuts offsetting the lost revenues," said a research note. "That would seem to be DirecTV's leverage." Though it noted Disney won't enter into a deal that will hurt its position for future affiliate negotiations—plus there is DirecTV's **FCC** complaint against Disney to consider. The two don't seem close to an agreement. DirecTV denied Disney's request to return just its **ABC** stations for 3 hours for Tuesday's **ABC News**' presidential debate, calling the move self-serving and confusing for customers. Instead, DirecTV offered to return ABC stations for the debate if Disney also would return *all* of its channels through the end of next week's MNF game—a request the programmer rejected.

FOX VIEW ON VENU

Fox Corp CEO *Lachlan Murdoch* weighed in on **Venu**, but didn't directly address MVPD complaints that they can't offer a similar bundle of sports programming. Speaking at Goldman Sachs investor conference Tuesday, Murdoch stuck to his description of the sports streamer as a product for cord-never or cord-cutters. "It doesn't look like a cable service, and it doesn't look like a bundle of channels," he said. "You wouldn't even use a channel brand to market it… The consumer inside the service can see it's organized by sport and what the consumer wants. Not by trying to manage what channel is my game on tonight." The streamer is on pause, with **Fubo** winning a temporary injunction against its launch in the Southern New York District Court. The U.S. Second Circuit Court of Appeals has granted the programmers' request for an expedited appeal, with their opening brief due Sept. 20. Fubo's response is due Nov. 4 and the reply brief due Nov. 25, with the appeal to be heard "as soon as practicable" following completion of the briefing. Murdoch said it "cleans up" a lot of what's "broken" in the sports rights environment in the U.S. He noted that three years ago, a consumer could get all the national **NFL** games and local market games within the cable bundle and for about $64/month through **Hulu** Live. "Fast forward to today, and you have to basic cable or Hulu Live, and you have to have four streaming services—**Peacock**, **ESPN+**, **Netflix** and **Amazon**. The price for the same games you paid $64 for three years ago, you have to pay $114 for and you have to have five different… subscriptions," he said. "At Venu, we like to solve problems for the consumer by having as many rights for the sports fan in one package." Venu was set to launch at $42.99/month, but consumers would still need separate streaming services for games from Peacock, Amazon and others outside the Fox, **Warner Bros. Discovery** and **Disney** bubble. Murdoch reiterated that Fox is committed to the cable bundle. "What Venu did for us was put our content in front of people that aren't watching it now, that are not in the cable ecosystem. It's important that we target them because if we lose a cable subscriber to Venu, we lose money in that transaction," he said.

SYNAMEDIA LAUNCHES CLOUD-BASED STREAMING SOLUTION

Synamedia thinks it has found a way to make offering video a lot more affordable. It's launching its cloud-based streaming device

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Senza for internet providers, media companies and MVPDs. Using a Cloud Connector of similar size to an earbuds case that has a base component cost of around $6 per device, the Senza device can make "any TV with an HDMI connector smarter than the smartest TV," Synamedia CEO *Paul Segre* said. The connected TV experience moves from TVs and streaming dongles to the cloud with an HTML5 interface, allowing broadband providers to offer a video service with minimal upfront investments. So far, it's signed on Fort Lauderdale-based **SuperCloud International**, which will use Senza to deliver in-home streaming to its 5G TV service UMAXX.TV. Senza will be available worldwide. The idea is that by moving everything to the cloud, the computing and graphic power are no longer limited by the processor, memory and cost of the device itself. Everything, including the user interface, is delivered to the Cloud Connector as a video stream. The Cloud Connector uses the same video streams as any other device, using cloud resources only when needed. Synamedia said operators don't have to pay any sort of license charge for the device or software, with the company instead getting a cut for a customer's usage of cloud resources. "With Senza, an application only needs to be published in the cloud to reach every screen. We're eliminating the need for massive localization efforts or configuration for each in-home device because it's all managed centrally over the internet," said *Nick Thexton*, EVP, Media Cloud Services. Senza could also be used by FAST channels to deliver more user experiences, including interactivity, without any fees. It's also signed on **Barvanna**, an out-of-home trivia experience for bars and restaurants headed by former **Fox** exec *Sean Riley*, as a partner.

PRIME VIDEO ROLLING OUT AI ENHANCEMENTS THIS SEASON

Networks and streamers are talking more about the new ways they're utilizing artificial intelligence, and **Prime Video** is the latest to introduce new AI-powered enhancements to its **NFL** streams. Last year, it had the "Defensive Alerts" feature that tracked the movement of defensive players before the snap and identified players of interest in addition to "Prime Targets," "Four-Down Territory" and "Field Goal Target Zones." This year's new insights include "Pressure Alert," which tracks defenders entering the offensive backfield during live action and highlights those in position to make a play, and "Defensive Vulnerability," which uses data points to analyze formations to highlight the area of the field the offense should target. The first Prime Video "Thursday Night Football" game comes this week with the Bills vs Dolphins at 8:15pm.

SCRIPPS LEANS ON WOMEN'S SPORTS THIS UPFRONT SEASON

The growing demand for women's sports programming helped guide **Scripps** through this year's upfront season. The company hung its hat on **ION** as it continues to host **WNBA** and **NWSL** games, but the success from that has led to more demand within certain areas such as CTV. Chief Revenue Officer *Brian Norris* told ***CFX*** that Scripps is set to finish the upfront up at a 71% improvement in the CTV category compared to last year. "We were able to deliver low single-digit volume results versus last year, and I'm very pleased at that result, especially when I see where similar-sized publishers have performed in this upfront—at least what we're hearing from the marketplace," Norris said. "I think that we did a really great job of driving demand towards not just women's sports, but the entire entertainment portfolio, and that's inclusive of CTV as well." Scripps' strategy also entailed bringing on new brands, however, Norris noted that it's more challenging for a legacy media company to bring on new brands at scale. This year, Scripps added over two dozen new advertisers to its platform, comprised of a mixture of automotive, insurance, travel and telco. Additionally, about 25% of the new advertisers that came on during the upfront were within small- and medium-sized businesses and direct-to-consumer brands, which Norris said was another focal point to Scripps' upfront blueprint. "I think it gives us the ability to put brands on our platform that resonate with the people who are consuming that content, in particular sports content," he said. "If you think about all of the brands that you see on social media, there is no reason why a good majority of those brands shouldn't be advertising in general entertainment, in video, as well as within sports content. They need partners to help them understand how a publisher of our size can help them actually achieve results against their KPIs."

PEACOCK CROWING

Peacock's debut of "Fight Night: The Million Dollar Heist" Thursday went down as the most-watched original title in the history of the streamer, **Comcast** President *Mike Cavanagh* said during an investor conference appearance Tuesday. The first three eps of the limited series starring *Kevin Hart*, *Samuel Jackson* and *Don Cheadle* have dropped with the show to conclude with its eighth episode on Oct. 10. Cavanagh maintained that Peacock is riding high coming off the Olympics and headed into the **NFL**. "It's a compounding success," he said, noting that the addition of **NBA** games makes the streamer more of a year-round sports offering. "We will use everything we learned from the Olympics. We think about the Olympics as a laboratory. Not all of it's relevant, but it's a little bit like you put a man on the moon and you get Teflon and Tang. There will be things that come out of pushing ourselves…"

FORMER PLAYERS SUE NCAA, BTN

Four former University of Michigan football players filed a federal class-action lawsuit against the **NCAA** and **Big Ten Network** on Monday, seeking over $50 million in damages for not being able to profit off their name, image and likeness. The players—*Denard Robinson*, *Braylon Edwards*, *Michael Martin* and *Shawn Crable*—filed the suit on behalf of Michigan football players who played before 2016. The players allege that the NCAA and BTN are continuing to profit off the players through social media clips, YouTube videos and replayed games from the past despite not compensating the players. BTN didn't respond to comment before our deadline.

Win Today, Build for Tomorrow

In today's relentless digital landscape, standing still means falling behind. Providers must anticipate and exceed their customers' rapidly evolving expectations with success hinged on a relentless focus on customer value, strategic adoption of advanced technologies, and an unwavering commitment to innovation. By optimizing current resources, embracing disruptive business models, and putting customers at the heart of every decision, providers will lay the foundation for sustainable, long-term growth.

The Power of a Rich Partner Ecosystem

Is your bundling strategy truly setting you apart, or is it just more of the same? In the era of cord-cutting, packaging TV and internet services will no longer suffice. Providers need to innovate by offering bundles that not only combine traditional services like TV and high-speed broadband but also include enticing third-party options that resonate with consumers. Flexibility is the key to unlocking customer loyalty and increasing engagement. Allow your customers the freedom to curate their bundles, selecting the channels, services, and features that truly meet their needs. Beyond television and internet services, consider broadening your partner ecosystem to include value-added services such as smart home devices, advanced cybersecurity features, or premium content subscriptions. By leveraging a robust partner enablement platform, you can streamline the onboarding and settlement processes, fostering a vibrant ecosystem that continually enriches your value proposition. By harnessing data-driven insights, bundling can evolve from a simple offering of your products and services to a powerful ecosystem strategy that enhances value and deepens customer engagement.

Elevating Customer Value: Beyond Expectations

In a market flooded with choices, how do you ensure your service is the preferred option? Providers must move beyond meeting expectations—they must exceed them, delivering value that feels uniquely personal. Success today demands more than broadening your offerings; it requires anticipating customer needs before they arise. Leveraging advanced analytics and AI, providers can deliver hyper-personalized recommendations for content, services, and upgrades tailored to each customer's unique preferences and consumption habits. Gone are the days of a 'one-size-fits-all' bundle. Providers need to consider dynamic bundling, driven by AI, tailoring offers in real-time based on inputs from the consumer as they engage. This approach makes customers feel seen and understood and opens the door to upselling additional services. Proactive engagement, fueled by real-time data, transforms routine interactions—like receiving a bill—into opportunities to deepen loyalty and foster long-term customer relationships beyond price competition.

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Future-Proofing: Innovate for Tomorrow

Maximizing current assets is important, but it's not enough. The real challenge lies in evolving today's strengths into tomorrow's breakthroughs—creating solutions that your customers have yet to imagine. With broadband now at the core of home connectivity, providers must deliver faster, more reliable internet services to maintain their competitive edge. At the same time, integrating AI, IoT, and advanced cybersecurity into operations is no longer a luxury—it's a necessity. Strategic partnerships and the seamless integration of cutting-edge technologies are the keys to securing a leadership position in the industry's future.

Key Actions for Growth and Security

- **New Partner Ecosystems:** Are you taking advantage of existing relationships to expand the breadth of your offering? Being able to quickly onboard, manage, and settle with partners will create deeper customer relationships and expand your service offerings.
- **Deep Customer Insight:** How well do you know your customers? Leverage data analytics not just to segment but to understand and anticipate customers' needs, tailoring every interaction to maximize ARPUs.
- **Dynamic Bundling Strategies:** Are your bundles genuinely meeting your customers' diverse needs? Create dynamic, customizable bundles that offer clear, compelling value, encouraging customers to choose higher-tier or bespoke packages.
- **Proactive Customer Engagement:** Is your customer service reactive, or is it proactively adding value? Investing in proactive service initiatives turns every interaction into an opportunity for building deeper connections.
- **Robust Cybersecurity:** In an era of escalating cyber threats, how secure is your infrastructure? Strengthen your cybersecurity to protect your most valuable assets—your customers' trust and data.

The time to act is now. How will you move from being a provider to becoming a visionary industry leader? While strategic bundling and enhancing customer value can drive immediate ARPU growth, the true challenge lies in your next steps. Investing in partner ecosystems, customer insights and engagement, network optimization, robust cybersecurity, and forward-looking innovations will set you up for sustained success. The winners will be those who do more than merely adapt—the winners will be those who lead, who prioritize customer value, and who build secure, profitable business models that set the industry standard.

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Win Today, Build for Tomorrow.

The future belongs to those who lead, who prioritize customer value, and who build secure, profitable business models to set themselves up for growth.

CSG empowers Communication Service Providers to unlock new levels of growth and profitability.