Executive Outlook WINTER 2017

TVNewsCheck

THE BUSINESS OF BROADCASTING

STATION GROUP OF THE YEAR

E.W. SCRIPPS

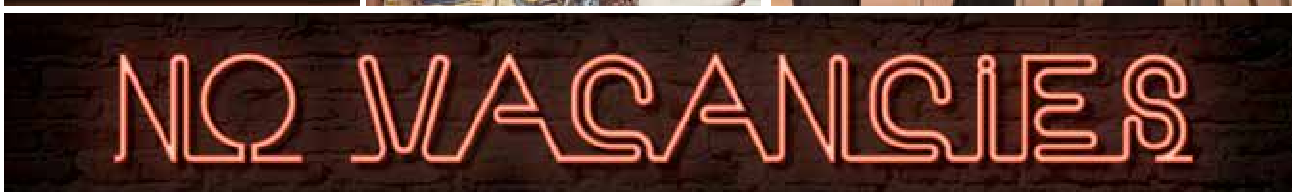
Born in 1878 as a chain of daily papers, Scripps moved with the media times into radio, TV and cable.

Today, it's still a major player in TV, with 33 stations in 24 markets. But it is also making substantial investments in digital media that go beyond what any of its broadcast peers are doing.

It is this reinvention of itself as a company that provides the financial strength of broadcasting along with the upside of national digital video and audio media — while never abandoning its commitment to local news — that has made it *Executive Outlook*'s Station Group of the Year for 2017.

Scripps is the fourth company to receive this honor. In 2014, it went to Sinclair Broadcast Group; in 2015 the recipient was Raycom Media; and in 2016 Gray Television was honored.

READ THE STORY BEGINNING ON PAGE 4



ONE BIG REASON SYNDICATORS AREN'T PRODUCING FIRST-RUN SHOWS AS THEY USED TO IS THAT THERE IS SIMPLY NOT MUCH ROOM FOR THEM. THE OLD TRIED-AND-TRUE JUST WON'T GO AWAY.

By Adam Buckman

PROGRAMMING

WHY HAVE SO FEW new first-run offerings been brought to the broadcast syndication marketplace over the last few seasons?

One big reason, syndicators say, is that there is simply no room for them.

Due to an array of long-running syndicated shows that aren't budging and a growing number of shows produced by station groups, local broadcasting has a real estate shortage that has curtailed new first-run development, the syndicators say.

If it weren't for shows "clogging the pipeline," says Mort Marcus, co-president of Debmar-Mercury, "six or seven new shows a year would [get a chance to come into syndication] and there would be a robust marketplace.

"And it would be fun."

While many in the broadcast industry bemoan the dearth of new first-run syndicated product year after year, few seem to acknowledge that in large measure it's because first-run syndication boasts so many long-running hits.

Entertainment Tonight has been around since 1981. *Wheel of Fortune* and *Jeopardy* have been in syndication since 1983 and 1984, respectively. *Maury* and *Jerry Springer* have both been on since 1991.

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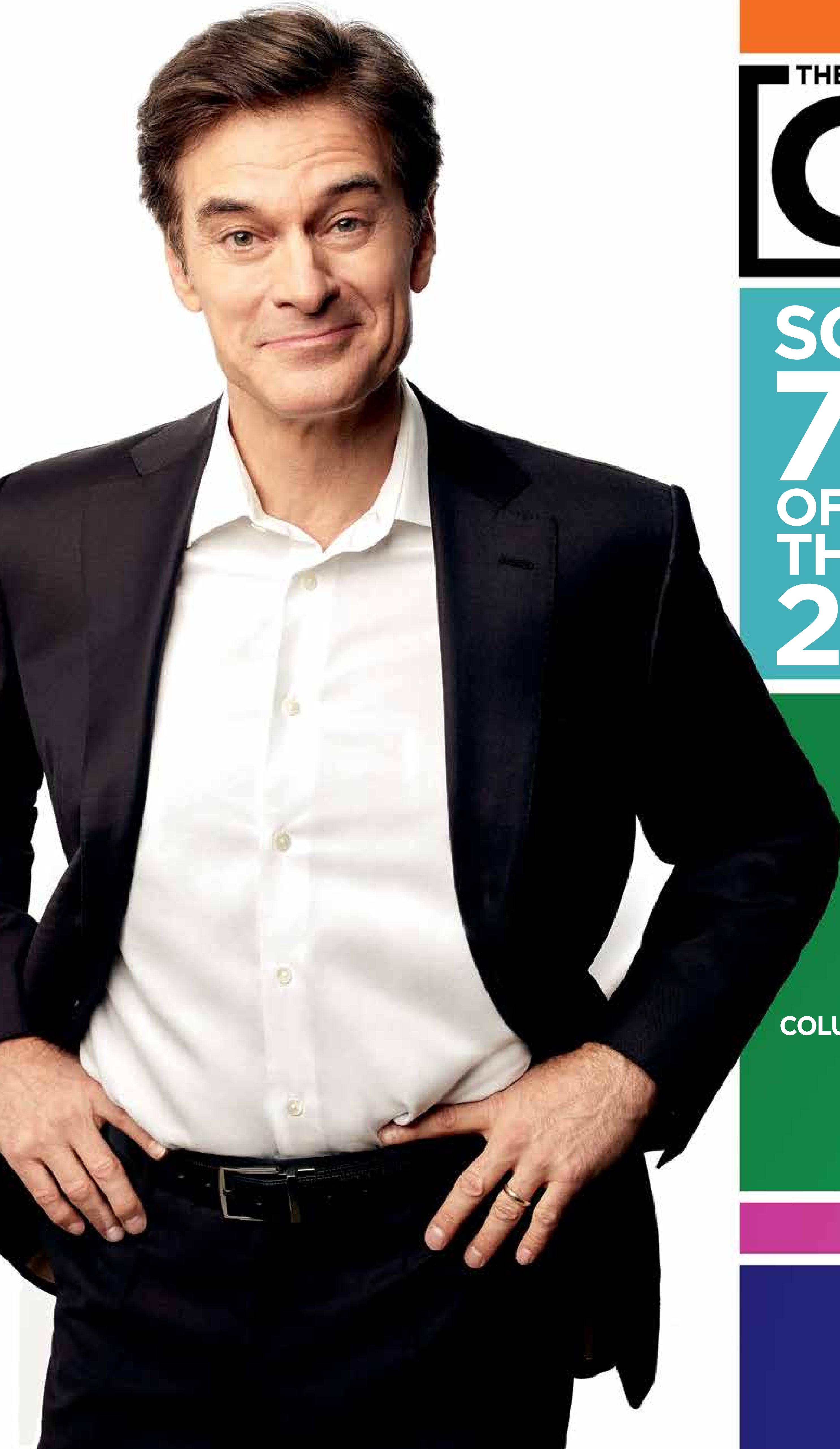

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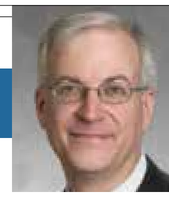
Jessell *At Large*



FAKE NEWS DEMANDS ACTION

OPINION

I HAPPEN TO LIKE FAKE NEWS — AS SATIRE, especially of real news. I watch Comedy Central's *Daily Show* and I regularly visit The Onion, which bills itself as "America's Finest News Source." So, it must be.

Both turn around the familiar tropes of news to poke fun at real news as well as politicians. But nobody would confuse them with real news. I take that back. This is America. There are plenty of people out there who might not get the joke.

And, joking aside, that's a problem. During the late and unlamented presidential campaign, the internet was awash with a pernicious form of fake news intended not to amuse people, but to shock, misinform or mislead them. And plenty of people had trouble distinguishing it from the real thing.

It's not always clear who created it or what motivates them — fun, gain (garnering clicks on a website) or political advantage.

Whatever the reason, some are good at it. Like the *Daily Show* and The Onion, the producers use all the conventions of real news — headlines, bylines, attributions — so the fake story looks no different than real news. Videos are edited to mislead. Pictures are Photoshopped.

Such claptrap has been around a long time. Supermarket tabloids are still full of it and I mean that in more ways than one.

But it's a bigger problem now because of the internet, which gives fake news producers the opportunity to reach the entire world — if their stories are clever enough, outlandish enough or sensational enough.

Exacerbating the problem are Google and Facebook. Their algorithms give too much weight to popularity, resulting in fake news getting the same placement as real news produced by the most professional journalists in the nation.

Fake news plagued the Clinton campaign and Pizzagate epitomizes what she was up against — a raft of stories that alleged that the Democrats were running child-sex rings through Washington pizzerias. I would say that you can't make this stuff up, but somebody did.

The conspiracy theories caught fire on the Internet and, in the minds of many, the fake news become real news, became fact.

It came to a head on Dec. 4 when a North Carolina man walked into the Comet Ping Pong pizzeria in Washington with an assault rifle and the apparent intention of rescuing underage sex slaves. Finding none, he surrendered to the police, but not before firing three shots.

But professional news organizations can combat this proliferation of fake news.

For starters, they must to continue to produce news to the highest ethical and professional standards and, when they are wrong, they should say so. Despite their best intentions, they sometimes fall off the ethical wagon or simply make mistakes.

Unfortunately, they are also going to have to divert resources to debunking fake news just as they now routinely fact-check statements of the political class.

Google and Facebook have to start acting like publishers and take responsibility for what their algorithms choose to highlight. Before Christmas, Facebook took a first step by partnering with ABC News, Snopes and others to fact-check stories. (It's odd that it is outsourcing the job. It has the financial might to build a world-class news organization.)

Major news organization also have to support media literacy, the academic field that teaches people about how media works and how to read, watch and listen to media critically and skeptically. In short, how to be media literate.

According to the National Association for Media Literacy Education, only one state, Washington, has made media literacy part of its schools' core curriculum. That's a shame, considering that media are now a core part of people's lives.

The media should also consider a media campaign of some kind (PSAs?) to teach people to question what appears on their smartphones, to check the original source of it and to think before they share. NAMLE and other like-minded organization would be glad to help.

If it worked for tobacco, seat belts and texting while driving, it may work for fake news. ■

Publisher's Letter

Rescuing Tangled News Workflows

IT DOESN'T MATTER whether you work for a network or a station group. If you produce news, you are frustrated. What was once a simple process of packaging stories for a newscast has turned into a nonstop need to post video, text and photos to the web, social media, mobile apps and OTT — all while building enough newscasts to fill as many as 24 hours a day.

Overhauling existing systems simply won't solve a challenge as complicated as this one, according to a group of news and technology executives assembled for a *TVNewsCheck* Thought-Leader Roundtable. Sponsored by Avid and featured on pages 8 and 9 of this issue, the Roundtable hit on an idea: that the industry ought to step back, enlist the help of a university and create a lab where young journalists-in-training, who aren't hampered by longtime workflow habits, help figure out a new way to do things.

A news workflow lab is nothing more than an idea at this point, but it is one well worth pursuing and funding

— Kathy Haley, publisher
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The 138-year-old company is moving boldly into the digital universe. CEO Rich Boehne says it's following its audience, but admits it's risky and that the journey isn't for the faint of heart.

SINCE JOINING E.W. Scripps Co. in 1985 as a newspaper reporter, CEO Rich Boehne says the company has undergone three revolutions.

The first was the company's investment in cable systems ("Broadcasters were shouting it will never work — people will never pay for television," he says). The second, in the 1990s, was when his friend Ken Lowe launched HGTV and nurtured it into a thriving cable programming enterprise that was spun off as Scripps Interactive Networks ("I was in the rebel camp on that one."). And the third is happening now.

"I guess I'm Che Guevera on this one, the digital revolution," he says.

This revolution has taken the form of a substantial investment in national digital media. Over the past two years, Scripps has spent $124 million to buy Newsy, a millennial-targeted news service; Midroll, a podcasting producer and distributor; Stitcher, a podcasting platform; and Cracked, a producer of humorous digital content.

It's been driven by the need to follow the audience, says Boehne. "We really have to be more consumer-driven than we have been in the past — a radical turn for media. It's exciting, but not for the faint of heart."

Chief Operating Officer Adam Symson, who has been a key player in the planning and execution of the digital strategy, shares Boehne's enthusiasm, but doesn't see it as quite so radical.

"Our move into podcasting is actually incredibly consistent with the history of this company always looking at where the media consumer is and then either building or buying a stake on that platform," says Symson, who will become CEO later this year when Boehne relinquishes that title and becomes chairman only (see sidebar, page 6).

Like all revolutions, Scripps' digital turn carries risk.

Craig Huber, a media analyst at Huber Research, is among the skeptics.

"Historically, when the company has

SHINING LIGHT

ON NEW MEDIA OPPORTUNITIES

By Michael Depp

moved away from its core competency, primarily television stations, it has stubbed its toe," he says. "I'm not going to say they've stubbed it here, but they certainly have yet to prove themselves on an economic basis."

"History is not on their side," concurs analyst Barry Lucas. He says he understands Scripps needs to pursue audiences and advertisers by diversifying. But, he adds, they have only about two years to start seeing some meaningful profitability before investors start to lose patience.

Boehne hears the criticism firsthand. "It's tough for investors to understand pieces of a story that are uncommon to the whole," he says, adding that the long game matters little to Wall Street. "But if you have a long-term vision and you're committed to it, you've gotta hang in there."

THE BROADCASTING BACKBONE

Investors should take comfort that Scripps remains first and foremost a broadcasting company with fairly predictable revenue and high margins. Broadcasting is, Boehne likes to say, the "best business that God ever created."

It currently operates 33 TV stations in 24 markets along with 37 radio stations. Those numbers include the stations that Scripps acquired in 2015 when it essentially swapped its newspapers for Journal Communications' broadcast properties.

That deal, part merger and part spinoff, not only expanded its TV coverage to a robust 19% of U.S. TV homes, but eliminated the financial drag of the newspapers.

For the Scripps TV stations, 2016 wasn't the year it had anticipated, with political advertising coming up far short and depressing overall revenue and earnings.

But Brian Lawlor, VP of television, sees 2016 as an anomalous political year and doesn't believe that there has been a permanent shift of political dollars to other media. "At the end of the day, it really depends on are you in the places where there are competitive races — so it's about your footprint."

Without the political dollars, such as they were, Scripps, like most station groups, will likely see spot revenue shrink in 2017. But until the political business returns in 2018, Lawlor believes he can keep the core spot revenue growing by continuing to focus on local accounts.

SCRIPPS

BY THE NUMBERS

TV STATIONS
33

MARKETS
24 in 16 states

2015 TV GROUP REVENUE
$610 MILLION

2015 TV GROUP PROFIT
$140 MILLION

AFFILIATIONS
ABC–15; NBC–5; Azteca America–5; Fox–2; CBS–2

SOURCE: E.W. Scripps

"Seventy percent of our spot advertising comes from local," he says. "That's our local sales force serving local clients, banging on doors, developing new business. We have a huge focus on developing business."

The stations have two other sources of revenue — local digital (station websites and apps) and retransmission consent. Both are growing faster than digital, but contribute far less to total company revenue.

The local digital revenue has been growing at a double-digit pace. "I think that's going to continue for as long as we can see. It's really important that we as broadcasters recognize that our brands are not just television, our brands are serving our people wherever they are, whatever they're doing."

Lawlor says that net retrans (retransmission consent revenue minus reverse comp payments) is growing by at least 7% a year — the growth rate that Wells Fargo securities analysts estimate for the entire industry.

Lawlor points out that the station group was late in collecting retrans fees because until the spinoff of the cable networks in 2008 the company used its retrans rights to get clearances for the networks. As those deals have gradually expired over the past several years, Scripps has cut new deals calling for cash payments from the MVPDs.

NEWSY AND CRACKED

At the forefront of the digital revolution is Newsy, which it bought for $35 million in 2014.

Newsy doesn't cross-pollinate with any of Scripps' broadcast stations and the company's leadership says it doesn't plan to, but it is a significant foray into a new format

Stories are produced as snackable (and socially shareable) segments so they can be offered to mobile consumers on demand, one at a time.

The segments can also be stacked into a linear program, says Newsy General Manager Blake Sabatinelli. "It's kind of a backwards business model for us, but it works really effectively because it allows us to keep costs much lower."

Sabatinelli says that linear engagement is growing. "When we're putting together an hour of linear content, people are watching damned near the entire hour."

Scripps has been successful in licensing the service to various OTT platforms.

"When we do a deal with Comcast, Pluto TV or Sling TV, these are real carriage agreements that have real obligations on both sides of the house," Boehne says.

"They're not interested in creating a zone of complete content democracy. They have a very defined, premium experience they're going after."

Newsy is looking to increase its staff from 76 full- and part-timers again in 2017, building on bureaus it has opened in Washington and Chicago. And Sabatinelli says it will continue to court younger viewers with a voice and vantage point that distinguishes it from similarly oriented — and larger — competitors like Vox, Mic and Vice.

"Our motto is point the camera in the opposite direction of everyone else and you'll find a story that you're looking for," he says.

Meanwhile, Cracked, a humor brand dating back to 1958 that Scripps bought in 2016 for $39 million, is also targeting 18-34-year-olds in a video-centric push. Prior to the acquisition, the brand had hosted such content solely on YouTube, but now it's taking advantage of sister company Newsy to ease the path for carriage agreements on other platforms (Roku, Pluto TV and Zumo are among the first).

"Scripps is really enabling us to pursue carving out a space for ourselves in the OTT landscape," says Mandy Ng, Cracked's GM.

Cracked's revenue derives completely from advertising, but that includes in-house branded content that's produced by a staff of 40.

PODCASTING — MIDROLL AND STITCHER

When Scripps acquired podcast producer and distributor Midroll in 2015, it opened up yet another front in its campaign to win new audiences. Symson says the company has already exceeded internal revenue expectations and is drawing larger and larger brand advertisers, including NBC, Coors, Exxon, Wendy's and Chipotle in recent quarters.

"The ecosystem has evolved and the marketplace has matured in a manner that [made] big-brand advertisers recognize that they want to reach the podcasting audience," he says.

Midroll CEO Erik Diehn says that inadequate metrics, seen by some marketers as an impediment to growth in the space, haven't been a problem for its profitability. Standardization, he says, is on the horizon.

And so is growth in what might seem an unlikely area given the proliferation of free podcasts — subscriptions, he says. "There are now more ads on podcasts, so the value proposition for ad-free is greater," Diehn says, noting that an ad-free environment is also conducive to more scripted series, which tend to have higher production values.

Diehn also sees audience diversification driving growth. Rather than producing shows just for the supersaturated market of NPR listeners, he sees smaller, focused audiences along less traditional demographic or psychographic lines as viable, and there's particularly good growth potential among women.

Scripps' acquisition of podcast tech company Stitcher for $4.5 million in cash in June 2016 opened up even more room for growth. Midroll works with about 250 shows, but Stitcher, the industry's distant second-largest listening platform behind Apple, works with tens of thousands, Diehn says.

"The scope of our relationship expands from just the limited set of partners that we distribute and monetize for to a broader set of the podcast ecosystem," he says.

LOOKING AHEAD

Scripps' in-house Digital Solutions Group is still exploring new businesses of its own. It has recently launched Simplemost, a social-oriented lifestyle brand, and it's looking into 360 video, augmented reality and virtual reality prospects there, too.

Lawlor says the company is committed to producing some of its own TV programming in the hopes that it will be strong enough to syndicate among other groups. So far, the effort has yielded *Right This Minute* (produced in partnership with Cox and Raycom), *The Now* and *The List*.

Lawlor says there are two more shows in the pipeline for potential 2017 release. One in particular is a "big-vision investment" with outside partners and "highly-recognized talent" that would launch with national distribution.

Boehne is enthusiastic for ATSC 3.0, which he calls "an industry-defining moment" that's rightly focused on the consumer's experience, and needs to come together as quickly as possible. He says industry leaders must work closely together on not just the technicalities, but the consumer navigation proposition as well.

And Scripps isn't done shopping for enterprises that can expand its footprint and earnings. "We intend to be around for the next 140 years," Symson says.

The monetization path, he says, will be through premium subscriptions, advertising "or business models that we don't even know of yet."

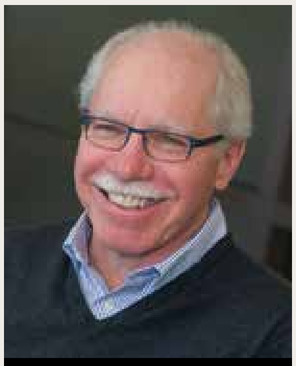
The incoming CEO says a willingness to embrace the unknown accounts in part for his own promotion, and it powers the company's momentum forward.

"Given the environment we're all operating in, given what we know is ahead for the broader media industry, if you want to be in this business for the long haul you have to be smart and risk tolerant." ■

FROM BOEHNE TO SYMSON: IN SYNC ON DIGITAL

LAST NOVEMBER, Scripps announced that Rich Boehne will retire as CEO later this year and, in another sign of its digital ambitions, that Chief Digital Officer Adam Symson will be his successor.

The transition should be seamless as the two have been working closely together in the development and early execution of the company's digital strategy, which so far has included the acquisitions of Newsy, Midroll Media, Cracked and Stitcher.



BOEHNE

That they see eye-to-eye may have something to do with their common media roots. Both started as reporters.

Boehne, 60, who will remain chairman of the company, began his career as a newspaper reporter at Scripps's now-defunct *Cincinnati Post* in 1985. Three years later, he went corporate, handling investor relations as the company went public.

He rose in the corporate ranks, eventually becoming CEO in 2008 and chairman five years later.

Symson, 42, began his career at a Los Angeles radio station. But he soon stepped up to TV news, working as an investigative reporter for CBS's WBBM Chicago, KCBS Los Angeles and elsewhere.

He joined Scripps as an executive producer of investigations and special projects at KNXV Phoenix, and in 2003 moved to Cincinnati for corporate news posts.

He eventually became involved with digital operations for company's station group and for its cable programming unit before it was spun off as Scripps Networks Interactive in 2008.

In 2011, Symson was appointed chief digital officer with responsibility for all things digital. Last November, he was made COO, a title he will hold only until Boehne steps down as CEO.

SYMSON

Symson sees his new job in much the same way he saw his original job in media — as a matter of producing the best possible content, especially news.

"Digital has become a sort of artificial catch-all. The truth is that digital itself is just a pipe, it's just a delivery mechanism.

"You've really got to be focused on creating something that people want to spend time with. In the old days, we got a big share of the eyeballs because there just weren't that many choices.

"Nowadays, you'd better create a product that commands a level of attention and breaks through the clutter. We have a really strong record over the history of this company of being able to do that." ***— Harry A. Jessell***

BEHIND ITS PODCASTING BET

ADAM SYMSON, E.W. Scripps Co.'s incoming CEO, is unflappably bullish on podcasting's potential — both as a narrative product and monetization engine.

"Podcasting represents one of the most important platforms for the future of storytelling in journalism," he says, explaining Scripps' motivation to acquire both producer/distributor Midroll Media and podcasting tech platform Stitcher.

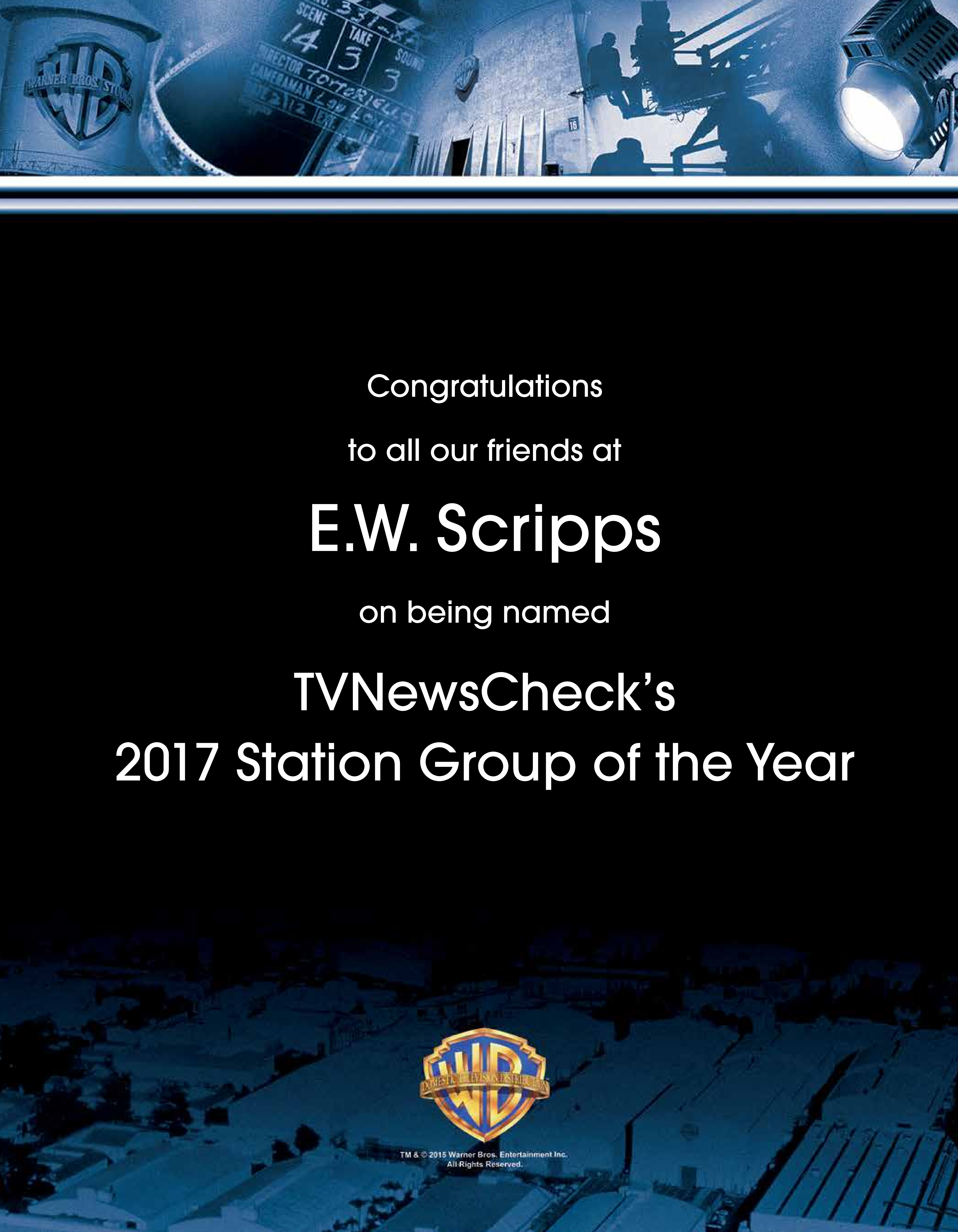
They can be lucrative, too: at the higher end, Midroll's shows capture a $100 CPM, though most currently average around $25.

Advertisers' skepticism is abating, even though a reliable, standardized metrics is still elusive.

Larger advertiser like NBC, Exxon, Wendy's and Coors are now joining pioneering marketers like MailChimp in the space, and Symson says part of the draw is that podcasting offers "a different form of native advertising" in the form of host-read ads.

Midroll CEO Erik Diehn says direct response advertisers have essentially proved podcasting's efficacy.

"DR guys are basing everything on promo codes and lift, which is measured directly," he says. "If podcasting weren't working at the quoted audience size and the quoted CPMs, they simply wouldn't renew." ***— M.D.***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on being named
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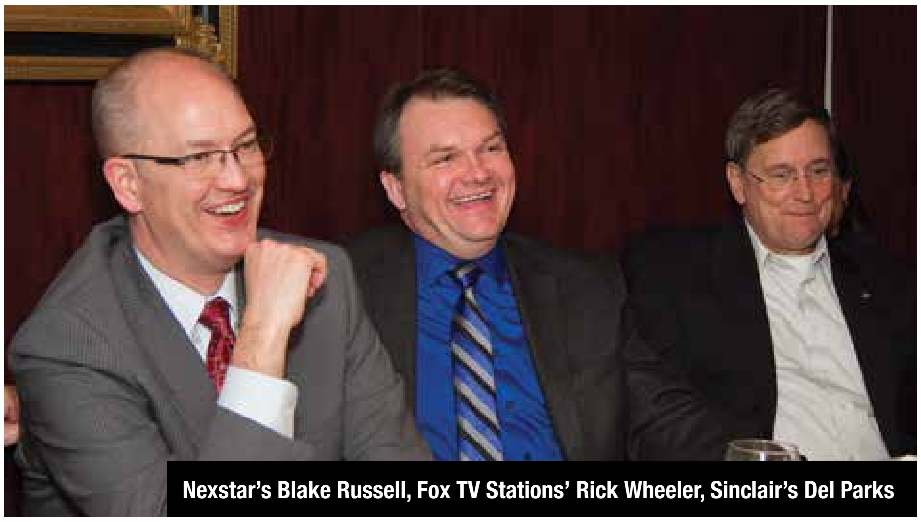
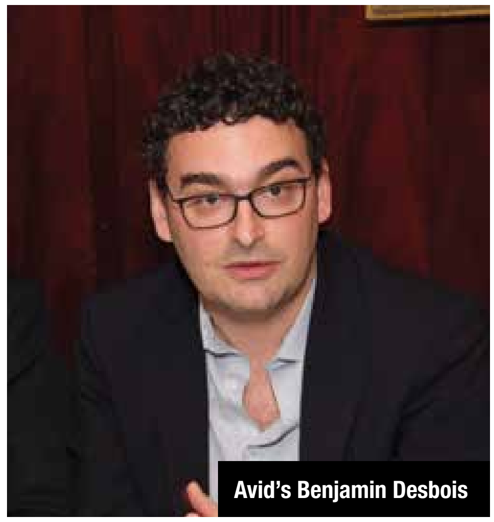
IS IT TIME TO BLOW UP NEWS

With TV newsrooms required to produce compelling content for a variety of digital platforms, the linear, on-air newscast has been dethroned as the king of television news. The problem is that newsroom workflow — and the technology that supports it — needs to evolve or be completely re-invented, according to a Thought-Leader Roundtable, produced by *TVNewsCheck* and Avid, of news and technology executives assembled to tackle the issue.

Graham Media's Michael Englehaupt



Nexstar's Blake Russell, Fox TV Stations' Rick Wheeler, Sinclair's Del Parks



Avid's Benjamin Desbois

FRUSTRATED BY AN INCREASINGLY OFF-target core newsroom technology and a splintered production workflow, major TV news executives and technology leaders are calling for today's newsroom systems to be scrapped and replaced with a workflow engine that puts production of content for digital, social and mobile on par with newscast rundowns.

"The workflow of the newsroom just needs to be completely blown up," said Sean McLaughlin, vice president of news at The E.W. Scripps Company.

One problem lies in the fact that the newsroom computer system used to build most TV news programs isn't capable, in its present form, of doing much else, he said.

McLaughlin likened the situation to a ranch house built in the 1950s. It once was perfect, but over the years additions were needed to make room for new family members. At some point, it simply no longer makes sense to add on, and the whole house must be razed and rebuilt, he said.

Together with nine other TV news and engineering executives, McLaughlin called for a fresh start to newsroom technology and workflow.

The group met Dec. 13, 2016, in a private dining room at Remi, a restaurant in midtown Manhattan. They were joined by two executives from Avid, which produced the event with *TVNewsCheck,* and three members of the *TVNewsCheck* team.

The shift in focus from prioritizing production of the evening newscast to digital first has changed "the tone and tenor of the newsroom," said Del Parks, SVP and CTO at Sinclair Broadcast Group. Today, digital editors and producers work along with linear producers, but one day those distinctions will evaporate.

"Eventually that whole organization [the newsroom] will be a digital content center irrespective of what the output is," he said.

But for now the production model in TV newsrooms continues to be built around the news package, and that simply doesn't mesh well with what's required of digital producers.

As a result — and despite efforts to the contrary — many newsrooms remain bifurcated between the journalists working on the TV newscast and those assigned to digital.

"Even after all of this time, it feels very segmented within the newsroom," said Rick Wheeler, VP of engineering at Fox Television Stations. "We have taken a crack at trying to open all of that up [integrating TV and digital in the newsrooms], and still at some of our facilities we have a newsroom and the assignment desk way over here and the web folks [over there] and they are constantly running back and forth to see what's going on."

News VPs Sean McLaughlin, E.W. Scripps, and Patrick McCreery, Meredith

What is needed is a way to produce news that puts the story, not a linear newscast rundown, at the center of the workflow.

"We have to put the information into three different systems: the CMS, the on-air system and then if you want to get it out to social, you have to put it out to a third system," said Patrick McCreery, VP of news and marketing at Meredith Corp.'s Local Media Group.

McCreery wishes to see "a system that would allow us to input the information once and then be able to manipulate and move it."

Sinclair and Hearst have both tackled the workflow jungle by creating their own web content management systems. In the case of Hearst, the homemade platform makes it easier to post video to the web, mobile and social media, said Joe Addalia, director of technology projects at Hearst Television.

Media General took on the workflow challenge in 2002, deploying a commercially available CMS to support convergence between the *Tampa Tribune,* which it owned at the time, and WFLA, its NBC affiliate in the same city. The concept behind the workflow was to have a single container where all assets related to a particular story would reside regardless of the story's final destination, explained Mark Turner, VP station engineering and operations at the company.

"But it never really took off," Turner said. "Part of the problem was they could never get the mechanics of a newspaper front-end system, an NRCS and a CMS baked in well enough to be uniform across the board."

More recently, ABC News has been building a story-centric system that would manage content so that its ultimate destination in the distribution chain doesn't really matter," said Fabian Westerwelle, director of news acquisition. "Does it make sense to integrate with the linear rundown?" he asked. "Maybe it does. If it doesn't, maybe we won't do it."

Blake Russell, SVP of station operations at Nexstar, is a little more direct about the appropriateness of newsroom computer systems for the evolving demands newsrooms face.

"The NRCS tool is going nowhere. It's gone nowhere; it's doing nothing," he said.

"I'm not sure that the social [media] tie-in is ever

WORKFLOW AND START OVER?

going to come from the NRCS tool," he said. "If not, I don't want to go through another NRCS upgrade."

"And if I'm going to go through it, then let me go through something that is a complete and total workflow change," he said.

This level of frustration grows out of the dilemma facing broadcasters when it comes to their newsroom systems. On one hand, newsroom computers are the technology engine behind the station cash register that is the evening newscast. On the other, they are downright cumbersome to use given the new demands on the newsroom.

"It comes down to do you want to die the death of a thousand cuts," said Michael Englehaupt, Graham Media VP-CTO. "I think we are so afraid of somehow giving up the legacy workflow that that's going to challenge our business. We are going to fail, the ratings will die," he said.

Englehaupt favors a total overhaul of the newsroom workflow as long as what that means is a unified approach that continues to meet the needs of the TV newscast and all other distribution platforms. "If we do this incrementally, we will be here 15 years from now as our audiences continue to erode," he said. "And instead of it being 20% to 30% of our audience getting content via digital means, it will be 40% or 50%."

Addalia suggested that the industry might be able to achieve story-centric workflow by ultimately replacing the NRCS with a media asset management (MAM) system. A MAM could expand to include more information about the assets it tracks, he said, and then all of the publishing platforms needed in a newsroom could exist around it.

"Maybe the center of your newsroom is actually your MAM, which manages everything that comes in, and then the MAM has automation that outputs to various other systems for distribution," he said.

ABC News' Fabian Westerwelle

Media General's Mark Turner

Hearst Television's Joe Addalia and Gray Television's Mike Fass

Developing a new workflow backbone for TV newsrooms represents no small task, given how reluctant busy producers and editors are to change the way they operate.

To get around that, Sinclair's Parks suggested that a university television newsroom could serve as a testbed for such a radical departure from the status quo. Student reporters, who haven't yet developed the workflow habits ingrained in most newsrooms, could bring ideas to the process, added Englehaupt.

Although one or two of the executives at the table suggested the industry might be interested in funding such a lab, Parks raised one potential barrier: finding someone to manage the project. "I don't know about you, but I would have no time for this," he said.

Mike Fass, director of production at Gray Television, urged the group to include producers in the process if a lab moves forward. "Today we are asking our producers in the newsroom to do more than they ever have," he said. "We are also asking our crews in the field to do more than they have ever before.

"So the idea of a single point of entry in the newsroom, which obviously translates to the field, is critical," said Fass.

That single point of entry is the newsroom computer system, he said. A strong content management system is of critical importance in managing video, Fass said. "But I think there still needs to be a strong NRCS."

The roundtable adjourned without consensus on how to move forward with the workflow lab, but sentiment in the room indicated there's a great deal to think about, including issues like the NRCS, MAM and streamlining multiplatform workflow. "It was a great conversation and it ratified a lot of the work that has been underway at Avid, including the story-centric workflow platform we announced this year, concluded Benjamim Desbois, senior director of global strategic accounts at Avid. "It's critical for us to get this sort of feedback from the industry, which clearly wants a more open technology environment. For us, this underscores the importance of the openness and integration of the Avid MediaCentral platform."

THOUGHT-LEADER ROUNDTABLE:
The Future of News Workflow

Mark Turner
VP Station Engineering & Operations
Media General

Phil Kurz
Technology Editor
TVNewsCheck

Michael Englehaupt
VP & CTO
Graham Media

Benjamin Desbois
Senior Director, Global Strategic Accounts
Avid

Blake Russell
Senior VP Station Operations
Nexstar Broadcast Group

Rick Wheeler
Eastern Region VP Engineering
Fox Television Stations

Del Parks
SVP & CTO
Sinclair Broadcast Group

Harry Jessell
Co-Founder & Editor
TVNewsCheck

Kathy Haley, Moderator
Co-Founder & Publisher
TVNewsCheck

Sean McLaughlin
VP News
E.W. Scripps Co.

Fabian Westerwelle
Director, News Acquisition
ABC News

Patrick McCreery
VP News & Marketing
Meredith Local Media Group

Régis André
Senior Director, Product Management
Avid

Joe Addalia
Director, Technology Projects
Hearst Television

Mike Fass
Director, Production
Gray Television

This story recounts the conversation at a Thought-Leader Roundtable on The Future of Newsroom Workflow, presented by *TVNewsCheck* and Avid on Dec. 13. 2016. A longer version of the story will appear on TVNewsCheck.com this month.

Avid also receives ongoing strategic input from the TV industry through its pioneering Avid Customer Association, which helps to ensure that Avid will continue to deliver solutions that solve the community's most critical issues. www.AvidCustomerAssociation.com. For more information on Avid's story-centric workflow, please visit www.Avid.com.

AFFILS AND NETWORKS IN AN OTT TUG-OF-WAR

As consumer interest in OTT streaming services grows, it's crucial that TV stations be included to maintain OTA TV's big advantage over cable and satellite: complete coverage. But carriage deals with streamers have become entangled in network-affiliate disagreements over control and how to split the revenue.

By Janet Stilson

WAITERS STOOD IN A LINE with military precision, greeting reporters with cocktails at an AT&T press conference in Manhattan last November at which it officially unveiled its DirecTV Now streaming service.

Reese Witherspoon (there to tout her new Hello Sunshine company), internet celebrities and pounding EDM added to the hoopla.

"This is bigger, in my view, than the introduction of the U-Verse product 10 years ago when we entered the TV business at AT&T," said John Stankey, CEO of AT&T's Entertainment Group, during the presser.

The big pitch: For a limited time only — 100 channels for just $35 a month!

But as the Q&A kicked in, it became clear that the service has some gaping content holes to fill. The biggest: the Big Four broadcast network affiliates.

AT&T has deals with Fox, ABC and NBC to carry their owned stations and Stankey said that it was only a matter of time before CBS and its O&Os join the fold.

AT&T would like to include the affiliates, appreciating their local appeal, and Stankey said he would be talking to affiliates about it. But carriage deals with OTT streaming services have become entangled in network-affiliate disagreements over control and how to divvy up the carriage fees that the streaming services will pay.

THE NEW MULTICHANNEL PLATFORM

DirecTV Now is one of several services that use broadband to offer multichannel streaming options that are basically alternatives to cable and satellite — generally cheaper, but without some of the bells and whistles.

With DirecTV Now, AT&T is targeting the 20 million U.S. homes that don't subscribe to cable or satellite, either because they are beyond their reach or because they don't have credit needed to qualify for the conventional MVPD services.

Other more established services like Sony's PlayStation Vue and Dish's Sling TV are going right after cable and satellite subscribers with a simple better-value pitch. On the way are similar offerings from Hulu, YouTube and possibly Apple.

As CEO of ViaMedia, Mark Lieberman runs ad sales operations on behalf of 60 MVPDs. "A growing handful of them are looking into providing over-the-top solutions." And, he notes, the services would be offered to consumers beyond their cable boundaries.

"Given low barriers to entry, we see upwards of 10 total V-MVPDs [virtual-MVPDs] operating within the next two years, including many of the best capitalized and most well-known brands in the communications and internet sectors," a report from UBS report says.

All together, they could capture 15 million homes, it says.

With that many homes at stake, broadcasters recognize that they have to be in the bundles if they are to maintain

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E.W. SCRIPPS

CONGRATULATIONS

2017 STATION GROUP OF THE YEAR

TWENTIETH TELEVISION

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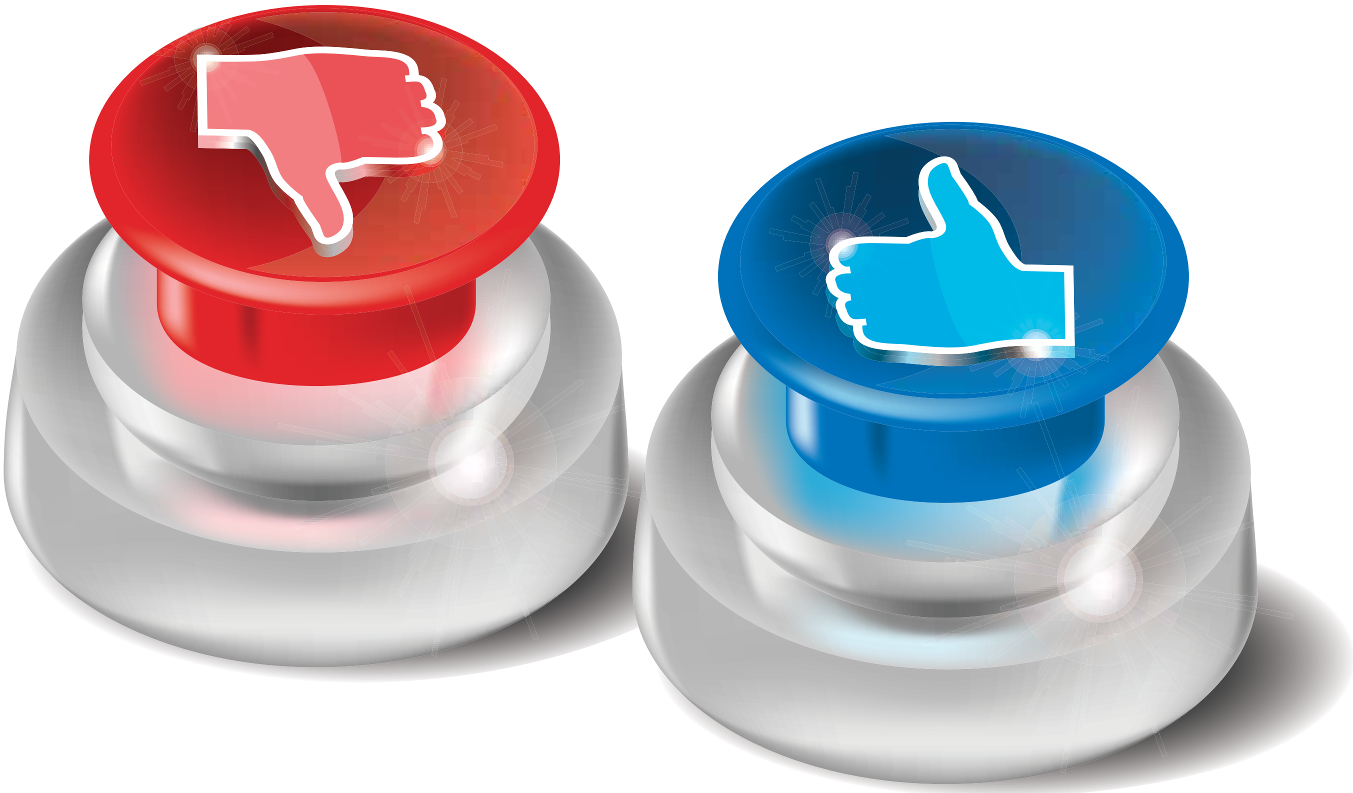
CAN STATIONS LIVE WITH FACEBOOK LIVE?



The pressure on broadcasters to post their content on Facebook Live is growing and stations are weighing the pros and cons of ceding control over their content to a powerful — and growing — third party.

By Angela Misri

FACEBOOK LAST YEAR OFFERED up to $1 million to choice media like Buzzfeed and celebrities to post video natively to Facebook Live, launching the feature with a bang. Coupled with Instant Articles, Facebook Live now gives users one more powerful reason not to leave the friendly confines of its service.

At the same time, the move has put broadcasters under increased pressure to follow newspapers and pureplay news sites in posting native content to the oversized social media site.

As that pressure mounts, they are weighing the pros and cons of ceding control over their content to a powerful third party with some 1.79 billion users, while calibrating the type and volume of content to share there. They are trying to measure the platform's money-making potential against the outlay of resources it demands.

And lest they fall into the same existential dance that other media have, they are formulating strategies to decrease their growing dependence on it.

"People are using Facebook as their source of news, so we know we've got to be there," says Matthew Straight, VP of digital for the Meredith stations. "But it makes me nervous, honestly, to work that closely with a platform you have zero control over and yet you feel is an ever-present force in the local news space."

"It's just a total shift in audience behavior," says Jessica Pucci, a professor in the journalism program at Arizona State University. "Now that Facebook is so far beyond a chronological list of status updates, and it has really encroached into that TV space, ad-supported TV stations have to be choosy about what content they're sharing where."

Pucci's own PBS newsroom at Arizona State University is one of the more liberal about letting content live natively there. "We're a public station, not supported by advertising, so everything we produce for our broadcast, we share on Facebook," she says. "We don't hold anything back."

WHAT FACEBOOK WANTS, IT GETS

Benjamin Mullin, managing editor for Poynter, has been tracking the newsroom shift from using Facebook solely as a promotional channel to creating content that will only be consumed natively on the platform. He says Facebook is now leading the dance.

"It's really up to Facebook at this point — whatever they decide to prioritize, that's what news organizations will have to catch up to," Mullin says. "It's predicated on the whims of Facebook."

Those whims keep Eric Bright, VP of e-commerce at Salt Lake City's Deseret Digital Media, up at night. "The problem is that they keep asking us [the media] to do these things and then they switch the rules of the game," he says. "And I understand why they do it. They have a consumer base that is telling them how they want to interact with their product. But what about our consumers?"

Catherine Badalamente, VP of digital media at Graham Media Group, likens the new dynamic with Facebook to the early days of cable and imagines asking broadcasters "to give away all their commercial pods because you should be so happy with growing your audience. That would never have happened."

THE MONETIZATION FACTOR

Newsrooms looking to make revenue off native Facebook content have options: mid-roll videos in Facebook Live video, video and carousel ads in Facebook Instant Articles and various forms of native advertising.

With those options, Steve Baron, head of product for Tribune Media, believes he can make money by leveraging 20 million followers from across the company's sites and an active presence on Instant Articles.

"We were one of the early partners on Instant Articles, which is a product that we can make money by selling directly ourselves, or let Facebook help fill the inventory," he says. Publishers keep 100% of the revenue for ads they sell themselves on the platform, while they keep 60% when Facebook sells them.

The Canadian public broadcaster CBC is a fairly heavy user of Facebook. In fact, it now produces a daily news program, *The National,* for Facebook Live. Yet, Olivier Trudeau, senior director of distribution and partnerships, says he is careful not to become too dependent on it. "It's very fragile positioning to put everything [we produce] into the Facebook platform. ... We need to have a diversified strategy."

In a Digiday article, Oliver Lewis, head of digital for News UK, says he's "confident that Facebook Live can yield meaningful revenue for publishers in the future." News UK is one of the few publishers not among those with video contracts that are reporting measurable revenue from Facebook.

Michael Fabac, director of news and marketing at News-Press & Gazette, a small broadcaster and newspaper publisher, also views the social network as more friend than frenemy.

"We have the mindset that that we are still the providers of the content, and [Facebook] is a terrific avenue to help our content get out," he says. "We basically wiped the slate clean about a year ago, and invested in a strategic meeting where we brought all our news direc-

Continued on page 14

The E.W. Scripps Company is honored to be named **2017 Station Group of the Year**

We are extremely proud of our courageous, compassionate and accomplished employees who do well by doing good. Their commitment to inform, engage and empower our communities has deservedly earned them this prestigious award. A gracious thank you to all of our employees and to *TVNewsCheck* for rewarding them for their success.

SCRIPPS

FACEBOOK
Continued from page 12

tors, our digital content directors and our promotion managers together and came up with some tactical plans.

"Now that Facebook has made it more profitable, we want to experiment even more with producing content specifically for the platform or as a tail to what we're putting on the main site."

And that jury's deliberations may be further complicated by news last fall that Facebook, which has a preference to grade its own homework in terms of internal metrics, had been overestimating its video metrics for the last two years.

While the development didn't have a demonstrable impact on ad sales, it did reinforce wariness among marketers, increasing calls for third-party validation.

Facebook remains a powerful source of online referral traffic for broadcasters. NP&G, for instance, gets 40% of its traffic from Facebook. Graham Media sees referrals of 30%-40% on average, and Raycom's numbers range between 25% and 60%.

But this is a case where more is not necessarily better, says Glen Hale, director of digital content at Raycom Media. "If we have a station in that 60% range, that means they're really very dependent on a source of audience that they don't have control over."

That lack of control can be especially worrisome when Facebook makes an algorithm change as it did last summer, and news sources got lower priority on users' news feeds behind posts from friends and family. And if publishers ramp up their activity in Instant Articles, it can proportionately impact their own site traffic.

"I have heard stories from peers of sizeable drops in overall site traffic after launching Instant Articles and the consequences to sales and ad inventory because of it," Badalamente says.

"People are using Facebook as their source of news, so we know we've got to be there, but it makes me nervous."
— Meredith's Matthew Straight

AN EVOLVING RELATIONSHIP

Keeping one eye on Facebook is something Raycom's Hale thinks everyone in the industry should be doing. "It's one of those things where Facebook is the 800-pound gorilla, the behemoth, and really whatever they decide to do, and where they want to take their business" is important.

Brodie Fenlon, the CBC's senior director of digital news, says managing content is a matter of constant calibration based on some core guidelines.

"We aim to carry Facebook Live on big news moments such as speeches, police updates or live 'scenes,'" he says. "For native video, we're more selective and look for the best, most shareable video from within our system, usually with the goal of getting the story out to a larger audience through reach."

"It's a balancing act to make sure we maximize our exposure [on Facebook] while still maintaining strong owned-and-operated platforms," CBC's Trudeau adds.

Adam Symson, chief digital officer and incoming CEO at E.W. Scripps, is experimenting with content volume on Facebook in different markets. "I have less of a religious feeling about living on or off our platform and more of a secular feeling about monetization," he says.

Symson likes the fact that Facebook has jarred broadcasters out of their complacency, breaking up their one-to-many headlock of news delivery. "To me, it's an amplification tool," he says. "I don't spend a whole lot of time crying in the corner about the success of another platform. It's our job to figure it out."

"It's something we know we have to do, and it's not necessarily ideal," says Meredith's Straight. "Facebook is not going away, so we have to move beyond how we feel about it emotionally, and are trying very hard to work smartly with them." ■

Additional reporting by Michael Depp.

THREE FACEBOOK DYNAMICS
BROADCASTERS SHOULD WATCH

FACEBOOK LIVE — In February 2016, Facebook began courting news organizations to upload native video, telling them that the newsfeed algorithm would favor it and the monetization opportunities would offset some losses on their own websites. Facebook even bought TV, billboard and bus advertising underlining CEO Mark Zuckerberg's promise that it was a video-first company.

In the short-term, it seems to have worked: the number of users broadcasting through Facebook has risen, while competitors like Periscope have faltered.

Almost a year later, however, revenue for most media groups has not materialized, and with repeated errors in reporting, they can't even be sure their native content is being viewed as much as they thought it was. Discovery of live video also remains an issue, since if a user doesn't follow the news organization, its Facebook Live event may not show up on their newsfeed. Facebook responded in October 2016 with a promotional vehicle to allow verified news groups to publicize their live events before they happen.

METRICS — Facebook's latest measurement errors included overestimating the organic reach of posts, the amount of time spent reading Instant Articles and video completions. This is the second such admission from Facebook in a year, as in September 2016 Facebook released a statement about the near-doubling in its reporting of video views. That disclosure prompted the Association of National Advertisers to push for a Media Rating Council audit.

The format of viewing video on Facebook with its autoplay functionality meant that publishers were less surprised that those numbers were wrong. With these latest errors, publishers' and marketers' faith in Facebook's ability to report accurate metrics is eroding. Perhaps more surprising than the errors themselves, Facebook's billing (how much it charges for ads and mid-rolls) has not dropped in response to the updated numbers.

Facebook has said that it will form a new Measurement Council with advertisers and measurement companies to combat this ongoing problem.

NEWS FEED — The algorithm that determines what content shows up on a user's news feed (along with its placement and frequency) is a closely-guarded secret at Facebook, and it went through some major changes last year. In August 2016, Facebook fired its human trending-news curators, replacing them with algorithms.

That algorithm discussion became more heated with the rise of so-called "fake news" dominating Facebook feeds. In response to the backlash over fake news becoming indistinguishable from real news to some users, identified fake-news sources were cut off from its display ad network in mid-November 2016. Zuckerberg has insisted that less than 1% of content shared during the election campaign was fake., but there is no way to confirm his claim since all the data for the content being shared is owned — and not shared — by Facebook.

— A.M.

SONY PICTURES TELEVISION

CONGRATULATES

BRIAN LAWLOR

AND ALL OUR FRIENDS AT

SCRIPPS

TVNEWSCHECK'S

STATION GROUP OF THE YEAR

SONY PICTURES TELEVISION

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COX'S KIM GUTHRIE

THE QUINTESSENTIAL TEAM PLAYER

The new president of Cox Media Group got her start in TV news before moving into sales and management, where she's had a history of success, creativity and passionate support of her team members.

By Mark K. Miller

BACK IN 1986, Kim Bredar took a risk. The young TV journalist, just two years out of Iowa State University, made a major career move.

Since graduating with a journalism degree, she'd been working in TV news, making less than $11,000 a year. Her boyfriend (Todd Guthrie, who became her husband in 1988) who was in radio asked her if she'd ever considered selling advertising.

"Of course, I didn't know what people sold. I was a news person for God's sakes, I didn't understand how the whole sales process works," she recalls.

But Todd told her that it was similar to journalism, requiring only curiosity and a little courage.

"So I went into sales in a small market — LaCrosse, Wis. — selling an AM-FM combo and absolutely fell in love with the whole process of marketing and sales — and radio, too."

The new career path took her from radio sales and management to TV management to the presidency of Cox Media Group. She reached the last milestone on Jan. 1, succeeding Bill Hoffman upon his retirement after 38 years with the company.

BIG SHOES TO FILL

Cox Media Group has the distinction of being the last major media company with both newspapers and broadcast stations.

The portfolio includes 14 TV stations and one local cable channel, 59 radio stations, seven daily newspapers and more than a dozen non-daily publications, and more than 100 digital services. In *TVNewsCheck*'s 2016 ranking of the top 30 station groups, Cox Media was ranked 14^{th} with estimated 2015 spot revenue of $510.4 million.

Guthrie appreciates the challenge. "Bill Hoffman was such a great broadcaster and operator," she says. "I can only hope to carry Bill's legacy forward and pick up where he left off and find a great vision to continue doing great things here at Cox."

And Hoffman seems sure that's exactly what Guthrie will do. "Kim is a proven operator, believes in innovation, and is a trusted leader," he says. "I have known Kim for nearly 15 years, she has the wonderful ability to drive for performance while making sure the culture supports bringing out the absolute best in people. She builds great teams and knows the importance of keeping CMG a highly-collaborative place.

Guthrie says her "natural sense of curiosity" has driven her "since I was five years old." At Iowa State University in Des Moines, a journalism major was

Guthrie (center) with her CoxReps team. Back row: Greg Schaentzler, Scott Lowell, Marlon Fearon, Patrick Notaro. Middle row: Vicky Wilson, Cheryl Lowell, Jeff Santorsola, Guthrie, Vito LePore, Sara Nesci. Front: Marina Sassone and Lisa Schwobel.

a no-brainer. "I enjoy reading, I enjoy writing, I enjoy the news and it just seemed like a natural for me."

She was a DJ at the college radio station and also held down a job at ABC affiliate WOI-TV in nearby Des Moines. "I worked two years through college doing the *Good Morning America* cut-ins, those 7:25 and 8:25 little news breaks. I actually wrote, produced and anchored those breaks."

BAKED IN JOURNALISM

She also had an internship at WQAD-TV Davenport, Iowa-Rock Island-Moline, Ill., before graduating in 1984. A week later she reported to work at KAAL-TV Rochester, Minn.-Mason City, Iowa-Austin, Minn.

"I worked Christmas, Thanksgiving, New Year's and I really feel I paid my dues those three years I worked there. I was a reporter and [on weekends] I did the weather and was a news anchor. I shot my stories, I edited my stories, I voiced my stories, I anchored the news. I did, you name it, for those three years. So I'm really pretty baked in journalism from those days."

Nine months after taking that first radio sales job, Guthrie took a big step up, market-wise, moving to WLUM-FM in Milwaukee. The urban-formatted station was owned (and still is) by former Green Bay Packer legend and NFL Hall of Famer Willie Davis.

Guthrie spent five-and-a-half years at WLUM, advancing to local sales manager. When she was 30 and pregnant with her second daughter, she applied for the job of general sales manager and got it. "That was unthinkable in those days — to promote a pregnant woman to a sales management position. Until then, everybody who had had a baby had gone out on maternity leave and never came back. I don't know if they were desperate or what, but I could not believe I got the job."

In 1995, she moved to Minneapolis to become general sales manager of Hubbard Broadcasting's KSTP-FM, under Ginny Morris.

Morris, who's now chair-CEO of Hubbard Radio, fondly remembers Guthrie as "smart as a whip, tremendously creative. A real champion of her people [who] has a wonderful ability to bring the best out in the individuals she works with." In addition, Morris says, "she's got a wicked sense of humor."

Her ambition was obvious to Morris. Hubbard was a much smaller company in the mid-1990s and "it was pretty clear that given the size we were then, we were not going to be able to satisfy her need to grow and expand," Morris recalls.

Sure enough, in 1998, Cox Radio approached Guthrie with an offer to be VP-general manager of WBAB-FM and WLBI-FM on Long Island, N.Y., so she and her husband and three daughters moved east. "I certainly loved everything that Cox was about. I think a lot of people describe Cox as very similar to Hubbard Broadcasting only bigger. These are family-run companies, family broadcasters, true operators."

INCREASING RESPONSIBILITY

Guthrie's progression up the ladder at Cox since then has been frequent and steady:

2001 — Regional VP overseeing four other markets in addition to Long Island.

2009 — Group VP at the newly consolidated Cox Media, which marked her return to TV, since this job included oversight of both radio and TV stations in 10 markets. "I had three NBC affiliates and a pretty big handful of radio markets still. So I did a lot of traveling."

2013 — Executive VP of the radio division comprising 59 stations, plus the company's TV station in Tulsa, Okla.

2015 — President of Cox Reps (in

Continued on page 22

KIM GUTHRIE'S RISE FROM REPORTER TO PRESIDENT

1984
BA in journalism, Iowa State University

1986–1987
Account Executive, Ingstad Broadcasting

1983–1984
News Anchor/Morning News Producer, WOI-TV Des Moines, IA

1984–1986
News Anchor/Reporter/Weather Anchor, KAAL-TV Rochester, MN

1987–1992
General Sales Manager, All Pro Broadcasting

1988
Married Todd Guthrie

1992–1994
General Sales Manager, Heritage Media

1995–1998
General Sales Manager, Hubbard Broadcasting

1998–2001
VP-GM, Cox Radio

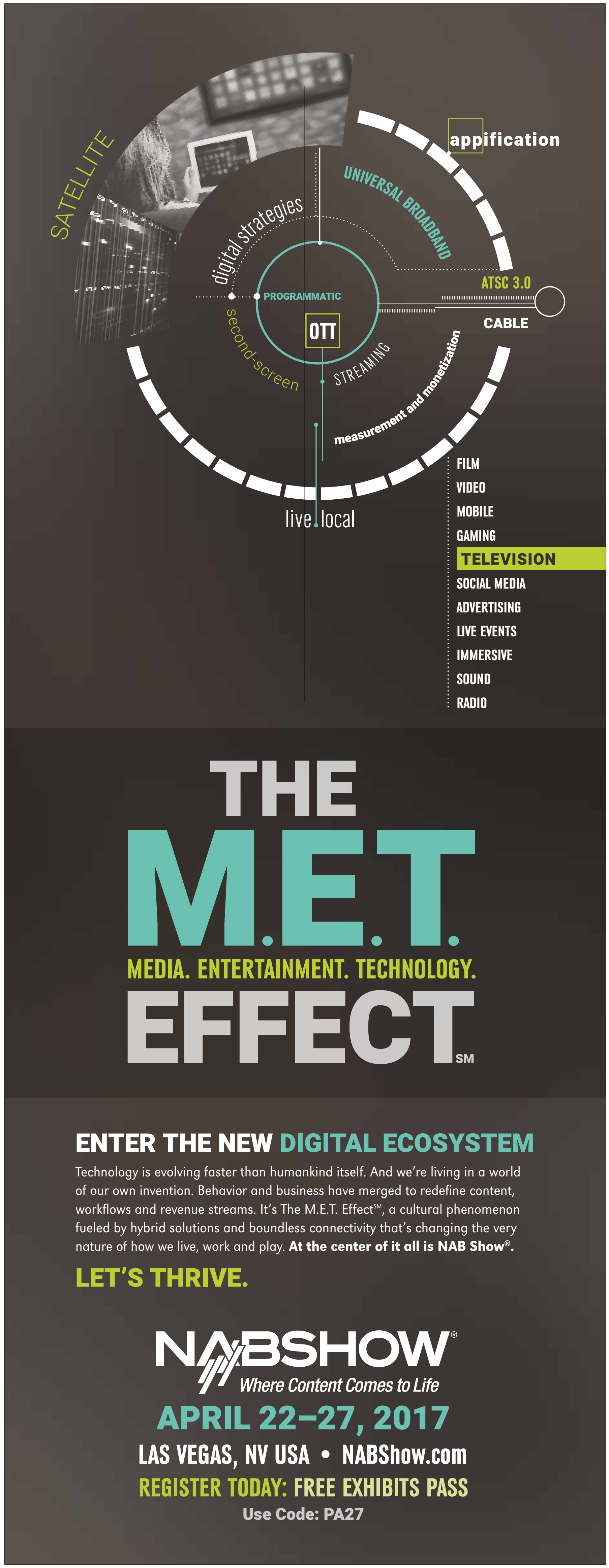
2001–2009
Regional VP, Cox Radio

2009–2012
Group VP, Cox Media Group

2012–2013
SVP, Cox Media Group

2013 & 2015–Jan. 1, 2017, respectively
EVP, Cox Media Group & president, CoxReps

Jan. 1, 2017 — present
President of Cox Enterprises' Cox Media Group



STREAMING
Continued from page 10

their advantage over basic cable.

Historically, broadcasters have been available in every TV home, thanks to their over-the-air signals that fill in where their cable and satellite distribution comes up short. That ubiquity is in marked contrast to their chief rivals, the scores of cable networks.

Broadcasting's edge has grown in recent years as cord cutters have reduced cable and satellite's overall universe of subscribers, and by extension, the cable networks' subscriber counts.

THE BROADCASTING EDGE

The top 20 basic cable networks collectively lost about 1.6 million subscribers between December 2015 and December 2016, which represents 2% of their overall base. They've lost 6% of their customers over the last five years. That's according to 20th Advertiser Sales' analysis of Nielsen data.

"The broadcast stations have always had the best value proposition, because to this day, they are distributed to 100% of the market. This is why the CPMs for broadcast are higher than cable," says Jordan Wertlieb, president of Hearst Television.

If included in the new, streamed platforms, stations "will end up having an even more disparate competitive advantage than we have now," Wertlieb adds.

Like Wertlieb, industry watchers are confident affiliates will eventually win a place in the streaming bundles so they can continue to guarantee advertisers full coverage of their markets.

"It's difficult to find a replacement for local news in video format, even on the web. It's almost unheard of that your television programming would not include a connection to local programming," says Gordon Borrell, CEO of Borrell Associates.

"TiVO did research in April [of 2016], and more than 75% of the respondents said they couldn't live without ABC, CBS, NBC and Fox," says TVB President Steve Lanzano.

Those four networks were at the very top of the TiVO study's rankings.

"Everything we've been hearing from those close to Hulu and Sony — and even Sling — is that broadcast is essential to these bundles," says Marci Ryvicker, a Wells Fargo securities analyst.

> **"Everything we've been hearing from those close to Hulu and Sony — and even Sling — is that broadcast is essential to these bundles."**
> *— Wells Fargo's Marci Ryvicker*

The affiliates could sit back and rely on their over-the-air signals to reach beyond cable and satellite. But the streaming services are better because they pay carriage fees.

What's more, says Ryvicker, research shows that cord cutters aren't keen on hooking up antennas to receive signals off-air. "They like content aggregated," she says.

The affiliates understand the importance of the streaming services and are eager to be a part of them, but are being frustrated by the networks, which are trying to control them through the control of their programming.

The networks are cutting deals with the streaming service, in hopes of setting the payments that their affiliates would receive along with other terms. The affiliates, then, are invited to either opt-in or opt-out.

The affiliates are balking at the arrangement. They say they want to be able to negotiate for fees from the streaming services just as they do retransmission consent fees from cable and satellite.

The affiliates don't believe the networks are interested in getting the best possible deals for them. The networks are primarily driven, they say, by a desire to get carriage for as many of their co-owned cable networks as possible at the highest possible rates. For the net-

work, the local affiliate is just one of many channels, albeit an important one.

Other sticking points include access to the detailed viewing data that the streaming services collect, and management of the advertising inventory. When broadcast signals are streamed, they can carry different commercial loads.

Negotiations with the networks can be "tortuous," says Tim Hanlon, CEO of the Vertere Group, an investment advisory and strategic consulting firm. "Because of the broadcast network and affiliate relationship — the historical complexity of that — it's proven to be the hardest link in the chain to get solved."

"If the networks go in and attempt to negotiate for multiple channels that they have an interest in, then the question becomes: what is the proper allocation [of the carriage fees] that applies to the local television station," says Emily Barr, president-CEO of the Graham Media Group as well as chairman of the ABC affiliate board.

"Those are questions that have yet to be completely answered, and that we're paying very close attention to. They [the

OTT Platform Contenders

PLATFORM	OWNER	LAUNCH DATE	BROADCAST NETS
CBS All Access	CBS	Oct. 2014	CBS
Sling TV	Dish	Jan. 2015	ABC, NBC, Fox
Playstation Vue	Sony	Mar. 2015	ABC, CBS. NBC, Fox
DirecTV Now	AT&T	Nov. 2016	ABC, NBC, Fox
Hulu*	Disney,Fox, Comcast, Time Warner	Early 2017	ABC, Fox
Unplugged	YouTube/Google	2017?	TBD
Apple Platform*	Apple	2017?	TBD

Sources: Platforms, UBS, industry sources and reports. *Exact name of platform uncertain at press time.

networks] would like to think that they can be our proxy," says Barr. "We've had a lot of discussions with our networks about the best and most efficient way to go about doing this."

FINGERS CROSSED

Jeff Rosser, VP, television, Raycom Media, and head of the Fox affiliate group, said the affiliates are "excited" about the streaming services. "We want to put our programming in front of as many people as we possibly can."

However, he says, they are not interested in network-negotiated deals that do not "reflect the true value" of the affiliates.

ABC owner Disney does not see itself as an impediment, but as a clearinghouse for ABC affiliates seeking carriage. "The idea and interest from the network perspective is to have the local stations participate as well. We see it as an opportunity to expand the pie as it relates to ABC content, but that rests within the purview of those companies that own local station affiliations," says Justin Connolly, EVP, affiliate sales and marketing for Disney and ESPN Media Networks.

The emergence of the streaming services is widely seen as positive for affiliates.

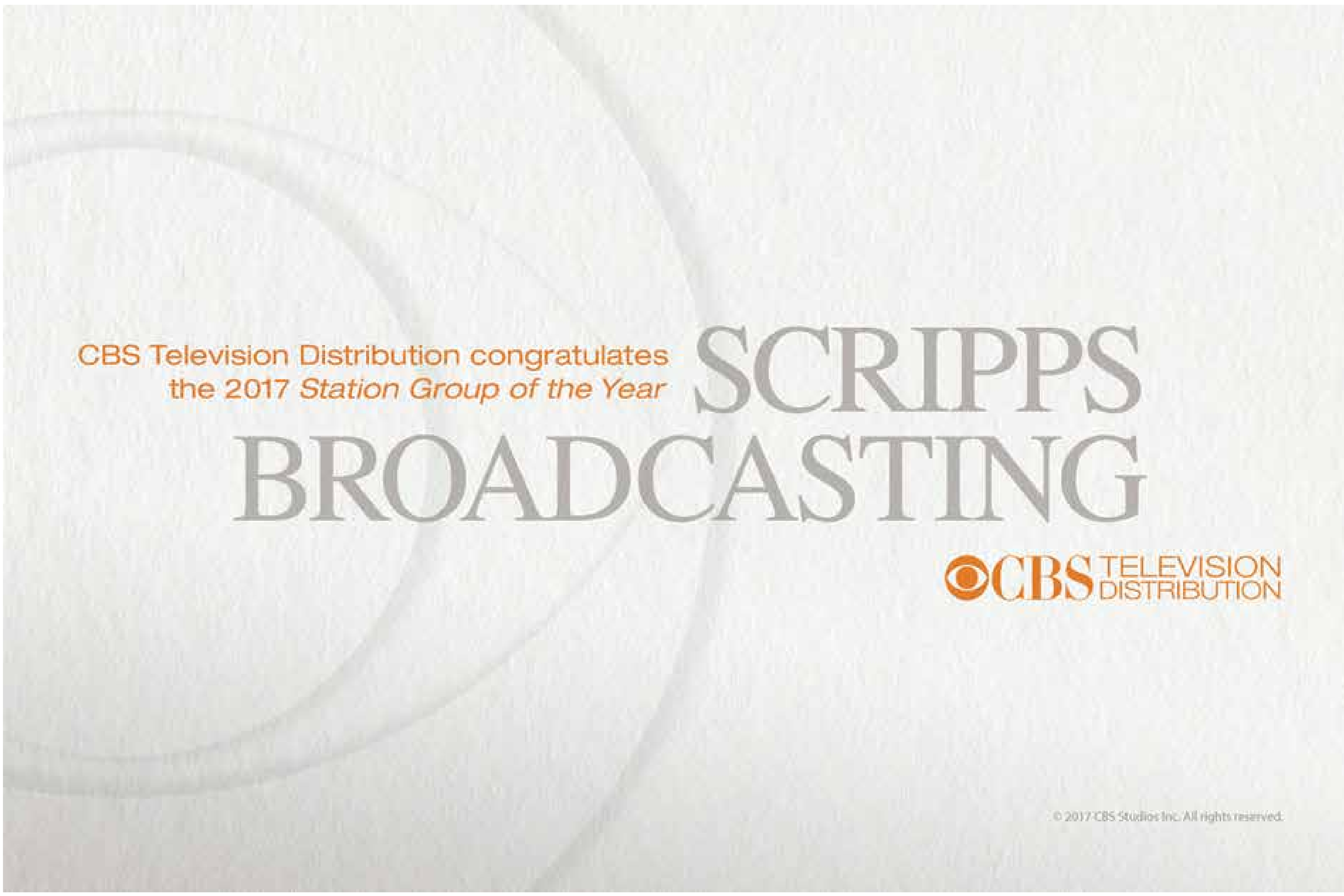
"At the end of the day, if national cable networks have less coverage and the broadcast stations have full coverage, the spread of that causes ad anxiety, but in a good way for broadcasters," says Mort Marcus, co-president of Debmar-Mercury.

BIA/Kelsey economist Mark Fratrik agrees. "It's going to have a profound impact on the finances of cable networks that aren't part of them."

But streaming doesn't help unless the affiliates can work out their differences with the networks and take their places on the new platforms.

The expectation inside and outside the industry is that agreements will eventually be reached and that the opportunity for affiliates will not slip away.

Says Wells Fargo's Ryvicker: "We are comforted by the fact that this does seem to be a priority for all parties and we would expect resolution at some point in [2017]." ■



SYNDICATION

Continued from page 1

Judge Judy is in its 21st season, *Inside Edition* its 28th, and *Ellen DeGeneres* its 14th. The current edition of *Family Feud* is in its 18th season. (See chart below.)

And such shows not only take up space, they take up the best space. *Wheel* and *Jeopardy, Entertainment Tonight, The Insider, Access Hollywood* and *Extra* have a lock on primetime access in many markets.

More recently, the 4-5 p.m. period — traditionally one of the most sought-after timeslots for first-run syndicated fare — has become increasingly taken over by news as stations seek to reduce their syndication expenses.

"If you [have] *E.T.* or *Dr. Phil* or *Judge Judy* or *Family Feud* or any of these big, long-term shows, they're renewed for a long time in their time periods," says Ken Lawson, SVP-general sales manager for Twentieth Television. "So, if you are launching a new show, by definition you're launching in lesser time periods, for the most part."

Even the syndicator of many of the longest-running shows in first-run syndication — CBS Television Distribution — acknowledges that those very shows have helped create a marketplace where innovation and new-product introductions have become scarce.

"Obviously, it's been a while since we've seen a big hit in the marketplace," says Paul Franklin, president of CTD, which distributes *Wheel of Fortune, Jeopardy, Judge Judy, Dr. Phil, Inside Edition, Entertainment Tonight* and others. "Time periods are few and far between. [It is] very challenging to get launched in major markets."

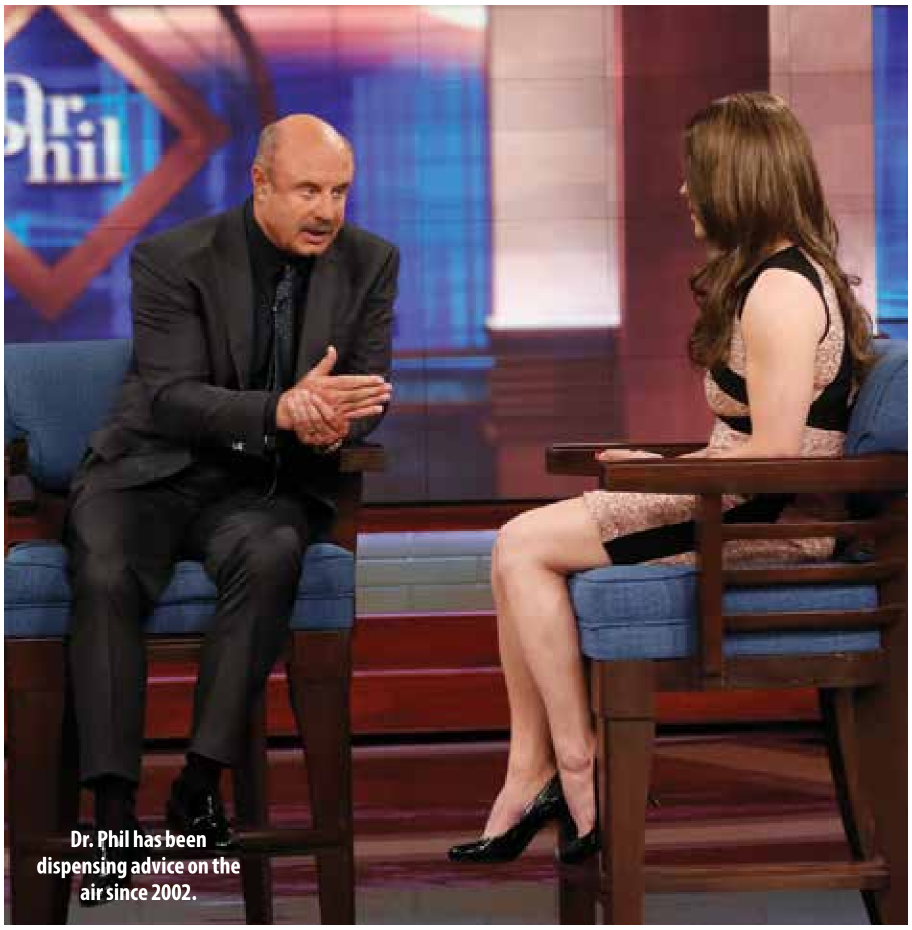
SQUEEZED BY ORIGINALS, NEWS

Long-running hits are not the only shows squeezing out newcomers. Some station groups are producing shows of their own and clearing them on their properties. And other stations, such as those owned by ABC and NBC, have expanded their local news into time periods formerly occupied by syndicated strips.

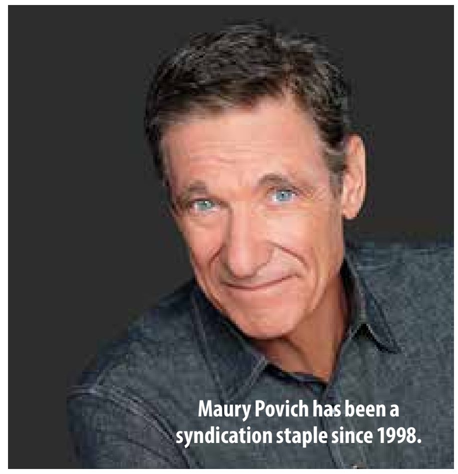
Case in point: National first-run syndication saw only one high-profile launch this past fall — NBCU's *Harry*, starring Harry Connick Jr. The show — produced and distributed by NBCU — was cleared principally by Fox-owned stations in 17 markets.

The NBC O&Os were the expected major market outlet for the show. However, the group opted to add another hour newscast in the late afternoon instead.

The only other talk show to be launched this season was *T.D. Jakes*. Produced by the Tegna station group, it is carried on 70 stations in 60 markets, including 34 of Tegna's own. All told, the show reaches 43% of TV homes.



Dr. Phil has been dispensing advice on the air since 2002.



Maury Povich has been a syndication staple since 1998.

Rachael Ray has been cooking up ratings since 2006.

Even though it is not a national show, *Jakes* is taking up real estate that national syndicators covet for shows of their own.

And *Jakes* is not the only such show. Other examples of station group-produced fare include *Hollywood Today Live*, a daily one-hour entertainment-news and gossip strip from Media General; *The List*, a pop culture strip from E.W. Scripps; and *Right This Minute*, a showcase of viral videos that is co-produced by Scripps, Raycom and Cox Media and cleared on many of their stations.

The trend gained momentum in the last few years as station groups consolidated and sought increasingly to control their own destiny by producing their own shows at costs far below what they would spend to license first-run product from a major studio.

"The station groups are frustrated by the big syndicators," says Ira Bernstein, co-president of Debmar-Mercury. "So now what happens is, if we decide to come out with a show, and even if we get clearance on a station group in major markets, in the middle of the country, it's not so simple because they might have their own little show there."

The do-it-yourself shows "could be good or bad, but it's theirs, and they love it," he says.

The lack of shelf space is not the only factor discouraging the studios from introducing new shows. First-run syndication has always been financially risky and never more so than now.

A show like *Harry* represents an investment of tens of millions of dollars by the syndicator and by stations that carry the show through the license fees they pay.

In addition to its celebrity host, the show features a nine-piece band and

SYNDICATION'S LONG-RUNNING HITS

Here To Stay, Or Over-Staying Their Welcome?

SHOWS THAT HAVE RUN FOR 10 OR MORE SEASONS

SHOW	DISTRIBUTOR	PREMIERE YEAR	RENEWED THROUGH
Entertainment Tonight	CBS	1981	2017-18
Wheel of Fortune	CBS	1983	2017-18
Live with Kelly	Disney-ABC	1983	2019-20
Jeopardy	CBS	1984	2017-18
Inside Edition	CBS	1989	2017-18
Jerry Springer	NBCU	1991	2017-18
Extra	Warner Bros.	1994	2019-20
Access Hollywood	NBCU	1996	2017-18
Judge Judy	CBS	1996	2019-20
The People's Court	Warner Bros.	1997	2019-20
Maury	NBCU	1998	2017-18
Judge Mathis	Warner Bros.	1999	2019-20
Divorce Court	20th Television	1999	2018-19
Family Feud	Debmar-Mercury	1999	2019-20
Dr. Phil	CBS	2002	2019-20
Who Wants to Be a Millionaire	ABC	2002	2018-19
Ellen DeGeneres	Warner Bros.	2003	2019-20
The Insider	CBS	2004	2017-18
Rachael Ray	CBS	2006	2017-18
Steve Wilkos	NBCU	2007	2017-18
TMZ	Warner Bros.	2007	2019-20

Compiled by *Executive Outlook*

pricey New York studio space (the show is leasing a studio at the CBS Broadcast Center on West 57th Street in Manhattan).

Despite clearances in premium time periods on Fox stations and elsewhere — including double runs in many markets — *Harry* got off to a slow start, leading many to wonder if it would have strong enough legs to make it to a second season.

"For first-run, the environment has changed," says John Weiser, president of U.S. distribution for Sony Pictures Television, whose current first-run offering is *The Dr. Oz Show*. "There has been a flattening of ratings and the economics reflect that."

RISKS VS. REWARDS

In a syndication marketplace so crowded with perennial hits taking up all the best time periods on the highest-rated stations, the financial risks of jumping into the fray with something new have increased.

"Stations have decided that the amount of money they're willing to invest [in first-run syndicated content] is not as much as it's been in the past," says one syndication executive who requested anonymity.

"Ratings in terms of television stations' ability to deliver viewers [are] diminished over time because of competition, which then reduces the amount of barter. So all of the risks associated with these shows have only increased dramatically," the executive says.

"Time periods are few and far between. It's very challenging to get launched in major markets."

— *CTD's Paul Franklin*

And it's not only the best-known and highest-rated first-run shows that are staying on the air and clinging to their time periods. Even shows with modest ratings are renewed for one or more seasons going forward.

Examples include *The Doctors* from CTD — renewed through the 2017-18 season — and Sony's *Dr. Oz*, renewed through 2018-19.

Warner Bros. Domestic Television Distribution tried to squeeze a big-budget Drew Barrymore talk show onto the crowded schedules for fall 2017. Hearst Television agreed to carry it, but Warner Bros. was unable to convince any of the so-called launch groups with all major market stations to make room for the show. The launch groups include the four network O&Os groups and Tribune Broadcasting.Warner Bros. is still hopeful that schedules will loosen up after 2017-18 season and that it will be able to syndicate the Barrymore show for 2018.

"First-run has always been a kind of lightning-in-a-bottle business," says Twentieth Television's Ken Lawson. "If you get one where the magic flies, then you've got an annuity for years on end."Lawson is not convinced that the time-period shortage is insurmountable. All it takes is producing "a big show that you can demonstrate will be valuable to stations," he said. "Somebody wise once told me, 'There's always room for a hit.' "

CTD's Franklin agrees. "I still believe very strongly that the first-run syndication business will thrive."

Without revealing any details, he says CTD is eyeing new first-run projects that it hopes to get into the marketplace as soon as fall 2018. "We're still looking at where the opportunities are, both now and maybe even four or five years from now, when some of these [other] shows might end their runs."

At the same time, Franklin says not to expect any of his long-running shows to make room for newcomers in the near future.

Judy Sheindlin, now 74, the star of first-run syndication's highest-rated show, *Judge Judy*, still has plenty of seasons left in her, he says.

"She's one feisty woman. She's having a ball and doing quite well." ■

KATZ TELEVISION GROUP

CONGRATULATES

SCRIPPS

2017 STATION GROUP OF THE YEAR

FROM YOUR FRIENDS
AND PARTNERS AT KATZ TELEVISION GROUP

GUTHRIE
Continued from page 17

addition to her EVP chores). "Tim Monahan, who had been president of the Cox Reps business was retiring and they asked if I would come run it and continue to oversee all of the national platforms."

She also picked up oversight of Videa, a start-up that Cox has been building for about two-and-a-half years offering automated local TV buying technology, and Gamut, a digital media buying and selling service.

LOOKING TO THE FUTURE

Looking at what's ahead for her and Cox Media, Guthrie says: "I think this is a really disruptive time for our business and there are so many different ways to consume content that our approach so far in terms, not just of television, but all of our media interests is to have our brands available wherever our viewers, readers and listeners are looking for it. So whether that's … in a mobile form or on the desktop or through some of these aggregators like NewsON …, there are just so many ways to consume our brands that we need to make sure that we're putting ourselves out there wherever our audiences are trying to find us."

With her first year as president falling in a non-election year, Guthrie won't have a flood of political spending to fatten the P&Ls. But that's OK, she says. "I'm very happy with our approach in sales that we don't just wait for the phone to ring. We go out and make business happen and support our clients and our advertisers by being good resources to them, and I think our efforts on the digital sales front have been remarkable.

"To do more than just peddle spots, we really do try to solve problems for our customers, and often that means being more than just a television, radio or newspaper seller.

"You've got to be able to talk multimarket or [offer] a media mix … and advise them on other ways to advertise besides the traditional methods. Digital working together with legacy advertising is really effective and we are putting a ton of effort into our sales force to educate them so that they can help our clients. That's going to help ride out those the odd years, the nonpolitical years."

> **"Digital working together with legacy advertising is really effective and we are putting a ton of effort into our sales force to educate them so that they can help our clients."**
> *—Kim Guthrie*

She's also bullish on the possibilities of ATSC 3.0, the next-gen TV standard. "Everyone talks about data. Data is kind of the Holy Grail — to be able to serve up targeted ads. The issue of addressability is going to be huge for television and we're not quite there, but we're certainly baking those plans as we speak. Cox is right in the thick of all of that and we will continue to be."

The company's digital side and its rep businesses, also under her purview, are another growth opportunity, she says. "Creating great content is one thing, but you've also got to find a way to monetize it and I think we're trying to be really aggressive and nimble on how advertisers want to purchase that advertising. I think we've got some pretty good solutions and smart solutions."

But when asked what she sees as the biggest upside to her company, the journalist in her comes to the fore. "I think investigative journalism — watchdog journalism — is going to still be critical to our communities. I think audiences are going to need that and demand it in this world of fake news. I think it's going to come back to the fact that people want credibility and they want to know that what they're reading or watching has been proven, [that] someone did the fact checking, someone is looking out for them. I think that is always going to be important and I think our company is very well positioned to take advantage of that." ■

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