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For more than six decades, media titan Rupert Murdoch mostly was a buyer, rather than a seller. Not anymore. In October, Walt Disney Co. Chief Executive Robert Iger phoned Mr. Murdoch, the executive chairman of 21st Century Fox, to **propose a purchase** that would hive off Fox assets worth some \$40 billion. Changes in the media landscape had altered Mr. Murdoch's thinking. A deal could also clarify the family's succession plans.

21st Century Fox is worth \$60 billion in stock-market value and is a global entertainment giant spanning movies, cable television and broadcasting. Yet the Murdochs are questioning whether the company will be big enough in the years ahead to battle programming distributors such as Netflix Inc., Amazon.com Inc. and Comcast Corp., and advertising behemoths Google and Facebook Inc., people familiar with the family's thinking say.

While talks with Disney are now advanced and could be completed as early as next week, it isn't the only contender. Comcast is pursuing Fox assets, too, and the cable giant's chief executive, Brian Roberts, met Mr. Murdoch at the New York Athletic Club on Monday, people familiar with the situation say. Mr. Murdoch's most recent attempt at a big acquisition, Fox's deal to **pay \$15 billion** for the 61% stake in British pay-television company Sky PLC that Fox doesn't already own, has **hit government roadblocks**. Some Fox executives are pessimistic about its chances, people familiar with the situation say.

Meanwhile, **the power-sharing arrangement** instituted by Mr. Murdoch, 86 years old, in 2015 with the elevation of his sons, James and Lachlan, has faced stresses. The power-sharing setup made James Murdoch, 44, the chief executive of 21st Century Fox. Lachlan Murdoch, 46, is co-executive chairman of the company alongside his father and is viewed as the first among equals.

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At times, James has felt like a CEO in title only, according to some people who know him. These people say James was never keen about the setup, is ready for a new chapter in his career and has sometimes been on a different page from his father and brother. Despite having stepped down as CEO, the elder Mr. Murdoch has deepened his involvement in Fox, partly because he [took the helm at Fox News](#)



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last year to stabilize the network in the wake of a sexual-harassment scandal. "It's crowded when you have three people making decisions," says one executive familiar with the leadership dynamics at

the top of Fox.

The sale talks center on the Twentieth Century Fox movie studio, international assets such as Fox's 39% stake in Sky and its promising Star India business, and U.S. cable networks like FX and National Geographic. Fox News, the Fox broadcast network and the Fox Sports 1 sports channel aren't on the table.

Discussions with Disney initially sputtered but recently heated back up, people familiar with the matter say. Disney sees Fox's assets as a way to jumpstart its own ambitions, especially in streaming video and expanding internationally. A transaction with Disney would be all in stock. It is possible that no deal will be reached. Rupert Murdoch and his family hold 39% of 21st Century Fox's voting shares and a similar stake in News Corp., parent of The Wall Street Journal.

The elder Mr. Murdoch sees an opportunity to capture a premium price for assets built over his career. He also is embracing the chance to focus more on the news business, long his passion, and less on Hollywood. Lachlan Murdoch preferred to keep the family company together, though he has come around to the notion of a sale, people familiar with his thinking say. Last month, he declined to discuss speculation about a deal and said: "Let me be very clear. Fox has the required scale to continue to both execute on our growth strategy and deliver increased returns to shareholders."

James Murdoch has embraced—and even propelled—the idea of doing the deal, according to people familiar with his thinking. If a deal happens with Disney, James could wind up going to Disney in a senior role, setting him up as a potential candidate to succeed Mr. Iger, who has said he plans to retire in 2019, people close to the deal talks say. Mr. Murdoch would be up against other succession contenders with long Disney tenures. Disney hasn't promised any job to James Murdoch.

The people close to James say he also could use some of his proceeds from a sale to pursue an entrepreneurial venture. Mr. Murdoch once founded a hip-hop record label and is interested in technology, music and advertising. "He has always talked about having an appetite for change rather than reacting to change," one person close to James says. Lachlan Murdoch, meanwhile, would be in position to run the remaining pieces of 21st Century Fox. He is hoping to stay in Los Angeles, where he moved his family from Australia a few years ago and has settled in. Fox News and other key pieces of 21st Century Fox are based in New York.

The Murdochs see value for Fox shareholders in a potential transaction, including shares they would hold in a combined company with a strong collection of entertainment assets and global reach. Rupert Murdoch's two older daughters, Elisabeth and Prudence, also have votes, while two younger daughters hold a financial interest but no voting power. At a meeting of senior Fox managers and top executives in late November, Mr. Murdoch said a transaction might or might not happen, according to a person familiar with the meeting. An attendee asked: "If nothing were going to happen, when would that be?" "December," Mr. Murdoch responded.

Fox's openness to a sale shocked many analysts and investors given the longtime expectation that the elder Mr. Murdoch wanted his sons to inherit all the entertainment assets he assembled through decades of deal-making and gutsy investments that sometimes stretched the company financially but often paid big dividends over time.

After his father died in 1952, Rupert Murdoch took over his newspaper company at 22 and began expanding it through acquisitions, first at home in Australia and later in the U.K. and U.S. By the early 1980s his company, known as News Corp., had purchased titles that included the British tabloids News of the World and Sun, and the Times U.K., along with the New York Post. As he pushed into the entertainment business with a flurry of deals in the mid-1980s, Mr. Murdoch began taking bigger financial risks. When the iconic Hollywood studio Twentieth Century Fox came into play, Mr. Murdoch pounced, paying \$550 million in two stages to win full control. He added TV stations from [John Kluge's Metromedia](#) in a \$2 billion deal, a handsome premium, setting the stage for what would become the Fox network.

The company had borrowed during its expansion, and those deals and losses at newspapers led to a debt squeeze by 1990 that nearly sank News Corp. Saving the company took a restructuring in which Mr. Murdoch sold its magazine unit, reduced its interest in satellite-TV venture Sky through a merger and diluted the Murdoch family's control to about 40%. News Corp. recovered, and Mr. Murdoch made more big bets, adding a controlling interest in Star India and launching Fox News in 1996.

As the entertainment wing of the company boomed and the publishing part stagnated, there was appetite among investors to split them up. That was fueled further after the phone-hacking scandal at the [now-defunct U.K. tabloid News of the World](#) in 2011. It was a damaging episode for the Murdoch family and the biggest blemish on the résumé of James, who was head of News Corp.'s international division. Though he took his post after the wrongdoing was alleged to have occurred, he faced aggressive questioning from British lawmakers. He acknowledged approving settlements to phone-hacking victims but said he "did not have a complete picture" of what was going on and called that "a matter of serious regret." The scandal led to News of the World's closing and derailed the Murdochs' attempt to buy out the remainder of Sky, long a goal of Rupert.

Mr. Murdoch split his business empire in 2013. The publishing assets, including the Journal, U.K. papers and book publisher HarperCollins, went into a new company that took the old News Corp. name, minus a period. The TV and movie properties went into 21st Century Fox. Rupert Murdoch was reluctant to separate Fox News from the rest of the news-related assets, and that feeling has resurfaced in the past few years, a person familiar with his thinking says. If a sale of Fox's entertainment assets is completed with Disney, Mr. Murdoch has contemplated combining News Corp with the remaining Fox entity, though that is unlikely in the near term, people familiar with the situation say.

In June 2015, the elder Mr. Murdoch stepped down as Fox's chief executive and installed James and Lachlan in their current posts. He went to great lengths to ensure that the brothers would feel equal and be respected by executives at Fox. Many top executives reported to James and Lachlan. Fox News boss Roger Ailes resisted that line of command, and a report on the sister Fox Business Network suggested he would report directly to the elder Mr. Murdoch. Rupert Murdoch called Mr. Ailes, told him he shouldn't disrespect James and Lachlan and would be reporting to all three Murdochs, according to people familiar with the matter. 21st Century Fox issued a statement saying Mr. Ailes would report to the brothers while maintaining his longstanding relationship with Rupert.

Mr. Murdoch believed the next generation was inheriting a fairly stable company, though he began to think that a big, strategic move might make sense. In 2014, Fox made [an \\$80 billion offer](#) for Time Warner Inc., the owner of HBO, but investors feared Fox would overpay. [Fox pulled the offer](#) after its stock price fell. The Justice Department [sued last month](#) to block Time Warner's pending sale to AT&T Inc. James and Lachlan Murdoch operate with different styles and interests, people who know them say. James, who works from New York, gets deep into day-to-day management and isn't enthralled by the news business.

His social circle includes people in the media and technology world, such as Tesla Inc. Chief Executive Elon Musk and Vice Media co-founder Shane Smith. James also brings a global perspective, having held top posts at Star India and Sky. Lachlan was viewed as the likely heir to his father when he was News Corp.'s deputy chief operating officer. He left the company in 2005 after clashes with some top executives, including Peter Chernin and Mr. Ailes, over his executive role, and moved to Sydney to found an investment company. He returned as part of the 2015 succession planning.

Lachlan is described by some executives and associates as being more easygoing and approachable than James. Lachlan is warm with Fox executives, sending them gifts on their birthdays with funny personal notes that make it clear he wrote them, not an assistant. He asks executives tough questions, has expressed passion about the news business and is co-chairman of News Corp with his father. Lachlan moved into his father's former office on the Fox lot, having become attached to it while growing up.

The Murdoch empire was jolted in the summer of 2016 when Fox News anchor Gretchen Carlson sued Mr. Ailes, alleging she was fired in retaliation for rejecting his sexual advances. The lawsuit, which Fox settled for \$20 million, set in motion an internal investigation that uncovered a pattern of alleged harassment by Mr. Ailes and led to his exit that July. Mr. Ailes, who died in May, denied the allegations. 21st Century Fox's handling and disclosure of settlement payments is the subject of a federal probe, which the company says it is cooperating with. Fox has denied any knowledge of harassment allegations against Mr. Ailes or earlier settlements he paid prior to Ms. Carlson's suit.

The Murdochs were on the same page about extending Fox News anchor Bill O'Reilly's contract early this year, despite being aware that he faced an accusation of sexual harassment from a network analyst, according to people familiar with the matter. The controversy snowballed when the New York Times reported in April that multiple women who accused Mr. O'Reilly of harassment had been paid settlements. At that point, James Murdoch pushed to oust Mr. O'Reilly, while his father wanted to proceed more deliberately and not react to media reports, people familiar with the situation say. Within weeks, Fox cut ties with Mr. O'Reilly, citing a clause in the new contract. Mr. O'Reilly has denied any wrongdoing.

People close to the Murdoch family say there is excitement about the prospects of a tie-up. For example, Disney is "a machine of extracting value from franchises," says someone close to the family. "I think the value of Fox would be astronomically bigger." – *Wall Street Journal*

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Google said it is pulling YouTube from some Amazon.com Inc. devices in retaliation for Amazon refusing to sell many Google products, escalating a battle between two tech titans as their businesses increasingly overlap. Google said Tuesday it had cut access to YouTube on Amazon's smart speakers with screens, called the Echo Show, and that it plans to block YouTube on Amazon's Fire TV media-streaming device on Jan. 1.

Google, a unit of Alphabet Inc., said Amazon's retail website doesn't sell competing products like the Google Home smart speaker or Google's Chromecast streaming device. Google also claimed that Amazon's Prime Video lineup of shows and movies isn't available via the Chromecast. It added that Amazon has stopped selling some products from Nest, a connected-device maker that is Google's sister firm under Alphabet. Amazon in October launched a home-security system that competes with Nest. "Given this lack of reciprocity, we are no longer supporting YouTube on Echo Show and Fire TV," a Google spokeswoman said Tuesday. An Amazon spokeswoman said, "Google is setting a disappointing precedent by selectively blocking customer access to an open website." Both companies said they hope to resolve the issue quickly.

The rare public spat between two of the world's most powerful companies highlights increasing tensions as they spread their ambitions to new products and industries. While Google started in online search and Amazon in retail, each now has competing hardware and content businesses that they are betting will expand their dominance. Google already pulled YouTube off Amazon's Echo Show device in September because it said Amazon's implementation of YouTube violated its policies by barring users from logging in or commenting.

Last month, a few days before the Black Friday shopping bonanza, Amazon said YouTube was working on the Echo Show again. A person familiar with Google's thinking said Amazon had worked around its move to block access to its YouTube voice-controlled app by sending users to YouTube's website, an approach that also violates YouTube's policies.

Amazon's Prime Video service, which offers access to movies and TV shows over the internet, is blocked on Google's Chromecast streaming device, which sends content from phones and laptops onto TVs. Now Google will be blocking access to YouTube on Amazon's Fire TV streaming device. Google has tried to negotiate with Amazon to get its Chromecast and Google Home products on Amazon's retail site, but Amazon has told Google bluntly it won't sell them, according to the person familiar with Google's thinking. On Tuesday, asking Amazon's Alexa virtual assistant to add a Google Chromecast to a user's shopping cart caused the assistant to add Amazon's competing Fire TV Stick to the cart. Amazon also doesn't sell Apple Inc.'s Apple TV streaming device.

A person familiar with Amazon's thinking said retailers frequently decide against carrying certain products, but it is rare for any company to block access to a public website. The person familiar with Google's thinking said Amazon also built an unauthorized way to access YouTube via its Fire TV device. The Amazon spokeswoman said the Echo Show and Fire TV display standard web views of YouTube.com.

Patrick Moorhead, head of tech-research firm Moor Insights & Strategy, said Google appears to be using access to YouTube as leverage in its negotiations with Amazon—and the losers are customers. "This is classic tech-giant sparring," he said. "For consumers, it's not good." Still, the companies likely won't stop working together in other areas. Their relationship is complicated. Amazon is one of Google's largest customers, buying many high-price ads on its search engine. Google also still sells other popular products through Amazon, including its new Pixel smartphones. – **Wall Street Journal**

