

# CableFAX Daily™

Tuesday — January 7, 2014

What the Industry Reads First

Volume 25 / No. 004

## CES Time: 4K, Cable's Bundle Power and YouTube's VP9

CES doesn't even officially start until Tues, and already, there's plenty of news. And yes, some of it is about 4K. Comcast announced a partnership Mon with **Samsung Electronics** to deliver 4K content to Samsung Ultra HD televisions. Later this year, Xfinity TV customers with the sets can launch an Xfinity TV 4K app directly on their TVs that will allow them to stream, via the Internet, a variety of 4K UHD movies and TV shows on demand. Additionally, Comcast is currently working with programmers, including **NBCU**, to provide a library of 4K UHD choices for the Xfinity TV 4K app. Meanwhile, **Cisco** expanded its Videoscape TV platform into the cloud, allowing it to offer service providers and media companies new options to quickly deliver new consumer experiences, such as second screen and 4K video. Cisco was selected to provide video hardware and cloud software components from its Videoscape TV services delivery platform to the **NBC Olympics**, supporting transcoding and content management during production of the 2014 Olympic Winter Games in Sochi. Beyond 4K announcements, there were actual panel discussions at the **CES** Digital Hollywood panel. Despite the appeal of a la carte programming, the traditional bundled cable model continues to wield power, said several panelists. "Cable is a tremendous value," noted **Synacor** CEO *Ron Frankel*. "If you look at what people spend who are not going to have cable, it's very nearly the same amount as if they had cable." *JT Taylor*, sr manager, product marketing, at **Cisco** added, "The alternative to cable is a different pricing structure I don't think the average consumer wants to go with." And then there's the personalization conundrum... "As much as the average consumer thinks they want personalization, no one wants to put a lot of effort into it," Taylor said. "When you have to sift through 500 channels and decide which to pay for, that becomes difficult." He added, "We get more content professionally developed for basic TV packages when the content owners are able to bundle together." Not surprisingly playing devil's advocate was *Francisco Varela*, **YouTube** global dir of platform partnerships. YouTube is currently running 50 subscription channels in the U.S. and "still experimenting," he said. "But it's definitely a valid model and something that will do well in particular circumstances." YouTube is pushing its new support for the VP9 video codec big-time at CES. Varela said quickening the delivery of high-quality video over the television and devices is the company's top priority in 2014, and the open-platform VP9 is the way to do it.

**CableFAX** webinar

Thursday, January 23 | 1:30-3:00 pm ET

## The OTT Opportunity: How to Partner for Profit

Far from a threat to the traditional cable ecosystem, over-the-top services are fast becoming allies in the battle for consumer eyeballs. But what does that partnership look like? How do players that seem to compete for the same audience figure out ways to cooperate?

CableFAX's January 23 webinar will show you how to:

- Integrate cable and OTT content into single devices, giving consumers the best of both worlds.
- Partner with OTT producers and content aggregators to increase buzz about TV shows and promote linear tune-in.
- Leverage social media to drive awareness of joint campaigns.
- Understand consumers' viewing habits and how OTT can improve the content discovery and navigation experience.

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Currently 40% of YouTube viewing is over mobile devices, he said, though he expects television viewing to catch up quickly. "Our question is how do we bring a much better video experience in the home? Our push is behind the next generation of codecs that are license-free, royalty-free and open source." More CES news in our **CableFAX** Tech column on Page 5.

**Retrans:** Cablevision subs in parts of CT lost **CBS** affil **WFSB** at 6:30pm ET on Fri. **Meredith Broadcasting** and the MSO have been unable to renew their retrans pact. Now Cablevision is asking the FCC to deny Meredith's application for a broadcast license transfer for the St Louis, MO-based CBS affiliate **KMOV-TV**. Meredith announced plans to purchase **Gannett's** St Louis and Phoenix stations last month as well as Sander Media's Phoenix station for \$407.5mln in cash. These stations are part of Gannett's **Belo** acquisition. The MSO also requested a special investigation into whether Meredith is meeting its public interest obligations. "Meredith Corp. is violating its public interest obligations with its CBS affiliate in Connecticut by blacking out CBS programming completely in one part of the state in order to reap fees in another part of the state where consumers already pay for another local CBS affiliate," Cablevision said. "In effect, Meredith is punishing an area it committed to serve in order to resolve a business dispute elsewhere. This is an unprecedented negotiating tactic that is harming the consumers Meredith pledged to serve, and these actions portend Meredith's unwillingness to serve the public interest in the St. Louis market, were it to receive approval for a transfer of a broadcast license to operate KMOV-TV." The impasse affects some CVC subs in Litchfield and New Haven counties, with the majority of the MSO's CT viewers continuing to have access to **WBCS** NY. On its Website, WFSB repeated the familiar "pennies a day" refrain and said it was unsure if, or when, Cablevision will be willing to negotiate. -- **Cable One** and **Lockwood Broadcasting** reached a renewal to their retrans deal on Fri, averting any blackout.

**Data Subsidizing:** Remember back in May when **ESPN** made headlines after the **WSJ** reported it had talked with a major wireless carrier to subsidize wireless connectivity on behalf of its users? Enter **AT&T's** Sponsored Data program, which allows companies to pay AT&T to keep their data from counting against data plans. Under the plan, launched Mon, data charges resulting from eligible AT&T 4G subs will be billed directly to the sponsoring company. AT&T promised not to discriminate: It will deliver sponsored data at the same speed and performance as any non-sponsored data content. The telco is looking to attract not only app developers, but businesses looking to pay for employee data access to the program. The service will be available across various mobile devices and operating systems. Net neutrality backers including **Free Press** don't like the move. Calling the program "double charging," the group said data caps are supposed to help carriers manage congestion. "But if getting a big check from another company suddenly makes AT&T's congestion concerns go away, that shows data caps aren't necessary in the first place," policy dir **Matt Wood** said in a statement. The program isn't exactly governed by net neutrality rules, which cover mostly wireline services.

**CES Notebook:** **DISH** used **CES** to announce that it has developed a "Virtual Joey" software app that delivers the Hopper HD DVR service on '13 and '14 LG Smart TVs. The app vs the hardware is meant to make TV placement easier. It should be available this Q. **DISH** also said it has upgraded its **DISH Anywhere** app to give Hopper with Sling users the ability to view recorded content where no Internet connection is available. **DISH** said the integrated **DISH anywhere** app will launch on Kindle Fire in the coming months. It's available now on IOS and Android devices.

**Broadband:** New Year, new speeds at **Charter**. The MSO is doubling its flagship residential Internet service from 30Mbps to 60Mbps for no additional fee as it rolls out its new "Spectrum" suite of products and services in all markets throughout the year. On the business side, the company raised the speeds for all "Essential30" and "Pro50" customers to 60Mbps and 80Mbps respectively at no extra cost. The speed upgrade marked the 5th time in 4 years Charter Business has increased speeds for no additional free.

**Deals:** **Time Warner Cable** completed its \$600mln acquisition of **DukeNet Comm**, adding more than 8,700 route miles to its fiber network in the Southeast, including key Carolinas markets. About 80% of DukeNet's footprint overlaps with TWC. The MSO plans to use the additional fiber to connect business customers and to expand its carrier business, which provides network access to wireless operators

**Ratings:** **CNBC** is happy to be in the water with "Shark Tank," with the **ABC** series' off-network debut delivering the net's largest prime audience of 25-54s in 6 years. The New Year's Day marathon of Shark Tank drew more than 4.2mln



# BUSINESS & FINANCE

unique viewers, averaging more than 540K total viewers and 240K 25-54s from 8pm to 2am ET.

**Programming:** ABC Family announced the pickup of 2 half-hour comedies: "Mystery Girls" (starring and exec produced by *Tori Spelling* and *Jennie Garth*) and "Young & Hungry" (stars *Emily Osment*). Both are expected to premiere later this year.

-- *Ted Nugent* will be hanging his bow at **Outdoor Channel**, with the rocker and outdoorsman singing a multi-year deal that will have him endorse the channel through traditional, digital and social media initiatives. Nugent, star of "Ted Nugent Spirit of the Wild," also will make talent appearances for the net. Outdoor also announced the expansion of its strategic partnership with the **NRA**, introducing 2 new series: "NRA All Access presented by Taurus" and "NRA's Gun Gurus."

**On the Circuit:** Comcast Univ/Comcast Cable exec *Martha Soehren* was elected to the **WICT** board's vice chair role. **Suddenlink** evp, CFO *Mary Meduski* is entering the 2nd year of her 2-year term as chair. WICT also announced that incumbent board members *Sandy Howe* of **Arris** and *Kelly Regal* of **Turner** moved up to the board's exec cmte, while 4 additional individuals will join the board for the first time in 2014 as directors-at-large: **Cablevision's** *Sandra Kapell*, **AMC Nets'** *Ellen Kroner*, **Accenture's** *Kathleen O'Reilly* and **Cox's** *Leigh Woisard*.

## CableFAX Daily Stockwatch

Company	01/06 Close	1-Day Ch	Company	01/06 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
BROADCASTERS/DBS/MMDS			HARMONIC:	7.27	(0.11)
21ST CENTURY FOX:	34.80	(0.4)	INTEL:	25.46	(0.32)
DIRECTV:	69.36	0.32	JDSU:	12.89	(0.14)
DISH:	57.86	0.06	LEVEL 3:	33.78	1.18
DISNEY:	75.82	(0.29)	MICROSOFT:	36.13	(0.78)
GE:	27.26	(0.22)	MOTOROLA MOBILITY:	14.52	(0.08)
<b>MSOS</b>					
CABLEVISION:	16.94	(0.26)	NIELSEN:	45.25	(0.1)
CHARTER:	135.00	1.63	RENTRAK:	36.86	(0.26)
COMCAST:	51.02	(0.05)	SEACHANGE:	12.32	0.10
COMCAST SPCL:	49.26	0.09	SONY:	17.30	0.12
GCI:	11.14	(0.3)	SPRINT NEXTEL:	9.77	(0.17)
LIBERTY GLOBAL:	89.98	1.38	TIVO:	12.73	(0.57)
LIBERTY INT:	29.18	0.06	UNIVERSAL ELEC:	36.32	(1.01)
SHAW COMM:	23.82	(0.1)	VONAGE:	3.27	(0.02)
TIME WARNER CABLE:	134.03	0.63	YAHOO:	39.93	(0.19)
<b>PROGRAMMING</b>					
AMC NETWORKS:	66.00	(0.71)	<b>TELCOS</b>		
CBS:	63.01	(0.13)	AT&T:	34.96	0.16
CROWN:	3.46	(0.05)	VERIZON:	48.69	0.27
DISCOVERY:	87.47	(1.11)	<b>MARKET INDICES</b>		
GRUPO TELEVISA:	29.74	(0.15)	DOW:	16425.10	(44.89)
HSN:	61.13	(0.92)	NASDAQ:	4113.68	(18.23)
INTERACTIVE CORP:	69.21	0.79	S&P 500:	1826.77	(4.6)
LIONSGATE:	30.45	(0.54)			
MADISON SQUARE GARDEN:	57.69	(0.12)			
SCRIPPS INT:	84.53	(0.45)			
STARZ:	29.37	(0.02)			
TIME WARNER:	68.16	(0.51)			
VALUEVISION:	6.66	(0.14)			
VIACOM:	86.26	(0.83)			
WWE:	15.48	(0.42)			
<b>TECHNOLOGY</b>					
ADDVANTAGE:	2.94	0.14			
ALCATEL LUCENT:	4.46	(0.02)			
AMDOCS:	40.39	(0.78)			
AMPHENOL:	87.25	(0.81)			
AOL:	44.65	0.25			
APPLE:	543.93	2.95			
ARRIS GROUP:	24.05	(0.57)			
AVID TECH:	8.06	(0.14)			
BROADCOM:	29.07	0.10			
CISCO:	22.01	0.03			
CONCURRENT:	8.16	0.10			
CONVERGYS:	20.86	(0.16)			
CSG SYSTEMS:	28.55	(0.63)			
EHOSTAR:	49.92	(0.06)			
GOOGLE:	1117.32	12.32			

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# CableFAX TECH

## CES Preview

Aside from a slew of celebrities and the trio of “Boston Guys” in **DISH**’s commercials, key things for the cable crowd to watch at this week’s 2014 International CES include discussions around how OTT players have changed the video market and cable’s move to differentiate and retain cable subs with HDTV, gaming, music and other add-on services. A panel of execs, including *Rob Hayes*, evp digital at **NBC Entertainment**; *Jake Katz*, vp of audience insights and strategy at **Revolt TV**; and *Manish Jha*, mobile gm at **NFL**, will offer insight on ways to tackle the future distribution and the monetization of linear content. A panel on hybrid TV, which represents TV on all platforms packaged in options from free to high-end premium subscription, will address how video content can be delivered at multiple price points on multiple platforms. With major TV makers demonstrating 4K TV of all sizes and tech firms announcing new High-Efficiency Video Coding services, 4K might be one of the biggest stories coming out of this year’s show. The verdict is still out on how interested consumers are in upgrading their giant flat screens. Execs, including *Tom Cosgrove*, pres/CEO of **3net Studios**, *Chris Cookson*, pres of **Sony Pictures Technologies** and **Comcast Cable**’s CTO *Tony Werner*, will offer a market overview and forecast on 4K content and delivery. **Netflix** CEO Reed Hastings was at **LG**’s press conference on Mon to support the launch of LG 4K TV, which will allow streaming of 4K content. Another trend to watch is the new generation of gaming consoles like PS4 and Xbox One. *Marc Whitten*, the mastermind behind Xbox at **Microsoft**, is expected to discuss how game consoles are becoming advanced entertainment hubs featuring various content options. Perhaps these upgraded game consoles are the only set-tops consumers will ever need?

**CES News:** **AT&T** launched its open application programming interfaces (API) for the Android platform for developers to create more **U-Verse** TV apps. The APIs

are expected to allow developers to use AT&T technology in their apps and work with **AT&T Labs** and the **AT&T Foundry** innovation centers to offer new ways for subs to interact with their mobile devices and U-Verse services. -- Instant-film camera firm **Polaroid** has its eyes on **Roku**-enabled smart TVs. At the International CES this week, it will demonstrate a smart TV with a built-in Roku streaming stick. The company also will showcase a 4K TV priced at \$999. -- **Intel** teamed with video tech firm **ViXS Systems** to develop a reference design running **Comcast**’s RDK cable stack software. The companies’ demonstration at CES will show transcoding and media streaming to mobile and tablet devices including Ultrabook and all-in-one PCs. -- **Thomson Video Networks** and **MStar Semiconductor** will demonstrate delivery of OTT content to connected TVs via the High-Efficiency Video Coding (HEVC) standard. The demo will highlight the interoperability of Thomson Video Networks’ multiscreen encoding/transcoding platform with MStar’s 4K system-on-a-chip (SoC), which provides native HEVC decoding in connected TV sets. The SoC is being embedded in the products of major consumer display vendors to enable decoding of UltraHD.

**Research:** Global consumer spending on technology is expected to be down 1% YOY this year, according to a **CEA** report released at CES Sun. That’s down from about 3% growth in ’13 (\$1.07 trillion). After driving big growth in tech spending in the last couple years, spending on tablets and smartphones is slowing as consumers opt for cheaper gadgets, the report said. And growth in tech spending has shifted from developed countries to developing regions, which will see around 2% YOY growth this year. Mature markets such as the US and Western EU will see consumer electronics spending decrease 4% YOY. In addition, consumers are opting for smaller gadgets: some 66% of tablets expected to be sold this year will have screens smaller than 9 inches, the report forecast.



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