

CableFAX Daily™

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What the Industry Reads First

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Better Late Than Never: Adams' Update on Refurbished, Integrated Boxes

Last July, the **FCC** granted **Adams Cable Equipment** a limited, conditional waiver of the ban on set-tops with integrated security for its refurbished boxes (**CFX**, 7/29). One of the conditions was that it give the FCC a status report within 6 months and 10 days of the 1st sale of one of its refurbished integrated boxes. Considering that the 1st sale happened last Aug, the report was due in Feb. Oops. In a motion to accept a late-filed report (received by the FCC Thurs), Adams apologized but argued that the public has not been harmed by the omission because only a very small number of the refurbished boxes have been sold to cable ops. How small? As of June 30, the vendor has sold 850 integrated boxes at wholesale to participating cable ops and 202 integrated boxes to retail customers of those operators. The retail boxes were sold for an avg price of \$53.35. Cost savings was one of the key reasons the FCC Media Bureau approved the waiver last summer, noting that a standard-def box could cost less than \$50. Adams needed the waiver because FCC rules have prevented the sale of boxes that don't have separable security (ie, CableCARDs) since July 1, 2007. Under the waiver, any op that intends to purchase Adams equipment must publicly commit to allow ACE to sell the same boxes directly to subs, notifying subs of their retail ability at least 30 days before deploying the integrated boxes. Adams recently lowered its retail prices in an attempt to boost retail sales, listing the **Motorola** DCT-2000 SD Tuner at \$29 and the Motorola DCT-6416 HD/DVR at \$119. The FCC's waiver only applies to about 50K boxes in Adams' existing inventory. The lower prices actually are in line with numbers the equipment vendor quoted in its request to resell 200K refurbished set-tops (the Bureau didn't act on the motion to sell more boxes). In filing the late report, Adams urged the FCC not to take away its waiver. "It would disserve the public interest to terminate the waiver as a punishment for ACE's late filing because, though a small number, there are consumers that have received the benefit of being able to purchase a set-top box at retail as envisioned by Section 629 of the Act, and more will be able to do so in the future if the wavier is continued," Adams said in its motion.

FCC Merger Captains: The team leaders are in place, so the **FCC's** informal 180-day transaction review clocks should start soon. FCC attorney *Hillary Burchuk* will lead the working team responsible for the review of the proposed **Comcast-Time Warner Cable-Charter** transaction, the agency said Mon. *Jamillia Ferris* will join the Office of General Counsel to lead the working team for the review of the proposed **AT&T-DirectTV** transaction. Both women

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are former staffers of the **DOJ** Antitrust Division. Ferris joins the FCC from private practice. *Elizabeth Andrion* from the Office of Strategic Planning & Policy Analysis will serve as her deputy. *Bill Dever* from the Wireline Competition bureau will be Burchuk's deputy. The FCC said gen counsel *Jonathan Sallet* will chair the steering committee that will oversee the agency's review of both the Comcast-TWC and AT&T-DirecTV transactions. The chiefs of the Media, Wireline Competition and Wireless bureaus will be a part of the committee. Northwestern prof and former FCC chief economist *William Rogerson* will serve as senior economist overseeing the review of the proposed Comcast-TWC-Charter and has been selected to serve as senior economist overseeing the review of the proposed AT&T-DirecTV transactions. Northwestern's *Shane Greenstein* will serve as senior economic consultant, providing guidance on the proposed Comcast-Time Warner Cable-Charter and the proposed AT&T-DirecTV transactions.

BIO Flips to FYI: **BIO** was set to make the official flip to **FYI** at 10pmET Mon night, with a sneak peek special featuring clips from the net's new series. All of **BIO**'s current distributors will carry the rebranded net, a lifestyle channel targeting 18-49s. Original series for July include "Married at First Sight," 6 people agree to get legally married the moment they first meet (premieres Tues, 9pm ET), "Tiny House Nation," shows off ingenious small spaces and those who live in them (Wed, 10pm) and **YouTube** star *Harley Morenstein*'s cooking show "Epic Meal Empire" (July 26, 10pm).

YouTube Follows Netflix: **YouTube** is stealing a page from **Netflix**'s playbook by displaying messages to users experiencing slow connections that encourage. Like **Netflix**, the message blames the ISPs for the connection issue. After getting a message that reads "Experiencing interruptions?" users can click the "find out why" button that would take them to **Google**'s new Video Quality Report Web page, which features video quality information from the user's ISP. It also provides a comparison between other ISPs in the user's area and ranks providers as either "HD Verified," "Standard Definition," or "Lower Definition" based on the average performance when playing a YouTube video. **Netflix**'s campaign—or "test" as the company called it—ended a few weeks ago, following **Verizon**'s cease-and-desist letter. **YouTube**'s move came as the **FCC** works to rewrite Open Internet rules (initial comments due next week).

DirecTV Fantasy Zone: **DirecTV** is throwing in a fantasy football channel—**DirecTV Fantasy Zone**—for its **NFL** Sunday Ticket Max subs. Channel 704 will provide timely game-to-game fantasy analysis and stats with hosts *Kay Adams*, **NBC Sports** and Rotoworld.com analyst, and *Dhani Jones*, former **NFL** linebacker. Fantasy Zone, exclusive to Sun Ticket subs, will telecast while live games are in progress, providing updates on how the action is impacting fantasy stats.

MAVTV Lands on VZ: Motorsports net **MAVTV** scored a multi-year carriage deal with **Verizon**, letting subs access the channel on FiOS' Ultimate HD and Sports Pass HD packages immediately. The contract includes TVE and mobile rights.

Hallmark Gets Facelift: As part of its effort to rebrand **Hallmark Movie Channel** to **Hallmark Movies & Mysteries**, the net debuted the new look and logo that will officially launch across digital and linear platforms on Oct 1. The new look will maintain parent **Hallmark Cards**' moniker and emblem and reflect the net's focus on the soft side of the mystery genre.

TWC Sponsors Minority Conf: **Time Warner Cable** is sponsoring 3 upcoming conferences dedicated to African-American and Hispanic communities: the League of United Latin American Citizens (July 8-12), National Council of La Raza (July 19-22) and National Urban League (July 23-26). **TWC** also will air PSAs and host employment booths.

Programming: Following the success of "The Spoils of Babylon," **IFC** is bringing the **Funny Or Die** franchise back for "The Spoils Before Dying" (premieres 2015). It follows a jazz-pianist turned private eye who becomes embroiled in a murder investigation that spins out of control—and yes, it features *Will Ferrell* again. -- **Fox** may be the home of the **MLB** All-Star game next week, but that isn't stopping **MLB Net** from getting in on the action. The channel's coverage includes an All-Star Red Carpet Show on July 15 and the Triple-A All-Star Game on July 16. New original programming debuting during the week includes "Mr Baseball, *Bob Uecker*," reflections on the Milwaukee Brewers' beloved radio broadcaster (July 17, 7pm ET), and an interview with *Kevin Costner* in "Field of Dreams: 25 Years Later" (July 17, 8pm ET). Q2 was **MLB Net**'s most-watched quarter ever, with 206K average viewers in primetime and 105K average viewers for total day. -- **Sportsman Channel** renewed "Amazing America with *Sarah Palin*" for a sophomore season to debut early next year. The net's upping the ante on big-name talent, with "Camp Stew," featuring magician *Penn Jillette*, premiering July 17, 8:30pm. The 10-ep program has *Jillette* giving commentary on wild outdoor video clips. -- **Lifetime** booked half-hour live talk series "Undone with @AmandadeCadenet." The show, which explores pop culture trends, will debut July 24.

BUSINESS & FINANCE

V Foundation Auction: As part of its efforts to fundraise for **The V Foundation for Cancer Research** in the days leading up to the ESPYS awards (July 16), **ESPN** is auctioning a slew of sports memorabilia and experiences on **eBay** to benefit the charity. One of the hot items on the block is a chance to spend the day with personalities Mike & Mike, including lunch and a VIP tour. With nearly 9 days left for bidding, the 2 *Mikes* have already brought in bids of more than \$3K. Another trending item is a football signed by the **Chicago Bears' Brandon Marshall**. Bidding for most items is open until July 16, with 100% of item sales to benefit cancer research.

Liberty Stock: Liberty Media's Series C common stock will trade on a when-issued basis on the **Nasdaq** Global Select Market under the symbol "LMCKV" from Tues through July 23. Liberty expects that the Series C common stock will begin trading in the regular way on the market under the symbol "LMCK" beginning on July 24. Series C stock is expected to be issued to holders of Liberty's Series A and Series B common stock as of 5pm ET on July 7.

People: **NBCU Hispanic Enterprises and Content** tapped *Gregory Resh* as svp, finance. He previously was vp, finance, at NBCU. -- Former **Travel Channel** pres *Laureen Ong* was elected to the **WWE** board of directors.

CableFAX Daily Stockwatch

| Company | 07/07 Close | 1-Day Ch | Company | 07/07 Close | 1-Day Ch |
|------------------------------|-------------|----------|-----------------------|-------------|----------|
| BROADCASTERS/DBS/MMDs | | | | | |
| DIRECTV: | 85.87 | (0.06) | CONCURRENT: | 7.35 | (0.1) |
| DISH: | 65.96 | (0.41) | CONVERGYS: | 21.42 | (0.26) |
| ENTRAVISION: | 6.21 | (0.21) | CSG SYSTEMS: | 26.73 | (0.26) |
| GRAY TELEVISION: | 13.29 | (0.46) | ECHOSTAR: | 52.35 | (0.12) |
| MEDIA GENERAL: | 22.01 | (0.46) | GOOGLE: | 582.25 | (2.48) |
| NEXSTAR: | 51.44 | (0.66) | HARMONIC: | 7.50 | (0.04) |
| SINCLAIR: | 35.43 | (0.47) | INTEL: | 31.03 | (0.11) |
| MSOS | | | | | |
| CABLEVISION: | 18.13 | (0.16) | INTERACTIVE CORP: | 68.28 | (0.72) |
| CHARTER: | 160.68 | (1.75) | JDSU: | 12.54 | (0.09) |
| COMCAST: | 54.18 | (0.72) | LEVEL 3: | 44.25 | (0.21) |
| COMCAST SPCL: | 53.80 | (0.63) | MICROSOFT: | 41.99 | 0.19 |
| GCI: | 11.00 | (0.3) | NIELSEN: | 49.35 | (0.16) |
| GRAHAM HOLDING: | 730.00 | (6.43) | RENTRAK: | 53.99 | (1) |
| LIBERTY GLOBAL: | 44.42 | (0.28) | SEACHANGE: | 8.10 | (0.13) |
| LIBERTY INT: | 29.60 | (0.25) | SONY: | 16.93 | 0.09 |
| SHAW COMM: | 26.05 | (0.01) | SPRINT NEXTEL: | 8.50 | (0.1) |
| TIME WARNER CABLE: | 148.37 | (2.14) | TIVO: | 13.07 | (0.17) |
| PROGRAMMING | | | | | |
| 21ST CENTURY FOX: | 35.69 | (0.52) | UNIVERSAL ELEC: | 49.18 | (0.87) |
| AMC NETWORKS: | 61.55 | (1.36) | VONAGE: | 3.80 | (0.02) |
| CBS: | 63.61 | (0.69) | YAHOO: | 35.52 | (0.62) |
| CROWN: | 3.72 | (0.09) | TELCOS | | |
| DISCOVERY: | 76.05 | (0.52) | AT&T: | 36.02 | 0.18 |
| DISNEY: | 86.59 | (0.25) | CENTURYLINK: | 36.12 | 0.04 |
| GRUPO TELEVISIA: | 35.51 | (0.19) | TDS: | 25.95 | (0.37) |
| HSN: | 59.07 | (0.88) | VERIZON: | 49.75 | 0.04 |
| LIONSGATE: | 28.99 | (0.2) | MARKET INDICES | | |
| MADISON SQUARE GARDEN: | 61.66 | (0.63) | DOW: | 17.00 | 452.00 |
| SCRIPPS INT: | 80.88 | (0.68) | NASDAQ: | 4451.53 | (34.4) |
| STARZ: | 29.66 | (0.24) | S&P 500: | 1977.65 | (7.79) |
| TIME WARNER: | 71.17 | (0.22) | | | |
| VALUEVISION: | 4.96 | (0.19) | | | |
| VIACOM: | 87.35 | (0.33) | | | |
| WWE: | 11.88 | (0.12) | | | |
| TECHNOLOGY | | | | | |
| ADVANTAGE: | 2.63 | (0.11) | | | |
| ALCATEL LUCENT: | 3.68 | (0.02) | | | |
| AMDOCS: | 46.84 | (0.16) | | | |
| AMPHENOL: | 97.83 | 0.01 | | | |
| AOL: | 41.22 | (0.19) | | | |
| APPLE: | 95.97 | 1.94 | | | |
| ARRIS GROUP: | 32.41 | (0.07) | | | |
| AVID TECH: | 7.52 | (0.07) | | | |
| BLNDER TONGUE: | 0.93 | 0.00 | | | |
| BROADCOM: | 37.60 | (0.13) | | | |
| CISCO: | 25.23 | 0.04 | | | |

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CableFAX TECH

by Joyce Wang

Q&A with Former Googler Natasha Mohanty

We recently chatted with Natasha Mohanty, who led engineering teams on Google Search, content recommendations and personalization at Google News and Google+, on her new role at startup FEM. The video discovery/recommendation service provider that Mohanty co-founded aims to contextualize video recommendations based on what the user is doing in that moment. **What have you learned from Google?** One of my main learnings at Google was to think about how we would scale right from the moment we started building our product. As a result, our infrastructure is able to rapidly process hundreds of thousands of videos as well as large volumes of user behavior data, which enables us to keep our recommendations fresh and engaging. We have also optimized our system to serve millions of video recommendations at low latency. This is essential as users increasingly consume videos on mobile devices. During my time at Google News, I learned the value of recommendations that would surprise and delight the user, helping users discover stories that resonated with them. Video consumption is fundamentally a lean-back experience where users want to magically discover content that they would enjoy without having to put in the effort to search for it. Our algorithms understand how videos can appeal to users almost at an emotional level, which leads to a deeply engaging experience. **What is the biggest challenge now in terms of video recommendation and personalization, whether it's linear or over-the-top video services?** Video creation and consumption has been exploding in growth. However, the space is very fragmented with a number of different players in the ecosystem, which makes it hard for users to enjoy a seamless personalized video experience across their desktop, tablet, phone and TV. As video formats get standardized, it will become a build experience that travels with the user wherever they go. In an ideal scenario, I want to receive notifications on what to watch

based on my complete video consumption behavior, but tailored to the device that I am using right now. Our algorithms currently adapt to the time of day, context and device the user is on to provide the most relevant recommendations at the right moment. We are taking this a step further by enabling users to build a playlist of videos to watch from across the web spanning multiple platforms. **What will you be focusing on at FEM?** Our core DNA is our proprietary video recommendations and personalization algorithms to surprise and delight the user. Our secret sauce has enabled us to drive 5x views and repeat engagement with videos for our partners. The algorithms go beyond traditional keyword approaches to map users' underlying motivations with content they would enjoy. Brands care deeply about these axes and our approach allows us to maximize the impact of branded content. Our platform provides a seamless video experience across multiple platforms and can be embedded onto a publisher site with less than 10 mins of work. We have invested a lot into making the integration easy and lightweight, including automatically learning a site's UI so that our platform looks and feels exactly like the site's content.

From the Streets: Cable might soon increase its monetization of WiFi, **Bernstein Research** analysts wrote in a research note Mon. Even without an explicit fee, implicit monetization is possible, using WiFi access to upsell higher tiers of fixed broadband service, the analysts said. Both **Comcast** and **Time Warner Cable** exclude their lowest-tier broadband subs from free WiFi access today. Meanwhile, cable WiFi won't be competing with cellular services, at least not any time soon. From the supply side, though cable's WiFi deployment is "in the process of rapid scaling, it will never be able to provide the ubiquitous, seamless coverage provided by cellular service," the analysts said. Cable largely share that sentiment, with execs repeatedly citing their WiFi services as complementary to cellular.

Got tech news? Reach out to Cablefax Tech editor
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