

# Cablefax Daily™

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What the Industry Reads First

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## Verizon CFO: Telco's Multicast OTT Strategy is a Year Away

There are 2 avenues when it comes to operators' OTT strategies: OTT into the home and OTT via wireless. **Verizon** is eyeing the latter. "With the technology of multicast coming, this will certainly open up doors for more of that content to be delivered over-the-top via the wireless network," CFO *Fran Shammo* said during the company's 3Q earnings call Tues. He envisions such a service will be used heavily around live events, especially sports games. The technology enables transmitting live content directly to mobile devices using the existing network infrastructure. Unlike basic LTE streaming, multicast could enable an uninterrupted video feed regardless of the number of devices using the service in any particular area at the same time. "It's going to take us about a year before the chipsets ramp and we have some volume there which gets the attention of content providers," Shammo said. The company already demonstrated the technology in Jan during the Super Bowl. The chipsets are being implemented into most of Verizon's devices that are coming out in 4Q, with some 3Q phones already featuring multicast chipsets. Verizon has had "a lot of great conversations with content providers, and they are excited about it," according to Shammo. Regarding recent OTT moves by **Time Warner** and **CBS**, Shammo said content providers seemed to have realized that "there is a whole population out there that do not subscribe the satellite TV or linear TV... [There will be] a lot of innovative type models of how to really attack some of these other segments of the marketplace..." Shammo said. Will such moves hurt the traditional pay-TV business model? No, though "there is another avenue of how we open up the ecosystem with innovative models and that's something that we are very-very interested in especially around wireless." Take **FiOS**. Verizon has had several price hikes in the last few years to offset programming cost increases. "We are doing that again this year to be ready to absorb the content cost that always happens on January 1... That's something that you should anticipate and you will see," Shammo said. During 3Q, consolidated revenue was \$31.6bln, up 4.3% YOY. The telco added 162K FiOS Internet and 114K FiOS video new subs in the quarter, contributing to the 13.4% YOY increase in FiOS revenues, which represents 76% of total consumer revenue. The company had totals of 6.5mln FiOS Internet and 5.5mln FiOS video connections at the end of 3Q, up 8.8% and 7% YOY, respectively. FiOS Internet penetration was 40.6%, versus 39.2% a year ago. The FiOS network passed 19.7mln premises by the end of 3Q. Internet subs continue to take high speed tiers. At the end of 3Q, Some 57% of FiOS Internet customers subscribed to

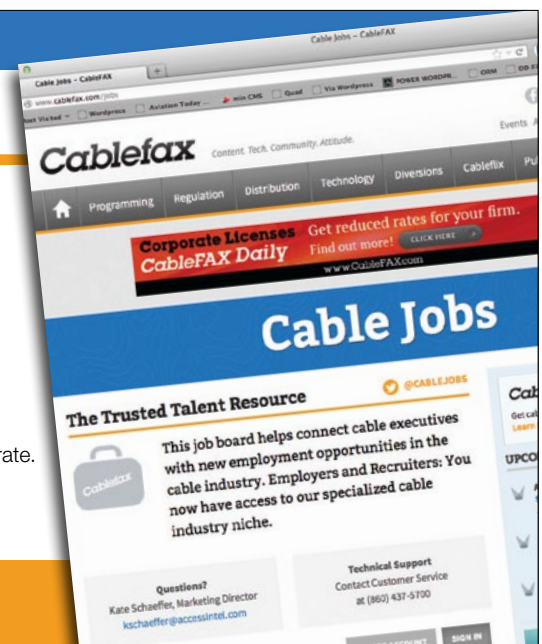
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FiOS Quantum, which provides speeds ranging from 50 to 500 Mbps, up from 55% at the end of 2Q. Ongoing adoption of FiOS drove up consumer ARPU 10.3% YOY to \$125.32 per month. As has been the case for some time, the trouble spot in Verizon's wireline earnings has long since moved from the consumer segment to the commercial one, **MoffettNathanson** analysts wrote, noting the 4.4% YOY revenue decline in the enterprise segment. "It's no longer credible to claim that weakness in commercial and enterprise is a function of weakness in the economy. The problem is competitive incursion from the cable operators and alternative providers," they said.

**Turner Dark on DISH:** The latest programming dispute snuck up in the wee hours of Tues morning, with several **Turner** nets going dark on **DISH** around 2am ET as the 2 failed to reach a new carriage deal or extension. Notably, **TBS** and **TNT** weren't impacted. According to sources, TBS and TNT are covered in a separate contract that ends before the end of the year, with a loss of those 2 nets potentially a much bigger deal given their ratings strength and sports coverage, including **NBA**. **DISH** subs did lose **CNN**, **Cartoon**, **Adult Swim**, **truTV**, **HLN**, **Boomerang** and **CNN en Espanol**. For what it's worth, no battle atmosphere is apparent, at least compared to some past disputes. Turner said it's "hopeful our counterparts will return to the negotiating table, and we'll get a deal completed," while **DISH** said it has had "a productive relationship with them for many years and [is] confident we can reach an agreement to restore these channels soon." No one we spoke to sees this as a **Viacom-Suddenlink** (or **Viacom-Cable One** situation). Then again, we are talking about **Charlie Ergen**, so anything's possible. "This blackout doesn't appear to be a game change for either TWX or DISH. Much of TWC's affiliate growth rests with its key TNT and TBS networks, and we don't expect the loss of the aforementioned networks to impact DISH's sub trends (either gross adds or churn)," **Wells Fargo Securities** analysts said in a research note Tues.

**Adobe + Nielsen = Online Measurement:** Do we have a digital measurement currency? **Adobe** and **Nielsen** are teaming for what they're calling the industry's 1st comprehensive cross-platform system for measuring TV, video and other digital content across web and apps. Nielsen's digital audience measurement products will be integrated with Adobe Analytics and Adobe Primetime for Nielsen's Digital Content Ratings, Powered by Adobe. The service will be ready in 2015, with **ESPN**, **IPG Mediabands**, **Sony Pictures TV**, **Turner**, **Univision** and **Viacom** among the early users. "We see this foremost as a relationship between the leading online video software platform/digital marketing platform and the leading media measurement provider to increase the mutual adoption of their products with the hope of solidifying each as the industry standard," said **Bernstein Research**.

**Charter Upped:** **Macquarie Securities** upgraded **Charter** to "outperform," citing potential for long-term consolidation that could increase the MSO's customer base by 50%. It cited **Mediacom**, **Suddenlink** and **Bright House** as potential acquisition targets. "There's hard integration work ahead, but the opportunity to increase penetration and upsell is still the best in the space, in our view. 75% of the organic base has transitioned to a new pricing structure with room for growth through a suite of improved products including industry-leading 60 Mbps HSD download speeds," analysts said in a note to clients.

**Ratings:** **AMC's** "The Walking Dead" may have been the most-watched show on cable last week, but **ESPN** was the most-watched network, averaging 2.7m total viewers. It was helped by MNF, which averaged 12.7m viewers, making it the 2nd most-watched program of the week. Baseball playoffs were another highlight of last week's ratings, with **TBS' ALCS** coverage averaging 6m viewers Tues. **Fox Sports 1's NLCS** coverage Wed and Thurs averaged 5.09m and 4.89m, respectively—not quite enough to best AMC's "Talking Dead" (5.13m). Also performing well last week were 2 **FX** series, "American Horror Story" (4.5m) and "Sons of Anarchy" (4.4m).

**Carriage:** **Sony Movie Channel** is among the nets gaining carriage on **Suddenlink** in the wake of the MSO dropping **Viacom** nets. Other nets who've been added to Suddenlink include **RLTV**, **Investigation Discovery** and **Pivot**.

**Programming:** **FX** won't move forward with a 3rd season of "The Bridge." -- **TLC** ordered a 6-part series executive produced by **Roma Downey** and **Mark Burnett** that will explore stories of people who claim they've experienced modern-day miracles. Look for it late next year. -- **HBO Sports** bows new editions of "State of Play" on Tuesdays starting Nov 18. The 1st new edition follows **Brett Favre**, **Tiki Barber** and **Wayne Chrebet** as they search for happiness once their careers are over. -- **A&E** will commemorate the 10th anniversary of the premiere of "Growing Up Gotti" with a special featuring **Victoria Gotti** and her 3 sons, Nov 10, 9pm.

**Election 2014:** The **FCC** Enforcement Bureau reminded political campaign and calling services of the limits for robo-

# BUSINESS & FINANCE

calls, warning that it's closely monitoring this space. Prerecorded calls to cell phones and other mobile services are prohibited unless the calls are made for emergency purposes or with prior express consent of the call party. Such calls are not prohibited to most landlines. Take heart. Nov 5 will be here soon!

**On the Circuit:** Comcast FL celebrated the grand opening of its North Naples Xfinity Store Tues by having professional golfer *Colin Montgomerie* on hand for the ribbon cutting. **Golf Channel** analyst *Charlie Rymer* was there as well, conducting a Q&A with the golfer that was live streamed for fans on **Facebook**. All just part of the Comcast synergy... er, symphony.

**People:** SeaChange tapped *Jay Samit* as its new CEO effective immediately, succeeding *Raghu Rau*, who has been the interim chief for the last 5 months. Samit, most recently pres at social video chat service **ooVoo**, will also be a member of the board. He was previously CEO of **SocialVibe**, a digital ad technology company. -- To grow **IFC's** original programming and expand its presence with the creative community, the net upped *Christine Lubrano* from vp of current series to svp of original programming, reporting to *Peter Aronson*, evp of original programming and production. The net also tapped *Maura Madden* and *Jeff Meyerson* as vps of original programming, also reporting to Lubrano.

## CableFAX Daily Stockwatch

Company	10/21 Close	1-Day Ch	Company	10/21 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
DIRECTV:	86.22	0.96	CONVERGYS:	18.66	0.43
DISH:	60.66	1.96	CSG SYSTEMS:	25.75	0.23
ENTRAVISION:	4.78	0.06	ECHOSTAR:	46.03	0.99
GRAY TELEVISION:	8.75	0.19	GOOGLE:	526.54	5.70
MEDIA GENERAL:	14.89	0.56	HARMONIC:	6.16	0.13
NEXSTAR:	42.43	1.40	INTEL:	32.61	1.03
SINCLAIR:	28.30	1.03	INTERACTIVE CORP:	61.21	1.49
<b>MSOS</b>					
CABLEVISION:	18.33	0.61	JDSU:	12.31	0.32
CHARTER:	152.61	4.43	LEVEL 3:	42.21	0.83
COMCAST:	52.19	0.89	MICROSOFT:	44.88	0.80
COMCAST SPCL:	52.00	0.80	NETFLIX:	365.99	6.77
GCI:	11.15	0.11	NIELSEN:	43.17	1.02
GRAHAM HOLDING:	733.60	15.69	RENTRAK:	75.50	2.38
LIBERTY GLOBAL:	43.58	0.85	SEACHANGE:	6.96	(0.27)
SHAW COMM:	24.78	0.29	SONY:	17.43	(0.1)
TIME WARNER CABLE:	139.43	2.63	SPRINT NEXTEL:	6.24	0.14
<b>PROGRAMMING</b>					
21ST CENTURY FOX:	33.67	0.63	TIVO:	12.98	0.15
AMC NETWORKS:	59.28	2.43	UNIVERSAL ELEC:	52.58	0.41
CBS:	54.24	0.77	VONAGE:	3.32	0.09
CROWN:	3.28	0.05	YAHOO:	40.18	0.90
DISCOVERY:	36.24	1.59	<b>TELCOS</b>		
DISNEY:	87.54	2.02	AT&T:	34.62	0.34
GRUPO TELEVISA:	34.20	0.85	CENTURYLINK:	39.70	0.42
HSN:	65.90	2.21	TDS:	24.52	0.46
LIONSGATE:	30.79	0.72	VERIZON:	48.69	0.21
MSG:	64.33	0.85	<b>MARKET INDICES</b>		
SCRIPPS INT:	75.17	1.51	DOW:	16614.81	215.14
STARZ:	30.84	0.44	NASDAQ:	4419.48	103.40
TIME WARNER:	77.22	(0.47)	S&P 500:	1941.28	37.27
VALUEVISION:	5.14	0.07			
VIACOM:	71.92	2.53			
WWE:	13.82	(0.63)			
<b>TECHNOLOGY</b>					
ADVANTAGE:	2.48	0.04			
AMDOCS:	45.86	0.66			
AMPHENOL:	49.67	1.41			
AOL:	40.73	0.23			
APPLE:	102.47	2.71			
ARRIS GROUP:	26.14	1.05			
AVID TECH:	9.80	(0.04)			
BLNDER TONGUE:	1.14	0.01			
BROADCOM:	37.33	1.03			
CISCO:	23.51	0.58			
COMMSCOPE:	24.92	0.05			
CONCURRENT:	7.54	0.35			



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