

Cablefax Daily™


Wednesday — December 31, 2014

What the Industry Reads First

Volume 25 / No. 250

OTT Watch: 5Qs with Net2TV Founder/CEO Tom Morgan

With ARRIS adding Net2TV's OTT streaming service Portico TV to its set-top boxes beginning in Jan, we checked in with Net2TV CEO and founder of BlackArrow Tom Morgan. **Net2TV curates short-form video into longer-form programs. How does that fit into cable operators' strategy as they move to integrate more OTT content?** Cable operators are looking to integrate these "new channels" into their traditional services as a value-add, viewer-retention strategy. Churn is a significant issue in the industry, and the more we can bring these emerging channels into the traditional services, the more we help operators retain their viewers who want the best of both worlds. **It looks like the benefit, from the MSOs' perspective, is that they get branded content from Net2TV without paying a recurring fee.** The recent carriage wars are driven by escalating costs of programming. Our channels are not based on a carriage contract. They are compliant with the Dynamic Ad Standards of the cable industry, and not tied to the traditional C3 ad split relationship. They are not traditional 7/24 linear channels, but are branded, long-form, AVOD channels that fit more of a topical news magazine style. **How do you transform short-form video into longer-form programs and customize them to fit operator needs?** We have built a technology platform called Dynamic Channel Management System. We use this system to curate long-form shows with dynamic interstitial ad slots that can be fed both into the operator ingest systems for on demand, or can be directly played into environments that use cloud TV technology like the AVN H5 system. We can build unique shows that are "localized" to the service territory or simply distribute our existing topic-based channels. Either way the end product is high-quality programming, with DAI already slotted, which can be sold by the operator sales team. **Are you seeing new ways to monetize OTT content and integrate that with operators' linear offerings?** We are now being asked to curate some of our shows into 22-minute segments with closed captioning because some of the distributors want to put the shows directly on air. Not only does this generate new linear ad inventory, but it also generates cross promotion for on-demand viewership. I would expect to see a deal like this probably mid-year 2015. **From a TV Everywhere rights perspective, can your content be watched anywhere, on any device?** Yes, because we do most of our play-out integration in the cloud, we can be extreme-



American Cable Association's
22nd
SUMMIT

Solving the Puzzle!
www.ACASummit.org

Washington, D.C. | March 3-5, 2015

CABLEFAX DAILY (ISSN 1069-6644) is published daily by Access Intelligence, LLC ● www.cablefax.com ● 301.354.2101 ● Editor-in-Chief: Amy Maclean, 301.354.1760, amaclean@accessintel.com ● Associate Publisher: Michael Grebb, 323.380.6263, mgrebb@accessintel.com ● Editor: Joyce Wang, 301.354.1828, jwang@accessintel.com ● Sr Community Editor: Kaylee Hultgren, 212.621.4200, khultgren@accessintel.com ● Advisor: Seth Arenstein ● Dir. of Business Dev.: Rich Hauptner, 203.899.8460, rhauptner@accessintel.com ● Jr. Acct. Exec: Olivia Murray, 301.354.2010, omurray@accessintel.com ● Dir of Market Dev: Laurie Hofmann, 301.354.1796, lhofmann@accessintel.com ● Production: Joann Fato, jfato@accessintel.com ● Diane Schwartz, SVP Media Comms Group, dschwartz@accessintel.com ● Group Subs: Laurie Hofmann, 301.354.1796, lhofmann@accessintel.com ● Sub Questions, Client Services: 301.354.2101, clientservices@accessintel.com ● Annual subscription price: \$1,599/year ● Access Intelligence, LLC, 4 Choke Cherry Road, 2nd Floor, Rockville, MD 20850

ly efficient in bringing up dynamic channels on virtually any connected device. To date we have been feeding an app called Portico, but as the market matures we have realized that we have to focus on direct-channel distribution into the platform and operators' UI. Our shows are not currently included in any TVE-based environment, but expect that to change.

Cable News Beat: With **CNN** pushing **MSNBC** out of 2nd place among the news nets (**Fox News** is still firmly entrenched in the top spot, finishing its 13th year at #1 in total day and prime), it's probably not surprising to read **MSNBC** pres *Phil Griffin* is promising some changes. "It's no secret that 2014 was a difficult year for the entire cable news industry and especially for **MSNBC**. Technology is continuing to drive unprecedented changes across the media landscape—and we all should be taking a hard, honest look at how we need to evolve along with it," Griffin wrote in a year-end memo. He didn't too specific on what's ahead, but did pledge the net would be on the road and outside DC a lot more. Griffin noted **MSNBC** made gains among Hispanics and African-Americans, saying it has the most diverse audience in cable news. Digital initiatives will be one of the net's priorities for 2015. **Fox News** averaged 1.05mIn total viewers in total day, down 4% from 2013, but still way ahead of the competition, according to **Nielsen Research** data through Dec 22. **CNN** averaged 399K viewers (down 3%), while **MSNBC's** 347K viewers is down 12%. In prime, **Fox News** had 1.7mIn viewers (-1%), while **MSNBC's** 589K and **CNN's** 515K were down 8% and 9% respectively.

Regulatory Fee Filing: **ACA** teamed with **NCTA** to urge the **FCC** to "equalize" regulatory fees for cable, **DirecTV** and **DISH**. In a joint filing, the pair said under the current fee program, the satcasters pay nothing while cable and IPTV providers contribute tens of millions of dollars to support the activities of the Media Bureau. They claimed the imposition of Media Bureau fees on the satellite providers would be revenue-neutral to the FCC, as fees paid by **DISH** and **DirecTV** would be offset by decreases in the fees paid by cable and IPTV providers. Instead of creating a stand-alone DBS fee category, an option the FCC has under consideration, it is better just adding the satellite providers to the existing fee category, they said.

TBN Across the Pond: On Jan 5, Christian broadcaster **Trinity Broadcasting Network** will launch **TBN UK** on free-to-air platform **Freeview**. **TBN** has been available in the UK through cable and satellite, but **TBN** said this is the 1st time that 65mIn+ individuals will have access to its programming 24 hours a day.

Maffei to Stay: *Greg Maffei* will remain pres/CEO of **Liberty Media** and **Liberty Interactive** for the next 5 years as the companies' boards approved new employment agreements with Maffei that will last through 2019. The exec joined the company in 2005. The new contract starts Jan 1. According to an 8K filing, there will be performance awards in the 1st quarter of each year. "As the dynasty continues through the end of the decade, there are two broader questions on investor minds: 1) **Sirius XM** and **Live Nation's** performance in the 'digital mobile era' and 2) the ability of management to narrow the NAV [net asset value] discount once again after the completion of **Liberty Broadband**," **Macquarie** analysts wrote in a research note.

Sorenson Upgrades Video Lineup: **Sorenson Media** launched its new Spark suite of digitally-enabled TV and analytics services: Spark Enlight, Spark Enhance and Spark Engage, which seek to enable targeting, personalization, interactivity and measurement capabilities. The products are based on Sorenson's video encoding and streaming platform, which is being used across various smart TVs.

Programming: New Year's Day brings a Premier League tripleheader to **NBCSN** starting at 7am ET with "Premier League Live" followed by Stoke City facing 3rd-place Manchester United at 7:45am. The net also plans a special 2-hour show featuring NFL RedZone-like live look-in on action form all 8 Premier League matches. -- **ESPN's** 2015 tennis season will feature more than 600 hours on TV, including 1st time exclusivity at the US Open. Coverage starts in Jan with 2 WTA events, the Brisbane International and the Apia International Sydney, on **ESPN3**, followed by **ESPN's** 31st Australian Open which begins Jan 18. The year's 1st Major will get more than 150 hours of television, including nearly 11- scheduled live plus afternoon re-airst of overnight action. -- **ESPN** will provide comprehensive cross-platform coverage of the inaugural College Football Playoff National Championship via the "Megacast" on Jan 12. The net's 1st and only other Megacast production featured the final BCS National Championship last season. This year's Megacast

BUSINESS & FINANCE

includes a different production on every ESPN net, multiple options on ESPN3, and game coverage on ESPN Radio and ESPN International. Specifically, "Film Room" will feature ESPN experts and guest coaches and players offering analysis of the game as it happens; "Off the Ball" seeks to give viewers an inside look at the way former players and coaches—and current ESPN analysts—look at the plays; "Sounds of the Game" will feature only the natural sounds of the game and coverage of the halftime performances by each band; "Command Center" will provide enhanced statistics using a split screen application with live game action and immediate replays of every play; "Data Center" will offer on-screen graphic content.

Obituary: Jose Alonzo (Lon) Rosado, founder of cable billing firm **Great Lakes Data Systems**, passed away Dec 18 after suffering a heart attack. Rosado was cofounder of the **WI Cable TV Assn** and former regional vp for **Warner Communications**. He was inducted into the **Cable Pioneers** in 2006.

Editor's Note: Get a jump start on 2015 and submit your **Cablefax 100** nominations today at cablefax.com/100-nominations-2015. The list saluting cable's most influential execs will appear in the May edition of **Cablefax: The Magazine**. It's free to enter, but you must submit nominations by Jan 30.

CableFAX Daily Stockwatch

| Company | 12/30 Close | 1-Day Ch | Company | 12/30 Close | 1-Day Ch |
|------------------------------|----------------|-------------|-----------------------|----------------|-------------|
| BROADCASTERS/DBS/MMDS | | | | | |
| DIRECTV: | 87.00 | 0.27 | CONVERGYS: | 20.81 | 0.11 |
| DISH: | 73.30 | 0.23 | CSG SYSTEMS: | 25.36 | (0.06) |
| ENTRAVISION: | 6.53 | (0.12) | ECHOSTAR: | 52.40 | (0.15) |
| GRAY TELEVISION: | 11.40 | (0.11) | GOOGLE: | 530.42 | 0.09 |
| MEDIA GENERAL: | 17.08 | (0.32) | HARMONIC: | 7.13 | (0.09) |
| NEXSTAR: | 52.21 | (0.87) | INTEL: | 36.76 | (0.42) |
| SINCLAIR: | 27.83 | (0.09) | INTERACTIVE CORP: | 61.52 | (0.39) |
| MSOS | | | JDSU: | 13.94 | 0.13 |
| CABLEVISION: | 21.08 | 0.21 | LEVEL 3: | 49.68 | (0.23) |
| CHARTER: | 168.92 | (0.31) | MICROSOFT: | 47.02 | (0.43) |
| COMCAST: | 58.87 | (0.01) | NETFLIX: | 343.23 | 1.30 |
| COMCAST SPCL: | 58.54 | 0.01 | NIELSEN: | 45.29 | (0.2) |
| GCI: | 13.84 | 0.03 | RENTRAK: | 73.01 | (1.75) |
| GRAHAM HOLDING: | 878.98 | (2.38) | SEACHANGE: | 6.45 | (0.07) |
| LIBERTY BROADBAND: | 50.59 | 0.22 | SONY: | 20.58 | (0.59) |
| LIBERTY GLOBAL: | 50.67 | (0.4) | SPRINT NEXTEL: | 4.12 | (0.1) |
| SHAW COMM: | 27.08 | 0.01 | TIVO: | 11.95 | (0.11) |
| TIME WARNER CABLE: | 154.67 | 0.14 | UNIVERSAL ELEC: | 64.99 | 0.02 |
| PROGRAMMING | | | VONAGE: | 3.85 | 0.01 |
| 21ST CENTURY FOX: | 38.67 | (0.34) | YAHOO: | 51.22 | 0.69 |
| AMC NETWORKS: | 64.60 | 0.18 | TELCOS | | |
| CBS: | 55.83 | (0.62) | AT&T: | 34.08 | (0.03) |
| CROWN: | 3.54 | (0.03) | CENTURYLINK: | 40.09 | (0.44) |
| DISCOVERY: | 35.22 | (0.24) | TDS: | 26.08 | 0.07 |
| DISNEY: | 94.70 | (0.8) | VERIZON: | 47.33 | (0.22) |
| GRUPO TELEvisa: | 33.66 | (0.05) | MARKET INDICES | | |
| HSN: | 76.72 | (0.15) | DOW: | 17983.07 | (55.16) |
| LIONSGATE: | 32.08 | (0.4) | NASDAQ: | 4777.44 | (29.47) |
| MSG: | 75.46 | (0.61) | S&P 500: | 2080.35 | (10.22) |
| SCRIPPS INT: | 76.52 | (0.85) | | | |
| STARZ: | 30.07 | 0.24 | | | |
| TIME WARNER: | 85.96 | (0.36) | | | |
| VIACOM: | 76.45 | (0.36) | | | |
| WWE: | 12.49 | (0.13) | | | |
| TECHNOLOGY | | | | | |
| ADDVANTAGE: | 2.44 | 0.02 | | | |
| AMDOCS: | 47.01 | (0.07) | | | |
| AMPHENOL: | 54.48 | (0.5) | | | |
| AOL: | 46.55 | (0.18) | | | |
| APPLE: | 112.52 | (1.39) | | | |
| ARRIS GROUP: | 30.43 | (0.01) | | | |
| AVID TECH: | 14.32 | (0.07) | | | |
| BLNDER TONGUE: | 2.69 | 0.14 | | | |
| BROADCOM: | 43.13 | (0.28) | | | |
| CISCO: | 28.36 | (0.1) | | | |
| COMMSCOPE: | 25.49 | -0.00 | | | |
| CONCURRENT: | 7.02 | (0.03) | | | |

Who deserves to appear in Cablefax's annual power player list?

Nomination Deadline: January 30 | Free to Enter

100
Cablefax

The Cablefax 100 salutes the most influential cable executives whose leadership continues to take the industry to new heights. Nominate your colleagues, your boss or even yourself for a coveted spot in the Cablefax 100.

It's free to enter – but you must submit your nominations by January 30.

Enter at www.cablefax.com/awards

