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What the Industry Reads First

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CES Monday: What Pay-TV Learned from Sony's 'The Interview'

Sony Pictures' *The Interview* might be the most talked about movie at **CES 2015**. In light of the cyberattack and international uproar triggered by the movie, "we will see a lot more hearings on cybersecurity" and further discussion of cybersecurity issues, **Verizon's** vp of entertainment & tech policy **Eric Reed** said at a **Digital Hollywood** panel Mon. He said privacy, including the collection of consumer information, will also take a front seat. But current privacy rules are so fragmented that companies have a hard time following any specific guidelines, panelists noted. And while Sony was largely forced to quickly release the flick on-demand platforms and digital channels including **Google Play, YouTube** and **iTunes**, its actions still signal a shift in the media landscape as people "let go of the notion of owning physical media copies" and opt for digital copies through transactional VOD and SVOD services, said **Jason Henderson**, sr product manager of iTV at **DISH**. Reed sees "a tidal of streaming media coming" even as some media companies remain immersed in platforms built on physical media. And as viewing of digital content grows, the wall between digital and traditional media will come down, said **Campbell Foster**, dir of product marketing for video solutions at **Adobe**. "OTT is going away. Linear is going away. There is going to be one [converged] video platform," he said. And the shift in content distribution means "the future is really about tagging [content] and how you associate your content with what viewers are watching," said **Ty Roberts**, chief strategy officer/co-founder of content discovery tech firm **Gracenote**. In addition, "you want to be able to swiftly switch to different search modes," such as changing from voice search to gesture search, Henderson said. As the line between traditional and digital content blurs, Roberts said it's important to track how viewing shifts across platforms along with viewing sessions on specific platforms. "That kind of information would help advertisers reach their audience" and maximize ad investments. Given all that, the most important video-centric device in the home in the future will be the router, according to **Jody Stark**, global svp of commercial at OTT monetization firm **Piksel (AT&T U-verse is a client)**. Several attendees at content distribution tech firms agreed, telling us that pay-TV's revenue from set-tops will continue to shrink.

Sling TV via DISH: DISH's much-buzzed about OTT service is finally here. OK, it's not actually here yet, but it's a lot closer with the company officially unveiling "Sling TV" at **CES Mon**. It's supposed to launch sometime this quar-

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ter. For \$20/month, subscribers will get 12 nets: **ESPN, ESPN2, TNT, TBS, Food Network, HGTV, Travel Channel, Adult Swim, Cartoon Network, Disney Channel, ABC Family and CNN.** Along with live TV, it will feature an array of VOD offerings. For an additional \$5/month, subs can add on a Kids Extra package that includes **Disney Junior, Disney CD, Boomerang, Baby TV and Duck TV.** Similar News & Info and Sports packages are coming. The Sling TV app is expected to be available on **Amazon Fire TV, Amazon Fire TV Stick, Google's Nexus Player,** select **LG Smart TVs, Roku players, Roku TV models,** select **Samsung Smart TVs** and Xbox One, with other streaming devices and smart TVs to follow in the coming months. At launch, subscribers can watch live TV by downloading the app to supported versions of iOS and Android, or by visiting the upcoming Sling website from Macs and PCs. While it's clear that DISH is billing this as a millennial product (see statement from CEO *Joe Clayton*: "Sling TV provides a viable alternative for live television to the millennial audience."), you have to wonder how many budget-minded families or cash-strapped households will sign up. There is no credit check or contract. The announcement sparked a lot of conversation at CES' Digital Hollywood session Mon. "We know there are customers who want to see pared-down packages and access channels over-the-top," said *Jason Henderson*, senior product manager of iTV at DISH. *Jody Stark*, global svp of commercial at OTT monetization firm **Piksel**, crowed that "this is the way of the future and will grow the overall size of the pie." The trend is driven by "cord cutters and cord haters," said *Eric Reed*, vp of entertainment & tech policy at **Verizon**. "We are either providing consumers with what they want or we are going out of business... You will start to see a la carte." And moving to slim programming packages means coming up with new ways to balance revenue and margins, said *Campbell Foster*, dir of product marketing for video solutions at **Adobe**: "You will see different monetizing models." Despite the growing number of OTT services, many content providers aren't quite there yet, several attendees told us. Survey says: It will be a couple years before they are onboard.

Broadcast Blackouts Amid Fireworks: It was a mostly quiet New Year's Eve on the programming contract front, but a few blackouts of broadcast stations ushered in 2015. **DirecTV** lost **Cordillera's** 10 network affiliates, including **KVOA-NBC** in Tucson, AZ, and **KPAX-CBS** in Missoula, MT, on Jan 1. The satellite provider has tried to reassure fans, telling them that they'll see nearly all of this weekend's **NFL** playoff games with only 1 of the possible 4 at immediate risk in any of the Cordillera markets. **DISH** lost **Coastal Television's** **KTBY** (Fox affil in Anchorage) on Jan 3, and stands to lose **Vision Alaska's** **KATN (ABC)** on Jan 9. **Verizon FiOS** lost **Bristlecone Broadcasting's** **WSYT** and **WNYS** in Syracuse. **ATVA** said Bristlecone is owned by the same company doing business as **Northwest Broadcasting**, which has had several blackouts since 2011. DISH still doesn't have a deal for **Capitol Broadcasting's** stations, with the impasse leaving NC broadcast stations **WRAL** (CBS), **WRAZ** (Fox) and **WILM** (CBS) dark since late Dec. **Cable One** briefly lost **Gray TV's** **WIBW** (CBS and **My Network**) at midnight Jan 2, but the channels were restored the next day. Cable One had been at the center of **NBCU** negotiations over **USA, Syfy** and other nets, but the 2 reached a new carriage deal ahead of the 12:01am Jan 1 deadline. **Charter** also avoided a New Year's Day blackout by signing a new distribution pact with **Nexstar** and **Mission Broadcasting**.

CES Notebook: **DISH** said it will be the 1st pay TV provider to launch a 4K Ultra HD set-top, dubbed the 4K Joey, in 2Q. DISH promised content from several providers, but said specific announcements would come later. The box will work with the Hopper Whole Home HD DVR system. In addition to playing back 4K content, it will support side-by-side display of 2 programs, each in HD (this will be targeted to sports fans). DISH also showed off the Hopper Voice Remote, designed to make navigating the Hopper Whole-Home HD DVR easier with a touchpad and voice controls. It sports 17 buttons vs 53 on the previous Hopper remote, and it will ship standard with all Hoppers and 4K Joeys. -- **Netflix** used **CES** to announce its "Netflix Recommended TV" program, which it billed as an independent smart TV evaluation program to help consumers figure out which TVs are best built for superior Internet TV. **Sony, LG, Sharp, Vizio** and manufacturers of **Roku** TVs are expected to be among the 1st smart TV set-makers to deliver models designated to receive the Netflix Recommended TV logo.

DISH Settles with CO AG: The CO Attorney's General Office announced a \$2mIn settlement agreement with **DISH** following an investigation of its sales practices that began in 2011. The probe began after a price increase triggered numerous complaints, with the AG finding that DISH's oral sales scripts during the time had discontinued the practice of advising that price is subject to change. Under the settlement, DISH will revise its sales disclosures nation-

wide to more accurately reflect that it reserves the right to raise prices at any time. Of the \$2mln, \$1mln will go to CO's general fund with the other \$1mln to the CO AG's Office custodial fund for consumer protection efforts.

CES 2015 Snapshots: While smartphones and tablets will continue to be major platforms to monetize content, content providers and creators may need to look beyond those avenues in 2015. 2014 saw the launch of **Google Glass** and a slew of wearable technologies, and "we need to look at the wearable space" for new ways to monetize content, said *Eric Kuhn*, which runs marketing and business development for startup **Layer3 TV**. "It [wearable technology] is a huge place for growth," he said. **Broadbus** founder *Jeff Binder* and former **Comcast** CTO *Dave Fellows* are launching Layer3 as a "next generation cable provider," with the company raising \$21mln last year. **Razorfish** vp, emerging media *Jeremy Lockhorn* sees mobile as remaining "one of the most valuable properties" for content monetization. But he said challenges include measurement and limited ad formats due to the small screen.

Merger Contract Dispute: **ACA** and **DISH** have asked a federal court to allow 3rd parties to examine under strict conditions various programming contracts that were submitted to the FCC in connection with its review of the proposed **Comcast-Time Warner Cable** and **AT&T-DirectTV** transactions. In Nov, the DC Circuit stopped the **FCC** from allowing DISH, ACA and others to view the material, granting a stay as it considers litigation by **CBS, Disney, Viacom** and other programmers. In their joint brief filed Fri, ACA and DISH said the Commission frequently requires access to sensitive programming deals in media mergers and that the docs are needed to challenge claims the mergers will serve the public interest.

BabyFirst on TWC: **Time Warner Cable** launched **BabyFirst** on digital basic in more than 20 markets, including NYC, L.A. and Dallas. The network devoted to child development programming is now in more than 50mln US homes in English and Spanish.

FCC Gets Consumer Friendly: The **FCC** has opened a new Consumer Help Center that's meant to make it easier for the public to get info they need, file complaints and get responses to concerns. The FCC said the center should also make it easier to streamline consumer complaint trends, making more of that data readily accessible to the public. The one-stop shop is available at <http://consumercomplaints.fcc.gov>.

Ratings: **ESPN**—the #1 cable net in prime for 2014, must love this whole college football playoff thing. The net's semifinal games ranked as the 2 biggest audiences in the history of cable TV, with OH State's defeat of Alabama in the Sugar Bowl averaging 28.3mln viewers. Oregon's win over FSU was similar, averaging 28.2mln. Predictions on what sort of audience Mon's championship game will bring (8:30pm ET on ESPN, WatchESPN and ESPN Radio)? Stats show TV Everywhere is a real player for live sports. Despite technical issues during the 1st half of Oregon-Florida State, WatchESPN recorded its best Rose Bowl ever based on unique viewers (816K, up 212%) and 2nd best-ever in minutes viewed (26.2mln, up 59%). -- **BBC America's** "Doctor Who" finished 2014 with its highest-rated season ever on the net, plus its annual Christmas special delivered more than 2.3mln viewers. The special was the #1 non-sports telecast on cable during its time period among 25-54s in Live +3 (1.3mln).

NeuLion Buys DivX: **NeuLion** will acquire **DivX**, a provider of next-generation digital video solutions—a move that NeuLion says puts it at the forefront to the accelerating adoptions of 4K video and OTT services. DivX has licensed its technology to CE manufacturers, entertainment content rights holders and cable operators, with partners including **LG, Samsung** and **Toshiba**. NeuLion said the total value of the transaction is approximately \$62.5mln, consisting of \$37.5mln in shares of NeuLion common stock and a \$25mln 2-year convertible notes, subject to working capital adjustments. At closing, NeuLion will issue 35,890,216 shares of common stock at a set price of approx \$1.045 per share based on the five-day VWAP for the stock as of the market close on Dec 24. At the transaction's close, NeuLion CEO *Nancy Li* will become evp of the company's board, and DivX CEO *Kanaan Jemili* will be named CEO.

ABC Family Takes it to Snapchat: It's not enough for "Pretty Little Liars" to dominate **Twitter** on Tues nights. **ABC Family** is hoping to gain more social media traction by expanding into **Snapchat**, launching the show's own account on Tues (Jan 6) and giving fans a 3-min sneak peek of that night's premiere. The snippet is available from 10am-7:15pm ET.

Programming: **E!** said yes to a comedy talk show to be hosted by **YouTube** personality *Grace Helbig* in primetime. The premiere is set for Apr. -- **Disney's** newest series "Miles from Tomorrowland" will launch Feb 6 at 9am on **Disney Channel** with 4 back-to-back eps. Space and science facts are integrated into a story about

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young adventurer *Miles Callisto* and his family (**NASA** and **Google** experts served as consultants). A preview ep will be available on Watch Disney Junior Jan 16. -- New original **DreamWorks Animation** series “The Adventures of Puss in Boots” debuts on **Netflix** Jan 16, with the first 5 eps available immediately. On Mar 6, Netflix will exclusively premiere original doc “My Own Man,” a look at fathers and sons from exec producer *Edward Norton*.

People: **ESPN** hired its 2nd CTO in its 35-year history, tapping *Aaron LaBerge* for the job. As evp/CTO, LaBerge oversees strategic leadership and direction of technology across all ESPN media and businesses. He also serves on **The Walt Disney Co's** CTO Council and the Disney Research Advisory Board. LaBerge, who rejoined Disney in Jan '13 as svp, tech and product development, is the successor to *Chuck Pagano*. -- **Weather Channel** parent **The Weather Company** announced *Mary Glackin* has joined as svp, public-private partnerships where she'll oversee relationships with members of weather enterprise, including govt agencies and private sector weather providers. Glackin is currently the **American Meteorological Society** commish of weather, water and climate enterprise.

CableFAX Daily Stockwatch

Company	01/05 Close	1-Day Ch	Company	01/05 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DIRECTV:	85.61	(1.06)	CONVERGYS:	19.90	(0.41)
DISH:	70.44	(1.83)	CSG SYSTEMS:	23.93	(0.53)
ENTRAVISION:	6.16	(0.29)	ECHOSTAR:	50.12	(1.96)
GRAY TELEVISION:	10.77	(0.16)	GOOGLE:	513.87	(10.94)
MEDIA GENERAL:	15.92	(0.57)	HARMONIC:	6.87	(0.14)
NEXSTAR:	48.69	(1.08)	INTEL:	35.95	(0.41)
SINCLAIR:	26.02	(0.79)	INTERACTIVE CORP:	59.95	(0.35)
MSOS					
CABLEVISION:	19.38	(1.38)	JDSU:	13.67	(0.03)
CHARTER:	160.50	(5.93)	LEVEL 3:	48.57	(0.78)
COMCAST:	55.96	(1.39)	MICROSOFT:	46.33	(0.43)
COMCAST SPCL:	55.58	(1.35)	NETFLIX:	331.18	(17.76)
GCI:	13.76	(0.01)	NIELSEN:	43.59	(1.23)
GRAHAM HOLDING:	872.02	11.08	RENTRAK:	69.59	(1.95)
LIBERTY BROADBAND:	48.81	(0.99)	SEACHANGE:	6.17	(0.1)
LIBERTY GLOBAL:	47.73	(2.37)	SONY:	20.26	(0.3)
SHAW COMM:	26.30	(0.52)	SPRINT NEXTEL:	4.21	(0.03)
TIME WARNER CABLE:	147.02	(3.64)	TIVO:	11.32	(0.4)
PROGRAMMING					
21ST CENTURY FOX:	37.08	(0.77)	UNIVERSAL ELEC:	63.45	(0.26)
AMC NETWORKS:	62.70	(1.2)	VONAGE:	3.88	0.02
CBS:	54.26	(0.53)	YAHOO:	49.13	(1.04)
CROWN:	3.45	(0.12)	TELCOS		
DISCOVERY:	33.06	(1.42)	AT&T:	33.55	(0.32)
DISNEY:	92.38	(1.37)	CENTURYLINK:	38.75	(0.84)
GRUPO TELEVISIA:	32.85	(0.86)	TDS:	23.95	(1.36)
HSN:	74.12	(0.83)	VERIZON:	46.57	(0.39)
LIONSGATE:	30.61	(0.61)	MARKET INDICES		
MSG:	74.14	(1.12)	DOW:	17501.65	(331.34)
SCRIPPS INT:	74.23	(1.71)	NASDAQ:	4652.57	(74.24)
STARZ:	29.04	(0.4)	S&P 500:	2020.58	(37.62)
TIME WARNER:	83.24	(1.69)			
VIACOM:	73.40	(2.06)			
WWE:	11.81	(0.22)			
TECHNOLOGY					
ADVANTAGE:	2.37	(0.03)			
AMDOCS:	46.21	(0.3)			
AMPHENOL:	52.66	(0.98)			
AOL:	44.74	(0.75)			
APPLE:	106.25	(3.08)			
ARRIS GROUP:	29.70	(0.55)			
AVID TECH:	14.11	(0.11)			
BLNDER TONGUE:	2.47	0.12			
BROADCOM:	42.35	(0.73)			
CISCO:	27.06	(0.55)			
COMMSCOPE:	25.60	(0.28)			
CONCURRENT:	7.19	(0.03)			

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