

# Cablefax Daily™

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What the Industry Reads First

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## CES Tuesday: Cable Nets Explore New Biz Models in Digital World

Cable's effort to go over the top and make video available everywhere is spawning a full range of early-stage opportunities, from niche programming to advertising to subscription services, network execs said during a panel at CES Tues. "There's a large audience that continues to look for quality programming on various platforms," said *Beth Clearfield*, svp of digital distribution & business development at **BBC Worldwide Americas**. "There is a new business model rising with people looking to serve a narrower audience." That new model includes subscription and/or transactional services, something the music industry has done and the video industry might follow, said *Sarah Madigan*, evp of content distribution at **Univision**. It doesn't matter what the business model is and what platform the service is on, "we need to make sure you are not betting on one winner... The reality is you will see different [consumer] preferences emerge... Why make one bet when you can make 10?" With more content getting on more platforms, viewers are increasingly using multiple viewing platforms at the same time, said *Chris McCown*, vp of video product management at **Scripps Networks Interactive**. And they watch different content on different platforms, he said, noting that even as tablet and mobile viewing gains popularity, desktop is still relevant. Video sharing site **Vimeo** still has "healthy volumes on PC" especially when it comes to VOD, said vp *Richard Bloom*. And the once definite line between linear viewing and online viewing is disappearing. "Someone might appear to be watching something on iPad but is actually using [Apple's] Airplay and watching it on TV," Bloom said. That means tracking new viewing behavior on different platforms is critical for advertising. Despite the rise of secondary platforms, premium TV content is still best displayed on the biggest screen, especially as new display technology like 4K or UltraHD expands, said *David Baldwin*, evp of programming at **Starz**. "It's not one or the other... There's always going to be the living room experience," said Univision's Madigan. That said, she noted that a significant portion of the net's younger, tech savvy audience viewed the 2014 World Cup on mobile devices. That triggered the net to design an array of new products and content for the mobile platform. Meanwhile, in an SVOD world, cable nets can further monetize their content by partnering with players like **Netflix**, which creates a new window for cable content, said *Jennifer Mirgorod*, evp, brand distribution at **Turner**. The goal is to drive viewers (who have watched Turner content on Netflix) back to the net for more content. The key is to create an environment in

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which there's similar content for that same audience, she said. While Netflix might also be a competitor, it all comes down to who has the "freshest, newest content," said Baldwin. While the race for content is always going to be there, the difference in premium TV programming is "it's brand new, never-before-seen on any screen by anyone," he said, adding that original content by SVOD players are still very limited at this point.

**Citi Investor Conference:** A day after **DISH** unveiled **Sling TV**, **Verizon's** CEO said the company expects to have its OTT service in the marketplace in the 2nd half of this year. "We have the assets in place between the OnCue asset that we bought from **Intel**, and the Verizon Digital Media Services from **EdgeCast** and **upLynk** in the last year. They provide the technology platforms to do this," **Lowell McAdam** said at the **Citi** investor conference in Vegas. "So we are confident the second half of 2015 we will have a nice product set out there." He reiterated the mobile-first strategy and suggested it would be a 20-30 channel offering. McAdam added that he doesn't think Verizon needs to own a lot of content to play in the space. As for **AOL** acquisition speculation, he sees a potential to partner with them and "lots of other media companies," but to "say that we are having significant acquisition discussions is really not accurate." -- **Comcast Cable** pres/CEO **Neil Smit** thinks his company's offerings stack up pretty well to **DISH's** \$20 planned **Sling TV** service. "We offer a performance-based broadband product along with digital television selection, which includes **ESPN** and all the broadcast networks, for about a destination price of about \$80. And if you were to compare that to the \$20 of the **Dish** OTT plus our rack rate pricing of a performance broadband at about \$67, we're actually a lower-priced offer all in offering broadcast, multiple streams, so a fundamentally, I think, better product," he said. "If you include the broadband, then you're going to need to deliver that service." He does expect to see more packaging experimentation in the market.

**DOCSIS 3.1 Chip:** **Broadcom** used **CES** to announce the world's 1st **DOCSIS 3.1** cable modem system-on-a-chip for cable ops to deliver Internet speeds faster than one Gigabit per second. **Comcast** expects to offer residential customers speed of more than 1-gig in 2015 and beyond. **Broadcom** said the chip is currently in sampling. **Broadcom** said its **BCM93390** modem reference design with integrated **Wi-Fi** provides up to 2-gig speeds in the home—which could light the way to all-IP video.

**CES Notebook:** Execs at **CES** said they've learned a lot about the 2nd screen lately. "We've done a lot of work in second screen, and it really all depends on the user," said **Lisa Hsia**, evp, digital, **Bravo** and **Oxygen Media**. "Some people only want to watch episodes, others want to dive deep." The "huge opportunity," she said, is "to put a transactional element into television. That **Jennifer Aniston** sweater thing's never proven successful, but the second screen affords a real opportunity to be a game changer." Among the most valuable experiences of second screen is working directly with the shows to create additional content, said **Jon Mantell**, vp, digital products and video, **CBS Interactive**. "The content producers are creating a whole new level of content that goes out and supports the shows themselves. That content can be shared via social media, it can be distributed in blogs, it opens the door to disruption in different ways." -- Despite the buzz around some noteworthy startups, 80% of the money in media is going to incumbents, **Laura Martin**, managing director of Wall Street firm **Needham & Co**, at the Hollywood and Media Challenge: Platforms and Convergence. Even **YouTube**, which "had the best optionality," last year had total ad revenue of \$2 billion "after 10 years. So the disruption is not really happening," she said. "With all the change, it really is the biggest guys who have been around the longest with the most power and the most to lose who are coming out strong," added **BrightLine** CEO **Jacqueline Corbelli**. – **Cathy Applefeld Olson**

**Fandango's Hulu Approach:** **Fandango's** just-announced deal to launch a movie-themed SVOD service on **Hulu** is "a great way to reach customers on **Hulu** that are entertainment fans, and a way to syndicate video content and have a network effect around getting consumer engagement and ultimately commerce," said **Mark Young**, vp, mobile strategy & business development at **Fandango** parent **NBCU** on the **CES** panel **Hollywood & Media Challenge**, moderated by **TWC's** **Joan Gillman**. For the service, set to debut in Q1, **Fandango** will provide 4 original series including an awards-themed interview show called "FrontRunners," hosted by longtime **Fandango** correspondent **Dave Karger**, and a weekly movie recommendations series. **Fandango**, which recently purchased **YouTube** trailers channel **MovieClips**, is all about maximizing different revenue streams these days, including the bundling of electronic sell through with tickets and a gift card business currently available in 70K retail locations. "For us, diversification and diverse revenue sources allow us to prosper," **Young** said. – **Cathy Applefeld Olson**

# BUSINESS & FINANCE

**CNBC Daytime Pulls Out of Nielsen:** CNBC said that by 4Q it will no longer rely on Nielsen to measure its daytime programming, instead relying on **Cogent Reports** to provide advertisers with audience metrics. It will still rely on Nielsen measurement for prime. The move, announced at CES, is in an effort to capture out-of-home viewing. "Throughout our 25 year history, traditional measurement companies have struggled to capture CNBC's audience of business executives, decision makers and affluent investors who watch our network from their corner offices, trading floors, five-star hotel rooms, country clubs, restaurants and health clubs," said CNBC pres *Mark Hoffman* said in a statement. "We are excited to begin to provide our marketing partners with a more complete understanding of the power and quality of our prestigious audience." CNBC's Nielsen numbers have been down consecutively for the past 6 years, with the channel averaging 117K viewers from 9am-5pm, marking its least-watched year since 1995. Cogent Reports uses a monthly survey-based system that includes media consumption behaviors of more than 700 investors and 400 financial professionals. While CNBC may not sell against Nielsen data for daytime, there is nothing to stop its competitors from continuing to do so and comparing their Nielsen numbers with those of the NBCU network.

## CableFAX Daily Stockwatch

Company	01/06 Close	1-Day Ch	Company	01/06 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
DIRECTV:	85.14	(0.47)	CONVERGYS:	19.62	(0.28)
DISH:	68.67	(1.77)	CSG SYSTEMS:	23.87	(0.06)
ENTRAVISION:	5.98	(0.18)	ECHOSTAR:	49.94	(0.18)
GRAY TELEVISION:	10.21	(0.56)	GOOGLE:	501.96	(11.91)
MEDIA GENERAL:	15.34	(0.58)	HARMONIC:	6.75	(0.12)
NEXSTAR:	47.18	(1.5)	INTEL:	35.28	(0.67)
SINCLAIR:	25.62	(0.4)	INTERACTIVE CORP:	60.17	0.22
<b>MSOS</b>					
CABLEVISION:	19.31	(0.07)	JDSU:	13.35	(0.32)
CHARTER:	156.31	(4.19)	LEVEL 3:	47.02	(1.55)
COMCAST:	55.23	(0.73)	MICROSOFT:	45.65	(0.68)
COMCAST SPCL:	54.87	(0.71)	NETFLIX:	325.51	(5.67)
GCI:	13.76	UNCH	NIELSEN:	42.65	(0.94)
GRAHAM HOLDING:	843.06	(28.96)	RENTRAK:	68.28	(1.31)
LIBERTY BROADBAND:	47.53	(1.28)	SEACHANGE:	6.20	0.03
LIBERTY GLOBAL:	47.58	(0.15)	SONY:	20.25	(0.01)
SHAW COMM:	26.24	(0.06)	SPRINT NEXTEL:	4.19	(0.02)
TIME WARNER CABLE:	145.00	(2.02)	TIVO:	11.10	(0.22)
<b>PROGRAMMING</b>					
21ST CENTURY FOX:	36.62	(0.46)	UNIVERSAL ELEC:	63.11	(0.34)
AMC NETWORKS:	61.66	(1.04)	VONAGE:	3.82	(0.06)
CBS:	53.19	(1.07)	YAHOO:	49.21	0.08
CROWN:	3.40	(0.05)	<b>TELCOS</b>		
DISCOVERY:	31.98	(1.08)	AT&T:	33.60	0.05
DISNEY:	91.89	(0.49)	CENTURYLINK:	38.27	(0.48)
GRUPO TELEVISIA:	32.74	(0.11)	TDS:	23.69	(0.26)
HSN:	73.77	(0.35)	VERIZON:	47.04	0.47
LIONSGATE:	30.09	(0.52)	<b>MARKET INDICES</b>		
MSG:	73.95	(0.19)	DOW:	17371.64	(130.01)
SCRIPPS INT:	72.75	(1.48)	NASDAQ:	4592.74	(59.84)
STARZ:	28.78	(0.26)	S&P 500:	2002.61	(17.97)
TIME WARNER:	82.30	(0.94)	<b>TECHNOLOGY</b>		
VIACOM:	72.01	(1.39)	ADVANTAGE:	2.38	0.01
WWE:	11.84	0.03	AMDOCS:	46.03	(0.18)
<b>TECHNOLOGY</b>					
AMPHENOL:	51.99	(0.67)	AOL:	46.25	1.51
AOL:	46.25	1.51	APPLE:	106.26	0.01
APPLE:	106.26	0.01	ARRIS GROUP:	28.84	(0.86)
ARRIS GROUP:	28.84	(0.86)	AVID TECH:	14.08	(0.03)
AVID TECH:	14.08	(0.03)	BLNDER TONGUE:	2.35	(0.12)
BLNDER TONGUE:	2.35	(0.12)	BROADCOM:	41.12	(1.23)
BROADCOM:	41.12	(1.23)	CISCO:	27.05	(0.01)
CISCO:	27.05	(0.01)	COMMSCOPE:	25.57	(0.03)
COMMSCOPE:	25.57	(0.03)	CONCURRENT:	7.07	(0.12)
CONCURRENT:	7.07	(0.12)			

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

Nomination Deadline: January 30 | Free to Enter



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