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Cablefax Daily™

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What the Industry Reads First

Volume 26 / No. 035

Ergen's Vue: Sony Could Become the Real Disruptor

Forget **Sling TV**. Wait until you see **Sony's** Playstation Vue OTT product. That was the vibe from **DISH's** *Charlie Ergen* as he talked about the potential for disruption. "As we understand it, it's a much more comprehensive OTT product that really will be a direct replacement to cable, satellite and phone's video subscriptions. I think that will be much more interesting because it will actually have an impact on the MVPD market," he said. That doesn't mean DISH isn't pleased with the admittedly early results for its \$20/month Sling service thus far (it launched commercially 2 weeks ago). Execs said they were encouraged, and described the subs as skewing younger and male with many taking advantage of its free trial offer. How do programmers fit into the OTT mix? Compared to 3 years ago, more programmers are concerned about not being on the platform than about joining the platform, execs said. "Sling is part of a strategy to take content to a more mobile, wireless basis because that's how the next generation is going to watch television," Ergen said. He said that means any wireless deal DISH does with someone would have to include a heavy video component. Which brings us to all this spectrum from AWS3 auction (DISH invested in **SNR Wireless** and **Northstar Wireless**, which bid \$13.3bln on airwaves in key areas, including NY and Chicago)... It sounds like the company's open to everything, including possibly a leasing arrangement. While DISH has been a vocal opponent of a proposed **Comcast-Time Warner Cable** merger, it didn't say too much about the deal Mon. DISH gen counsel *Stanton Dodge* said the combo would have a negative impact on Sling TV, with DISH's own analysis showing it could survive if Comcast or TWC blocked the service, but not if you put them together. As for DISH's results, well, its programming disputes that saw **Fox News** and some **Turner** nets go dark along with **CBS** O&Os had an impact (and will have an impact again in 1Q results). DISH lost 63K subs, worse than the Street's 31K expectation. Margins were better-than-expected at \$822mln, \$102mln ahead of consensus. Revenue climbed 4% to \$3.68bln. Given DISH's willingness to tango, some have wondered if it would follow the path of **Cable One** and **Suddenlink** and drop **Viacom** nets when the contract expires. The 2 sounded pretty cozy, with Ergen describing Viacom as one of its better programming relationships. DISH just renewed a deal with Viacom for **Epix**. "We don't talk about negotiations per se, but as we get into those things, as long as we're treated fairly, I hope we'll continue on with Viacom as we have for 20 years."

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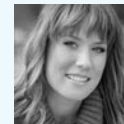
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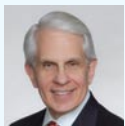
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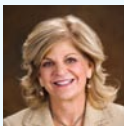
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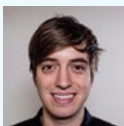
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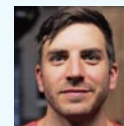
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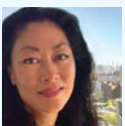
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Ergen's Back in the Saddle: With the news that DISH pres/CEO *Joe Clayton* will retire from his post at the end of the March, *Charlie Ergen* is stepping back into the CEO job. "I'll stay on as CEO until I can find somebody better," he said during DISH's 4Q earnings call Mon, adding that there's talent at DISH today that could be leading the company with some "nurturing." A 42-year vet of the CE industry, Clayton has served as DISH's CEO for nearly 4 years, with his tenure including the launch of the Hopper, **Sling TV** and 2 spectrum auctions. In talking to reporters, Ergen said the strategic areas he was working on in terms of wireless and OTT are in good hands with *Tom Cullen* and *Roger Lynch*. "With Joe leaving, I thought it was a good chance to get back into the day-to-day operations," he said. "I'm very appreciative that Joe allowed me to go and do some things over the last 4 years that I think in some small part helped us be in a strategic position." Ergen's direct reports will include evp/COO *Bernie Han*, evp/general counsel *Stanton Dodge*, evp/CHRO *Mike McClaskey*, evp/head of corp dev *Cullen* and *Sling TV* CEO *Lynch*. We've seen Ergen's title flip and flop over the years (remember the *Carl Vogel* days?). Analyst *Craig Moffett* downplayed the event: "Nobody was ever confused over who was calling the shots."

Pop Names Pres: Following the completion of **TVGN's** rebranding as **Pop**, parent companies **CBS** and **Lionsgate** expanded *Brad Schwartz's* role, naming him pres of the network. The exec, who has been Pop's pres of entertainment and media since joining the net in April, 2013, will oversee functions including business, legal, advertising and affil sales while continuing to lead programming and creative operations. He will continue to report to Pop's board. *David Wisnia* will step down as Pop's pres, business operations, to pursue new opportunities.

Mediacom 4Q: **Mediacom Broadband** posted 4Q revenues of \$241.5mln, up 4.1% YOY. The Mediacom unit lost 4K video subs, an improvement from 7K video sub loss in the year-ago quarter. It added 10K HSD subs, versus 5K net adds in 4Q13. Phone net adds were 5K, up from 3K net adds in the year-ago quarter. Mediacom posted revenue of \$179.2mln, up 2% YOY. The unit lost 6K video subs, better than the 8K video subs it lost last year. HSD net adds were 6K, up from 4K net adds from a year ago. Phone customer increases of 3K were the same as last year.

Republicans' Request: The FCC's Republican pair are asking chmn *Tom Wheeler* to release his Title II Open Internet plan publicly and delay the expected Feb 26 vote. His staffers didn't immediately return a request for comment. The Commission needs to "allow the American people a reasonable period of not less than 30 days to carefully study it. Then, after the Commission reviews the specific input it receives from the American public and makes any modifications to the plan as appropriate, we could proceed to a final vote," commish *Ajit Pai* and *Michael O'Rielly* said in a joint statement. They claimed an independent survey last week found that 79% of Americans favored releasing the plan prior to the vote. "To do anything less puts at risk the Internet and all of the benefits it brings to the American people," they said.

Net Neutrality Hearing Names Witnesses: The **House Communications** subcmte released the witness list for its Feb 25 hearing on the future of the Internet (a day before the **FCC** net neutrality vote). They are **Public Knowledge** pres *Gene Kimmelman*, former chmn of the subcmte *Rich Boucher*, Georgetown Center for Business and Public Policy project dir *Larry Downes*, and Information Technology and Innovation Foundation pres *Robert Atkinson*. On the same day, the **House Government Oversight** committee is holding a hearing looking at the relationship between the White House and FCC in the wake of chmn *Tom Wheeler's* Title II proposal.

Back9 Suspension: Golf lifestyle channel **Back9Network** has suspended operations temporarily due to financial problems. In a statement, the company said management and the board are planning next steps and will "continue their efforts to secure long-term, operating capital. The company will keep the public informed with any new developments." Back-9Network CEO *James Bosworth* testified during a Senate Judiciary Committee hearing on the proposed \$45.2 billion **Comcast-Time Warner Cable** merger, claiming the net's talks with TWC stalled once the deal was announced.

Sharenow Adds A&E: **A+E Nets'** added **A&E** to **Lifetime** evp, gm *Rob Sharenow's* purview. As gm of both nets, he replaces *David McKillop*, who's returning to his producing roots. Sharenow will report to *Paul Buccier*, pres of **A&E** and **History**, and will continue to report to A+E pres/CEO *Nancy Dubuc* in regards to Lifetime. The announcement is effective immediately.

From the Streets: **Australian Financial Review** reported over the weekend that **Discovery Comm** and **21st Century Fox** held preliminary merger talks a few weeks ago. While Fox reportedly said the report is "categorically untrue," Discovery reportedly declined to comment on the article. **Bernstein Research** analysts believe such a combination makes sense. "If the Fox/Time Warner deal does not happen, we still love the idea of Discovery as Fox's

BUSINESS & FINANCE

next best alternative. Putting these two big companies together would create the dominant global player in international cable networks," the analysts said during a conference call on M&A a few months ago. A potential merger would create "a natural combination of **Nat Geo** and **Discovery**, as well as the **Sky Sports** networks and **Eurosport** in Europe," the analysts noted. While there are redundancies on the cost side, especially internationally, Fox could help Discovery with affil fees domestically, the analysts said.

Cox-Discovery Aid Digital Learning: Cox is teaming with **Discovery Education** to offer a 2-part event for Valley teachers, students and community members focusing on the latest digital learning services. The workshop, dubbed "Celebrating the Link Between Digital Learning Environments and Student Achievement," will be on March 4.

On the Circuit: House Majority Whip Rep *Steve Scalise* (R-LA) will speak at **ACA's** 22nd annual policy summit on March 5.

People: **Scripps Networks Interactive** tapped *Jon Steinlauf* as pres of national ad sales and marketing. Steinlauf, who joined Scripps in 2000, succeeded *Steve Gigliotti* who was named chief revenue officer last week. Steinlauf will report to Gigliotti. -- *Alison Hoffman* was upped to evp of marketing at **Starz**.

Cablefax Daily Stockwatch

Company	02/23 Close	1-Day Ch	Company	02/23 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DIRECTV:	87.15	(0.11)	COMMSCOPE:	26.40	0.12
DISH:	77.39	(0.92)	CONCURRENT:	6.20	0.02
ENTRAVISION:	6.87	(0.01)	CONVERGYS:	22.10	0.05
GRAY TELEVISION:	10.66	0.09	CSG SYSTEMS:	30.54	0.13
MEDIA GENERAL:	16.76	(0.19)	ECHOSTAR:	54.90	(0.41)
NEXSTAR:	54.56	0.35	GOOGLE:	531.91	(7.04)
SINCLAIR:	28.36	0.46	HARMONIC:	7.87	(0.03)
MSOS					
CABLEVISION:	19.83	(0.03)	INTEL:	33.76	(0.65)
CHARTER:	175.88	(0.01)	INTERACTIVE CORP:	67.22	0.15
COMCAST:	58.21	(0.29)	JDSU:	13.35	(0.18)
COMCAST SPCL:	57.93	(0.19)	LEVEL 3:	53.86	(0.22)
GCI:	14.46	0.03	MICROSOFT:	44.15	0.29
GRAHAM HOLDING:	990.00	2.54	NETFLIX:	471.84	(6.36)
LIBERTY BROADBAND:	50.91	0.30	NIELSEN:	45.63	0.35
LIBERTY GLOBAL:	53.84	0.59	RENTRAK:	52.82	(0.18)
SHAW COMM:	23.58	(0.05)	SEACHANGE:	7.51	(0.19)
SHENTEL:	29.41	(0.3)	SONY:	27.03	(0.23)
SHENTEL:	29.41	(0.3)	SPRINT NEXTEL:	4.67	(0.16)
TIME WARNER CABLE:	149.09	0.51	TIVO:	10.60	(0.23)
PROGRAMMING					
21ST CENTURY FOX:	35.37	0.07	UNIVERSAL ELEC:	57.17	(0.34)
AMC NETWORKS:	69.58	0.24	VONAGE:	4.46	(0.1)
CBS:	59.67	0.17	YAHOO:	43.53	(0.58)
CROWN:	3.49	0.04	TELCOS		
DISCOVERY:	32.34	1.41	AT&T:	33.85	(0.23)
DISNEY:	104.99	0.44	CENTURYLINK:	36.63	(0.39)
GRUPO TELEVISIA:	33.83	0.75	TDS:	25.13	(0.18)
HSN:	68.16	0.05	VERIZON:	48.77	(0.2)
LIONSGATE:	32.73	0.74	MARKET INDICES		
MSG:	79.12	0.59	DOW:	18116.84	(23.6)
SCRIPPS INT:	74.29	0.72	NASDAQ:	4960.97	5.00
STARZ:	31.70	0.18	S&P 500:	2109.66	(0.64)
TIME WARNER:	83.77	(0.76)			
VIACOM:	70.60	0.57			
WWE:	16.28	0.11			
TECHNOLOGY					
ADVANTAGE:	2.43	(0.03)			
AMDOCS:	51.74	0.17			
AMPHENOL:	56.72	(0.2)			
AOL:	40.28	(0.61)			
APPLE:	133.00	3.50			
ARRIS GROUP:	28.65	0.06			
AVID TECH:	14.72	(0.02)			
BLNDER TONGUE:	1.72	(0.04)			
BROADCOM:	44.25	(0.43)			
CISCO:	29.63	0.02			

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CFX TECH by Joyce Wang

Comcast Eyes IoT with Boomtown Partnership

Comcast's advanced technology arm **Comcast Labs** announced a partnership last week with CO-based **Boomtown**, a startup accelerator, to build an Internet of Things lab. We spoke with execs at both companies on details of their plan. IoT is more than just about connecting devices; it's also an opportunity to find technology that helps lower cost and improves operating efficiency, said Boomtown founder and managing director *Toby Krout*. Take WiFi for example. It opens up possibilities such as allowing cities to connect everything from parking and emergency services to traffic control and security cameras, providing value to residents and lowering costs for the city, Krout said. He cited smart city and connected home as among the services that the lab will work on. The goal is to look at "everything that's out there and try to get an idea of what consumers might be looking for," said Krout. The lab "resonates with what we do," said *Joshua Seiden*, executive director of Comcast Labs, which has development centers in Silicon Valley, Seattle, Philadelphia, Denver and DC. Comcast Labs has internally demoed everything from video delivery and video compression to interactive TV and cloud storage, Seiden said. The partnership aims to enable companies to access the latest hardware and software in the market, explore interactivity and communication across every major traditional and mobile operating platform. A big challenge in the IoT ecosystem is companies have been developing services and products on the side load, making it difficult for them to be used by companies like Comcast. The lab seeks to bring companies together and create interoperability across devices and platforms, said Seiden. In addition, many standards for the IoT are still in development, making the market fragmented. Krout said the lab aims to educate companies and ensure they can access the latest specifications. The execs expect the lab to go live in May. Research firm Gartner predicted in a recent report that the IoT market will remain fragmented until at least

2018, with no dominant ecosystem, providers or technical model to set industry-wide standards. That said, the firm expects 4.9bn connected devices to be in use by 2015, increasing by 30% from 2014.

RDK Expands Support: **RDK Management**, a joint venture between **Comcast**, **Time Warner Cable** and **Liberty Global**, announced that the Reference Design Kit program now provides additional support for the Digital Video Broadcasting standard that's widely used throughout EU and other parts of the world. RDK Management acknowledged that the advancement was made possible because of contributions by **Arris** that will extend the RDK's applicability for use in DVB markets. Specifically, Arris' support extends the RDK Media Framework (RMF) to support a common method for extracting DVB streams, and also provides an open source reference DVB implementation that can be adopted and extended by DVB-based operators and suppliers. The new RDK capability adds to previously supported DVB components such as teletext and subtitles released last year. The RDK software is now available at no cost to RDK licensees in a shared source manner, and RDK community member companies can contribute software changes and enhancements to the RDK stack. Globally, RDK has been licensed by more than 20 operators.

Active Broadband Beefs up Cloud Broadband Delivery: **Active Broadband Networks**, which provides software-defined networking (SDN) and network function virtualization (NFV) to ISPs, launched a virtual, all-software forwarding tool that aims to move broadband edge processing functions off edge routers into software, eliminating the need for complex, expensive and inflexible edge routers and enabling broadband operators to directly connect customers within their cloud without the cost and complexity of legacy edge routers.

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