

# Cablefax Daily™

Friday — April 3, 2015

What the Industry Reads First

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## OVD Classification: Broadcasters vs Cable

Companies weighed in again in reply comments to the **FCC's** proposal to classify online video distributors (OVDs) as MVPDs, with TV station affils strongly backing the plan and cable fiercely objecting. The Commission is proposing to apply an "arsenal of regulations" from the 1992 Cable Act, having recently adopted "what was once understood to be the 'nuclear option' of Title II regulation of broadband Internet access service to address a hypothetical threat to the openness of the Internet," **NCTA** said. It argued that the proponents' comments provide no support for the conclusion that classifying OVDs as MVPDs will be pro-competitive. Quite the contrary, requiring cable-affiliated networks to deal with OVDs "on terms that they would not otherwise choose would only serve to distort competition in the video marketplace," NCTA said. It continued to argue that proponents of classifying OVDs as MVPDs ignore the statutory language that bars such a ruling. They "simply disregard the statutory language and act as if the Commission had discretion to adopt any definition that served its policy preferences," the group said. And various broadcast stations are concerned only with "the hypothetical matter of ensuring that if OVDs were ever able to offer broadcast programming pursuant to a statutory copyright license, broadcast stations would be entitled to retransmission consent—and pay no attention to the legal or real-world policy problems associated with extending MVPD status to OVDs." In addition, proponents' comments "nowhere even suggest that online providers of multiple linear programming streams would be unable to compete without the program access rules," and only a small handful of companies offering or planning to offer such service submitted comments, NCTA claimed. Neither **Sony** nor **DISH**, both providers of OVD service, filed initial comments in the proceeding. Finally, OVD services provided to ISP customers aren't really "cable services" and therefore shouldn't be subject to local franchising rules, NCTA said. **ACA's** reply comments make similar points. **AMC Nets** are among the few cable programmers that filed rely comments, arguing that the FCC's proposal will "unnecessarily unsettle the emerging online video programming market, put vertically integrated programmers at a substantial competitive disadvantage with no countervailing benefit to the public, and interfere with affected programmers' First Amendment rights." TV station affils made their message clear: The FCC's proposal is legally sound and OVDs shouldn't



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be permitted to “opt out” of regulation as MVPDs as long as the good faith negotiation rules and program exclusivity rules apply to them. Among the changes to the good faith negotiation framework for OVDs proposed by the station affils: Neither OVDs nor broadcasters should be allowed to “cherry-pick” among similarly-situated stations or OVDs with which they will negotiate, to the exclusion of others; An OVD should be authorized to do business in those states in which it intends to retransmit broadcast station signals and duly register a service agent; OVDs must be able to demonstrate that they have the ability to authenticate subscribers so that only authorized customers are able to receive the signal. In Dec, the Commission proposed giving OVDs nondiscriminatory access to cable programming and local TV station broadcasts.

**Comcast Debuts Gigabit Pro:** Comcast upped the residential gigabit broadband game Thurs with its Gigabit Pro, a new residential broadband service offering symmetrical, 2 Gbps speeds over fiber, Comcast’s evp, consumer services *Marcien Jenckes* wrote in a blog post. Comcast will first offer the service in Atlanta, which will also see **Google** Fiber and **AT&T U-verse’s** gigabit broadband expansion and roll it out in additional cities soon with the goal to reach 18mln homes around the country by the end of the year. The MSO is also counting on DOCSIS 3.1 for a scalable, national gigabit broadband solution. Comcast is currently testing the technology and plans to roll it out early next year. When fully deployed, it will mean “almost every customer in our footprint will be able to receive gigabit speeds over our existing network (a combination of both fiber and coax),” Jenckes wrote. “A big part of that experience is speed, and with Gigabit Pro, we’ve now increased speeds 14 times in the past 13 years. Over the coming months and years you can expect us to be aggressive, but deliberate, about rolling out gigabit and multi-gig services across the country.”

**SeaChange 4Q:** SeaChange posted 4Q revenue of \$31.3mln and a loss of \$5.3mln in fiscal 4Q, compared to the \$35.6mln and \$0.9mln loss it recorded in the year-ago quarter. The results include charges of \$3.6mln, which consisted primarily of severance and other restructuring costs and fees from divestitures and litigation. The vendor is transitioning to a software-focused company. The company’s development efforts are focused on products that enable SaaS (software-as-a-service) models for opportunities such as OTT, CFO *Anthony Dias* said in a statement. He expects these initiatives to start to contribute to revenue in fiscal 2016. “In the short term, as some of our smaller service provider customers begin to shift to cloud-based models, we expect to see some transition in the timing of revenue recognition, from up-front product revenue recognized at the beginning of a contract under our perpetual software license model, to a more gradual increase in revenue by means of recurring revenue under multi-year contracts,” he said. He expects fiscal 1Q 2016 revenue to be in the range of \$22mln to \$24mln, and operating loss to be in the range of \$0.25 to \$0.19 per share. For full fiscal 2016, he expects revenues in the range of \$105mln to \$115mln and operating losses in the range of \$0.38 to \$0.16 per share. The full year guidance reflects a moderate decrease in product revenue related to the company’s transition to a SaaS model and legacy product revenue declines in the range of \$7mln to \$10mln. “We’ve successfully transitioned our Company to a point where legacy product revenue will become less than five million dollars starting in fiscal 2017,” Dias said.

**TiVo Scores Virgin Media Deal:** Virgin Media extended for another 3 years its existing 5-year agreement with TiVo. As part of the deal, the UK operator will deploy TiVo’s next-generation video platform. Virgin Media launched the 1st set-top box incorporating TiVo software in 2010.

**Rentrak Inks Discovery Deal:** Rentrak scored a TV ratings and automotive segmentation agreement with **Discovery Comm.** Under the deal, Discovery will use Rentrak’s TV ratings and **IHS Polk Automotive** data, which is expected to provide more comprehensive measurement of ad campaigns.

**FCC Tackles Privacy:** The Wireline and Consumer & Governmental Affairs Bureaus will host a public workshop on April 28 to explore the **FCC’s** role in protecting the privacy of consumers who use broadband. The recently approved net neutrality order “took certain steps to apply core statutory protections to broadband Internet access service, including section 222 of the Communications Act,” the bureaus said in a release. Among other protections, section 222 requires telecom carriers to protect the confidentiality of their customers’ information and imposes restrictions on carriers’ ability to use, disclose, or permit access to customers’ individually identifiable customer proprietary network information (CPNI) without their approval. The workshop aims to explore various issues related to the ap-

# BUSINESS & FINANCE

plication of statutory privacy protections to broadband Internet access. Participants are expected to address whether and to what extent the Commission can apply a privacy framework across various services within the FCC's jurisdiction.

**Ratings:** Following WrestleMania 31, where *Seth Rollins* claimed his 1st **WWE** World Heavyweight Championship, this week's **WWE Monday Night Raw** on USA scored 2.4mln 18-49, 2.4mln 25-54, and 5.4mln total viewers from 8-11pm (live + same day), the highest total viewership for RAW in 3 years. The program made USA the #1 net Mon night in primetime in 18-24 as well as in men 18-34 and 18-49 for all of television, including broadcast nets. Social media-wise, RAW was the #2 most social show of the day with 400K tweets, reaching a unique audience of 3.6mln people and generating 27mln impressions.

**Programming:** FYI's new original series, "Say It To My Face!" debuts May 9. -- **Netflix** booked "Montauk," a new drama series debuting exclusively on the streaming service in all markets in 2016. The series explores the case of a missing boy in 1980 Montauk, Long Island.

**Editor's Note:** There's still time to enter your cable company for consideration to be included as one of our Top Ops of 2015. Noms are due April 17. More info at [www.cablefax.com](http://www.cablefax.com).

## Cablefax Daily Stockwatch

Company	04/02 Close	1-Day Ch	Company	04/02 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
DIRECTV:	86.37	0.58	COMMSCOPE:	26.29	(0.01)
DISH:	70.96	1.23	CONCURRENT:	6.29	(0.08)
ENTRAVISION:	6.40	0.01	CONVERGYS:	22.89	(0.06)
GRAY TELEVISION:	14.10	0.18	CSG SYSTEMS:	30.66	0.07
MEDIA GENERAL:	17.40	0.30	ECHOSTAR:	51.30	(0.47)
NEXSTAR:	57.77	0.05	GOOGLE:	535.53	(7.03)
SINCLAIR:	31.55	0.07	HARMONIC:	7.38	0.03
<b>MSOS</b>					
CABLEVISION:	18.16	0.17	INTEL:	30.81	UNCH
CHARTER:	189.57	(1.05)	INTERACTIVE CORP:	67.50	0.34
COMCAST:	57.94	0.88	JDSU:	12.98	(0.04)
COMCAST SPCL:	57.60	0.86	LEVEL 3:	54.23	0.31
GCI:	16.96	0.04	MICROSOFT:	40.29	(0.43)
GRAHAM HOLDING:	1049.59	4.37	NETFLIX:	414.08	0.96
LIBERTY BROADBAND:	55.84	0.24	NIELSEN:	45.53	0.57
LIBERTY GLOBAL:	52.08	0.18	RENTRAK:	53.62	(0.22)
SHAW COMM:	22.82	0.51	SEACHANGE:	6.95	(1.05)
SHENTEL:	34.47	1.25	SONY:	27.85	0.59
SHENTEL:	34.47	1.25	SPRINT NEXTEL:	4.85	0.12
TIME WARNER CABLE:	154.81	3.00	TIVO:	10.89	0.24
<b>PROGRAMMING</b>					
21ST CENTURY FOX:	34.04	0.46	UNIVERSAL ELEC:	56.78	0.43
AMC NETWORKS:	75.33	0.34	VONAGE:	5.17	0.15
CBS:	61.16	1.54	YAHOO:	44.15	0.02
CROWN:	4.00	(0.01)	<b>TELCOS</b>		
DISCOVERY:	32.15	1.24	AT&T:	33.13	0.24
DISNEY:	106.00	0.56	CENTURYLINK:	35.43	(0.07)
GRUPO TELEVISA:	34.54	0.35	TDS:	26.38	1.21
HSN:	67.37	(0.07)	VERIZON:	49.47	0.55
LIONSGATE:	33.70	0.43	<b>MARKET INDICES</b>		
MSG:	83.92	0.04	DOW:	17763.24	65.06
SCRIPPS INT:	69.42	0.70	NASDAQ:	4886.94	6.71
STARZ:	35.13	0.49	S&P 500:	2066.96	7.27
TIME WARNER:	85.00	2.20			
VIACOM:	67.94	0.18			
WWE:	13.73	0.13			
<b>TECHNOLOGY</b>					
ADVANTAGE:	2.36	UNCH			
AMDOCS:	53.70	(0.13)			
AMPHENOL:	58.80	0.52			
AOL:	38.76	0.31			
APPLE:	125.32	1.07			
ARRIS GROUP:	29.30	0.28			
AVID TECH:	15.55	0.50			
BLNDER TONGUE:	0.94	0.01			
BROADCOM:	42.23	(0.36)			
CISCO:	27.13	(0.12)			

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# PROGRAMMER'S PAGE

## New Girls on the Block

Since **Discovery Fit & Health** was transformed into **Discovery Life** to draw a broader audience, the rebranded net has taken on programming initiatives that explore, as gm *Jane Latman* called it, "life's unexpected challenges." "All of our programming embraces that sentiment—from finding yourself in an Emergency Room, or looking to diagnosis a mysterious ailment," Latman told us. As the net launched its new programming slate, it's looking for projects that "reflect real life, with all its ups and downs." The net's "New Girls on the Block" (premieres Sat at 10pm), which follows a group of transgender women in Kansas City, MO, as they redefine their lives, falls into that strategy. "From the start, this project felt very raw and very real. I was attracted to the idea that this is a group of people who—after much struggle—are being true to themselves, but the stakes are incredibly high. And going on this ride with them as they navigate life as women... there's drama in that," Latman said. And when **Conveyor Media** pitched the show, "we truly weren't thinking, 'this is a transgender moment' culturally," she said. But as it turns out, it is. The once-taboo subject is suddenly coming out of the closet. "I think that gender norms have changed, and millennials and younger folks are less either/or about it. They see gender more on a spectrum. As they are coming of age, we are seeing that played out in popular culture and the media," said Latman. During shooting, the camera crew simply followed the everyday lives of the group of friends. "We didn't set out with the intention of being the first female transgender reality show. It just happened organically. We never planned to capture huge milestones, surgeries, or shocking before & after's," said *Julie Meisner Eagle*, Discovery Life vp, production and development. On the contrary, "we wanted to be immersed in the daily lives of these Midwestern women as they navigate the challenges and joys of facing the real world as the women they always were." - *Joyce Wang*

**Reviews:** "Mad Men," Sun, 10p, **AMC**. Good news: creator *Matt Weiner* sent critics a screener, the first seventh of the series' final eps. Bad news: he slapped on multiple reveal restrictions. Here's what we can say: It's 19\_\_ and Don is \_\_\_\_ a lot. Times have changed, but \_\_ and \_\_ still are exposed to \_\_\_\_\_. And then Roger and Pete say to Ken "\_\_\_\_\_!" Seriously, it's a strong re-start with tricks, twists, great costumes and *Jon Hamm's* directing. -- "Outlander," Sat, 9p, **Starz**. The next 4 eps feature multiple cliff-hangers in Scotland's cliffs, witchcraft and heated 'corn grinding' between the kilts. Later eps, the best, have Jamie (*Sam Heughan*) taking Claire (*Caitriona Balfe*) to his family's home, though domestic bliss it's not. -- "The Lizzie Borden Chronicles," premiere, Sun, 10p, **Lifetime**. Researching Lizzie for last year's successful Lifetime film, producers found Borden stayed active after being acquitted of filleting her parents. And people who crossed her kept dying. Hmmm. *Christina Ricci* is terrific again as Lizzie, mixing innocence, power and ghoulishness. -- "Sinatra: All or Nothing at All," Sun, Mon, 8p, **HBO**. Watch it for the vintage footage and the music, of course. Talking heads, except Sinatra, are off-screen, which is slightly distracting. Things sizzle when discussing Sinatra's relationship with JFK and hoods. - *Seth Arenstein*

Basic Cable Rankings (3/23/15-3/29/15)			
Mon-Sun Prime			
1	TBSC	1.9	4624
2	AMC	0.9	2122
3	USA	0.7	1719
3	FOXN	0.7	1716
5	HGTV	0.6	1511
5	DSNY	0.6	1500
5	HIST	0.6	1411
8	TNT	0.5	1146
8	DISC	0.5	1133
8	DSE	0.5	113
11	ADSM	0.4	1065
11	FX	0.4	1064
11	FOOD	0.4	980
11	TLC	0.4	940
11	NAN	0.4	938
11	NGC	0.4	909
11	FAM	0.4	895
11	ID	0.4	877
11	LIFE	0.4	864
11	SYFY	0.4	849
21	A&E	0.3	845
21	ESPN	0.3	740
21	OWN	0.3	727
21	BRAV	0.3	726
21	SPK	0.3	691
21	DSJR	0.3	669
21	HALL	0.3	655
21	APL	0.3	635
21	CMDY	0.3	628
21	TVLD	0.3	627
21	MTV	0.3	603
21	HMM	0.3	390
21	DFAM	0.3	54
34	CNN	0.2	563
34	MSNB	0.2	557
34	LMN	0.2	498
34	BET	0.2	473
34	VH1	0.2	456
34	EN	0.2	449
34	TRU	0.2	446
34	WETV	0.2	446
34	GSN	0.2	406
34	ESP2	0.2	403
34	TRAV	0.2	397
34	FXX	0.2	385
34	NKJR	0.2	373

\*Nielsen data supplied by ABC/Disney

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