

Cablefax Daily™

Tuesday — May 19, 2015

What the Industry Reads First

Volume 26 / No. 095

AT&T + DirecTV: CEO Talks Fiber, Packaging and Title II

Mon marked the 1-year anniversary of AT&T's announcement of plans to purchase DirecTV for \$48.5bln, and it's making big plans for what's ahead. "We are convinced the traditional, linear model is about to change in a significant way," chmn/CEO *Randall Stephenson* said during an investor conference Mon. With the close of the DirecTV acquisition, AT&T will have a nationwide footprint for TV, wireless and broadband—a big difference than the "sub scale" TV business AT&T has now in terms of footprint, with Stephenson lamenting that it's hard to integrate the spotty video offerings with AT&T's nationwide wireless business. "Whether it be NFL Sunday Ticket or premium content that [DirecTV has], we can leverage that not only in the home but across all of the mobile devices and have a true TV Everywhere experience," Stephenson said. He likened the integration to **Cingular Wireless**—a jv between AT&T and **BellSouth**. "Until we actually acquired BellSouth and integrated Cingular into the portfolio, you never really saw that transaction take hold," he said, referring to how AT&T and DirecTV have had resell pacts over the years. DirecTV will take AT&T's video business from a "money loser to a money maker" and thus give the telco the ability to push further into fiber, Stephenson said. AT&T is in 10 markets with its GigaPower service and plans to hit 100 (2mln homes passed). He called **Google Fiber's** entry in Kansas City and plans for Austin a game changer in that it did away with the notion you have to build out an entire city with fiber on Day 1. "Getting a baseline of fiber in and then beginning to expand it over time is probably the most economic way to do it," he said, describing how AT&T told Austin it wanted the same deal as Google. When an entire city must be built out in 2 or 3 years, "the returns on capital are very ugly so nobody invests," Stephenson said. "Here's a way you can get the investment going, can seed it and then expand over time." He didn't give any specifics on take rates in Austin, where Giga Power passes about 100K homes, only saying the receptivity has been "really good." Recall that AT&T has said it will build out wireless broadband to 13mln homes once the DirecTV deal closes, expanding its broadband footprint to 70mln homes. You can't talk about broadband without some mention of Title II. Stephenson's take is that the FCC's order will not be law of the land for the long-term, with a reasonable probability the rules get modified in the courts. He also predicted a strong move in Congress to do "what I would consider truly

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CABLEFAX DAILY (ISSN 1069-6644) is published daily by Access Intelligence, LLC ● www.cablefax.com ● 301.354.2101 ● Editorial Director: 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: \$1,649/year ● Access Intelligence, LLC, 4 Choke Cherry Road, 2nd Floor, Rockville, MD 20850

permanent net neutrality reform” through legislation. The **FCC’s** informal review clock on the proposed AT&T-DirecTV merger has been paused since March. Just last Thurs, Stephenson met with chmn *Tom Wheeler* to urge prompt approval of the transaction. According to an ex parte, he also discussed peering and interconnection issues raised in the proceeding.

Charter, Bright House Still Talking: Charter isn’t walking away from **Bright House**—at least not yet. The MSO and Bright House parent **Advance/Newhouse** said Mon that they remain committed to completing their previously announced transaction on the same economic and governance terms. They’ve extended their good faith negotiating period for an additional 30 days under the previously announced agreement for Charter to acquire Bright House for \$10.4bln. The previous deal was contingent on **Comcast-Time Warner Cable** closing. Following that collapse, the 2 decided to renegotiate their deals within 30 days. Mon’s announcement is an extension of that deadline.”Bright House and its employees have created a high quality service operation, and the addition of Bright House brings additional scale and strategic flexibility to Charter over time. We look forward to completing the transaction as planned, and our teams are working together to make that happen,” Charter pres/CEO *Tom Rutledge* said. Bright House chief *Steve Miron* said the company continues to be “excited” about the deal and believes it positions the new company to be “an industry consolidator and growth platform to develop innovative products in serving customers, growing market share and creating value for shareholders.” Meanwhile, *Reuters* reports that banks have lined up a debt package of at least \$25bln for Charter in the hopes it will resume its pursuit of Time Warner Cable.

CAB Becomes VAB: It ain’t just cable any more. **The Cabletelevision Advertising Bureau** is changing its name to the **Video Advertising Bureau** as it seeks to unite nearly all broadcast and cable nets with MVPDs to “raise the bar on research, data and analytics.” VAB wants to create a unified force for multiscreen TV content. The VAB consists of 110 networks and the 11 largest MVPDs, including **AMC Nets, Comcast, CBS, ABC/Disney, Fox Networks** and **Verizon FiOS**. The push is that with so many ways for consumers to get video, TV content still reigns (a GfK SVOD study said TV content accounts for 88% of all streaming activity in the US). *Sean Cunningham* will continue to serve as pres/CEO of the new organization, with *Chuck Thompson* as evp and *Danielle DeLauro* as svp, strategic sales insights. The broadening of CAB does not impact the **Television Bureau of Advertising** (TVB), which focuses on local broadcast TV nets and advertising. “We are proud to work alongside our expanded membership of broadcasters and cable networks at the Video Advertising Bureau to expand the thought leadership on best practices and insights for marketers,” said *Joan Gillman*, VAB’s inaugural co-chair and **Time Warner Cable Media** evp/COO. Buyers seem to like the idea. “The time has come for the TV industry to be represented holistically with the power of the content superseding the differences in distribution,” *Rino Scanzoni*, Chief Investment Officer for **Group M**, said in a release.

Sampler Platter: **ABC Family** is offering up all of its summer series for sampling across digital, social and traditional platforms. The multi-tiered approach includes some exclusive digital premieres (such as “Kevin from Work” on **Facebook** and “Stitchers” on EW.com) as well as previews of full eps on **YouTube, iTunes, Amazon, Google play, Watch ABC** and MVPDs’ VOD. The net is also launching www.ABCFbestsummertvever.com where fans can not only watch the premiere episodes, but also post reviews and share across their social platforms.

Programming: **Turner** extended its deal to present the AFI Life Achievement Award through ’18. This year’s ceremony honoring *Steve Martin* takes place June 4 and will premiere June 13 on TBS at 10pm. -- **WWE’s** OTT net adds “Stone Cold Podcast, Live!,” a monthly interview show that will follow “Mon Night Raw” on **USA**, beginning June 1 at 11pm ET.

Critics’ Choice: *Seth MacFarlane*, creator of “Family Guy” and “Cosmos: A Spacetime Odyssey,” will receive the LOUIS XIII Genius Award at this year’s **Critics’ Choice Television Awards**. Nominees for new category “Most Binge-worthy Show” are **FX’s** “America Horror Story: Freak Show,” **Fox’s** “Empire,” **HBO’s** “Game of Thrones,” **Netflix’s** “Orange is the New Black,” **History’s** “Vikings” and **AMC’s** “The Walking Dead.” Fans can vote for their pic on Twitter and at www.AETV.com/bingeworthy. **A&E** will show the awards live on May 31, 8pm ET.

BUSINESS & FINANCE

Univ of TCM: TCM is collaborating with Ball State Univ and on-line educational platform **Canvas Network** to present free online multimedia course “Into the Darkness: Investigating Film Noir.” The 9-week course is open to the public and is 1 of several interactive initiatives **Turner’s TCM** is launching in connection to its “Summer of Darkness” programming event.

People: **Starz** promoted *Antonio Pacheco* to vp, program planning and scheduling for **Starz** and *Jim Schubert* to vp, program planning and scheduling for **Encore**. -- **Crown Media Family Nets** named *Angela Megrey* as vp, social media. She most recently served as vp, social media and digital marketing for **Blaze PR**. -- *Matthew Lieberman* has been promoted to the role of Entertainment, Media, Communications, and Technology Marketing leader at **PwC**. He will oversee marketing and lead all industry research focusing on the crossroads of entertainment & media content, marketing, and technology and the related disruption across these sectors.

On the Circuit: **NAMIC Mid-Atlantic** will hold an HR panel discussion June 4 from 6-8:30pm at **Cox Comm** in Herndon, VA. Contact: Tselane.Robertson@Cox.com or (703) 480-2878 to register for the event, dubbed “Are You Ready for Your Next Opportunity?”

Cablefax Daily Stockwatch

Company	05/18 Close	1-Day Ch	Company	05/18 Close	1-Day Ch
BROADCASTERS/DBS/MMDS			COMMSCOPE:26.29.....(0.14)		
DIRECTV:	92.10	0.64	CONCURRENT:	6.38	0.06
DISH:	68.08	0.08	CONVERGYS:	24.62	0.21
ENTRAVISION:	6.64	0.04	CSG SYSTEMS:	30.51	0.37
GRAY TELEVISION:	14.15	0.43	ECHOSTAR:	49.80	0.67
MEDIA GENERAL:	16.37	0.93	GOOGLE:	532.30	(1.55)
NEXSTAR:	55.82	1.10	HARMONIC:	6.93	UNCH
SINCLAIR:	30.39	1.28	INTEL:	33.41	0.42
MSOS			INTERACTIVE CORP:	74.43	0.26
CABLEVISION:	20.91	0.48	JDSU:	12.83	0.08
CHARTER:	181.05	(0.15)	LEVEL 3:	56.68	1.20
COMCAST:	56.97	0.33	MICROSOFT:	48.01	(0.28)
COMCAST SPCL:	56.56	0.18	NETFLIX:	617.87	4.62
GCI:	16.39	0.02	NIELSEN:	45.92	0.35
GRAHAM HOLDING:	1015.89	24.07	RENTRAK:	67.64	1.31
LIBERTY BROADBAND:	52.34	0.65	SEACHANGE:	7.01	0.06
LIBERTY GLOBAL:	51.94	0.33	SONY:	32.45	(0.29)
SHAW COMM:	22.17	(0.21)	SPRINT NEXTEL:	4.81	(0.01)
SHENTEL:	31.67	0.12	TIVO:	10.81	(0.03)
SHENTEL:	31.67	0.12	UNIVERSAL ELEC:	52.04	0.62
TIME WARNER CABLE:	157.51	1.07	VONAGE:	4.80	0.16
PROGRAMMING			YAHOO:	44.36	(0.39)
21ST CENTURY FOX:	33.68	(0.31)	TELCOS		
AMC NETWORKS:	76.91	0.34	AT&T:	34.87	0.54
CBS:	60.78	0.83	CENTURYLINK:	34.40	(0.1)
CROWN:	3.94	0.03	TDS:	30.05	0.06
DISCOVERY:	32.98	1.23	VERIZON:	49.60	(0.19)
DISNEY:	110.33	0.03	MARKET INDICES		
GRUPO TELEVISA:	36.73	(0.1)	DOW:	18298.88	26.32
HSN:	68.08	0.39	NASDAQ:	5078.44	30.15
LIONSGATE:	31.78	0.30	S&P 500:	2129.20	6.47
MSG:	85.26	1.18			
SCRIPPS INT:	68.35	1.22			
STARZ:	40.02	(0.09)			
TIME WARNER:	85.30	0.01			
VIACOM:	66.16	0.15			
WWE:	13.91	0.24			
TECHNOLOGY					
ADVANTAGE:	2.31	(0.04)			
AMDOCS:	55.50	0.93			
AMPHENOL:	58.16	0.38			
AOL:	50.55	(0.09)			
APPLE:	130.19	1.42			
ARRIS GROUP:	33.81	(0.14)			
AVID TECH:	16.25	(0.06)			
BLNDER TONGUE:	0.70	(0.01)			
BROADCOM:	47.73	0.35			
CISCO:	29.76	0.21			



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CFX TECH by Joyce Wang

Comcast Eyes Open Home Automation Platform

With the smart home market projected to grow to \$22.4bln in 2020 in the Americas (US, Canada, Mexico, Brazil and Argentina) from \$7.19bln in 2013, the focus is increasingly on ensuring interoperability among devices and providing a seamless experience for end users. That's why **Comcast** believes in an open platform that allows 3rd parties to bring in their own devices and applications. The goal is offer the same customer experience on all screens, *Dan Herscovici*, svp/gm of Xfinity Home told us. Earlier this year, **AT&T** Digital Life also opened up its platform to outside developers. Having an open platform gives Comcast subs access to a single-point smart home environment and offers vendors access to Comcast's sub base nationwide, Herscovici said. The MSO's initial integration partners include **Lutron Caseta** for lighting control, **August** for WiFi door locks, **SkyBell** for video doorbells, **Rachio** for sprinkler controls, **Whistle** for pet monitors, **Automatic** for car adapters, among others. The first 3rd-party lock to Comcast's Xfinity Home platform is the **Kwikset** Smart-Code 914 door lock, which allows users to remotely lock or unlock their doors by using the MSO's Xfinity Home app across platforms. The first wave of developers are experimenting with Xfinity Home's Software Design Kit and fine-tuning it for the next round of developers, Herscovici said. Once integrated through a cloud-based process, all outside vendors are required to pass Comcast's certification program to ensure all devices and apps meet Comcast's standards. It has been a couple years since Comcast first ventured into the smart home business. In today's market, smart home services such as video, energy and comfort management are "clear winners" among consumers, Herscovici said. And in general, any device that "solves a particular problem is the winner." Also popular are services offering unique expe-

riences, which draw niche audiences, he said. As for service providers like Comcast, they are increasingly looking to piece different home services together to provide a whole home solution, said Herscovici.

Broadband Performance: A **GAO** report released Fri says the **FCC** could do more to help consumers evaluate broadband offerings. The GAO recommends the FCC conduct or commission research on the effectiveness of its efforts to provide consumers with broadband performance info, such as speed tests. The report advised the Commission to establish performance goals and measures that allow the FCC to monitor and report on the efforts. For its part, the FCC said its continuing to work on improvements, including testing an expansion of its Measuring Broadband America program to include measuring broadband performance when a consumer is streaming video services.

NetCracker 10: **NetCracker** launched NetCracker 10 last week, a service that combines virtualization, cloud-based delivery of applications, embedded analytics and biometrics onto a single, unified platform. Functioning across network, service and customer domains, it seeks to give communications service providers the ability to migrate seamlessly from their existing networks to next generation infrastructure.

AT&T GigaPower in Nashville: **AT&T** rolled out its GigaPower service to residential and business customers in parts of Nashville and surrounding communities Monday. The U-verse High Speed Internet Premier featuring speeds up to 1Gbps starts at \$120/month (\$90/month for 100Mbps). The Premier + TV package starts at \$150/month (\$120/month for the 100Mbps service). AT&T has said it will expand the AT&T GigaPower network to an additional 2mln customer locations upon approval of its proposed acquisition of DirecTV.

Got tech news? Reach out to Cablefax Tech editor Joyce Wang at jwang@accessintel.com

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