

# Cablefax Daily™

Tuesday — May 12, 2015

What the Industry Reads First

Volume 26 / No. 090

## Cuddly Charlie? DISH CEO Says He Wouldn't Act Like Verizon

Take note, programmers. You're dealing with a kinder, softer *Charlie Ergen* these days. Asked during a call Mon on 1Q earnings about what he thinks of **Verizon's** skinny bundles, which has prompted a lawsuit from **ESPN**, the DISH CEO declared: "It might have been how I would have handled it 5 years ago. It wouldn't be the way I'd do it today... because ultimately you have to work with the content providers." Before you reach out to give him a big, old bear hug, keep in mind DISH lost a whopping 134K customers this quarter primarily because of a dispute that left **Fox News** and **Fox Business** dark for DISH customers for about a month in 1Q. This after a 4Q showdown with **Turner**. Clearly, Ergen's still not afraid to hold the line. Fox News is "probably the #2 channel we'd never want to take down. But we'll take anything down if it's a horrible deal," he said (ESPN is #1). DISH also is no stranger to **ESPN/Disney** lawsuits, with a breach of contract suit spanning 4 years in litigation (DISH won 1 of 4 claims). As for Verizon **FiOS'** Custom TV packages, which features **ESPN** in an add-on bundle, Ergen was quick to note he didn't know who was in the right, just that this isn't the way he'd go about it. Last week, **Cablevision** CEO *Jim Dolan* took a poke at Verizon's packages, saying that "they don't seem to think much of their programming agreements." Ergen does seem to be quite happy with his ability to offer **ESPN** as part of the \$20/month **Sling TV** bundle. "I think it would be difficult to do any kind of bundle without **ESPN**. I don't think that's the case with regional sports," he said. DISH has never been a huge RSN fan—it's the only major provider in the NY area not to offer **YES Net**. Ergen said he'd love to have regional sports on Sling TV, but he doesn't know "that you can burden every single customer with a regional sports network when the vast majority don't watch it and it's very expensive." Sling has grown to 20 nets in its base package today from 12 at its launch. "I feel quite good about where we are. There's not really another content provider that we have to put on to be successful," Sling TV CEO *Roger Lynch* said, adding that it doesn't mean Sling won't add more. Meanwhile, there are top 20 channels that aren't in the OTT package and customers aren't asking for them "for the most part," Ergen said. When it comes to carriage negotiations, Ergen said the "tilt has moved a little more in the distributor's favor," but content owners still have advantages and probably are a little stronger in negotiations. As in previous calls, Ergen brought up DISH's strong relationship with **Viacom** when asked about negotiations with the programmer, which has lost distribution on

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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

**Cable One** and **Suddenlink** in the past year. He noted DISH's recent deal with **EPIX**, but also added that the company has to take into consideration that Viacom is "fairly well" distributed on most platforms.

**More from DISH:** DISH continues to advocate some conditions on the proposed **AT&T-DirecTV** merger. "They will have enough scale they could cause mischief," *Charlie Ergen* said during Mon's conference call. As for a possible **Charter-Time Warner Cable** combo, he said each transaction has to be examined closely because they're all different. "I don't want to prejudge anything. As long as we're allowed to compete, we're OK with most things," said Ergen, who was definitely not OK with **Comcast-TWC**. **On Wireless:** Ergen still really likes **T-Mobile**. He's also "confident that DISH and the Designated Entities followed the rules" of the AWS-4 auction, in which DISH and its DE partners won 25 MHz of spectrum. The spectrum hasn't been awarded yet because the FCC is probing whether the DEs should have received a 25% discount on the price of the licenses. Ergen said that if the FCC decides the DEs should not get the discount, there would be 1 advantage in that the spectrum would be more valuable because it would be free of restrictions tied to the DEs. **Financials:** A year ago, DISH gained 40K subs. Programmer disputes, most notably with **Fox News**, helped push DISH to a loss of 134K in 1Q, well above the Street's expectation of a loss of 3K. However, net income doubled to \$351.5mln, topping analyst estimates, and revenue rose 3.6% to \$3.72bln. While the sub loss was viewed as primarily attributable to blackouts, Ergen is tightening up credit scores on customers—describing that as a key difference between him and former CEO *Joe Clayton*. With DISH reporting, it's clear now that for the first time video subs declined overall in 1Q, which is generally a strong Q for pay TV. **Evercore ISI** analysts estimate that the pay TV industry lost about 40K subs in the Q (-105K for cable, -74K for DBS and +143K for telco).

**Comcast CFO:** Comcast named *Michael Cavanagh* as its new CFO/svp starting early this summer. The move came as current CFO *Michael Angelakis* readies to launch a \$4bln investment firm backed by Comcast to focus on investing in and operating growth-oriented companies, both domestically and internationally. It also came weeks after the termination of the Comcast-**Time Warner Cable** merger. Cavanagh is currently co-pres and co-COO at the **Carlyle Group**. He was previously CFO at **JPMorgan Chase**. Comcast said it conducted a national search for a new CFO. Angelakis will become a senior advisor to Comcast and will assist Cavanagh with his transition. He will then become CEO of the new company. Regarding the move, Cavanagh said "the opportunity to work closely with Brian and one of the best management teams I've come across in any industry was something I could not pass up."

**ALJA CEO's Message:** Amid weeks of turmoil that includes a \$15mln lawsuit against the net and management changes, **Al Jazeera America** CEO *Al Anstey* sought to bring the team together in a memo to employees made public Mon. Anstey replaces interim CEO *Ehab Al Shihabi* following an anti-semitism/gender bias lawsuit. Anstey wrote that he will be in NY, where the net's based, and will be meeting with the leadership team in the coming days. He will also hold a briefing and "answer all the questions you may have openly, honestly, and with the aim of bringing the team together with a unified mission and spirit." "In the weeks ahead we will be holding editorial sessions too, in order to articulate and debate the editorial DNA of AJAM so everyone knows why we are different [from] the rest, and why that identity and commitment is of immense value and appeal to our audiences. I will also outline the strategy for our future development and evolution, to ensure everyone understands where we are going, and why," the memo said. In addition, "we will and must stand up to scrutiny every time. The more powerful our content, the more we will be challenged by those that want us to tell stories their way. So we must be confident, and we must have courage in our journalism. And we must always be correct with our facts, and honest with our viewers," Anstey said. The net recently lost execs including vp of HR *Diana Lee* and evp of communications *Dawn Bridges*. *Marcy McGinnis*, svp of outreach, also resigned last week.

**Baja Broadband Rebrands:** To better align with its parent company **TDS Telecom**, cable op **Baja Broadband** officially became **TDS** Mon. TDS Telecom acquired Baja in 2013. As part of the rebrand, customer monthly bills co-branded with Baja and TDS will remain for some time during the transition. "We still have work to do, but these initial improvements provide the foundation for continued investment in advanced technology solutions for our residential and business customers," said *Dave Wittwer*, pres/CEO of TDS Telecom in a statement.

**Mad Men & Google:** **Google Play** has teamed up with **Lionsgate** on a digital fan experience and retrospective for "Mad Men" leading up to the show's May 17 series finale on **AMC**. "The Mad Men Experience" includes an interac-

# BUSINESS & FINANCE

tive website (g.co/MadMen) resembling an art exhibit featuring series moments, cast interviews, artwork and a historical timeline, allowing fans to explore the world of 1960s Madison Avenue. All 7 seasons will be available for digital download on Google Play, with ep 1 of season 1 available for free until May 21. The experience will also be showcased at a **Television Academy** May 17 event in Los Angeles dubbed "A Farewell to Mad Men."

**Programming:** **Golf Channel** is expanding upon golf's traditional Thurs through Sun tournament schedule by adding early week Mon through Wed live tournament play. The programming initiative, dubbed "25 Days of Live Golf," starts Thurs and continues through June 7, with more than 200 hours of live tournament coverage of the PGA Tour, LPGA Tour, European Tour, Champions Tour, Ladies European Tour and the NCAA Men's and Women's Division I Golf Championships.

**People:** **Comcast** tapped *Derek Herider* as area vp for San Francisco's Northeast Bay, which includes the East Bay, North Bay, Eureka and Fort Bragg. *Jeff Votaw* was named **Comcast** area vp for the Sacramento Valley, which covers Sacramento, Stockton, Modesto, Chico, Oroville, Grass Valley, Marysville and Yuba City. -- *Cedric Foster* was upped to svp, brand marketing, digital and fan engagement strategy for **Spike TV**.

## Cablefax Daily Stockwatch

Company	05/11 Close	1-Day Ch	Company	05/11 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>			<b>COMMSCOPE:</b> .....25.89 .....(0.34)		
DIRECTV:.....	89.38	UNCH	CONCURRENT:.....	6.30	0.17
DISH:.....	66.38	(0.48)	CONVERGYS:.....	23.89	0.11
ENTRAVISION:.....	6.35	(0.14)	CSG SYSTEMS:.....	30.50	(0.07)
GRAY TELEVISION:.....	13.91	0.06	ECHOSTAR:.....	49.27	0.53
MEDIA GENERAL:.....	15.68	0.12	GOOGLE:.....	535.70	(2.52)
NEXSTAR:.....	55.51	(0.69)	HARMONIC:.....	6.91	0.07
SINCLAIR:.....	29.12	(0.28)	INTEL:.....	32.69	(0.11)
<b>MSOS</b>			INTERACTIVE CORP:.....	73.27	(0.28)
CABLEVISION:.....	20.07	(0.48)	JDSU:.....	12.49	(0.04)
CHARTER:.....	178.78	(1.89)	LEVEL 3:.....	56.53	0.11
COMCAST:.....	57.77	(0.65)	MICROSOFT:.....	47.37	(0.38)
COMCAST SPCL:.....	57.61	(0.61)	NETFLIX:.....	589.95	15.35
GC:.....	15.66	0.22	NIELSEN:.....	44.91	(0.33)
GRAHAM HOLDING:.....	962.00	(2.99)	RENTRAK:.....	50.53	(0.21)
LIBERTY BROADBAND:.....	52.20	(0.21)	SEACHANGE:.....	7.06	0.03
LIBERTY GLOBAL:.....	50.32	(0.09)	SONY:.....	30.84	0.20
SHAW COMM:.....	22.46	(0.25)	SPRINT NEXTEL:.....	4.70	(0.07)
SHENTEL:.....	31.90	0.38	TIVO:.....	10.82	(0.05)
SHENTEL:.....	31.90	0.38	UNIVERSAL ELEC:.....	50.92	(1.46)
TIME WARNER CABLE:.....	154.78	0.10	VONAGE:.....	4.54	(0.03)
<b>PROGRAMMING</b>			YAHOO:.....	43.60	(0.49)
21ST CENTURY FOX:.....	32.79	UNCH	<b>TELCOS</b>		
AMC NETWORKS:.....	75.58	(0.67)	AT&T:.....	33.49	(0.2)
CBS:.....	59.67	(1.15)	CENTURYLINK:.....	34.40	(0.55)
CROWN:.....	3.90	UNCH	TDS:.....	29.26	(0.02)
DISCOVERY:.....	30.77	(0.56)	VERIZON:.....	49.80	(0.34)
DISNEY:.....	108.60	(1.51)	<b>MARKET INDICES</b>		
GRUPO TELEVISA:.....	36.31	(0.21)	DOW:.....	18105.17	(85.94)
HSN:.....	67.38	(0.06)	NASDAQ:.....	4993.57	(9.98)
LIONSGATE:.....	30.56	(0.16)	S&P 500:.....	2105.33	(10.77)
MSG:.....	82.69	(0.76)			
SCRIPPS INT:.....	66.99	(1.01)			
STARZ:.....	38.03	(0.27)			
TIME WARNER:.....	83.01	(1.22)			
VIACOM:.....	65.66	(1.15)			
WWE:.....	13.44	0.06			
<b>TECHNOLOGY</b>					
ADVANTAGE:.....	2.40	(0.01)			
AMDOCS:.....	54.11	0.25			
AMPHENOL:.....	57.15	0.34			
AOL:.....	42.59	(0.83)			
APPLE:.....	126.32	(1.3)			
ARRIS GROUP:.....	34.01	0.18			
AVID TECH:.....	15.36	0.29			
BLNDER TONGUE:.....	0.75	(0.02)			
BROADCOM:.....	45.95	(0.35)			
CISCO:.....	29.21	(0.02)			

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## CFX TECH by Joyce Wang

### INTX Recap: 4K, OTT and More

Like CES, 4K was front and center on the INTX show floor. What's different is High Dynamic Range (HDR), which supports a greater color palette and brighter images for 4K content. **Comcast** announced a HDR set-top box dubbed Xi5. Slated to launch next year, Xi5 promises increased color, contrast and brightness. Vendors at the show told us they expect HDR to have a larger impact on the viewing experience than 4K because the technology can be used with HD video. In addition, while 4K requires a very large TV screen, the enhanced image enabled by HDR can be seen from smaller screens. That means content can be streamed to tablets and smart TVs featuring HDR. During INTX Talk, **CableLabs'** principal architect *Daryl Malas* said he expects to see some HDR content come out this year. SVOD providers like **Netflix** have said they plan to offer 4K content with HDR. The company is working with the **UHD Alliance** to integrate HDR into the 4K standard, in addition to 4K resolution and an expanded color gamut. While major MSOs have already announced their 4K roadmap, small and mid-size ops have started to explore cost-efficient ways to offer 4K, *Steve Corda*, vp of business development for satellite 4K service provider **SES** told us. The company captures live and linear content in 4K, then has the content encoded in real time before it's encapsulated in IP and transported to the SES teleport and play-out center by satellite and/or fiber. At the teleport and play-out center, content is encrypted with DR, multiplexed and unlinked to media satellites for linear multicast distribution to cable MSOs in North America. Subs receive the multicast UltraHD transmission through their cable modems where the transmission is converted from multicast to unicast for distribution to their 4K TVs. The business model allows small and mid-size ops to launch branded 4K services without significant capital investment (SES charges a monthly per-sub fee), according to Corda. The company will launch a 4K pilot with a Tier 2 provider this summer. And with dynamic ad insertion (DAI) rights now increasingly being folded into the main content rights

agreement, "we are seeing a trend which is programmers are coming back to operators saying 'if you want content, we need in ad insertion rights,'" *Chris Hock*, svp of business development and strategic partnerships at **Blackarow** told us. **Time Warner Cable** is using the company's DAI technology for linear VOD and will be the 1st pay-TV provider to also use it for multiscreen VOD applications. DAI is also an opportunity for pay-TV ops to lower content costs as viewing data and ad insertion can potentially be part of the programming agreement, Hock said, noting he has seen some early activities. Ops are increasingly seeking a centralized platform that controls ad insertion, linear scheduling and cross-platform activities. That allows them to turn on new services easily and upgrade them in a timely and cost-efficient manner, Hock said.

**Parks Associates:** There will be 1.6bln video viewers worldwide at end of 2015, according to **Parks Associates'** latest research. By the end of 2019, there will be 1.9bln video viewers, it said. "With the proliferation of content and streaming options, providing a best-in-class user experience becomes increasingly critical to pay-TV providers and CE manufacturers in terms of increasing sales, subscriptions, and usage. Access to desired content is critical, as is ease and speed of search, sufficient broadband performance, and an intuitive user interface," said *Barbara Kraus*, dir of research in a release. "While North America and Western Europe will see flattening growth in broadband adoption due to high penetration, countries in Latin America and Asia-Pacific will continue to grow. Over half of all broadband households will come from the Asia-Pacific by 2017, and Japan and South Korea will be the fastest-growing markets for consumer cloud storage, with consumer spending growing at a compounded annual growth rate of over 33% between 2014 and 2019." said *Tejas Mehta*, research analyst.

Got tech news? Reach out to Cablefax Tech editor *Joyce Wang* at [jwang@accessintel.com](mailto:jwang@accessintel.com)

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