

# Cablefax Daily™

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What the Industry Reads First

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## Accentuating Digital: 5 Questions with Accenture on Customer Experience

Customer service mishaps continue to plague cable operators. It's become such an albatross that Comcast is devoting at least \$300mIn to a multi-year effort that includes hospitality training for employees and 3 new call centers. Charter's customer service focus has included moving jobs in house from contractors and overseas call centers, something it promises to continue if its deals to acquire Time Warner Cable and Bright House are approved. Accenture, consulting firm to many, has been quietly beating the drum that distributors need to think about customer service through a digital lens. Michael Jette, managing director for media & technology communications, shared with us some of his insights, including what cable can learn from the banking industry. **Accenture is recommending that MVPDs think about digital beyond the products they offer, such as how they can digitally serve their customers. Can you give some examples of what this could look like?** First, they should ensure that the capabilities offered through their call centers and retail operations are available through digital channels—including the web, and all mobile devices, and across both the sales and service channels. In addition, they should make the digital channel engaging and easy to use, so that digital is the first choice for the majority of customers. Another way MVPDs can digitally serve their customers is to increase customers' ability to sign up for services or troubleshoot issues online, especially for those customers who prefer not to have a professional installation or repair call. Plus, MVPDs should proactively use data analytics to proactively address customers' preferences and "pain points," even before they show up on customers' radar screens. **Does social media fall into this space and how so? Should customer care be taking place across Twitter channels?** MVPDs should be paying attention to the myriad of social media channels available today, not just one. Social media should also be bi-directional. In other words, when "outbound," providers should use channels to provide value-added updates to customers—again, using data analytics to gauge customers' preferences—to those who want to be updated by social media channels. MVPDs should pay equally close attention to "inbound" social media messages, which can help identify customers' concerns and also identify new potential marketing approaches. **What are some companies that are doing a good job in this space, and how could cable borrow from them?** I wouldn't name specific companies, but retail banking—with its aggressive adoption of online bill statement—is one example. And there are the OTT video providers whose online subscription man-

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agement is an excellent example. **People love to hate their cable company. Is it possible to really move the needle on customer satisfaction? Are there other industries that have had a big turnaround that you would point to?** If there is a keen focus on the customer experience, it is possible. Consider the transformation of retail banking over the last few decades. Its products—checking accounts, mortgages, loans—are basically the same, but the service experience is markedly different, and is a primary basis for competition. Few people complain about long lines at the bank, but they certainly may choose their bank based on the quality of the digital services it provides. **What are some of the potential pitfalls companies need to think about when trying to go more digital with back office and customer support?** For any company “going digital,” there is a need to make sure that “back office” operations—like billing, for instance—are aligned with new digital customer channels. New, customer-facing capabilities that aren’t closely aligned with “back office” operations will surely fail because the customer experience will suffer. So companies must view their digital journey in a holistic way, ensuring a smooth coordination of customer touch points and “back office” operations, and avoiding the possible temptation only to invest in what the customer sees, without considering the entire digital experience.

**Discovery Gets Olympics:** Discovery Comm and Eurosport landed the TV broadcast and multiplatform rights of the Olympic Games in Europe through 2024 for \$1.4bln, the **International Olympic Committee** announced Mon morning. Discovery took a controlling share of Eurosport in May of last year. “We think this is really a perfect match between the two world leaders in their respective fields,” said IOC pres *Thomas Bach* on a press call. “It’s also a first... the first time one single media company has acquired all of the rights across Europe.” The agreement requires Discovery to broadcast at least 200 hours of the summer Games and 100 hours of the winter Games on free-to-air TV, which means that the company will sub-license some of the rights to markets across Europe. “We own all of the rights now... but we understand and respect how they’ve been broadcast in the past... so we come to this relationship very open minded,” said Discovery Comm pres/CEO *David Zaslav*. “We’ll lean in to free to air... it’s part of our strategy,” he said. Also important is reaching as wide an audience as possible. Discovery says it reaches 700mln people across Europe. The company plans to make a record amount of content available on its direct-to-consumer, mobile service and partner with the IOC on developing the year-round **Olympic Channel** in Europe. The agreement does not include the Russian Federation and in France and the UK for the 2018 and 2020 Games broadcast rights have already been awarded in those countries. More at Cablefax.com.

**Disney Rides Teen Beach 2:** With 5.8mln total viewers, **Disney’s** premiere of “Teen Beach 2” Fri is the #1 cable TV movie of 2015 to date. It also marks the top cable telecast in nearly 2 years among kids 6-11 (2.5mln) and 9-14 (2.2mln). Previous record holder was “Teen Beach Movie,” natch. Disney released the flick early on its TVE app Watch Disney Channel, which has logged more than a half million video starts by 248K users.

**Guesstimating HBO Now:** HBO isn’t releasing numbers on how its standalone HBO NOW SVOD service is performing, but that isn’t stopping **BTIG’s Rich Greenfield** from trying to handicap it. With the service’s 30-day free trial period over, Greenfield and his team have tracked the app’s performance in the iOS store over the past 7 weeks. He admits this isn’t a perfect system as the criteria for iOS app rankings aren’t fully understood and HBO Now has experimented with a 7-day free trial. That said, it appears positive as there doesn’t seem to have been a dramatic decline in month-over-month rankings after the 2nd billing date (June 7). “Taking all the factors into account mentioned above, we believe there are over 850,000 subscribers to HBO NOW and the number could very well be around 1 million (remember, via MVPDs, HBO already has around 30 million subscribers),” Greenfield wrote in a blog post. “This is a very solid start for HBO and shows there is clear demand for HBO above and beyond the existing MVPD bundle.”

**New Boomerang:** Boomerang’s rebrand is starting to come into focus as Turner positions it as a 2nd flagship kids network. Now, the net has announced its 1st-ever original content (its previously housed only classic cartoons, which will continue to be part of the mix). **Turner** inked a deal with **Warner Bros Animation** for nearly 450 half-hours of programming, including new series “Be Cool Scooby-Doo!” and “Bunnicula,” and short series “Wabbit – A Looney Tunes Production” (both premiering this fall). Other elements of the rebrand have included the addition of advertising on the channel.

**Comcast X1 Update:** Comcast teamed with Philly-based startup **OneTwoSee** to upgrade its X1 Sports app. New to the platform is Baseball Extras, which provides pre-game matchups, live batter-by-batter stats, and full post-game analysis. In addition, the feature aggregates data from several sources to rate games based on team records, compute each team’s win probability and preview pitching matchups. “We’re starting with baseball, but plan to bring it to all sports within our

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sports app experience, with NFL and college football coming next in the fall,” said *Preston Smalley*, exec dir of product wrote in a blog post Mon. Meanwhile, Canadian cable company **Shaw** has licensed Comcast’s cloud-based X1 platform. The companies are working together on a technical trial, CEO *Brad Shaw* said during the company’s 3Q earnings conference call last week. The move makes Shaw the 2nd pay-TV provider in North America to license the X1 platform. Despite having its own Contour multiplatform solution, **Cox** has also licensed X1.

**Charter Proxy:** In light of its pending transactions with **Time Warner Cable** and **Bright House**, Charter’s preliminary proxy filed with the **SEC** on Fri has pro forma Charter revenue growing from \$37.5bln in 2015 to \$49.3bln in 2019 (a 7% CAGR) and adjusted EBITDA increasing from \$13.3bln to \$19.5bln during the same timeframe (a 10% CAGR). **Evercore ISI** analysts derived, based on proxy estimates, that Charter could generate fully-taxed FCF per share of about \$13 next year which could increase to \$26 in 2019. The proxy also revealed that TWC chmn/CEO *Rob Marcus* will ride off with \$91.95mln in cash, stock and other benefits as a result of the merger.

**BlueHighways Lands on DISH:** Independent net **BlueHighways TV** will launch on **DISH** on July 1 with programs such as “Reno’s Old Time Music Festival,” which features bluegrass performances.

## Cablefax Daily Stockwatch

Company	06/29 Close	1-Day Ch	Company	06/29 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
DIRECTV:	92.84	(0.87)	CONCURRENT:	6.40	(0.01)
DISH:	68.02	(1.71)	CONVERGYS:	25.66	(0.81)
ENTRAVISION:	8.10	(0.33)	CSG SYSTEMS:	31.58	(0.6)
GRAY TELEVISION:	15.33	(0.49)	ECHOSTAR:	47.95	(1.25)
MEDIA GENERAL:	16.14	(0.71)	GOOGLE:	521.52	(10.17)
NEXSTAR:	56.15	(1.78)	HARMONIC:	6.91	(0.23)
SINCLAIR:	27.61	(0.66)	INTEL:	30.39	(0.63)
<b>MSOS</b>					
CABLEVISION:	24.01	(1.18)	INTERACTIVE CORP:	78.32	(2.16)
CHARTER:	168.54	(2.96)	JDSU:	11.70	(0.31)
COMCAST:	59.98	(1.29)	LEVEL 3:	52.11	(1.68)
COMCAST SPCL:	59.73	(1.41)	MICROSOFT:	44.39	(0.87)
GCI:	16.67	0.04	NETFLIX:	645.81	(5.81)
GRAHAM HOLDING:	1070.05	(9.96)	NIELSEN:	44.73	(1.49)
LIBERTY BROADBAND:	50.59	(1.2)	RENTRAK:	69.36	(2.33)
LIBERTY GLOBAL:	54.17	(1.95)	SEACHANGE:	7.03	(0.32)
SHAW COMM:	21.88	(0.55)	SONY:	30.36	(0.81)
SHENTEL:	33.35	(0.85)	SPRINT NEXTEL:	4.52	(0.04)
SHENTEL:	33.35	(0.85)	TIVO:	10.18	(0.38)
TIME WARNER CABLE:	176.32	(2.43)	UNIVERSAL ELEC:	49.38	(0.83)
<b>PROGRAMMING</b>					
21ST CENTURY FOX:	32.30	(0.65)	VONAGE:	4.86	(0.15)
AMC NETWORKS:	81.14	(2.55)	YAHOO:	38.91	(1.15)
CBS:	55.33	(1.67)	<b>TELCOS</b>		
CROWN:	4.48	(0.17)	AT&T:	35.77	(0.35)
DISCOVERY:	33.22	(0.63)	CENTURYLINK:	29.53	(0.46)
DISNEY:	113.05	(1.94)	TDS:	29.38	(0.79)
GRUPO TELEVISA:	38.36	(1.15)	VERIZON:	46.77	(0.85)
HSN:	69.42	(1.82)	<b>MARKET INDICES</b>		
LIONSGATE:	36.72	(0.74)	DOW:	17596.35	(350.33)
MSG:	82.44	(1.46)	NASDAQ:	4958.47	(122.04)
SCRIPPS INT:	64.76	(2.25)	S&P 500:	2057.64	(43.85)
STARZ:	44.20	(0.8)			
TIME WARNER:	86.53	(1.6)			
VIACOM:	64.72	(2.19)			
WWE:	16.44	(1.05)			
<b>TECHNOLOGY</b>					
ADVANTAGE:	2.37	(0.01)			
AMDOCS:	55.12	(1.03)			
AMPHENOL:	56.84	1.16			
APPLE:	124.55	(2.2)			
ARRIS GROUP:	30.82	(0.64)			
AVID TECH:	13.41	(0.04)			
BLNDER TONGUE:	0.77	(0.03)			
BROADCOM:	50.92	(1.19)			
CISCO:	27.54	(0.74)			
COMMSCOPE:	25.74	(0.23)			

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## CFX TECH by Joyce Wang

### Akamai Media CTO Talks Future of Video

With more programmers offering stand-alone streaming services like **HBO Now** and **Showtime's** soon-to-launch service, what does more video traffic running on broadband networks mean for ISPs? From **Akamai's** perspective, it means major plant investment, or alternatively, smart network management practices, *John Bishop*, the company's media CTO told us. And the expansion of 4K will only magnify the challenge. With most 4K being delivered over the Internet, the distribution of 4K is born on the Internet, Bishop said. He envisions that in the next 10 years, television will be surpassed by broadband-based 4K services. An example of this trend can be found from last year's World Cup. It was the largest live sporting event Akamai has ever helped streamed with 2.5 times the traffic volume of the Sochi Olympics and more than 7 times the traffic of the 2010 World Cup, he noted. In addition, last year's World Cup drove a lot more peak traffic than the 2010 peak. Bishop said that moving forward, the trend is that "whatever peak traffic we see, they will become the norm very quickly" because there are more people live streaming for longer sessions. And the pressure on networks will be even greater with the expansion of services like Internet of Things. Meanwhile, customer expectations are raising each day in terms of video fast-start, lack of buffer and high frame size and instant channel switching on all devices and in all network conditions. All of these make intelligence pre-positioning critical to the next-generation streaming experience. To handle the expected traffic surge during World Cup 2014, Akamai, which runs a heavily distributed network around the world, added capacity to pre-position its servers and networks. In addition, the ability to identify areas of unusual demand and re-assign capacity from other areas to help cover the traffic load is important, especially during major live streaming events, Bishop said. Another way to prepare for IP traffic growth is to "make

sure your networks are multicast enabled," he said. Multicast, an IP technology that allows for streams of data to be sent efficiently from one to many receivers (instead of having separate unicast sessions for each destination), "takes pressure off the core," Bishop said, noting only a small percentage of broadband networks today are multicast-enabled. The technology isn't new: It's a well-known solution for IPTV services. However, thanks to initiatives from companies like **Octoshape**, the use of the technology is being shifted from IPTV to OTT streaming. That's perhaps why Akamai acquired the cloud OTT/IPTV tech company in April. The deal is expected to provide Akamai with technologies designed to optimize the quality of video streams for OTT content. And Multicast can be especially useful in 4K streaming. "We are working to continue to extend our platform to accommodate video throughput increases that come from the adoption of 4K, and to support a potential 100-1000X increase in network traffic in the future," Akamai CEO *Tom Leighton* said when the company announced the Octoshape acquisition.

**Set-top Report:** Pay-TV ops purchased \$15.3bln worth of set-top boxes in 2014 worldwide, down from \$15.9bln in 2013, according to **IHS**. The decline represents the first contraction in the market since 2002. Shipments of pay-TV set-tops grew slightly in 2014 to 204.7mln units, an increase of just under 1% from 203.1mln units in the previous year, the research firm said. However, IHS said that the modest shipment growth "failed to compensate for the effects of price erosion in this highly competitive market." It noted signs of increased set-top consolidation this year, including **Arris'** acquisition of **Pace**. The set-top market is expected to contract further this year, falling to \$15.1bln and will continue falling to 13.2bln in 2018, before stabilizing in 2019, according to IHS.

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

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