

# Cablefax Daily™

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What the Industry Reads First

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## Talking Internet TV: Why Comcast's Stream Isn't DISH's Sling

First things first, **Comcast** hasn't launched an OTT service. Some of the headlines were a bit confusing Mon for its \$15/month Xfinity Stream offering, so it's important to note that this is IP-based and offered over Comcast's managed network. In other words, you can't take it with you when you leave your home because it doesn't use the public Internet. Another big difference between Stream and **DISH's** \$20/month Sling is that Comcast is offering only broadcast fare plus **HBO**. So, no **ESPN** or add-on packages... On the other hand, if you're a Comcast Internet subscriber and interested in signing up for HBO's standalone OTT service HBO NOW, it would make more sense to sign up for Stream for the exact same price. It's unclear how Comcast is able to swing that, but **BTIG's Rich Greenfield** suggests that the MSO may have exceeded the threshold for HBO subs they are required to pay for, so additional HBO subs are coming at no-cost to Comcast (what HBO calls non-revenue generating subs, something HBO CEO **Richard Plepler** has vowed to address in contract renewals). And since its Stream is on Comcast's proprietary network, users will have a higher quality experience than HBO NOW (and it won't count against any bandwidth caps). It's early days, with Comcast considering offering additional channels down the road for Stream, including possibly a "Pick Your Premium" option so that customers could choose between HBO, **Showtime** and **Starz**. Stream will first launch in Boston at the end of summer, and will then roll out in Chicago and Seattle. It includes TVE offerings for the channels, including HBO Go, and a cloud-based DVR. Comcast plans to make the service, available only to Xfinity Internet customers, available across its footprint by early next year. And yes, at some point it could have add-on packages featuring cable nets. Perhaps the most important thing to note about Comcast's Stream is that it's another example of an MSO recognizing that not everyone wants a 500-channel video package. In April, **Cablevision** launched its own cord-cutter offering—for \$45 a month, customers can get 50 Mbps and a Mohu Leaf digital antenna—yet another way for consumers to get those broadcast channels. It's clear cord-cutting is here to stay (1Q represented the 1st time pay TV has contracted in the quarter, with a YOY rate of decline of 0.5%), and distributors must deal with it. **MoffettNathanson's Craig Moffett** predicts 2Q will be a "shut up or put up" time for cord-cutting, with it representing the 1st full quarter for Sling, HBO Now and **Sony** Vue. He predicts video growth will be similarly

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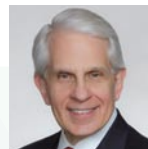
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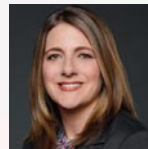
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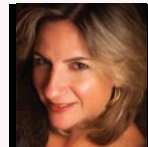
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weak at -0.5%, adding that “even that estimate may prove too optimistic.” Moffett believes cable will fare better than satellite and telcos but is keeping the sector at “neutral,” citing questions over broadband pricing power in the wake of Title II. He did raise Comcast’s price target to \$67 from \$63. The MSO reports 2Q financials July 23.

**Competify Launched:** Say Hi to **Competify**, a new coalition created by **Public Knowledge** and a few other Internet groups, trade associations and companies to advocate for better broadband competition following the FCC’s Title II net neutrality order. Founding members include **Level 3, COMPTTEL, Computer & Communications Industry Association, Sprint, XO Comm, BT, the Ad Hoc Telecom Users Committee, Engine, and Broadband Coalition**. Calling the current broadband market status “a chronic disease,” the coalition urged the FCC to aggressively move forward “on its critical work to address the scourge of high broadband prices and anticompetitive behavior by advancing meaningful broadband competition... The FCC has collected the data, and it’s time to finish the job. It’s time to try Competify.” The group, which placed an ad in *The New York Times* to announce the campaign, seems to be targeting major ISPs. Without naming specific providers, the ad said “right now, an overwhelming majority of America’s essential broadband infrastructure is controlled by a few powerful companies, crippling competition, jobs and investment... Our economy cannot afford it.” The initiative came as FCC chmn *Tom Wheeler* circulates a proposal on IP/tech transition. In statements of support, *Joe Cavender*, vp and assistant general counsel at Level 3, said Wheeler’s plan will “help ensure that the network transition won’t leave customers behind. It’s an important step in promoting broadband choice.” COMPTTEL, the competitive network association, said “the future of investment in our new networks is at risk because of a few large broadband gatekeepers. This is an issue that impacts every aspect of the broadband economy from mobile communications, ecommerce, schools and government services.”

**Cable Prices:** With a presidential candidate and some of his fellow senators making headlines last week on cable pricing, it’s worth reminding folks that the **FCC** does collect a lot of data in this area. Senator and Democratic presidential hopeful *Bernie Sanders* (I-VT) along with Sens *Al Franken* (D-MN), *Elizabeth Warren* (D-NJ) and *Ed Markey* (D-MA) wrote **FCC** chmn *Tom Wheeler* last Thurs expressing their concern about “ever increasing rates for cable and Internet services,” calling out **Time Warner Cable**’s modem rental fee which has jumped from \$3.95/month in 2012 to \$8 today. The senators want the FCC to provide info on the avg amount customers pay by state, as well as the averages for rural and urban areas. The most recent FCC report found that expanded basic has increased 3.1% in 2013 vs 2012, but there hasn’t been another report yet. Under the Satellite Reauthorization bill, the FCC has to begin including in the annual cable price reports an average aggregate total amount of retrans consent paid by cable operators. That language has been added to data collection, but it’s still waiting for approval by OMB. The FCC’s International Broadband Data Report (released in Jan) found the average price in the US for standalone broadband (download speeds greater than 15 Mbps) fell from \$56.50 in 2011 to \$50.02 in 2012, while increasing to \$59.40 in 2013.

**Ratings:** **Nat Geo Wild**’s “SharkFest” saw 60% YOY gain among P2+ this year. According to Nielsen, the programming event increased its primetime audience 100%+ compared with the previous 6 weeks, and its P25-54 viewers (44%+). The net has already started working on next year’s SharkFest. -- **TV One**’s docu-series “Unsung,” which aired on July 8, scored the #1 spot in series history for Live+3 among key demos: 1.41 W25-54 (422K), 1.33 HHL (750K), 1.03 P25-54 (599K) and 0.97 P18-49 (585K).

**Programming:** **Lifetime** partnered with **BBC One** on a miniseries based on crime novel *And Then There Were None* from *Agatha Christie*. The novel follows 10 strangers as they fight for survival from a killer among them. **A+E Networks** will handle international sales. UK transmission as a 3-ep series will be later this year to coincide with Christie’s 125th anniversary, while the miniseries will debut on Lifetime as a 2-part program in 2016. – **TV Land** booked dark comedy pilot “I Shudder,” featuring “a meticulous but generous man who sees the world in very black and white terms: what is acceptable, and what is unacceptable.” -- The 11th season of “Little People Big World” on **TLC** returns Tues at 9/8c, documenting *Amy* and *Matt Roloff*’s new challenges as they raise 4 children comprised of little and average-sized siblings while dealing with operational challenges on their farm.

# BUSINESS & FINANCE

**People:** TiVo tapped Frank Foster as svp/gm of TiVo Research and Analytics. He was most recently pres/gm of **Crossbeam Media**, a **Comcast** company where he oversaw the creation of a data-driven network offering advertising across TV, online and mobile platforms with **Comcast NBCU** and 3rd-party inventory. Previously Foster was vp of advanced media sales and planning at **Comcast Spotlight**, as well as head of TV ad sales and TV product development for **AT&T AdWorks**. -- **TV One** hired *Angelique Mais* as vp of creative services. She will report to svp of marketing *Lori Hall* and lead the net's on-air brand promotion strategy. Mais was most recently creative dir at **FYI/LMN**. -- **One World Sports** hired *Rachel Gary* as dir, media strategy & communications. She joins the ent after serving as communications dir for the 2014 Special Olympics USA Games.

**Glenn Jones Memorial:** A public Celebration of Life service for *Glenn Jones* is scheduled for July 29 at 11am at the *Ellie Caulkins* Opera House in the Denver Center for Performing Arts. A reception will follow in the Seawell Ballroom. In lieu of flowers, donations may be sent to: Denver Area Council, Boy Scouts of America, 10455 W. 6th Ave. #100, Denver, CO 80215, or Volunteers of America, Colorado Branch, 2660 Larimer St., Denver, CO 80205.

## Cablefax Daily Stockwatch

Company	07/13 Close	1-Day Ch	Company	07/13 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
DIRECTV:	92.54	0.14	COMMSCOPE:	25.85	0.12
DISH:	69.15	0.34	CONCURRENT:	6.24	0.08
ENTRAVISION:	8.18	(0.06)	CONVERGYS:	25.65	0.29
GRAY TELEVISION:	16.55	0.79	CSG SYSTEMS:	31.64	(0.02)
MEDIA GENERAL:	16.51	0.17	ECHOSTAR:	48.16	1.03
NEXSTAR:	54.26	0.96	GOOGLE:	546.55	16.42
SINCLAIR:	29.47	0.65	HARMONIC:	6.90	0.08
TEGNA:	31.95	0.58	INTEL:	29.73	0.56
<b>MSOS</b>					
CABLE ONE:	387.90	4.10	INTERACTIVE CORP:	82.57	1.97
CABLEVISION:	26.82	0.15	JDSU:	11.20	0.11
CHARTER:	178.54	1.15	LEVEL 3:	52.40	0.48
COMCAST:	63.72	0.53	MICROSOFT:	45.53	0.92
COMCAST SPCL:	63.41	0.46	NETFLIX:	707.90	27.30
GCI:	18.14	0.31	NIELSEN:	45.79	0.52
LIBERTY BROADBAND:	53.16	1.01	RENTRAK:	69.46	1.74
LIBERTY GLOBAL:	50.98	0.12	SEACHANGE:	7.17	0.08
SHAW COMM:	21.40	0.11	SONY:	28.67	0.27
SHENTEL:	34.68	0.46	SPRINT NEXTEL:	3.71	(0.07)
SHENTEL:	34.68	0.46	TIVO:	10.51	0.21
TIME WARNER CABLE:	185.19	1.69	UNIVERSAL ELEC:	50.57	0.57
<b>PROGRAMMING</b>					
21ST CENTURY FOX:	33.67	0.56	VONAGE:	5.01	0.09
AMC NETWORKS:	85.97	2.03	YAHOO:	38.76	0.84
CBS:	55.54	0.69	<b>TELCOS</b>		
CROWN:	4.61	0.08	AT&T:	34.88	0.23
DISCOVERY:	33.53	0.15	CENTURYLINK:	30.00	0.24
DISNEY:	118.05	1.61	TDS:	28.99	0.16
GRUPO TELEVISIA:	36.25	0.70	VERIZON:	47.20	0.20
HSN:	72.80	0.86	<b>MARKET INDICES</b>		
LIONSGATE:	37.21	0.50	DOW:	17977.68	217.27
MSG:	83.66	0.79	NASDAQ:	5071.51	73.82
SCRIPPS INT:	66.31	0.47	S&P 500:	2099.60	22.98
STARZ:	44.86	0.77			
TIME WARNER:	89.89	1.26			
VIACOM:	62.94	0.72			
WWE:	16.22	(0.24)			
<b>TECHNOLOGY</b>					
ADDVANTAGE:	2.25	0.01			
AMDOCS:	56.30	0.26			
AMPHENOL:	55.38	0.87			
APPLE:	125.66	2.38			
ARRIS GROUP:	32.00	1.15			
AVID TECH:	13.21	(0.17)			
BLNDER TONGUE:	0.79	0.01			
BROADCOM:	52.18	0.12			
CISCO:	27.79	0.51			

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## CFX TECH by Joyce Wang

### CableLabs Expands DOCSIS Network Deployment Options

Distributed Architectures for DOCSIS networks are emerging that provide scale advantages and flexible deployment options supporting for both DOCSIS 3.0 and DOCSIS 3.1 networks. **CableLabs**, which is leading the development of DOCSIS 3.1 standards, announced distributed DOCSIS deployments are starting in some markets. The group is documenting several different Distributed CCAP (converged cable access platform) architectures and will release the set of technical reports and specifications throughout the summer, according to CableLabs principal architect *Karthik Sundaresan*, who focuses on the development and architecture of cable access network technologies. DOCSIS 3.1 technology development by cable suppliers is well on its way, as evidenced by the various CableLabs Interoperability events in the past year and now the ramp-up towards Certification and Qualification via dry-run events, he told us. "DOCSIS 3.1 products are quickly maturing and will be deployed in the near future. Think of Distributed CCAP Architectures (DCA) as another option for the operators, along with the Integrated CCAP option. These are tools in the DOCSIS toolbox the operators will use as fits their networks," he said. Sundaresan noted most of the traditional CCAP vendors and new entrants to the space are developing technology and products in the DCA space. With DCA, vendors and operators are expected to be able to maximize DOCSIS 3.1 channel capacity and simplify operations with digital fiber/Ethernet transport. DCA can also allow higher efficiency of digital fiber optics vs. analog optics. As operators transition to DOCSIS3.1 networks, they have the option to deploy Integrated CCAP devices and/or go to a distributed architecture, Sundaresan said. Transitioning to digital optics from analog optics will be an enabler for DCA. Depending on the market needs and the state of the HFC (hybrid fiber coaxial) plant, the operators can make the appropriate choice for CCAP deployments, according to Sundaresan.

**RDK Training:** CableLabs and RDK Management, a joint venture between **Comcast, Time Warner Cable, and Liberty Global**, are co-producing this year's RDK Training Summit, to be held July 21-23 at CableLabs' facility in Louisville, CO. RDK, the Reference Design Kit, was created to expedite the deployment of next-generation video services. The 3-day event will offer training sessions introducing the RDK architecture and provide deep dives into the individual RDK components. Hands-on training will be accomplished using RDK gateway/client devices as well as the RDK emulator. New to this year's agenda is a Yocto Project build course presented by CableLabs. In this session, participants will complete all of the necessary steps to configure a build machine from scratch and see how it works conceptually as well as practically through an examination of the source file system layout.

**IHS:** Worldwide broadband customer premise equipment (CPE) revenue dropped to \$2.8bln in the 1st quarter of 2015, decreasing 2% sequentially, while unit shipments stayed flat at 54mln as service providers continued to expand their fixed broadband service capabilities in the highly-competitive CPE market, according to **IHS**. On a YOY basis, global broadband CPE unit shipments were up 9% in 1Q as operators continued to invest in premium CPE. Both DOCSIS 3.1 and gigabit broadband are expected to add momentum to the cable and DSL CPE market, said the research firm's director *Jeff Heynen*. As service providers use mobile broadband to complement fixed broadband deployments, use cases for mobile broadband routers are expected to grow considerably, sending unit shipments to more than 622K in 2019, the research firm said.

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

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