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What the Industry Reads First

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SCTE Expo: Top Cable Execs Outline Trends Amid Challenges

This year's **SCTE Cable-Tec Expo** comes at an interesting time. While broadband has been a bright spot for many operators, the video side of the business is losing subs. "It can be very unsettling if you are used to doing things a certain way," **Comcast** CTO *Tony Werner* said during Wed's general session. Even so, Werner and other top cable execs are bullish on the future thanks to new opportunities on home services enabled by new sensors, DOCSIS 3.1, wireless and more. "You will see a lot more voice control features," not just for the video platform, but also for everything in the connected home, Werner said. Comcast demonstrated its voice remote service for its X1 platform at **INTX** earlier this year. The feature is expected to be integrated with the MSO's XfinityHome platform. Voice control will play an even more important role as Comcast looks to beef up its accessibility services, which currently include things like closed captioning, video description and voice guidance. Accessibility service is a "huge opportunity" as the country experiences growth in its older population, Werner said. That's especially true with the expansion of innovative sensors embedded into smart home services, enabling intercommunication among household appliances and beyond, he noted. **CableLabs** has been experimenting with the use of network connected smart sensors, CEO *Phil McKinney* said. Home and office automation, security, health monitoring as well as energy management could see rapid advances with the emergence of smart sensors, he said. An ongoing initiative for cable these past few years is the migration to all-IP infrastructure, which allows ops to leverage various consumer devices and offer improved user experience. About 95% of Comcast's footprint is IP-enabled. The company is finishing up the transition, which is expected to be completed next year. With the increase of broadband-based services, "if you don't move to IP, you are missing out," Werner said. At **Liberty Global**, wireless will be a major initiative, CTO *Balan Nair* said. The MSO, through its MVNO deals in EU, aims to have 8mln mobile subs in the next couple of years, according to Nair. It had around 4.5mln at the end of June. "We are extremely bullish on mobile," said Nair. In the US, cable MSOs struck a spectrum deal with Verizon in 2011 which allows them to launch their own MVNO services. Nair also expects cable WiFi to offer faster speeds, better performance and more hotspots. There is a sense of urgency in terms of WiFi buildout and upgrades. Nair noted ops invest significantly every year just to keep up with the consumption and organic growth. And devices running on



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the network are growing. He pointed to research that shows that by 2020, the worldwide Internet of Things market will grow to \$3 trillion and 50bln devices. What's going to be theme for cable in 2016? DOCSIS 3.1, of course, according to McKinney. He sees "huge ramp-ups" in North America, EU and Australia next year. Asian markets are also lining up for 3.1. McKinney said next year will be marked by deployment of multi-gigabit residential services.

Block Charter: More comments calling for the **FCC** to deny **Charter's** plan to acquire **Time Warner Cable** and **Bright House** trickled in Tues evening. **DISH** said it would be no better for the public interest than the scuttled **Comcast-TWC** deal, with the combo permitting and motivating the new Charter to hurt and destroy online video rivals such as its Sling TV. **Comptel**, whose members include **Cogent** and **Level 3**, also filed a petition to deny the deal. The association claimed that Charter's update to its interconnection policy is a step in the right direction, but it hasn't been widely implemented yet, the duration is too short and it needs modifications. Earlier this year, Charter said it would provide the exchange of Internet traffic with other networks on a settlement-free basis. If the FCC approves a deal, it should be conditioned on this policy being in place for 7 years instead of the 3 years proposed by Charter, Comptel said. Among others filing petitions to deny the deal was **Entravision**, which claimed it would harm the Latino community. Some stopped short of asking the FCC to deny the transactions, but still offered comment. Cable nets **Aspire** and **UP** asked the FCC to establish an enforceable condition to ensure a commitment to programming diversity. An example they gave would be to require Charter to commit to maintain the diversity of indie channels on TWC and Bright House systems for a limited period of year, such as 5 years. **AT&T**, which recently completed its purchase of **DirecTV**, said it doesn't oppose the deal. But it does want the FCC to carefully consider the impact of cable consolidation and coordination on emerging competition. "The transaction would reduce by two the number of major cable operators, and create a second cable giant—alongside Comcast—that together would be able to dictate strategy for the entire cable industry," AT&T warned.

Democratic Debate: **CNN** scored its highest-rated Democratic debate ever, with Tues' presidential debate averaging 15.3mln total viewers, according to **Nielsen** Fast Nationals. The previous highest-rated Democratic presidential primary debate on cable was in 2008, which averaged 8.3mln viewers. **ABC's** 2008 Philadelphia Democratic debate held the crown for broadcast with 10.7mln viewers. In the so-called "news demo" of 25-54s, CNN's debate averaged 4.8mln. The debate set an all-time record for peak concurrent streams of a live news event. At 10:20pm, usage peaked at 980K concurrent streams, topping the 921K peak concurrent streams CNN saw of its GOP debate. Not shabby at all considering NBC had 1.3mln peak concurrent streams of the Super Bowl earlier this year.

Netflix Numbers: **Netflix** shares tumbled in afterhours trading following a 3Q report with lower-than-expected customers and revenue. Netflix ended the quarter with 69.17mln, shy of Wall St's 69.73mln prediction. It posted earnings of 7 cents per share on \$1.74bln in rev, missing analyst expectations of 8 cents on \$1.75bln. Netflix added 880K US customers compared to 980K a year ago, below its forecast of 1.15mln. "Our over-forecast in the US for Q2 was due to slightly higher-than-expected involuntary churn (inability to collect), which we believe was driven in part by the ongoing transition to chip-based credit and debit cards," the company said. Netflix said it's slightly ahead of the prior year in terms of total US net additions for the first 9 months of the year, and it expects to finish 2015 at about 2014 levels.

Expo Notebook: **Comcast** evp and chief network officer *John Schanz* will chair **SCTE Cable Tec-Expo 2016**, the organization announced Wed. "I couldn't find a better partner for next year's Expo," SCTE head *Mark Dzuban* said during the conference's general session. Schanz and **Liberty Global** CTO *Balan Nair* (this year's Expo chair) are co-chairs of cable's Energy 2020 initiative. Schanz is expected to drive the creation of Expo 2016 content around advanced network technologies, improved customer experience, and energy management. Moving forward, SCTE will continue to focus on transferring the knowledge of **CableLabs** and **NCTA** to training and learning initiatives to create an "optimized" workforce, Dzuban said. He emphasized SCTE isn't competing with CableLabs. SCTE sees CableLabs as a technology and innovation partner and NCTA as a partner on the regulatory and policy side.

Programming: **BET** will acquire all 254 eps of "Tyler Perry's House of Payne." BET said the acquisition will be a key building block for its comedy series lineup. The sitcom, which had a 5-year run on TBS, will launch Nov 1 with a 24-hour marathon that begins at noon.

SCTE Awards: Wed's **Expo** lunch featured the presentation of this year's Women in Technology Award to *Vibha Rustagi*,

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CEO of itaas, a Cognizant company. The award is jointly presented by WICT, SCTE and Cablefax and is sponsored by Bright House. Rustagi, who has been awarded 7 patents, is known for translating customer ideas into innovative digital video services that can be widely deployed, said last year's WIT winner *Sherita Ceasar*, svp of national video deployment engineering at Comcast. Ceasar got to know Rustagi when they were both at S-A (since acquired by Cisco). "At that time I was new to cable and Vibha helped me connect to the Atlanta community and the industry," Ceasar said. In her brief remarks, Rustagi said: "We often hear 'content is king.' To that I say technology rules." -- **Radiant Communications** pres *Thomas Lewis* scored the SCTE Member of the Year Award. Lewis has been an SCTE member since 1999. SCTE also inducted pres/CEO/founder of **VerTek** *Andrew Healy* and **C3 Broadband** Integration vp/COO *Daniel McKay* into its Hall of Fame. In addition, outgoing SCTE board chmn/**Suddenlink** CTO *Terry Cordova* presented the SCTE Chairman's Award to *Christine Whitaker*, svp of operations at **Comcast Cable**, for her significant support of SCTE over the past year. The SCTE Excellence in Standards Award went to Dr *Paul Hearty*, vp of tech standards at **Sony Electronics**. The SCTE Senior Member award went to **CCI Systems** dir of engineering *Jim Chartre*, and Robert Weaver, **Cox** business process analyst III.

Cablefax Daily Stockwatch

Company	10/14 Close	1-Day Ch	Company	10/14 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
BROADCASTERS/DBS/.....			CONVERGYS:.....	24.64	(0.28)
DISH:.....	60.97	(1.02)	CSG SYSTEMS:.....	31.63	(0.29)
ENTRAVISION:.....	7.79	(0.29)	ECHOSTAR:.....	44.13	(0.97)
GRAY TELEVISION:.....	14.47	0.13	GOOGLE:.....	651.16	(1.14)
MEDIA GENERAL:.....	14.38	0.12	HARMONIC:.....	5.89	(0.03)
NEXSTAR:.....	50.08	(0.74)	INTEL:.....	32.80	0.76
SINCLAIR:.....	28.64	(0.04)	INTERACTIVE CORP:.....	70.55	(1.71)
TEGNA:.....	25.03	(0.32)	LEVEL 3:.....	45.51	0.13
MSOS					
CABLE ONE:.....	435.01	1.75	MICROSOFT:.....	46.68	(0.21)
CABLEVISION:.....	33.06	(0.1)	NETFLIX:.....	110.23	0.50
CHARTER:.....	182.75	(4.13)	NIELSEN:.....	46.82	(0.12)
COMCAST:.....	59.94	(0.22)	RENTRAK:.....	55.61	(2.56)
COMCAST SPCL:.....	60.61	(0.28)	SEACHANGE:.....	6.83	(0.25)
GCI:.....	17.75	0.07	SONY:.....	26.01	(0.4)
LIBERTY BROADBAND:.....	54.61	(0.6)	SPRINT NEXTEL:.....	4.27	(0.12)
LIBERTY GLOBAL:.....	44.76	0.10	TIVO:.....	9.23	UNCH
SHAW COMM:.....	20.48	0.13	UNIVERSAL ELEC:.....	44.82	(0.06)
SHENTEL:.....	42.96	(0.71)	VONAGE:.....	5.99	(0.17)
TIME WARNER CABLE:.....	186.17	(1.75)	YAHOO:.....	32.09	(0.25)
PROGRAMMING					
21ST CENTURY FOX:.....	28.55	(0.15)	TELCOS		
AMC NETWORKS:.....	72.83	(1.44)	AT&T:.....	33.27	0.05
CBS:.....	42.43	0.09	CENTURYLINK:.....	26.18	0.40
CROWN:.....	5.58	(0.08)	FRONTIER :.....	5.10	(0.05)
DISCOVERY:.....	28.35	(0.48)	TDS:.....	26.10	(0.27)
DISNEY:.....	105.73	(0.86)	VERIZON:.....	43.99	(0.37)
GRUPO TELEVISA:.....	26.49	(0.07)	MARKET INDICES		
HSN:.....	58.15	(0.94)	DOW:.....	16924.75	(157.14)
LIONSGATE:.....	39.81	(0.28)	NASDAQ:.....	4782.85	(13.76)
MSG NETWORKS:.....	20.25	0.13	S&P 500:.....	1994.24	(9.45)
SCRIPPS INT:.....	55.22	(0.02)			
STARZ:.....	38.60	(0.62)			
TIME WARNER:.....	71.03	(1.76)			
VIACOM:.....	49.45	0.66			
WWE:.....	19.36	(0.79)			
TECHNOLOGY					
ADDVANTAGE:.....	2.28	0.04			
AMDOCS:.....	58.19	(0.35)			
AMPHENOL:.....	51.90	0.21			
APPLE:.....	110.21	(1.58)			
ARRIS GROUP:.....	28.19	0.10			
AVID TECH:.....	8.66	0.13			
BLNDER TONGUE:.....	0.69	(0.03)			
BROADCOM:.....	50.91	0.82			
CISCO:.....	27.82	(0.03)			
COMMSCOPE:.....	30.81	0.21			
CONCURRENT:.....	5.00	(0.06)			



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Think about that for a minute...

What's a 'Network'?

Commentary by Steve Effros

I started wondering what the term "network" actually meant recently. If you look at the dictionary definition, the best one I found was from Merriam-Webster. It defined it as "...an interconnected or interrelated chain, group or system." But that was far from the only definition, starting with ones relating to intersecting lines and of course going all the way from hotels to computer systems and the Internet.



I puzzled over this because the term has been bandied around lately (as in "network neutrality"), and I began to wonder what the true implications were of that idea if you actually applied it across many of the "networks" we constantly deal with.

When I was growing up, when you spoke about a "network" in the television or radio business you were talking about ABC, NBC, CBS and finally Fox. The "four major television networks." While they were, indeed, interconnected with their affiliates via landlines, microwave, and ultimately satellite, that's not what most folks associated with the terminology. It was the "Network News" as opposed to the "local news." The "Network" controlled the product, decided which programs were going to be on, when, and didn't really give much latitude to local affiliates to do anything other than pass that programming on to viewers. The "Network" was and still is a programmer.

So is HBO a "network"? What about Netflix or Amazon Instant Video or Hulu? They are all programmers, they select product that is available to be seen, it is sent out and received by consumers who then choose the "channel" they want to watch, be it one of HBO's options or ESPN's multiple channels or the offerings of Netflix. Just like ABC or NBC or CBS in the "old days," Netflix pays for programming to put on, they decide what to put on and what to take off depending on their likes, dislikes, contracts, etc.

What exactly is the difference between these new networks and the old ones? I don't think there's much.

You might wonder why I am dwelling on this, but consider the implications of "net neutrality" as it applies across a whole host of networks. The "logic" behind applying "net neutrality" to the broadband networks was that if they were allowed to make editorial choices, or business plans that effectively made it more difficult for some new programmer to access the viewer, that would be unfair. But what if ABC kills a show because it doesn't get enough viewership and thus doesn't generate enough advertising revenue? What about Netflix deciding to jettison something because of contract differences? Aren't those instances where a network is violating the notion of "neutrality"?

Should we now start considering regulations to prohibit these very powerful networks from picking and choosing which entrepreneurs and creative programmers will succeed and which will be excluded? Should the FCC become the enforcer of the notion that once you are a "network" you no longer retain full control of that which you have built? Is "neutrality" the ultimate objective in all telecommunications aggregation and delivery?

No, I am not arguing for more government control of all these networks. Just the opposite. I would suggest that as is often the case, the government has ignored the old cautionary saying that "...you don't know how deep a puddle is until you step in it." And in this case, there is a possibility that if the FCC "logic" on why they have to impose "network neutrality" is sustained, the Commission and its staff may just drown in the aftermath.

T:202-630-2099
steve@effros.com

(Steve Effros was President of CATA for 23 years and is now an advisor and consultant to the cable industry. His views do not necessarily reflect the views of Cablefax.)

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