

Cablefax Daily™

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What the Industry Reads First

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State of Play: 5Qs with Time Warner Cable's Alix Cottrell

Despite Time Warner Cable likely riding off into the Charter sunset this year, the MSO hasn't slowed down its aggressive campaign started in late 2014 to supercharge its video and broadband businesses. A big part of that future involves multiscreen content, so we checked in with Alix Cottrell, TWC's group vp, video, and a speaker at Cablefax's Multiscreen Summit on March 8 in NYC, to find out what the future has in store for the industry. **What's the key to creating a consistent customer experience across screens?** There are two key principles to creating a great customer experience across screens. The first is to keep the experience simple, focused and intuitive for the customer to use—too many bells and whistles get lost on the majority of customers. The second is to leverage the individual platforms templates, common navigation and behavior that is already learned by the consumer, rather than creating something completely custom. Of course, with live TV we often need to create our own user experience, but we leverage the trends of each platform. **To what degree should MVPDs still worry about competition for the set-top box?** Time Warner Cable has focused on the breadth and depth of choices for our customers including many different platforms through which a customer can watch their video subscription, including iOS, Android, PC/Mac, Roku, Samsung Smart TVs, Xbox 360 and Xbox One. We will continue to evolve our platforms and offerings so customers can watch however they want. **Where do you see the biggest opportunity to engage customers across devices?** We are currently conducting a trial in NYC for customers to use a Roku box in lieu of a traditional set top box. We have set up feedback channels for those participants and are incorporating much of their feedback and comments into future releases of our product. Ideally we would like to be able to get feedback directly from the device, and will continue to develop that across the platforms where it makes sense; no one wants to type feedback using the letter keypad. In the future, I think we will see a lot of integration with other applications like chat and text through all devices so the customers can be connected and interact in a simple and easy way. **What's the biggest challenge distributors face when it comes to multiscreen content?** It's hard to predict how customers want to watch their TV, and supporting multiple platforms is complex from a technical standpoint. From a customer perspective, knowing that they have so much choice on how to consume content, either via a programmer app or through our TWC TV app, and on multiple platforms can also be daunting. We are looking to simplify for the customer wherever

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we can. **With OTT players becoming so prominent, what's the fate of "the cable bundle" in the near-term?** The cable bundle continues to be an excellent value for customers, however we recognize the growing desire of customers to express more choice within their bundles and will continue to explore and evolve our offerings. *[Register here to join Cottrell and other experts at Cablefax's Multiscreen Summit on March 8 in NYC]*

NJ OKs Charter-TWC: The **NJ Board of Public Utilities** signed off on **Charter's** proposed merger with Time Warner Cable, giving the deal approval from all but 2 states (Hawaii and the closely watched CA PUC vote, currently slated for May 12). Conditions of NJ's approval include the investment of at least \$750K in customer service improvements in the state; no data caps and Open Internet protection per **FCC** requirements for 3 years; Charter taking on the liability of TWC for pending 2003 rate appeals pending at the FCC; and Charter notifying and providing explanation if there's an employee loss of greater than 15% in NJ. Charter also must offer a low-income broadband program within 15 months that provides \$14.99/month service (speeds of 30Mbps downstream/4Mbps upstream). Households who have children eligible for the National School Lunch Program or seniors 65 or older eligible for SSI would qualify. In addition to the approval of the merger, the Public Utilities Board also approved Time Warner Cable's Offer of Settlement, where they agreed to pay \$300K to resolve all outstanding alleged violations of Board orders, statutes, and regulations.

On the Hill: House Commerce Republicans reached a deal with Democrats on a bill that would exempt small businesses from net neutrality rules ahead of Thurs' committee mark up. "Finally, I'm so pleased we've reached a compromise on H.R. 4596, the Small Business Broadband Deployment Act," **Communications Submte** ranking member **Anna Eshoo** (D-CA) said in a statement late Wed. An informal survey of associations representing small broadband providers suggested that an exemption of the FCC's enhanced transparency rules for companies with 250K or fewer subs would "adequately address the vast majority of their memberships," she said. The bipartisan amendment offered by subcmte head **Greg Walden** (R-OR) and **Dave Loebsack** (D-IA) reflects this data by protecting the country's smallest ISPs while continuing to ensure that the majority of consumers benefit from the enhanced transparency rules, Eshoo said. ISPs all sizes will continue to be responsible for following the **FCC's** rules against blocking, throttling and paid prioritization, as well as the transparency rules adopted in 2010, she said, urging committee members to support the amendment and pass the amended bill.

Kaitz Hollywood Creative Forum: Kudos to the **Walter Kaitz Foundation** for pulling off another Hollywood Creative Forum in L.A. where thought leaders like **All Def Digital** CEO **Sanjay Sharma** argued Wed that the content revolution has only just begun. "What I'm seeing in the space is really mirroring what happened with the cable industry" in recent years, he said, noting how many naysayers dismissed as "laughable" **ESPN** and **CNN** when they first launched. "The same thing is happening times a hundred on platforms like **YouTube**... not just YouTube but OTT subscription services that go straight to consumers." Sharma said the "first wave" of MCNs were all about aggregation, but now that YouTubers are more savvy, the game is about IP ownership and original content—"and that's exactly what happened in cable."

Verizon's Skinny Bundles: Speculation continues as the industry tries to absorb **Verizon's** about-face on its "Custom TV" skinny bundle offerings. On Wed, **ESPN** and Verizon asked the court to stay all proceedings in ESPN's litigation over the bundle until March 28 (ESPN sued last year over not being included in the base bundle). The two said they have made progress in their ongoing settlement negotiations that will be aided by a stay. A preliminary conference had been set to take place Thurs. **Bernstein Research** analysts assigned an "inferior value proposition" to the revamped bundle and suggested **Disney** approached the telco with an offering to give up something of value to Verizon. What that is may forever remain a mystery, but likely gives could be mobile related, such as content rights for Go90 or online advertising for the **AOL** platform, mused a Bernstein note to clients. Over the weekend, Verizon announced its new bundle offers, giving consumers the choice between two base bundles, with one of those including **ESPN**.

Frontier Eyes Video: **Frontier** is set to roll out an IP-based video services to 50% of its sub base, pres/CEO **Daniel McCarthy** said on the company's earnings conference call late Tues. The company's integrating its purchase of **Verizon's** wireline assets in CA, TX and FL, after which Frontier could expand its video offering to more than 7mln homes.

AT&T Fires at FCC: Citing the Commission's handling of the special access proceeding, **AT&T** criticized the **FCC** for "selectively suppressing the free flow of information to impede public debate on the merits of increased special access regulation." The barb came from a blog post this week from **Caroline Van Wie**, the telco's assistant vp of federal regulatory. The

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FCC declined to comment. The telco claimed the public is limited to generic descriptions that lack the specificity of hard data in the proceeding.

Public TV Deal: The **Association of Public Television Stations** and the Public Broadcasting Service inked a renewal of their 2005 Public Television Digital Cable Carriage Agreement with **NCTA**. The renewal ensures local public TV stations' multicast digital programming will be carried on cable systems.

Programmatic for Linear: **NBCU** announced the launch of **NBCUx** for linear TV, which, starting this fall, will allow advertisers to use data and automation to build media plans that include linear inventory across the entire portfolio of cable and broadcast nets. It's a first for the industry, the programmer said. The addition of linear buying here is key, with **NBCU** having made programmatic buying available to clients for its digital and display inventory over the past 2 years.

Carriage Deal: **Newsmax TV** scored carriage deals with **CenturyLink** and **GCI**, the cable net said Wed. With the deals, Newsmax is now in 45mIn US homes. The channel was launched in June 2014 to 35mIn subs through **DirecTV** and **Dish Network**.

Are You Ready?: The **Cablefax** Multiscreen Summit on March 8 in NYC is almost here. Register now at www.cfxmultiscreensummit.com

Cablefax Daily Stockwatch

Company	02/24 Close	1-Day Ch	Company	02/24 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
BROADCASTERS/DBS/			ECHOSTAR:	42.64	4.62
DISH:	46.42	0.36	GOOGLE:	699.56	3.71
ENTRAVISION:	7.72	0.16	HARMONIC:	3.09	0.10
GRAY TELEVISION:	10.82	(0.31)	INTEL:	29.19	0.39
MEDIA GENERAL:	15.97	0.05	INTERACTIVE CORP:	44.64	0.58
NEXSTAR:	40.87	(0.12)	LEVEL 3:	48.66	0.58
SINCLAIR:	29.46	(0.8)	MICROSOFT:	51.36	0.18
TEGNA:	24.15	(0.22)	NETFLIX:	91.61	2.49
MSOS					
CABLE ONE:	415.84	7.34	NIELSEN:	49.45	0.73
CABLEVISION:	32.37	(0.01)	SEACHANGE:	5.54	0.14
CHARTER:	175.79	1.40	SONY:	21.43	(0.08)
COMCAST:	58.40	0.86	SPRINT NEXTEL:	3.05	0.10
GCI:	18.28	(0.11)	TIVO:	8.24	0.30
LIBERTY BROADBAND:	48.94	0.60	UNIVERSAL ELEC:	52.83	(0.98)
LIBERTY GLOBAL:	37.20	(0.77)	VONAGE:	5.15	0.17
SHAW COMM:	17.18	0.27	YAHOO:	30.95	0.28
SHENTEL:	22.88	0.10	TELCOS		
TIME WARNER CABLE:	189.86	0.43	AT&T:	37.10	0.36
PROGRAMMING					
21ST CENTURY FOX:	27.32	0.37	CENTURYLINK:	30.01	0.76
AMC NETWORKS:	70.83	2.32	FRONTIER :	5.30	0.22
CBS:	47.48	0.52	TDS:	25.60	0.68
CROWN:	4.62	0.21	VERIZON:	50.82	0.19
DISCOVERY:	25.20	0.01	MARKET INDICES		
DISNEY:	95.43	0.05	DOW:	16484.99	53.21
GRUPO TELEVISA:	25.27	0.51	NASDAQ:	4542.61	39.02
HSN:	52.03	3.65	S&P 500:	1929.80	8.53
LIONSGATE:	21.54	1.73			
MSG NETWORKS:	15.97	0.33			
SCRIPPS INT:	57.95	(0.09)			
STARZ:	22.93	0.32			
TIME WARNER:	67.48	1.38			
VIACOM:	41.47	0.46			
WWE:	16.33	(0.1)			
TECHNOLOGY					
ADVANTAGE:	1.66	0.01			
AMDOCS:	58.00	0.03			
AMPHENOL:	52.43	0.28			
APPLE:	96.10	1.41			
ARRIS GROUP:	22.87	0.53			
AVID TECH:	7.27	0.06			
BLNDER TONGUE:	0.45	0.00			
CISCO:	26.32	0.20			
COMMSCOPE:	25.22	0.28			
CONCURRENT:	5.42	(0.17)			
CONVERGYS:	26.05	1.63			
CSG SYSTEMS:	38.13	0.23			

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Think about that for a minute...

Another Bite of the Apple

Commentary by Steve Effros

The fight between Apple and the FBI over access to private data should be a critical harbinger of things to come, and they directly apply to us. The policy issues are extremely complex, with good arguments on both sides, but at this stage I agree with Apple CEO Tim Cook that whatever the decisions made regarding the forced release of private information, government required creation of “software speech” and the significance of this on public perception of companies, their products and the government should not be decided by a federal agency or the courts. It’s a job for Congress.

Yes, I know. Most folks regrettably laugh when they read that last sentence. We’re all painfully aware that it seems the intent these days of those elected to Congress is to make sure that body doesn’t do things, rather than get things done. The mantra of obstruction has even been elevated to a proclaimed political strategy in the past few years. That’s sad. But it doesn’t override the point that our system was never devised to allow the head of the FBI, or the head of the FCC for that matter, to make such fundamental decisions without very clear, specific authorization from Congress. It’s time they did their job, and it’s time the judiciary refused to continue to simply “defer” to those who cannot point to specific Congressional mandates directly related to the effect of what they are proposing.

Complicated? Yes. In the case of Apple and the whole issue of privacy and government demands that they be provided access to personal data that individuals have specifically and intentionally tried to keep private, that’s a real mess. Would we be comfortable requiring folks to testify against themselves? Our laws don’t require that. In fact they specifically say it cannot be required.



But if the “testimony” is in electronic form, which was intentionally and very notably made totally “private,” does our notion and expectation of privacy disappear? I’m not going to get into the nitty-gritty of that, nor do I here take a position. What I do know is that the issues surrounding those access questions (note, this is not really about “encryption,” it’s about “access”) have become increasingly complicated because of new technology. Existing laws, no matter how the individual words are manipulated, did not seriously consider the current state of play. We shouldn’t make believe they did. We shouldn’t let government bureaucrats assume powers that have not specifically been given, and the courts should not be asked to step in and make essentially policy decisions. That’s the role of Congress.

Why go on about all this? Because I think we’re faced with the same situation at the FCC in the guise of “All-Vid 2.0,” the Commission’s new NPRM proposing that MVPDs must establish new “software speech” that will enable third parties access to the individual parts of the content bundle MVPDs sell to consumers. I’m going to have lots more to say about all this, but for now I’d simply suggest that the Commission has done a very good job of creating a lot of smoke and prestidigitation surrounding a policy effect to essentially force MVPDs to be common carriers and their service to be defined as commoditized pieces. That’s the practical result of the distraction of talking about “set-top boxes.” That’s not the real issue, just as in the Apple case, fundamental issues of privacy, not simply a one-time “back door,” are in play. This is serious stuff.

Steve

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(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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