

# Cablefax Daily™

Thursday — February 4, 2016

What the Industry Reads First

Volume 27 / No. 022

## Comcast's Roberts: Not Focusing on M&A Right Now

**Comcast** chmn/CEO *Brian Roberts*' message from the company's 4Q earnings call was loud and clear: The focus this year is on running the business, not acquisitions. That might be somewhat surprising since the company is positioned well financially to be in the hunting mode: It grew revenue by 8.3% in 2015 and operating cash flow by 7.7% YOY, generating close to \$9bln in free cash flow. Looking at potential M&A scenarios and many others that have been suggested, "there's nothing we feel we have to do," Roberts said Wed. While CFO *Mike Cavanagh* is always looking for ways to grow shareholder value and new opportunities as the market evolve, "our plan in 2016 is to execute on a business plan, stay focused. And I don't feel the need that we need to go and change the face of our company," said Roberts. Citing Comcast's cable service and content business, he said the company is "at the cross-section of two industries and leading the way in both." That said, Comcast will probably still be shopping around, for spectrum, not companies. The company will be filing to retain the option to participate in the upcoming **FCC** spectrum auction, pres/CEO of Comcast Cable *Neil Smit* said. The MSO wants to further leverage its wireless assets, which include the 13.3mln WiFi hotspots, he said. "We are testing and learning." The MSO had a solid 4Q, adding 89K video subs versus just 6K in the year-ago quarter. It also added 460K broadband customers in the quarter versus 375K a year ago. The X1 platform penetration is now at 30% and Comcast expects 50% penetration by the end of the year. Calling X1 "a real game-changer," Smit noted 60% of net new connections in 4Q were for X1. The earnings call came a week after FCC chmn *Tom Wheeler* proposed a new set-top framework that cable generally opposes. Smit said "I think it's premature to comment on this, since a proposal has not even been seen yet. We believe that, generally speaking, in a dynamic environment that's rapidly changing, technology mandates just don't work very well. But we look forward to seeing the proposal, and we will work with the chairman and his office to come up with what's best for the customers and the consumers." On the video side of the business, "there's a real opportunity in the linear space to do some of the things that the digital space does so well, such as measurements and targeting," said Smit. Comcast has acquired advertising tech firms **FreeWheel** and **Visible World**. **NBCU** CEO *Steve Burke* also noted Comcast's ability to combine set-top data and ratings data from its content unit, providing more insights into audience performance for advertisers. The company has explored various services targeting cord-cutters and cord-

## Cablefax Multiscreen Summit

Tuesday, March 8, 2016 | Yale Club, NYC

Register before

**FEB. 5**

and Save

**\$150**

The **Cablefax Multiscreen Summit** is the must-attend event for you and your team to make sense of the multiscreen revolution that's changing the entire TV ecosystem — and communicate those benefits to increasingly fickle consumers and clients.

Alix Cotrell  
Time Warner CableJen Corbett  
Discovery CommunicationsTheo Ellis  
DISHLaura Martin  
Needham & CoPeter Nush  
Comcast

Sponsored by:

**Canoe****viamedia**View Agenda at [www.CablefaxMultiscreenSummit.com](http://www.CablefaxMultiscreenSummit.com)Questions: Mary-Lou French • [mfrench@accessintel.com](mailto:mfrench@accessintel.com) or 301.354.1851

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 ● Publisher: Michael Grebb, 323.380.6263, mgrebb@accessintel.com ● Sr. Editor: Joyce Wang, 301.354.1828, jwang@accessintel.com ● Cablefax/Screenster Editor: Kaylee Hultgren, 646.764.8267, khultgren@accessintel.com ● Advisor: Seth Arenstein ● Dir. of Business Dev.: Rich Hauptner, 203.899.8460, rhauptner@accessintel.com ● 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: \$1,699.97/year ● Access Intelligence, LLC, 9211 Corporate Blvd., 4th Floor, Rockville, MD 20850

nevers, including Stream TV, a pilot program in Boston and Chicago, and Watchable, an ad-supported service featuring short-form videos. "We're innovating in the packaging area to get customers a package that's appropriate to them, and whether it's streamed or delivered in a linear fashion, we are getting increasing rights and more flexibility. And we work together with the programmers to define the best value," Roberts said.

**More on Comcast 4Q:** Results were good overall at **NBCUniversal**. Revenue grew 3.4% YOY at cable nets, thanks to incensing revenue growth of 6.8%. Distribution revenue increased 6.8%, driven by higher affil fees associated with NASCAR on **NBC Sports Net** during the quarter. Advertising revenue declined a modest 0.3% as contributions from NASCAR advertising and increased pricing from a strong scatter market were more than offset by ratings declines at some of the nets. Retrans revenue increased nearly 40% to \$136mln, and totaled \$535mln for the full year. The company expects retrans revenue to increase to \$800mln in 2016.

**Unscripted's Take on VR:** Remember when 3D television was going to change the world? So, it's understandable there's some real skepticism as the hype builds for virtual reality. But panelists at Realscreen Summit Wed were in agreement that VR is more than just a passing phase. It may seem like the playground for fantasy and fiction, but unscripted programming is using it to take viewers to places they otherwise wouldn't have access to, whether it's the Serengeti, surfing the perfect wave or inside an ambulance on duty. **Mike Drachkovitch**, CEO of **44 Blue Productions** and founder of its virtual reality content studio **Overture**, showed a clip of the company's VR look inside a high-security prison, allowing them to get a truer sense of life there instead of the usual manufactured portrayal. "It's refreshingly honest and authentic. It's almost too real," Drachkovitch said. As a viewer, "you're completely vulnerable, being thrust into it." In fact, producers need to be sensitive to exactly how vulnerable and at the mercy of the story viewers become in virtual reality. **Marty Flanagan**, creative director at **Secret Location**, warned, "your presence within it has to be reckoned with." Creating content that will perform successfully in this format also requires unlearning a lot of what's been traditionally known about TV and film production. It forces questions that never needed to be asked before, such as how to direct a scene when no one can be in the room, or how to make sure the Go-Pro doesn't die while your talent skis down Everest. **Cory Key**, vp, interactive for **Discovery Comm's** in-house creative agency **Discovery Agency**, even brought up the unseen issue of figuring out where to store and save previously unheard of amounts of data. A lot of these challenges are related to waiting for the technology to create virtual reality to catch up with the tech that's been created to consume it. There's nowhere to go but forward, as **CES** debuted plenty of VR-related technology this year, including a 360-degree **Nokia** camera many have high hopes for. With so much potential and excitement, how can companies go wrong? **Haymaker Media** co-owner **Irad Eyal** had a simple answer. "If your viewer throws up afterward, that's bad virtual reality."

**Viceland Crew:** With its Feb 29 launch fast approaching, **Viceland's** exec team is now in place. Filmmaker **Spike Jonze** and **Eddy Moretti**, who have been creating the channel for the past 2 years, will service as co-presidents. They'll handle the creative and **A+E Nets'** **Guy Slattery** will handle day-to-day operations as gm. Slattery previously served as evp, marketing for **A&E**, **History** and **H2** and was named **Cablefax's** Marketer of the Year in 2009. **Derek Freda** will serve as production head. It was clear from comments History pres **Jana Bennett** made at **Realscreen Summit** this week that the net is very much in the hands of Vice. She's hopeful that some of those info-driven programming viewers will find their way to History Channel. As for the Viceland audience, she said it's really not that different from those currently watching H2.

**The Redstone Chronicles:** **CBS** announced that **Les Moonves** has been elected chmn of the board, replacing **Sumner Redstone** following his resignation Tues as exec chmn. Redstone was appointed chmn emeritus of CBS Corp. His daughter **Shari Redstone** will continue to serve as vice chair of the CBS board. The board offered her the position of non-exec chair before it elected Moonves, but she declined, citing professional and personal responsibilities. "I want to thank Sumner for his guidance and strong support over all these years," Moonves said in a statement. "It has meant the world to me. I am particularly grateful that Shari Redstone has agreed to continue in her role as vice chair of the Company. Her business acumen and knowledge of the media space remain very important to me as we move forward, and I greatly appreciate her support and invaluable counsel." **Viacom** didn't comment on whether Sumner Redstone will step down as exec chmn, but said its board is scheduled to meet Thurs.

**Yes, Vegas, There is a Super Bowl:** **Cox** is letting its Las Vegas customers know about some alternative ways to view Sun's Super Bowl as a retrans dispute with **Nexstar** has knocked local **CBS** affil **KLAS** off its lineup. The MSO will offer

# BUSINESS & FINANCE

a free preview of **ESPN Deportes** to all customers in Las Vegas on channels 16/1016 (HD). Yes, it's in Spanish, but it's still the Super Bowl (and viewers can mute their sets and tune their radios to 100.9FM or 1100AM for English commentary). Cox said it will work on alternate solutions to offer the game in English as negotiations with Nexstar continue. "We are working hard to resolve this matter before kickoff and end the impasse, however, we want to give our customers options to see the game," *John Wolfe*, svp and region manager, said in a statement. Cox also outlined other options, such as live streaming it at [cbsports.com](http://cbsports.com) or using a digital antenna to watch it over-the-air. As for the ESPN Deportes preview, it's already up and running and will continue until the end of Mon.

**TV One Representing:** TV One will use Fri's **NAACP** Image Awards to introduce the new tagline "Represent," which is being integrated into the net's logo. The net is pledging to represent the best of black culture and entertainment (past, present and future). "We are committed to delivering on what consumers are demanding and what is missing in entertainment—a more balanced representation of stories and black images that exist in today's culture," said *Lori Hall*, marketing svp. New shows coming up for the net include "The Next 15," which looks at 6 reality stars after their 15 minutes have come and gone, and scripted comedy "Here We Go Again," starring *LeToya Luckett*.

## Cablefax Daily Stockwatch

Company	02/03 Close	1-Day Ch	Company	02/03 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
DISH:	47.68	0.92	ECHOSTAR:	35.47	0.67
ENTRAVISION:	7.18	0.04	GOOGLE:	726.95	(37.7)
GRAY TELEVISION:	12.88	0.36	HARMONIC:	3.20	0.09
MEDIA GENERAL:	16.12	0.24	INTEL:	29.34	(0.46)
NEXSTAR:	43.80	1.61	INTERACTIVE CORP:	45.78	(5.09)
SINCLAIR:	32.95	0.61	LEVEL 3:	46.77	(0.59)
TEGNA:	23.53	0.19	MICROSOFT:	52.16	(0.84)
<b>MSOS</b>			NETFLIX:	90.74	(0.75)
CABLE ONE:	424.59	4.52	NIELSEN:	46.70	(0.51)
CABLEVISION:	32.02	0.11	SEACHANGE:	5.83	(0.08)
CHARTER:	176.45	4.45	SONY:	22.03	(0.36)
COMCAST:	57.84	3.25	SPRINT NEXTEL:	2.84	0.07
GCI:	18.24	0.28	TIVO:	7.80	0.04
LIBERTY BROADBAND:	47.79	0.73	UNIVERSAL ELEC:	49.06	0.17
LIBERTY GLOBAL:	35.18	0.67	VONAGE:	5.09	0.08
SHAW COMM:	17.65	0.39	YAHOO:	27.68	(1.38)
SHENTEL:	22.33	0.34	<b>TELCOS</b>		
TIME WARNER CABLE:	185.75	3.66	AT&T:	36.72	0.66
<b>PROGRAMMING</b>			CENTURYLINK:	26.08	0.87
21ST CENTURY FOX:	26.49	0.49	FRONTIER :	4.60	0.25
AMC NETWORKS:	70.10	0.14	TDS:	24.17	1.01
CBS:	48.26	1.63	VERIZON:	50.62	0.71
CROWN:	4.53	0.06	<b>MARKET INDICES</b>		
DISCOVERY:	27.27	0.87	DOW:	16336.66	183.12
DISNEY:	95.14	2.02	NASDAQ:	4504.24	(12.71)
GRUPO TELEVISA:	26.31	0.05	S&P 500:	1912.53	9.50
HSN:	46.05	(0.41)			
LIONSGATE:	25.63	0.44			
MSG NETWORKS:	17.32	0.31			
SCRIPPS INT:	61.37	1.25			
STARZ:	29.19	0.52			
TIME WARNER:	71.46	0.94			
VIACOM:	47.57	0.90			
WWE:	16.63	(0.45)			
<b>TECHNOLOGY</b>					
ADDVANTAGE:	1.78	0.02			
AMDOCS:	55.56	0.53			
AMPHENOL:	49.05	(0.15)			
APPLE:	96.35	1.87			
ARRIS GROUP:	23.73	(0.77)			
AVID TECH:	6.88	0.20			
BLNDER TONGUE:	0.36	0.02			
CISCO:	23.10	0.27			
COMMSCOPE:	21.83	0.37			
CONCURRENT:	5.15	0.15			
CONVERGYS:	24.68	0.47			
CSG SYSTEMS:	35.27	0.98			



AMERICAN CABLE ASSOCIATION'S  
**SUMMIT**  
**23**  
March 1-3, 2016  
WASHINGTON, D.C.

**FEATURED SPEAKERS**

  
 Rep. Mike Doyle  
(D-Pa.)

  
 Rep. Mike Pompeo  
(R-Kan.)

  
 Gene Kimmelman  
CEO, Public Knowledge

**Register at [www.ACASummit.org](http://www.ACASummit.org)!**

## Think about that for a minute...

### Bloat

Commentary by Steve Effros

It used to be called bloatware, when a software company took a successful product and added, and added, and added to it trying to convince folks they needed to buy the “latest, biggest” version that did dozens of things as opposed to the one they started with. The result was an enormous, bloated program that usually didn’t work as well as the original.

The additional problem and anti-consumer effect of bloatware was that the second or third version of the program, and this was particularly true of operating systems (think Microsoft), required you to buy new computers with faster processors and more memory, etc, at tremendous consumer expense just to get that part of the program or OS that you wanted to use. You couldn’t just get the simple, lean, proven version. You had to buy the bloated product with all the add-ons.

Eventually there were responses to bloatware. One was regulatory; the worst offender at the time, Microsoft, was pressured to sell its various pieces separately. This happened first overseas, but eventually antitrust challenges resulted in the same happening here; the OS was separated from Internet Explorer which had to be available without having to get “Office” and so on. The other was competitive. Other companies came out with slimmed down operating systems that worked very well, like Firefox, or offered additional pieces to do different things, like Chrome with its entire suite of work product programs for free. Bloatware was no longer a good business plan, and so things changed, as they are now in our industry with cable’s “skinny bundles” today.

Since there was no longer an advantage to always making things bigger and requiring more and more power and storage, the programmers started to acknowledge that they



could actually do a lot better job of writing the programs. They became far more elegant, quick and slim. Storage and processing has moved to the cloud and the “average” computer has now not only gotten a lot more powerful and faster because of new technical advances, but also less expensive because it does not have to wade through the bloat. It’s not that easy or inexpensive to update infrastructures, unfortunately.

Now think about the announcement that Netflix made recently that it’s just figured out that if it re-codes its video library, lo and behold, it can deliver all those great movies and programs using about half the infrastructure bandwidth it was insisting it needed before to deliver an excellent consumer experience! In other words, the demand for ever faster broadband, ever more capacity, and the expense we, and the public have been forced to experience as we were pushed to more bandwidth and higher “acceptable” speeds for broadband (think of Tom Wheeler and the FCC) was not really critical. Nice, except the cost, but not necessary. It was just easier for Netflix and other major bandwidth hogs to settle down at the trough someone else had to fill and pay for than it was to regulate their own eating habits. Now they say they are doing that. It’s about time. But the FCC and the consumer advocates should learn a lesson once again from this repeat episode; industrial regulatory policy based on bloated demands and assumed “needs” usually hurts consumers, it doesn’t help them.

We’re all paying the price. The technology will continue to change. “VR,” for instance, may require additional things. We don’t know. But that’s the point; we don’t know, and neither do they. Don’t make decisions based on more bloated demands and assumptions.

*Steve*

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.)

## Cablefax Daily is **THE** Place to Advertise

**Launching a new product?** Let the industry know!

**Premiering a new show?** Let the industry know!

**Celebrating an anniversary?** Let the industry know!

Deliver your message with impact and influence the industry’s elite.

**Advertise in Cablefax Daily today!**

Rates & More Information: Rich Hauptner at [rhauptner@accessintel.com](mailto:rhauptner@accessintel.com) or 203-899-8460 | Olivia Murray at [omurray@accessintel.com](mailto:omurray@accessintel.com) or 301-354-2010