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What the Industry Reads First

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HBO Chief: Distributors Aren't Dead Set Against HBO Now

While many headlines out of **Time Warner's** 4Q earnings call focused on its miss of the Street's consensus, there were some interesting details on direct-to-consumer streaming service **HBO Now**. HBO CEO *Richard Plepler* said the service has about 800K paying subs—and that's without deals with 2 major platforms, **Playstation** and **Xbox**. Gaining carriage there will be a priority, with the services accounting for about 20% of viewing for TVE app HBO Go, according to management. Plepler said upcoming content, including programming from *Jon Stewart* and "Vice News," should play especially well with that crowd. When an analyst asked if a lack of buy-in from ISPs contributed to HBO Now only having 800K subs, Plepler objected. "I wouldn't say 'only 800K.' We're just getting started. I think we're going to make a lot of progress as we put new content on and get onto new platforms," he said. "Our distributors are selling HBO in a variety of different ways." Plepler recounted how he had dinner with a major distributor recently and part of the conversation included HBO Now. "They were very excited about it. I reject the notion that our major distributors out-of-hand don't want to bundle HBO Now. I don't think that's true. And as our deals come up for renewal, I think we'll see different kinds of packaging," he said. "If they want to sell HBO through skinny bundles, fantastic. If they want to sell HBO through triple plays, fantastic. I think it's very important to remember over the last 4 years we've grown 8mln subscribers in just the United States. No one is doing us any favors selling HBO. They're growing their own businesses by using our brand to growth their different companies." TWX shares closed down 5% Wed, with the company's revenue falling 6% to \$7.1bln and AOBIDA down 12% to \$1.4bln. **Bernstein Research** analysts wrote that since TWX had essentially pre-announced results in 2015 last month, it didn't expect surprises. TWX delivered EPS of \$1.06 vs the consensus \$1.01. "But how they got there was somewhat surprising. Basically, they came in below consensus OI for every segment, and beat EPS because of tax," the analysts said. Rev was up 2% to \$2.7bln at **Turner Nets** and ad rev rose 4.5%, but subscription and content rev was essentially flat. HBO rev rose 6% to \$2.4bln, while rev for the **Warner Bros** film division fell 13% to \$3.3bln. "Looking forward, we continue to expect margin erosion at HBO given ongoing investments in programming, marketing and technology, but can see stability at Turner as programming spending growth can be offset by solid advertising trends and (what should be)

FEATURED SESSION:

Acronym Soup: How to Survive the Multiscreen Chaos

During this session:

- Gain insight about the latest technologies, and how can they facilitate content across screens.
- Get a feel for how news out of the Consumer Electronics Show in January will affect this multiscreen world in 2016.
- Find out how programmers, distributors and vendors can take advantage of the latest multiscreen trends and technologies.
- Gain perspective on how understanding the complexities surrounding multiscreen content can help you and your team edge out competitors.

SPEAKERS:



Alix Cottrell
Group VP,
Video Product
Time Warner
Cable



Lori Hall
SVP, Marketing
TV One



Peter Nush
VP, Product
Management
Comcast X1
Entertainment
Operating System



Brent Smith
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Kent Steffen
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predictably high affiliate fee growth for the year. Longer-term margin erosion is also more likely there, however,” **Jefferies** analysts wrote in a research note. “We think the studio can generate margin improvement primarily through efficiencies in the near-term, although stronger slates at the box office will help, too.”

NH Primary: Fox News held on to its ratings lead in the 2016 presidential race, with its 7-11pm ET coverage Tues averaging 4mln viewers and 910K in the news demo of 25-54s, according to early **Nielsen** numbers. During the same time period, **CNN** netted 2.5mln viewers (849K 25-54s) and **MSNBC** averaged 1.7mln (455K 25-54s). Fox News’ NH primary coverage marked the 2nd highest-rated primary night in cable news history in total viewers (behind only Fox’s coverage of IA the previous week) and also garnered the biggest ratings ever for a NH primary. CNN scored a victory among younger viewers, with 302K in the demo compared to 201K at Fox News and 127K for MSNBC. **CNN Digital’s** traffic surpassed last week’s record-setting audience on the day of the Iowa Caucuses, with more than 7mln unique visitors and 15mln page views on CNNPolitics.com.

Retrans: Miami’s **Fox** affil **WSVN** returned to **AT&T U-verse** channel lineup Wed after parent company **Sunbeam Television** and the telco reached a retrans deal. The station went dark on Jan 16 when negotiations to renew their retrans contract failed.

CableLabs Launches UpRamp: **CableLabs** has launched new platform “UpRamp” to help established technology companies find product/market fit and actual reference customers in the cable & broadband sector. The 3-month, non-resident program seeks to help “a very small cohort of companies find that elusive fit, and graduate with one or more actual deals at the end of the process,” **CableLabs** said. Designed as an “Executive MBA for startups,” the initiative will be focused solely on the cable and broadband space. It will pair each company with a C-level exec from **CableLabs** and a C-level exec from one of the 55 **CableLabs** member operators. The program is led by *Scott Brown*, head of technology outreach at **CableLabs**, and **CableLabs** CEO *Phil McKinney*.

ACA on Set-top Plan: As the **FCC** prepares its set-top box NPRM, which will be voted on during the agency’s Open Commission Meeting Feb 18, **ACA** told agency staff in recent meetings that new regulations aren’t necessary as small ops are increasingly offering new ways for subs to access video service on various devices. In an ex parte filing posted Tues, the group urged the Commission to seek comment on whether and how to provide relief to smaller ops if it were to move forward with its proposal.

Virtualization of Cable: To make it easier for cable ops to create a virtualized environment, **CableLabs** and **Cisco** partnered to create a software project for the Remote PHY Device labeled “OpenRPD.” Originally developed by **Cisco**, it was contributed to the open source environment hosted at **CableLabs**. The Remote PHY Device is a physical layer converter commonly located in the cable network. The open source software will reside in the Remote PHY Device and will be available to cable ops and vendors around the world. Remote PHY works together with DOCSIS 3.1 to expand capacity of the cable hybrid fiber coax (HFC) plants. It is designed to help further interoperability efforts and promote virtualization to speed time to market with new services. The new software allows legacy cable equipment vendors to build remote PHY nodes without restrictions or needing to be experts in the latest cable standards. The industry led the effort a few years ago for a Converged Cable Access Platform, to simplify cable head-end operations and to move ops toward service convergence and IP video. Soon after came the invention Remote PHY, contributed to **CableLabs** by **Cisco’s John Chapman**, fellow and CTO of cable access business.

SCTE/SCTEUK Partnership: **SCTE** and the **Society for Broadband Professionals (SCTEUK)** signed a Memorandum of Understanding Wed to increase the ability of both groups to improve engineering skills in the cable/telecom/broadband industries. The memo is also designed to “address marketplace confusion between the two SCTE brands” and it could lead to the development of a longer-term relationship between the two, **SCTE** said.

TV Commerce: Digital commerce firm **Delivery Agent** is partnering with China’s sportswear company **ANTA Sports**, allowing pay-TV subs to purchase **Golden State Warriors** shooting guard *Klay Thompson’s* **ANTA** product line from TV and also via social media platforms including **Twitter**. Through **Delivery Agent’s** digital commerce channels, consumers can use their smart TV remote to shop a signature sneaker and sportswear line.

YouTube Originals: Awesomeness TV announced a new half hour comedy series “Foursome” will debut later this year

BUSINESS & FINANCE

on YouTube Red, a paid subscription service. The 6-ep series follows 4 best friends as they take on high school.

Programming: FYI ordered 15 additional 1-hour eps of primetime talk series "Kocktails with Khloé," hosted and executive produced by *Khloé Kardashian*. The eps will air weekly, immediately following the current 8 episodes, and will run through June.

-- Featuring the 1st African American paranormal investigation team, **Destination America's** new series "Ghost Brothers," created by "Ghost Hunters" producers, is set to premiere April 15.

-- **USA** announced a series pick-up for drama "Shooter," based on the *Bob Lee Swagger* novel by *Stephen Hunter*, Point of Impact, and the 2007 film starring *Mark Wahlberg*.

-- **ES-PN's** "30 for 30 Shorts" returns with 5 short films airing each Tues online and later that week on Friday Night Movie Night, during the 6 p.m. ET hour of "SportsCenter."

-- **ZZ Top** frontman *Billy Gibbons* will star in pilot "Rockin' Roadsters" for **Discovery Channel** (Feb 29, 10pm). The pilot features Gibbons and hot rod builder *Jimmy Shine* searching for the perfect fixer upper.

-- **Syfy** renewed its drama series "The Magicians" for a 2nd season of 13 eps, expected to air in 2017.

People: *Lisa Schwartz* was named co-president (along with *Jonathan Sehring*) of **Sundance/IFC Films**. She was most recently evp of distribution, operations and business development.

Cablefax Daily Stockwatch

Company	02/10 Close	1-Day Ch	Company	02/10 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DISH:	39.71	(0.97)	GOOGLE:	684.12	6.01
ENTRAVISION:	6.74	0.04	HARMONIC:	3.15	0.03
GRAY TELEVISION:	10.55	0.42	INTEL:	28.23	(0.58)
MEDIA GENERAL:	15.12	0.08	INTERACTIVE CORP:	40.37	(0.05)
NEXSTAR:	36.27	0.01	LEVEL 3:	45.65	1.33
SINCLAIR:	27.61	0.64	MICROSOFT:	49.71	0.43
TEGNA:	21.70	0.33	NETFLIX:	88.45	2.32
MSOS					
CABLE ONE:	408.29	(3.98)	NIELSEN:	45.42	0.29
CABLEVISION:	32.23	0.61	SEACHANGE:	5.74	0.11
CHARTER:	161.08	(3.96)	SONY:	20.79	0.04
COMCAST:	55.81	(2.4)	SPRINT NEXTEL:	2.72	0.07
GCI:	17.40	0.32	TIVO:	7.51	0.01
LIBERTY BROADBAND:	44.69	(1.17)	UNIVERSAL ELEC:	48.63	0.21
LIBERTY GLOBAL:	31.56	0.37	VONAGE:	4.65	0.14
SHAW COMM:	16.58	(0.16)	YAHOO:	27.10	0.28
SHENTEL:	21.42	0.25	TELCOS		
TIME WARNER CABLE:	179.20	(1.39)	AT&T:	36.43	(0.22)
PROGRAMMING					
21ST CENTURY FOX:	24.33	0.19	CENTURYLINK:	24.59	(0.22)
AMC NETWORKS:	62.91	(0.95)	FRONTIER:	4.17	(0.15)
CBS:	42.88	0.23	TDS:	22.96	0.23
CROWN:	4.30	0.02	VERIZON:	49.98	(0.17)
DISCOVERY:	24.75	0.03	MARKET INDICES		
DISNEY:	88.85	(3.47)	DOW:	15914.74	(99.64)
GRUPO TELEVISA:	23.68	0.17	NASDAQ:	4283.59	14.83
HSN:	42.45	0.39	S&P 500:	1851.86	(0.35)
LIONSGATE:	19.25	0.12			
MSG NETWORKS:	15.92	(0.07)			
SCRIPPS INT:	53.92	(1.08)			
STARZ:	21.54	(0.5)			
TIME WARNER:	60.07	(3.14)			
VIACOM:	35.15	(1.62)			
WWE:	15.75	(0.72)			
TECHNOLOGY					
ADVANTAGE:	1.60	(0.1)			
AMDOCS:	52.72	0.44			
AMPHENOL:	49.72	0.68			
APPLE:	94.27	(0.72)			
ARRIS GROUP:	23.12	0.02			
AVID TECH:	6.82	0.06			
CISCO:	22.51	(0.14)			
COMMSCOPE:	20.50	0.29			
CONCURRENT:	5.06	0.08			
CONVERGYS:	23.90	(0.07)			
CSG SYSTEMS:	37.29	(0.17)			
ECHOSTAR:	33.57	0.07			

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Think about that for a minute...

Must Read

Commentary by Steve Effros

Please read [this column](#) by Tom Friedman that was recently in the New York Times. Then link to the “TED Talk” he provides by Egyptian Tahir Square activist, computer engineer and former Google employee Wael Ghonim discussing what is probably the most important issue we, as the primary facilitators of the new “information age” must address.



The question posed is this: Does it turn out that social media is better at breaking things than at making things? I'd expand that to apply to the entire broadband/Internet ecosystem we've been responsible for promoting and building. Please, read the column, watch the talk. Don't get diverted by things like foreign affairs, or Egypt, or “liberal” columnist, or New York Times. The fundamental issues raised are far too important.

I've long said I intend to write a book titled “Pause...The Building of the Information SuperHypeWay.” I call it that because I've always been concerned that what we've been doing, or asked to do, or pushed to do—by well-meaning activists, regulators and legislators—has far greater impact than we've considered, and we should slow down and think about how to deal with the consequences before running as fast as we can into an unknown, albeit commercially very successful technological future. In other words, don't let the money and hype blind us to the realities. Several years ago I added a sub-title for the book; “An Apology,” because, regrettably, I think that's exactly what we've done.

Ghonim's answer to the question is, unfortunately, yes. And he points to the disastrous outcome of the “Arab Spring” as an example. But as he notes in his talk, the underlying issue is not restricted to foreign policy, or the Arab world. Rather, it's a realization that the speed with which

we have enabled people to communicate, to “socially network,” has led to mindless simplicity, brevity and associated volume in online discourse; and that the ease with which people can now express their own views, biases, anger, hopes, dreams and, yes, manias in such a way is in large part one of the reasons we now see increasing polarization around the world, in our own politics, and, indeed, in just about every area of our lives.

As he comments, you can't talk about any “hot button” issue these days without social media and the Internet lighting up with the filtered (we only listen to what we agree with, we only talk to those who agree with us) instantaneous, polarized, often angry and regrettably loud hateful responses we are experiencing. He has some proposals for what to do about all that, but they are only a beginning. I would suggest, as well, that it would be wise to throttle back on all the hype about our new ways of instant communications, instant information, electronic buzz, insistence on “more” and “faster” until we spend some time thinking about how all that power gets used, and how we can ameliorate the clearly dangerous and growing threat it has become. We created this tool. It's time we took responsibility for also promoting the technological ethics required to use it wisely.

This is not just about “more television for consumers.” This is about how we will all communicate and interact, and with whom, as we move forward. If all we have done is commercially facilitate polarization, then we really need to hit that “pause” button. Please read the column, listen to the TED Talk, and contribute your thinking as to how we can stop the hype and responsibly respond.

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.)

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