

# Cablefax Daily™

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What the Industry Reads First

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## Video Marketplace: FCC Workshop Examines Bundling, OTT Programming

What does the future video market look like, and what is the **FCC's** role in it? Those were the main questions addressed at the Media Bureau's all-day workshop Mon featuring scholars, analysts and execs. The workshop came as the agency examines online distribution access and considers potential regulations in the video and broadband space such as set-tops and broadband privacy. The video market faces challenges including wholesale bundling on programming, the continuous use of retail bundling and restricted access to programming, Bureau chief *Bill Lake* said at the start of the workshop. With Internet-based content consumption on the rise, regulators are likely to expand traditional telecom regulation to govern new services like cloud video, said *Eli Noam*, professor of finance and economics at **Columbia University**. Legacy telecom regulation will be "more important because so many things will be moving over the Internet, and the Internet in turn will be governed by some of those traditional regulatory principles," Noam said. He predicts that cloud TV will dominate media activity and that companies like **Apple** and **Amazon** will dominate the cloud market space. The emergence of new cloud companies will drive the creation of cloud standards, better personalization and new privacy and security guidelines, he said. And the regulation of cloud-based services is likely to be on the network side instead of content, he said. Meanwhile, *Rich Greenfield*, managing dir and media analyst at **BTIG**, said everyone in the traditional video space shares blame for the video market's decline, with some media companies having grown too large to meet rapidly changing consumer demand. He said it's no wonder SVOD providers like **Netflix** have started to create original content. "Everyone in the ecosystem is making demands upon each other," he said. He predicted overall growth opportunities for MVPDs that revamp their bundles.

**FCC Workshop:** The **FCC's** day-long video workshop also featured a presentation from **Bernstein Research's Todd Juenger**, who predicted an end to bundled pricing as technology and economics change. Among regulatory questions for the FCC to consider: "What about the pace of that change and whether we should let it run its own course or [is there] some role for policymakers to make that happen faster or differently?" By Juenger's calculations, a household pays approx \$82/month for pay TV, with TV nets taking \$45 per month of that, of which approx \$20 per month goes to creators and sports leagues that pay \$17 per month in production costs. "The first observation is there is a lot of profit in that value chain," he said. "Moreover, the profits are concentrated in the spot in the chain called the television networks... Television networks as businesses earn about 40% operating margins. That is high. More importantly, they tend to earn 30%-40% ROIC, return on invested capital. That's phenomenally high." In the past, "MVPD profit was higher and affiliates lower, so it never made any sense for them to push back or drop any of the big network groups," Juenger said. But now, "**Netflix** can give you 10K different things to watch at 8 o'clock or 8:01pm or 8:02pm." Distributors aren't making much profit on video—with Bernstein analysts predicting MVPDs will make \$0 on video in 2023 (if things continued as they are today).

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**Questions:** Contact Mary-Lou French at [mfrench@accessintel.com](mailto:mfrench@accessintel.com) or 301-354-1851.

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**FCC Auction:** Comcast, DISH, Mediacom, and Liberty Global are among participants in the FCC's upcoming incentive auction, according to the bidder list. Comcast is listed as a participant under **CC Wireless**, while **Liberty Global** is listed under **Liberty Spectrum**. DISH is participating as **ParkerB.com Wireless**. Mediacom's participation is under **Rolling Hills Entertainment**. Top wireless carriers like **Verizon Wireless** and **AT&T** are also involved. **New Street Research** analysts said "while we don't expect DISH to be nearly as aggressive this time, demand from Comcast and others may well replace them." They predicted **Verizon** and **AT&T** will spend \$9.4bln each. Comcast is expected to spend \$4.7bln.

**DISH-NBCU:** DISH notified NBCU and the FCC on Fri that it will request arbitration over its expiring distribution deal, triggering a mandatory 10-day cooling off period during which affected programming remains available to DISH subs. NBCU's MakeDISHDeliver.com has changed its messaging to reflect that the 2 are working to resolve the dispute. DISH also has filed suit, claiming NBCU breached its contract when it began warning the public it could lose programming. "If, at the end of the cooling off period, we have not reached an agreement with NBCU, we will have up to five days to formally request arbitration. In the event of arbitration, affected programming would remain available during that process, and for the foreseeable future," DISH said. Vowing to continue good faith talks, a NBCU rep said: "We are glad DISH recognizes the great value that NBCUniversal provides their subscribers and is committed to reaching a new distribution agreement."

**Univision Negotiations:** While **AT&T U-verse** and **Univision** continue negotiating, the Spanish-language programmer reached a multi-year deal with **Mediacom**. The renewal includes the addition of **El Rey** as well as continued carriage of Univision, **UniMas** and **Galavision**. AT&T and Univision extended talks again this weekend through 5pm ET Mon and again until Tues at 5pm, with Univision and O&Os available on U-verse during that period (cable nets continue to be dark).

**Comcast on Amazon:** Consumers can now buy Xfinity TV, Internet and home phone services on **Amazon.com**, accessing the online retailer's dedicated customer service team. Pricing is identical to **Comcast's** existing sales channels.

**Block That Deal:** On Mon, 22 public interest groups, including **Daily Kos** and **Free Press**, sent a letter urging the FCC to block the **Charter-Time Warner Cable** merger, complaining that Charter-TWC and Comcast would offer broadband to nearly 80% of US HHs. "This debt-laden deal would only restrict competition and raise rates for people in communities that can least afford it," the letter said. FCC chmn **Tom Wheeler** is reportedly close to circulating a draft order approving the deal.

**Pop Upfront:** **Pop** announced more than 400 hours of original programming for its 2016-2017 upfront, amounting to 8 new and returning original shows. In the scripted comedy genre, the net has "Schitt's Creek," greenlit for a 3rd season, and "Nightcap" (summer '16 premiere), a behind-the-scenes look at a fictitious late-night talk show. The docu-comedy "Hollywood Darlings" ('17 premiere) follows child stars of the '90s, "Easiest Game Show Ever" is the net's new trivia-based pop culture game show, and "Big Brother After Dark" is a fan-centric, live late night after-show. Returning series include "Sing It On," "Rock This Boat: New Kids on the Block" and "Unusually Thicke." The net is also developing a 3rd original scripted comedy, a half-hour show starring **Joey McIntyre** as a fictionalized version of himself.

**All or Nothing:** **NFL Films** created a new series, "All or Nothing," airing exclusively on **Amazon Video**. The series features week-to-week drama among the players, coaches and owners of an NFL team during a regular season. The inaugural season will feature the 2015 **Arizona Cardinals** team. The 8 ep, hour-long series will debut later this summer.

**Programming:** Before **Al Jazeera America** signs off on Apr 12, it will present a 4-part documentary series that includes



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# BUSINESS & FINANCE

an interview with President *Barack Obama*. "The Limits of Hope: Inside Obama's White House," Apr 7-10 at 10pm ET, will examine his successes and failures as told by Obama and his inner circle. -- **MLB Net** will have 40 live telecasts in Apr, with *Bob Costas* to call 5 games beginning with the Red Sox at the Blue Jays (Apr 8, 7pm ET). The net's schedule includes 20 straight day of live baseball and 5 home openers.

**Honors: The Alliance for Women in Media Foundation** announced its 41st annual Gracie Awards winners. The honors recognize educational programs, public service and other campaigns that benefit women in media. The event will take place May 24 at the Beverly Wilshire Hotel, with a June 21 lunch in NY honoring local market, public and student winners. Check out the list of honorees at **Cablefax.com**.

**People: Byron Allen's Entertainment Studios** hired *Cindy Kelly* as pres of ad sales. Kelly's most recent experience includes 4 years as svp, strategic sales & solutions for **ION Media Networks**. She's held similar roles at **Crown Media Family Nets** and **AOL/Time Warner-Turner Broadcasting**.

**Stork Visit:** Congrats to **Discovery Comm's Catherine Frymark** and husband *Ted Frymark* on the birth of their first child! *Russell Theodore Frymark* was born March 16, tipping the scale at 7lb, 12oz. Everyone's doing well, though Mom and Dad are Discovering sleep deprivation!

## Cablefax Daily Stockwatch

Company	03/21 Close	1-Day Ch	Company	03/21 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
DISH:	48.29	(0.84)	ECHOSTAR:	44.94	(0.09)
ENTRAVISION:	7.57	(0.11)	GOOGLE:	742.09	4.49
GRAY TELEVISION:	12.15	(0.54)	HARMONIC:	3.26	0.04
MEDIA GENERAL:	16.77	(0.23)	INTEL:	32.34	(0.34)
NEXSTAR:	46.26	(1.91)	INTERACTIVE CORP:	47.03	(0.04)
SINCLAIR:	31.75	(0.59)	LEVEL 3:	51.98	(0.68)
TEGNA:	23.98	(0.16)	MICROSOFT:	53.86	0.37
<b>MSOS</b>					
CABLE ONE:	437.65	2.62	NETFLIX:	101.06	(0.06)
CABLEVISION:	32.99	0.20	NIELSEN:	52.01	(0.26)
CHARTER:	202.68	1.68	SEACHANGE:	5.29	0.01
COMCAST:	59.84	0.08	SONY:	26.47	0.20
GCI:	17.89	(0.17)	SPRINT NEXTEL:	3.21	(0.05)
LIBERTY BROADBAND:	57.59	0.05	SYNACOR:	1.54	(0.16)
LIBERTY GLOBAL:	38.10	0.05	TIVO:	7.89	0.05
SHAW COMM:	19.35	(0.01)	UNIVERSAL ELEC:	61.86	(0.4)
SHENTEL:	25.22	(0.46)	VONAGE:	4.56	(0.14)
TIME WARNER CABLE:	204.33	1.43	YAHOO:	35.47	0.30
<b>PROGRAMMING</b>					
21ST CENTURY FOX:	27.97	(0.26)	<b>TELCOS</b>		
AMC NETWORKS:	64.98	(0.64)	AT&T:	38.92	0.36
CBS:	54.02	(0.69)	CENTURYLINK:	31.70	UNCH
CROWN:	5.09	(0.03)	FRONTIER:	5.27	(0.01)
DISCOVERY:	29.24	(0.18)	TDS:	28.50	0.24
DISNEY:	98.46	(0.74)	VERIZON:	53.44	0.20
GRUPO TELEVISA:	27.89	(0.34)	<b>MARKET INDICES</b>		
HSN:	53.77	(0.91)	DOW:	17623.87	21.57
LIONSGATE:	22.26	(0.36)	NASDAQ:	4808.87	13.23
MSG NETWORKS:	17.76	0.19	S&P 500:	2051.60	2.02
SCRIPPS INT:	64.92	(0.07)			
STARZ:	27.82	(0.26)			
TIME WARNER:	72.14	(0.22)			
VIACOM:	45.34	(0.28)			
WWE:	17.85	(0.15)			
<b>TECHNOLOGY</b>					
ADDVANTAGE:	1.94	(0.13)			
AMDOCS:	59.78	0.06			
AMPHENOL:	57.19	(0.45)			
APPLE:	105.91	(0.01)			
ARRIS GROUP:	22.68	(0.13)			
AVID TECH:	6.89	(0.18)			
BLNDER TONGUE:	0.41	0.01			
CISCO:	28.19	(0.14)			
COMMSCOPE:	27.21	(0.03)			
CONCURRENT:	6.31	0.24			
CONVERGYS:	26.89	0.06			
CSG SYSTEMS:	42.21	(0.18)			

## Cablefax Industry Jobs

### 3 Tips to Finding and Hiring the Perfect Candidate

#### TIP 1 : Target Candidates!

Post your openings on Cablefax's job board to reach top talent and filter applicants that lack industry experience. Ask about bundles to fit your needs and budget.

#### TIP 2 : Be Selective!

Don't waste time reading pointless resumes. You can search Cablefax's resume database for free, while utilizing the demographic filters.

#### TIP 3 : Stand Out!

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## CFX TECH by Joyce Wang

### Maggie Bellville Talks Cable Energy Savings, DOCSIS 3.1, WiFi

A priority this year for *Maggie Bellville*, vp and member of **Hitachi Consulting's** US Communications, Media & Entertainment industry exec team, is to help cable ops deploy energy efficient standards. With most cable operator power consumption identified in the edge and outside plant, industry initiatives like the **SCTE**-led Energy 2020 program have outlined energy specifications, benchmarks and requirements that will shape the industry's energy efficiency strategy. Every operator is at a different stage deploying new energy solutions and the framework around energy savings, said Bellville, former evp and COO of **Charter**. "There are a lot of pilots and tests going on" around solar power, cooling, lighting and data center energy savings, she said. "We try to bring them (operators) together and find the best practices," she said. In addition to more energy trials and pilots, Bellville predicted 2016 will see major milestones on energy savings. "We have all agreed that we are at a point where we have to start bringing in real results," she said. This year will also see DOCSIS 3.1 trials and perhaps even limited deployment. "As operators transition to DOCSIS 3.1, we see a real opportunity for them to look at energy solutions," according to Bellville. The physical plant is the biggest user and sometimes waste of energy. As ops plan their infrastructure upgrades, they can implement energy efficient solutions at the same time, she said. "You can kill two birds with one stone." And enhancements to the DOCSIS protocols mean 3.1 will feature increased cable modem energy efficiency, according to **CableLabs**. Bellville said another service gaining traction this year will be WiFi, especially community WiFi. The ability to turn home gateways into public hotspots connects consumers outside of their home. The technology can potentially enable cable to compete with cellular providers, Bellville said. Despite competition from SVOD and OTT providers, 2015 seemed

to be a better year for cable in terms of sub adds. While the top 9 cable companies lost approx 345K video subs last year, the result was much better than the 1.22mln subs lost in 2014. In fact, the losses were the fewest in any year since 2006. Bellville credited the improvement to more compelling cable programming and consumers' demand for reliable services that connect them securely and across platforms. Bellville will be honored with the Inspiration Award at the 57th Genii Awards presented on May 5th by the **Alliance for Women in Media, Southern California**. She was recognized for her efforts in mentoring other women in the industry. Former Genii winner, and former pres of the **ABC-Disney Television Group**, *Anne Sweeney*, will present the award to Bellville, her longtime friend.

**3.1 Certification:** French tech firm **Sagemcom** joined the growing list of companies with products certified with DOCSIS 3.1 as its F@st 3890 gateway received **CableLabs** certification. The device can operate simultaneously DOCSIS 3.1 and DOCSIS 3.0. It includes the last generation Wi-Fi 4\*4 11ac wave 2 for 5GHz, 4\*4 11n for 2.4GHz, and implements MU-MIMO advanced wireless technology. In Jan, CableLabs certified the 1st group of DOCSIS 3.1 modems from companies including **Askey, CastleNet, Netgear, Technicolor** and **Ubee Interactive**.

**Comcast/Amazon Deal:** Comcast's enterprise unit **Comcast Business** is teaming with **Amazon Web Services (AWS)** to provide its enterprise customers with private network connectivity to Amazon Cloud services. The platform offers storage, backup, collaboration and billing or website hosting services. It also features up to 10 Gbps of dedicated Ethernet connection to AWS using Comcast Business Ethernet, allowing businesses with multiple locations to improve operational efficiency when using AWS' compute and storage services. Comcast is a member of the AWS Partner Network.

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



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