

Cablefax Daily™

Tuesday — April 19, 2016

What the Industry Reads First

Volume 27 / No. 074

Netflix Earnings: SVOD Powerhouse Crosses Over 80 Million Subscribers

Netflix chief *Reed Hastings* isn't sweating Amazon's new monthly standalone offering of its Amazon Video service (\$8.99/month or \$10.99/month if combined with Prime). "It's natural that everyone is coming in as they realize the future is Internet TV," he said during the company's 1Q earnings interview Mon. Netflix ended 1Q with more than 81mln members as net additions in the quarter hit a record 6.74mln. US adds were at 2.23mln, in line with 2.28mln in Q115 and 2.25mln in Q114. International expansion continues to pay dividends with 42% of its customer base outside the US. Operating income was \$49mln vs \$97mln in 1Q15, a reflection of investments in intl markets. For 2Q, Netflix expects to add 2.5mln members (0.5mln in the US and 2mln internationally), a projection that didn't meet Wall St expectations and forced the stock down more than 6% in after-hours trading. Hastings has said Netflix has a 60-90mln sub opportunity in the US, but does it need cable to hit that number? The CEO said it would help a little but isn't necessary. "It's one more platform, and all platforms are good. It's not something we need... We're continuing to see that steady growth," he said. Does OTT competition from **DISH's Sling TV**, **DirecTV's** OTT service and speculation that **Verizon** is gearing up to launch an IP-based pay TV service this year have an impact on Netflix? "Those are single nation solutions. We are really focused on global content and expanding globally," Hastings said. As for **HBO's** standalone HBO Now offering that launched in Apr, Hastings said he was surprised it didn't have more subs than the 800K it announced in Feb. "I think it's a great product. I use it all the time," he said, though he acknowledge he might be more Internet-centric than other people. "They are continuing to do great work. It reinforces how great this Internet thing is for TV. I hope they continue to have more success." The 45-minute or so interview tackled a number of topics, including virtual reality (Hastings thinks it will primarily be for intense gaming for the next couple years and the will hopefully become more affordable and ubiquitous). He dismissed concerns about Netflix reducing wireless customers' video quality, saying that it was an attempt to save data for users. Going forward, Netflix plans to let consumers decide if they want "extreme data saving," "moderate data saving" or "no data saving" at all when it comes to video viewing. There was no commitment to allow members to download content for offline viewing, but Hastings said the company should keep an open mind. As for that price hike that will see many grandfathered members go from paying \$7.99 or \$8.99/month for HD to \$9.99, Netflix promised to phase in the new pricing slowly with its oldest members getting



THE WICT
SIGNATURE
LUNCHEON

RECOGNIZING PAR EXCELLENCE

Kick off the first day of NCTA's Internet & Television Expo (INTX) with WICT, and help us applaud exceptional gender diversity and inclusion programs.

2015 PAR Best Operators for Women in Cable

- 1 Cox Communications
- 2 Comcast
- 3 Time Warner Cable
- 4 Bright House Networks
- 5 Atlantic Broadband

2015 Best Programmers for Women in Cable

- 1 Discovery Communications
- 2 Disney ABC Television Group
- 3 NBCUniversal
- 4 Turner
- 5 HSN



Women in Cable
Telecommunications™

PREMIER SPONSOR
COMCAST
NBCUNIVERSAL

CHAMPION SPONSORS
accenture
neustar




Monday, May 16, 2016 ★ 12:15–1:45 pm ★ Boston Convention and Exhibition Center ★ Boston, MA

TABLES AND TICKETS NOW AVAILABLE AT WICTSIGNATURELUNCHEON.COM

Sponsor!

The 3rd Annual
Cablefax Party during INTX
May 17 | 9:00 - Midnight
Whisky Saigon, Boston

Enjoy modern luxury and posh surroundings at Cablefax's annual party. Guests will relax and grab a drink as they unwind, network and celebrate with their industry colleagues. From private booth seats to an electric dance floor - Cablefax can showcase your brand.



SPONSOR THE CABLEFAX PARTY DURING INTX!

You won't want to miss this night of laughs, drinks and networking. A multitude of creative sponsorships are available to showcase your brand.

Opportunities:

- Branded Spotlights
- Signage
- Giveaways
- Sponsored VIP Areas
- Event E-Blasts, Roadblocks and Banner Ads
- Product Spotlight E-letters
- Much More!

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

the longest benefit. Members can take a \$7.99 SD 1-screen plan, a \$9.99HD 2-screen plan or a \$11.99 UHD 4-screen plan. “We expect only modestly increased churn from ungrandfathering, partially because these members have been with us for a reasonable period already, and because our content continues to improve,” Netflix said in a letter to shareholders Mon. On the original front, Netflix has debuted at least 1 new show or feature film every single week of 1Q since Feb 19, including 5 new seasons of originals series. It’s investing about 5% of its cash content budget into original films. That includes “War Machine,” starring *Brad Pitt*, in the later half of this year, and the latest *Christopher Guest* comedy “Mascots.” And no, management said the company still isn’t interested in M&A, preferring to build up its content product in-house.

Crackle Lands on Comcast: Crackle just signed its 1st content deal with a cable distributor, **Comcast**. Starting Wed, all Crackle original programming will be available for Xfinity TV subs across platforms. The move came before the Sony ad-supported streaming net’s upfront presentation on Wed. Under the agreement, Crackle content will also be available for TVE viewing via the Xfinity TV app and website. Additional Crackle originals and licensed programming will be added in the next few months. Crackle is already on PlayStation, **Apple TV**, Chromecast, **Amazon Fire TV**, Xbox, and **Roku**.

More NBCU Nets on Roku: **Bravo** and **E!** joined other **NBCU** nets to launch apps for **Roku** players and integrated Roku TVs. Through the nets’ authenticated apps, pay-TV subs can access full seasons of shows, as well as current and past eps of various content. Other NBCU brands and channels with apps on Roku include **NBC**, **NBC News**, **USA**, **NBCSN**, and **CNBC**.

Canoe’s Ad Report: **Canoe** said it delivered more than 4bln VOD ad impressions in 1Q, UP 70% YOY. Meanwhile, the most popular break positions continue to be mid-rolls (3.55mln), with an average of 4 ads played per break. Also, when an ad frequency cap is applied, a frequency of not more than 2 of the same ad during any one episode is most popular.

DirecTV’s 1st 4K Game: The 1st 4K broadcast of **MLB** wasn’t shown on **DirecTV’s** 4K channel Sun night, **TVPredictions.com** 1st reported. The **AT&T** unit recently said it plans to air up to 25 MLB games this season on its new live 4K channel, starting with Sun night’s **LA Dodgers** vs **San Francisco Giants** game, which was supposed to be the 1st 4K MLB game broadcast in the US. However, DirecTV subs on social media said that only a DirecTV logo appeared on the screen at game time, before the channel disappeared from the on-screen guide with no broadcast of the game. Said DirecTV: “While the game was available to our customers in HD on MLB Network we needed to cancel the 4K broadcast due to a technical issue with a third party’s field production truck. The signal was not up to our high standards and we are continuing our testing to ensure we deliver a flawless 4K viewing experience. If viewers were inconvenienced we certainly apologize.”

Spectrum Auction Research: A group of 12 companies, including **Univision**, **CBS**, **Comcast NBCU**, and **21st Century Fox**, could generate nearly \$7bln from the **FCC’s** spectrum auction in an 84 MHz clearing scenario, or up to \$13bln in a 120 MHz scenario, according to **S&P Global Market Intelligence**, a division of **McGraw Hill Financial**. The FCC estimated that up to 126 MHz of spectrum can be cleared nationwide from TV stations through the auction. The research firm’s analysis showed Univision has the highest potential auction proceeds at \$2.47bln. At the 84 MHz level, that potential take drops to \$1.31bln, as the overall demand would be lower and the total number of stations needed fewer. At the 120 MHz level, Univision is followed by Comcast at \$2.21bln, 21st Century Fox at \$2.13bln and CBS at \$1.86bln. Estimates for total auction revenue range from \$15bln to as high as \$85bln, with recent Wall Street estimates coming in at \$25bln to \$35bln. Station owners on March 29 submitted confidential binding bids for auction participation. The FCC previously said it expects to announce the initial clearing target and band plan a few weeks after the initial comment deadline.

DISH Sues: **DISH** and Chinese broadcasters **TVB** and **CCTV** filed a lawsuit in the **US District Court for the Eastern District of NY** against Hongkong-based **HTV International Limited** to stop streaming of content via the “h.TV” device. **DISH** owns rights to retransmit and stream **TVB** and **CCTV** channels and programs in the US. According to the lawsuit, **DISH** claimed that **HTV** set up a pirate broadcasting network and captures entire channels of **TVB** and **CCTV** programming for streaming to h.TV devices in the US. “Through this peer-to-peer network, some h.TV users not only receive unauthorized streams of **CCTV** and **TVB** programming in the United States, but also simultaneously retransmit that programming to other h.TV users in the United States,” the lawsuit said. It noted users pay up to \$300 for an h.TV device to access the content. **HTV** couldn’t be reached immediately for comment.

NAB 2016: **NAB** kicked off in Vegas Mon, with **NAB** pres/CEO *Gordon Smith* touting “no higher and better use of spectrum” than serving diverse audiences with free and local TV. On retrans, he said in prepared remarks that if the FCC “tips

BUSINESS & FINANCE

the scales” against bcstrs, then it “may guarantee that the content viewers most need, the content they most want and enjoy, well... then that content will only be available to those who can afford it.” Smith’s message: everyone wants our spectrum, but no one wants to do what broadcasters do—provide free, live and vital localism.

Emergency Alerts: The **FCC** released a public notice with initial information about the format of the new Emergency Alert System Test Reporting System that the Commission will launch later this year in coordination with **FEMA’s** nationwide test of the EAS on Sept 28. A forthcoming public notice will announce the launch of the ETRS and contain a URL for cable operators, DBS providers, broadcasters and others to register for the system.

People: **Turner Sports** upped *Will Funk* to the new role of evp, sales & property partnerships. -- Lots of hires at **Vice Media** as the company heads toward the launch of its nightly show on **HBO**. *Dan Fletcher*, who previously has had stints at **Facebook** and **Bloomberg**, was named head of social for Vice News/Nightly/Weekly. Former Fusion producer *Javier Guzman* was named senior producer for US News, and *Ryan McCarthy* joined Vice News as editor-in-chief from the *NY Times*. Founding Vice News editor-in-chief *Jason Mojica* is moving on as head of intl coverage. Other new hires include *Ravi Somaiya* as tech correspondent.

Cablefax Daily Stockwatch

Company	04/18 Close	1-Day Ch	Company	04/18 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DISH:	46.50	1.87	ECHOSTAR:	40.48	(0.06)
ENTRAVISION:	7.12	(0.07)	GOOGLE:	766.61	7.61
GRAY TELEVISION:	12.13	0.17	HARMONIC:	3.34	0.03
MEDIA GENERAL:	17.10	0.17	INTEL:	31.65	0.19
NEXSTAR:	49.07	1.84	INTERACTIVE CORP:	47.49	0.06
SINCLAIR:	33.06	1.08	LEVEL 3:	53.68	(0.08)
TEGNA:	23.92	0.30	MICROSOFT:	56.46	0.81
MSOS					
CABLE ONE:	452.01	(1.57)	NETFLIX:	108.40	(3.11)
CABLEVISION:	33.58	(0.01)	NIELSEN:	53.26	0.56
CHARTER:	201.58	(1.48)	SEACHANGE:	3.83	0.05
COMCAST:	62.48	0.51	SONY:	26.48	(0.18)
GCI:	17.42	(0.13)	SPRINT NEXTEL:	3.56	(0.03)
LIBERTY BROADBAND:	56.89	(0.59)	SYNACOR:	1.41	(0.03)
LIBERTY GLOBAL:	38.74	(0.28)	TIVO:	9.34	(0.13)
SHAW COMM:	18.44	0.41	UNIVERSAL ELEC:	66.91	0.93
SHENTEL:	26.77	0.07	VONAGE:	4.71	0.07
TIME WARNER CABLE:	204.83	(0.61)	YAHOO:	36.52	0.01
PROGRAMMING					
21ST CENTURY FOX:	30.39	0.38	TELCOS		
AMC NETWORKS:	65.58	0.10	AT&T:	38.65	0.17
CBS:	54.13	0.24	CENTURYLINK:	32.22	(0.04)
CROWN:	5.10	0.01	FRONTIER:	5.46	0.05
DISCOVERY:	28.55	0.21	TDS:	30.07	0.06
DISNEY:	101.48	2.89	VERIZON:	51.73	0.38
GRUPO TELEVISA:	25.94	(0.26)	MARKET INDICES		
HSN:	54.14	0.10	DOW:	18004.16	106.70
LIONSGATE:	20.31	0.11	NASDAQ:	4960.02	21.80
MSG NETWORKS:	16.71	(0.06)	S&P 500:	2094.34	13.61
SCRIPPS INT:	64.04	0.14			
STARZ:	25.68	0.35			
TIME WARNER:	75.22	0.72			
VIACOM:	42.06	0.39			
WWE:	16.44	0.10			
TECHNOLOGY					
ADDVANTAGE:	1.83	(0.03)			
AMDOCS:	58.62	(0.08)			
AMPHENOL:	58.50	(0.24)			
APPLE:	107.48	(2.37)			
ARRIS GROUP:	22.09	(0.1)			
AVID TECH:	5.89	0.02			
BLNDER TONGUE:	0.40	(0.01)			
CISCO:	28.19	0.29			
COMMSCOPE:	26.59	(0.32)			
CONCURRENT:	6.23	(0.01)			
CONVERGYS:	27.58	0.01			
CSG SYSTEMS:	45.63	0.33			

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!

Take advantage of upgrades to add exposure by taking advantage of upgrades, including weekly job eletters sent to over 40k industry executives.



CFX TECH by Joyce Wang

Wi-Fi Now Conference to Explore Opportunities for Cable

Companies including **Time Warner Cable**, **T-Mobile** and **Google** will discuss the potential of WiFi, including the impact of WiFi on cable, at the **Wi-Fi Now** conference in VA this week. Topics to be covered include the role of MSOs in delivering mass-market WiFi, creating a high-density WiFi experience in stadiums and monetizing Hotspot 2.0. A major growth opportunity for cable in WiFi this year is extending the service beyond the home through WiFi Certified Passpoint technology, which allows ops to offer more differentiated services and develop new revenue streams from roaming and enterprise services, *Edgar Figueroa*, pres/CEO of **Wi-Fi Alliance** and a keynote speaker at the conference, told us. He noted Passpoint recently added new features that enable cable ops to reach new walk-up mobile customers and prospects. Two new programs coming this year aim to make WiFi even better for cable ops, the exec said. An update to WiFi CERTIFIED ac will bring new features such as Multi-user MIMO to increase performance and network capacity and is expected to help support faster networks. Another program dubbed WiGig seeks to bring multi-gigabit performance to in-room connectivity, offering cable MSOs opportunities to improve the subscribers experience at home by enabling high-definition, simultaneous video streaming and other bandwidth-demanding services. Members of the alliance include companies like **Comcast**, **Cisco**, **Intel**, **Broadcom**, **Apple**, **Huawei** and **Arris**. In 2016, cable ops are expected to continue to aggressively expand their footprint of public WiFi hotspots, said *Claus Hetting*, chmn/CEO of Wi-Fi Now, which supports and promotes all things public WiFi. "We'll also see more activity in managed Wi-Fi services for SMBs—this is a huge market opportunity that still needs to be developed," he said. In addition, "I'm hoping that more of the Hotspot 2.0 standard will come into play... I also think that we've only just seen the beginning of the Wi-Fi First movement. But the latter does require cellular as a gap-filler between hotspots," he said. The

Wi-Fi First initiative refers to mobile devices and services that use WiFi as the primary network and cellular networks only to fill the gaps. Like *Figueroa*, *Hetting* also sees WiGig as a major opportunity for cable. He noted a few early consumer products already hit the market with multi-gigabit, short-range WiGig functionality. "In the coming years I believe that the use cases for WiGig will be extended to include carrier applications," he said. Another opportunity is HaLow, the new Internet of Things standard for the Wi-Fi Alliance that could enable various energy-efficient services in the Smart Home, connected car and digital healthcare, as well as industrial, retail, agriculture, and Smart City environments. The technology does "pretty much everything you need for IoT: Very low cost, very low power, it will be able to connect thousands of 'things' to the Internet from one router, and it uses the 900 MHz band for better coverage. We'll have to wait probably another year to see the first products, but it looks very good," *Hetting* said. Finally, "we also have the new 802.11ax standard which will introduce a slew of WiFi improvements that should take performance to a whole new level. But that's a few years into the future still," he said.

IBM's Video Deals: **IBM** recently scored deals with **Comic-Con HQ**, **Canadian Broadcasting**, **AOL** and **Broadway Video** to launch new channels and improve video management through its new Cloud Video unit. The unit was created following IBM's acquisition of cloud video firm **ClearLeap**. As part of the Comic-Con contract, the Comic-Con HQ video channel is set to debut May 7, using IBM's Clearleap platform to offer SVOD service. IBM will also provide subscriber and content management, billing and video compatibility services across platforms. Under the deal with AOL, IBM has helped deploy high-speed transfer and automation software to serve as the backbone of AOL's new media management platform.

Got tech news? Reach out to Cablefax Tech editor *Joyce Wang* at jwang@accessintel.com



SCREENSTER Reach Your Key Audience!

SCREENSTER IS:

- The Convergence of Online Content and Traditional Media
- Community Building and Audience Aggregation
- Social and Digital Communication
- Monetization Efforts Across Multiple Sectors
- ...And Much More!

www.cablefax.com/screenster | Special Advertising Packages Available!

For more information contact: *Olivia Murray*: omurray@accessintel.com or 301-354-2010