

Cablefax Daily™

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What the Industry Reads First

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Mid-Size View: Cable One's Ready for M&A, Less Video Subs

Released from parent company **Graham Holdings**, **Cable One** definitely has the appetite to grow larger. At the same time, “we don’t want to buy just to buy,” warned CFO *Kevin Coyle* during an investor conference Mon. Patience is key, with some things for sale in 3-4 months that aren’t for sale today. “We’ve been very involved in looking... whether it’s cable-related or fiber-related,” he said. CEO *Tom Might* added that a purchase would not have to align with Cable One’s existing footprint. “That’s long-term perhaps the best way to spend capital if you can find a profitable business to launch,” he said. Over the past few years, Cable One has focused on HSD and business services and lost about 30% of its video customers. Despite the loss, video cash flow has grown, partly due to weeding out poor credit customers, etc, Might said. “For every dollar we transfer from or video to high-speed data or business services, we get 4-5x as much operating cash flow,” the CEO said. Unlike some of its peers, Cable One has historically not instituted regular price hikes. In Oct, it raised broadband prices by \$5—the first such hike in 5 years. Next month, the MSO will raise video prices by about \$5 a month. Could that re-accelerate video losses? “We really don’t know yet,” Coyle said. “The intent is just to maintain the margin we have on the video business.” Cable One already offers **Netflix** on its **TiVo** boxes, and its top brass said it would gladly entertain similar offerings with **Hulu**, **Amazon** and others. “We’re in conversations with a couple of the over-the-top mini bundle or alternative bundle providers as well,” Might said. Cable One’s own research has found that 2/3 of video customers who leave it end up with another video provider (its footprint is 20% overbuilt by **AT&T**). The rest of those customers go OTT or become broadcast-only. Some have complained that its 31% HSD penetration rate is too low given its shift away from video, but Might defended the number saying that it correlates with the amount of competition from overbuilds and DSL and household incomes. “We only have 2 markets with a household income above the national average. That’s going to lead to lower penetration,” he said, adding that 25% of its footprint has a triple-play alternative. “We’re hopeful that as the market moves to over-the-top and more streaming, our superior product will” become more important, Coyle said. Cable One’s standard offering is 100Mbps at \$55/month, but it does have an unadvertised \$35/month 50Mbps offering for those with price constraints. As for whether Cable One might try to launch an IP video product, it’s not a high priority, Might said, reminding the crowd that the company is a follower, not a leader. Case in point, it’s the only major operator that has never

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**THE MOST-VIEWED
CLUB SOCCER MATCH
IN CABLE HISTORY
WAS ON UDN.**

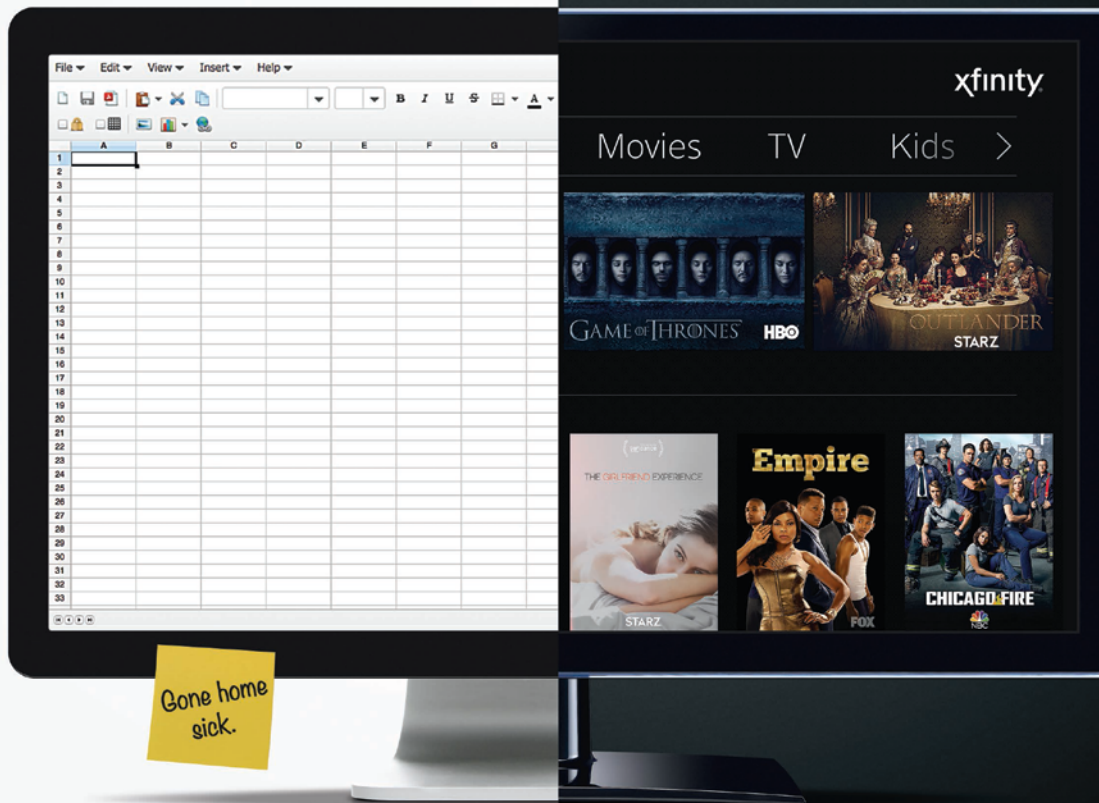
**1.4MM VIEWERS WATCHED
THE SÚPER CLÁSICO LIGA MX.**

Source: Nielsen, specs per request

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WEEK | 2016



70.7 million hours of work productivity lost

To all the employers out there, we sincerely apologize for the dip in employee productivity during XFINITY Watchathon Week. In the future, we recommend factoring it into account when scheduling important meetings.

70.7 million hours of awesome TV watched

For the fourth year in a row, XFINITY Watchathon Week was the biggest TV event of the year. America binge-watched like never before. And while it was at the expense of office productivity, it was, once again, a worthy sacrifice.



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launched VOD. Might's just fine with that, saying that no one has made a good business out of VOD, and customer satisfaction levels are just as high and often higher for Cable One. He's also OK not following others into the home security business. One area he does wish Cable One had been in the first wave on is cellular backhaul. It only serves about 100 towers now, but hundreds more are in the proposal stage.

Lombardo's Baton to Bloys: HBO announced Mon that pres, comedy and drama series, late night and specials *Casey Bloys* will fill the shoes of *Michael Lombardo*, whose departure as HBO pres, programming hit the Hollywood trades late Fri. Lombardo plans to continue to work with HBO as a producer. Bloys was upped to the pres level in Jan, having helped coax hits like "Veep" and "Silicon Valley" as evp, comedy. He'll report to HBO chmn/CEO *Richard Plepler*, who praised Lombardo's significant legacy. "It goes without saying that Mike's contributions over these many years, most especially in the last nine as President of Programming, have been nothing short of extraordinary," he said in a statement. "I believe it's fair to say that his brilliant work will stand the test of time and his tenure will be recognized as second to none."

That Didn't Take Long: Time Warner Cable subs are already starting to see **Charter** commercials. "By now you've probably heard the news. Charter Communications has completed the transaction of Time Warner Cable, and soon you'll get to know us by our new name, Spectrum," the TV spots proclaim. The commercials also talk about more HD, faster Internet speeds and bringing back more than 10K outsourced jobs to the US. Charter said it will begin to roll out its Spectrum-branded TV, Internet and voice offerings to the newly expanded footprint over the next several months. Current products, services, channel lineups and payment processes will initially remain the same.

Boxing Day: Mon was the deadline for reply comments in the FCC's set-top box proceeding. While **Public Knowledge** made a last-minute push for #UnlocktheBox supporters to file comments at the agency, House and Senate Homeland Security committee leaders sent a letter to the FCC chmn Mon asking about cybersecurity proposals within the rulemaking. The committee's chairmen and ranking members asked *Tom Wheeler* to get back to them by June 10 on whether several issues, including whether the FCC considered cybersecurity when developing the proposal and how does the rulemaking ensure that 3rd parties meet an adequate level of hardware and software security, including supply chain risks.

Investor Conference: Comcast NBCU CFO *Michael Cavanagh* provided more color on his company's purchase of **DreamWorksAnimation** at the **JP Morgan** Global Technology, Media and Telecom Conference Mon. The \$3.8bln deal was announced in April. Comcast plans to use DreamWorks' content for SVOD services. "The DreamWorks team did a great job of building a TV animation studio, and that's something Universal has not been able to do... So we will be able to take, subject to it making sense, our intellectual property, like 'Jurassic World' or other properties, and, as DreamWorks has done, create kids animation for TV, largely distributed over SVOD and drive more value through that," the financial chief said. In addition, "the characteristics of an animated film, profit-wise and risk-wise, volatility-wise, is much better for animation than live-action movies. So we have long wanted to tilt the business more in the direction of animated films at the margin," he said, citing the transaction as "once in a lifetime opportunity" to drive growth at Comcast's consumer products business. Meanwhile, Cavanagh expects the upcoming Rio Summer Olympics to be profitable for the company, noting NBCU already sold \$1bln worth of Olympics advertising—4 months ahead of when it hit that mark for the 2012 Games. Comcast, through its MVNO option with **Verizon Wireless**, is exploring wireless to make sure services are "mobile enabled... We are in the mode of 'test and learn.'" The MSO is also monitoring developments in EU on the quad play but isn't interested in having its own wireless network. "We don't think having owner's economics in the wireless business is interesting to us now, but we reserve the right to change our mind... I don't know why people don't believe us when we say that."

NBC's Stream Support: NBC Sports Digital is launching **Playmaker Media** to provide end-to-end support for companies in need of live streaming and VOD solutions. The **International Olympic Committee** has signed on as its first client, with Playmaker providing live streaming video support for the IOC's Olympic Channel that is expected to launch later this year. At launch, Playmaker will partner with **Adobe, Akamai, Microsoft, iStreamPlanet, and Comcast Wholesale**.

Xfinity on Campus: Comcast launched its Xfinity on Campus service at **University of Southern Mississippi** Mon, allowing students to watch live TV and on-demand content across platforms. It's included with room and board for students living in all university residences. Southern Miss is the 1st university in the state to offer Xfinity On Campus to students. While off campus, students can log in to authenticate and access online programming that's part of their subscription via

BUSINESS & FINANCE

TV Everywhere websites and apps.

Zero Rating: Zero-rating programs, which allow consumers to access certain Internet content and services without it counting against their monthly mobile data plans, should be welcomed as a way to increase value for consumers, not as a threat to the open Internet as some critics have charged, said a report by pro-market think tank the **Information Technology and Innovation Foundation (ITIF)**. The group asked the **FCC**, which is reviewing such practices, to declare zero-rating programs in the public interest. "Those who argue zero rating is a 'sneak attack' on net neutrality are capitalizing on rigid abstractions and demagoguery to sway the FCC," said **Doug Brake**, ITIF policy analyst and the report's author in a release. The report called zero rating an economically efficient way to support innovation, expand access to information, promote more efficient use of networks without hurting quality, and improve advertising efficiency. Some opponents of zero-rating argued the practice would result in users only choosing to partake in a narrow set of offerings. "As programs already in place have shown, most customers who are introduced to a stripped-down version of applications will soon migrate to the full Internet," Brake said. Pro-net neutrality groups aren't big fans of zero-rating practices, saying the initiative restricts consumer choice, distorts competition and prevents innovation.

Cablefax Daily Stockwatch

| Company | 05/23 Close | 1-Day Ch | Company | 05/23 Close | 1-Day Ch |
|------------------------------|----------------|-------------|-----------------------|----------------|-------------|
| BROADCASTERS/DBS/MMDS | | | INTEL: | 30.23 | 0.08 |
| DISH: | 46.15 | (0.34) | INTERACTIVE CORP: | 54.24 | (0.1) |
| ENTRAVISION: | 6.85 | (0.09) | LEVEL 3: | 51.99 | (0.29) |
| GRAY TELEVISION: | 11.21 | (0.08) | MICROSOFT: | 50.03 | (0.59) |
| MEDIA GENERAL: | 17.13 | (0.06) | NETFLIX: | 94.89 | 2.40 |
| NEXSTAR: | 50.23 | 0.44 | NIELSEN: | 52.22 | 0.02 |
| SINCLAIR: | 30.00 | (0.27) | SEACHANGE: | 3.28 | (0.02) |
| TEGNA: | 22.37 | (0.2) | SONY: | 26.27 | (0.17) |
| MSOS | | | SPRINT NEXTEL: | 3.57 | (0.02) |
| CABLE ONE: | 486.32 | (4.96) | SYNACOR: | 2.82 | (0.14) |
| CABLEVISION: | 34.58 | (0.06) | TIVO: | 9.98 | 0.05 |
| CHARTER: | 225.00 | (8.11) | UNIVERSAL ELEC: | 62.40 | (0.55) |
| COMCAST: | 61.81 | 0.05 | VONAGE: | 4.24 | 0.04 |
| GCI: | 15.20 | 0.10 | YAHOO: | 36.66 | 0.16 |
| LIBERTY BROADBAND: | 57.87 | (1.7) | TELCOS | | |
| LIBERTY GLOBAL: | 35.90 | (0.49) | AT&T: | 38.32 | (0.13) |
| SHAW COMM: | 18.61 | (0.2) | CENTURYLINK: | 26.91 | (0.15) |
| SHENTEL: | 29.59 | (0.04) | FRONTIER : | 4.89 | (0.12) |
| PROGRAMMING | | | TDS: | 27.48 | (0.04) |
| 21ST CENTURY FOX: | 28.19 | 0.05 | VERIZON: | 49.14 | (0.52) |
| AMC NETWORKS: | 64.55 | (0.91) | MARKET INDICES | | |
| CBS: | 52.44 | (0.3) | DOW: | 17492.93 | (0.05) |
| DISCOVERY: | 26.24 | 0.07 | NASDAQ: | 4765.78 | (3.78) |
| DISNEY: | 99.18 | (0.6) | S&P 500: | 2048.04 | (4.28) |
| GRUPO TELEVISIA: | 26.59 | 0.07 | | | |
| HSN: | 49.02 | (0.64) | | | |
| LIONSGATE: | 19.59 | (0.2) | | | |
| MSG NETWORKS: | 16.75 | 0.02 | | | |
| SCRIPPS INT: | 61.79 | (0.3) | | | |
| STARZ: | 26.23 | (0.15) | | | |
| TIME WARNER: | 72.07 | (0.73) | | | |
| VIACOM: | 43.34 | 1.16 | | | |
| WWE: | 16.64 | (0.39) | | | |
| TECHNOLOGY | | | | | |
| ADDVANTAGE: | 1.68 | UNCH | | | |
| AMDOCS: | 56.38 | (0.38) | | | |
| AMPHENOL: | 56.37 | 0.33 | | | |
| APPLE: | 96.43 | 1.21 | | | |
| ARRIS GROUP: | 22.68 | 0.45 | | | |
| AVID TECH: | 5.71 | 0.09 | | | |
| CISCO: | 27.94 | (0.03) | | | |
| COMMSCOPE: | 29.82 | (0.06) | | | |
| CONCURRENT: | 6.24 | 0.44 | | | |
| CONVERGYS: | 27.15 | (0.18) | | | |
| CSG SYSTEMS: | 41.47 | (0.15) | | | |
| ECHOSTAR: | 39.92 | (0.03) | | | |
| GOOGLE: | 704.24 | (5.5) | | | |
| HARMONIC: | 2.57 | (0.05) | | | |

Cablefax Industry Jobs

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!

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CFX TECH by Joyce Wang

RDK at INTX

Reference Design Kit (RDK) featured prominently during INTX last week as the pre-integrated software bundle seeks to provide a common framework for supporting CPEs including set-tops. "INTX felt more intimate this year but also broader in scope," *Steve Heeb*, pres/gm of **RDK Management** told us. "The show is clearly no longer simply about cable TV. Our industry has fully transitioned into one that spans broadband and video, with a shift to more open software approaches that drive speed and innovation... INTX provided us an excellent opportunity to meet with community members to share ideas and discuss our future plans together." A new RDK feature this year is RDK-B (broadband) for data gateways, and "we are seeing significant interest in the solution," the exec said. Now operators have a software solution for both set-tops (RDK-V) and data gateways. RDK-B aims to manage broadband services such as home-networking interfaces, including WiFi, local area networking, device management and diagnostics, Internet of Things offerings and multicast video. Both RDK-V and RDK-B are open source-based and free to RDK licensees. Heeb noted RDK community member companies can contribute software changes and enhancements to either RDK stack. Operators around the world share a common understanding that more openness and standardization in the RDK software enables them to develop and offer services faster across devices, Heeb said. Since last year's INTX, the number of RDK device deployments has tripled from 5mln to more than 15mln. The newest member of the RDK community is **Cadent Technology**, formerly BlackArrow. Within the community, Cadent, which has previously deployed advertising solutions for on-demand and multiscreen services, will primarily focus on Linear Segmented Advertising that inserts targeted ads into live and time-shifted experiences on the RDK-V software. RDK Management is set to have RDK Tech Summit in July in CO, with a focus on code writing. "It's a roll-up-your-sleeves code workshop for software engineers. The newest addition to the Tech Sum-

mit is that we will have an entire day forced on RDK-B for the first time, and we expect that to be a key reason why many of our members will attend," Heeb said.

Google's VR Ambition: Google has its eyes on virtual reality, and its **YouTube** unit is going along for the ride. YouTube has been adding support for new video and audio formats such as 360-degree video, VR video and Spatial Audio as 1st steps on the way toward an immersive video experience. Last week, the company said it will launch the YouTube VR app for Daydream, Google's platform for mobile VR. The app will feature all YouTube content, and the online video platform said it's also working with content creators including **NBA**, **BuzzFeed** and **Tastemade** to add new VR content. The app will come with existing YouTube features such as voice search, discovery and playlists.

Kaltura's New Service: Video tech firm **Kaltura** launched the Kaltura Video Platform as a specialized cloud video service aimed to allow companies to build and deploy video services rapidly. Available as a public, private or hybrid cloud deployment, the platform seeks to enable service providers to add video features and integrate video "as a native data type into existing platforms and workflows by leveraging the Kaltura APIs, SDKs and developer tools," the company said.

Connected Home Conference: Parks Associates' CONNECTIONS: The Premier Connected Home Conference is scheduled from Tues to Thurs in San Francisco, featuring discussions around home devices & services, Internet of Things, connected cars, OTT and streaming media, and wearables. Keynote speakers include **Cablevision** evp of operations *Rob Comstock*, **Amazon's** chief evangelist of Alexa and Echo platform, *David Isbitski*, **Comcast Cable** svp/gm of Xfinity Home *Daniel Herscovici*, and **Rovi's** svp/gm *Michael Hawkey*.

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

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