

# Cablefax Daily™

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What the Industry Reads First

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## Wheeler Responds: FCC Chmn Says Cybersecurity Part of Set-Top Plan

FCC chmn *Tom Wheeler* assured members of Congress that cybersecurity isn't an afterthought in the agency's set-top box proceeding and would not alter the role of digital rights management platforms in the TV ecosystem. **House and Senate Homeland Security** committee leaders asked the chmn last month about several cybersecurity matters related to the proposal, including how the rulemaking ensures that 3rd parties meet an adequate level of hardware and software security (*CFX, May 24*). "The NPRM proposes a careful balance between network security and Section 629's mandate that consumers be able to enjoy pay-television content with the equipment of their choice," Wheeler wrote in a letter dated June 10 but released this week. "Cable and satellite providers would be required to support a narrow, defined set of interfaces that would allow competitive devices and apps to access television content. These types of interfaces, usually termed Application Programming Interfaces (APIs), are routinely offered by online services." He said that all of the major cable and satellite providers already support APIs for authenticating user credentials for TV Everywhere services such as **HBO Go**. As for 3rd party security, Wheeler said that businesses offering competitive boxes or video apps would have to commit to adopting "reasonable security safeguards." If they fell short, they would risk enforcement action under the Federal Trade Commission Act and similar statutes. "Under our proposal, a competitive device or app could also be subject to technical auditing for ensuring adequate content protection," he wrote. The chmn also said that content owners could continue to select the DRM platform they prefer under the set-top plan—noting that all major DRM platforms let owners revoke authorization for content so if a competitive box/app was found to be violating DRM requirements, access could be immediately terminated. Wheeler said the proposal doesn't increase the risk of economic harm to content creators or businesses as a result of cyberattacks with the same legal remedies available today to pursue those who pirate content or to pursue hackers. "The Commission takes our security responsibilities very seriously, and we leverage extensive staff expertise to ensure our policy proposals accord with best practices and the best available science," Wheeler said. **NCTA** recently proposed an alternative to Wheeler's proposal that would see all large MVPDs develop and deploy video apps built on open HTML5 web standards.



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**House Sit-In:** The powers of **Periscope** and **Facebook Live** were on full display Wed during House Dems' sit-in over gun legislation. While **C-SPAN** cameras were able to capture the beginning of the sit-in, they went dark shortly thereafter with the official House feed turned off. The chamber, not the network, controls the cameras—something C-SPAN stated repeatedly on-air and in social media. Wed afternoon, C-SPAN televised the Facebook Live feed of Rep **Beto O'Rourke** (D-TX) for an extended period of time. It also featured tweets and Periscope videos from members, including **Scott Peters** (D-CA). The videos and photos from members are actually against House rules, but, well, so is a sit-in. The House went into recess shortly after the sit-in began around 11:30am ET, with Rep **John Lewis** (D-GA) leading the effort demanding a vote on gun legislation. At press time, the protest was still underway.

**Sandvine's Internet Report:** **Netflix** represents 35.2% of traffic on North America fixed networks, a modest decline from the 37.1% of traffic it represented 6 months ago, according to **Sandvine's** latest Global Internet Phenomena Report. It said the decline is likely the result of improvements by Netflix to better compress its video library. "Netflix's optimizations means they can deliver more hours of video using less bandwidth, which results in lower data consumption for subscribers, and decreased capacity-related costs for operators." said Sandvine CEO **Dave Caputo**. Meanwhile, **Amazon** Video is the 3rd ranked downstream application (up from 8th a year ago) in North America, accounting for 4.3% of fixed traffic. And **DISH's** subscription streaming service **Sling TV** is among the top 20 applications on most US networks, but still accounts for less than 1% of traffic. Overall, streaming audio and video now accounts for 71% of evening traffic in North American fixed access networks. Sandvine expects the figure will reach 80% by 2020.

**President Albrecht:** **Starz** CEO **Chris Albrecht** will become pres, CEO of the company, effective July 1. That's the day that Starz pres **Glenn Curtis** retires after more than 20 years at the company. Albrecht's new title was revealed in an **SEC** filing Wed.

**Vice's International Deals:** **Vice** inked deals with a slate of international partners to make its programming available across platforms to viewers in 51 territories. The deals, announced at the Cannes Lions Festival on Wed, range from 3-screen market entries in India and the Middle East, to 24-hour TV channels across Australia and New Zealand, to a standalone TV channel across Southeast Asia

**Video Report:** With the increased availability of streaming content, there's still plenty of research on cord-cutting and millennial viewing habits. There's some good news though! The **Limelight Networks'** "State of Online Video" report found that the number of respondents who would never terminate their pay TV subscription has risen to 15% from 10% since 2015. That seems to correlate with price being less of a factor in cord cutting, as 29% of respondents cited rising prices as the primary reason they would cut the cord, down more than 8% since May 2015. Some 20% of respondents said a key factor in leaving pay TV would be the ability to directly subscribe to the channels they want online, which is up 4% over 2015. The study also found that computers and laptops remain the dominant devices for watching online video; however, their days at the top may be numbered. For millennials, the smartphone is the most popular device for watching online video and gaining ground among the broader population.

**Vue on Roku:** **Sony's** PlayStation Vue is now available on **Roku** players and Roku TV models in the US, allowing users to access more than 100 live TV channels on the cloud-based TV service. The PlayStation Vue channel can be found in the "Movies & TV" category in the Roku Channel Store.

**Talking with DISH:** When it comes down to Sling's new multistream offering vs its original single stream lineup, **DISH** evp of marketing, programming and media sales **Warren Schlichting** isn't sure how it will shake out. "You've got single stream with a low price point and a good offering. Or you have a much more robust offering at a higher price point. I couldn't tell you the way it's going to go. We like both. We like both our children." Watch the full interview with Schlichting discussing skinny bundles and addressable advertising at **Cablefax.com**. It's part of the Cablefax 100 series of videos with our 100 honorees.

**Drone On:** Film and TV producers will find it easier to use drones with the **FAA** announcing final regulations for the commercial use of small unmanned aircraft systems Tues. Some of the rules: aircraft must weigh less than 55lbs, the craft must be in the line of sight of the person operating the remote pilot, daylight operations only (or 30 min before or after official sunrise or sunset), and maximum ground speed may not exceed 100mph. According to industry estimates, the

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new rules could generate more than \$82bln for the US economy and create more than 100K new jobs over the next 10 years.

**Honors:** Kudos to **MTV Nets** for taking home the Golden Beacon, the **Association of Cable Communicators'** highest honor for an initiative that had an impact on the industry and enhanced cable's image nationwide. It received the award at Tues' ceremony for **MTV's** Transgender Awareness Week, which took place on-air, online and in social media and culminated in remembering transgender victims of hate crimes. **ACC** presented 44 Beacon Awards in all representing work by MSOs, programmers, technology networks and cable systems. -- **HBO** tops the **Television Critics Association's** 2016 Award nominations with 12. **USA's** "Mr Robot" and **FX's** "The People v OJ Simpson" tied for the most nominations for a series, with 4 each. In the running for Program of the Year are **FX's** "The Americans" and " Fargo," **HBO's** "Game of Thrones," **Netflix's** "Making of a Murderer," **Mr Robot**, **People v OJ** and **Lifetime's** "UnREAL." The awards take place Aug 6 at the Beverly Hilton.

**People:** *Jeff Blackman* was named creative svp for **Syfy** and **Chiller**. He will report to *Jason Holzman*, svp of creative, entertainment networks, **NBCU Cable Entertainment**. Blackman was previously svp of creative strategy, multi-platform brand creative at **Nick**.

## Cablefax Daily Stockwatch

Company	06/22 Close	1-Day Ch	Company	06/22 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
BROADCASTERS/DBS/MMDS			INTEL:	32.29	(0.03)
DISH:	52.65	(0.44)	INTERACTIVE CORP:	56.27	0.07
ENTRAVISION:	6.50	(0.02)	LEVEL 3:	51.67	(0.09)
GRAY TELEVISION:	11.09	(0.17)	MICROSOFT:	50.99	(0.2)
MEDIA GENERAL:	17.14	(0.14)	NETFLIX:	90.01	(0.98)
NEXSTAR:	47.69	(0.05)	NIELSEN:	53.47	(0.06)
SINCLAIR:	29.92	0.20	SEACHANGE:	3.41	(0.04)
TEGNA:	22.47	0.06	SONY:	28.61	(0.47)
<b>MSOS</b>					
CABLE ONE:	502.54	4.92	SPRINT NEXTEL:	4.38	0.22
CHARTER:	222.39	(0.42)	SYNACOR:	3.28	(0.02)
COMCAST:	62.64	0.10	TIVO:	10.02	(0.14)
GCI:	15.29	0.08	UNIVERSAL ELEC:	70.53	2.21
LIBERTY BROADBAND:	59.20	0.43	VONAGE:	5.60	0.16
LIBERTY GLOBAL:	32.18	0.33	YAHOO:	37.36	(0.04)
SHAW COMM:	19.50	0.21	<b>TELCOS</b>		
SHENTEL:	35.49	(0.19)	AT&T:	41.30	0.23
<b>PROGRAMMING</b>					
21ST CENTURY FOX:	28.92	0.12	CENTURYLINK:	27.92	(0.16)
AMC NETWORKS:	58.49	(1.14)	FRONTIER :	5.09	(0.13)
CBS:	53.65	0.21	TDS:	28.47	(0.43)
DISCOVERY:	25.99	0.23	VERIZON:	54.03	(0.07)
DISNEY:	98.79	(0.03)	<b>MARKET INDICES</b>		
GRUPO TELEVISIA:	26.13	0.33	DOW:	17780.83	(48.9)
HSN:	49.26	0.37	NASDAQ:	4833.32	(10.44)
LIONSGATE:	20.55	(0.18)	S&P 500:	2085.45	(3.45)
MSG NETWORKS:	16.40	0.30			
SCRIPPS INT:	63.42	0.21			
STARZ:	27.80	0.25			
TIME WARNER:	72.44	0.63			
VIACOM:	48.86	0.68			
WWE:	18.51	(0.15)			
<b>TECHNOLOGY</b>					
ADVANTAGE:	1.80	0.01			
AMDOCS:	56.38	(0.16)			
AMPHENOL:	58.21	(0.07)			
APPLE:	95.55	(0.36)			
ARRIS GROUP:	22.56	(0.09)			
AVID TECH:	5.95	(0.35)			
BLNDER TONGUE:	0.44	0.04			
CISCO:	28.72	(0.05)			
COMMSCOPE:	32.00	(0.15)			
CONCURRENT:	5.44	(0.31)			
CONVERGYS:	25.55	(0.17)			
CSG SYSTEMS:	40.80	0.11			
ECHOSTAR:	39.11	0.02			
GOOGLE:	697.46	1.52			
HARMONIC:	2.95	(0.01)			

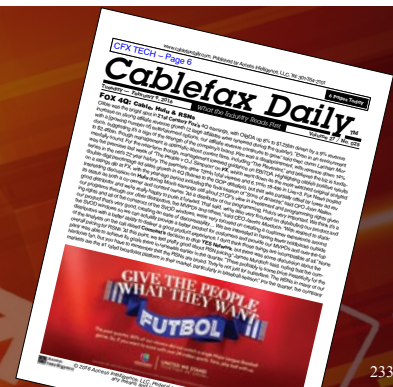
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## Think about that for a minute...

### It's Time

Commentary by Steve Effros

A conversation with my son the other day is the genesis for this column. He's 35, a successful actor in New York deeply involved in the creative theatre/movie/video scene doing writing, producing and directing as well as acting.



I mention this because he started out by reminding me that he also sat around our dinner table for many years hearing about the debates over the claims regarding the impact of the media, the First Amendment, and my general view that if you don't like what you hear or see the best response is to counter with better thoughts, better material, better creativity.

Well, our conversation took place the day after the killings in Orlando. While, of course, that was one of the triggers of the discussion, his additional fury at what he was seeing around him had to do with going to a movie the night before and seeing a preview for the third in the series of mayhem movies called "The Purge."

If you're not familiar with these, they are a theatrical excuse for showing killing, raping, slashing and general chaos with a plotline that all of this is "sanctioned" by the government for a 12-hour period once a year when no law applies to anyone's actions. As disturbing as all that is, this year's atrocity is subtitled "Election Year." The last one was subtitled "Anarchy." Yes, so far the "good guys" sort of win in the end, that is, they don't get killed and decide against taking revenge on others... but the entire premise is so, well, disgusting that it's time to speak out.

It's just not a coincidence that this year's movie focuses on a leading female candidate for president. It's time to say and do things, according to my son, to counter trends like this. He was particularly horrified that there were young children in the theatre watching this stuff. "You just can't deny," he noted, that the things we cre-

ate, produce, display and bring into everyone's homes, usually calling it "entertainment" has an effect, impacts the way folks think and react, especially children. Our image of "reality," our acceptance of "norms" like everyone running around the streets in "The Purge" using military-grade automatic weapons, just can't be shrugged away any more. He's right.

This isn't the first time, nor will it be the last, that those of us responsible for the curation and delivery of high-powered video into the home (or the theatre) are called upon to exercise our judgment. Many years ago one of my smaller-system board members refused to carry MTV when it became known for misogynistic "music videos." The CEO of the largest cable company at the time refused to carry "ultimate fighting" contests, even though he knew it would be more profitable if he did.

It's time we started announcing and exercising our editorial judgment again. Not only as cable operators, but as producers, directors, filmmakers and cultural leaders. It's time to say this stuff is corrupting us and our kids and our society as a whole. No, I still don't think there should be official censors and government bans, but I do think that we have to take responsibility for what we create and sell. And we should be allowed to do so without being attacked for not being "neutral."

Neutrality as an ultimate objective is no longer appropriate when the net result is being constantly exposed and exploited by the lowest common denominator. That just recreates "the vast wasteland." It's time to say something.

*Steve*

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*(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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