

# Cablefax Daily™

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What the Industry Reads First

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## New Arris CEO: Stanzione to Turn Keys Over to McClelland

It's the end of an era. *Bob Stanzione*, founding pres/CEO of **Arris**, will step down on Sept 1, with *Bruce McClelland* stepping into the CEO role. Stanzione will remain at the company on a full-time basis as exec chmn, focusing on strategic planning and customer engagement, as well as supporting the new CEO. McClelland has grown right along with Arris, joining the company as vp, engineering in 1999—just 4 years after it was started as a jv between **Nortel Networks** and **ANTEC**. He currently serves as pres, network & cloud and global services, responsible for overseeing the development and delivery of a portfolio of broadband and video network infrastructure products and cloud-based software solutions. "Since its formation, Arris has grown from a small joint venture to a global leader in entertainment and communications technology," Stanzione said in a statement. "With integration efforts from the Pace acquisition substantially complete, now is the right time to transition the role of CEO to a new leader who will continue Arris's growth and success. Bruce has played an integral role in transforming the Company since he joined the Arris Interactive Joint Venture more than 16 years ago. He will provide leadership and strategic vision to keep Arris and our customers ahead of today's rapid pace of change and will ensure we remain at the forefront of tomorrow's connected world." The appointment of McClelland as CEO is the culmination of a formal CEO succession process started in early 2016 by the board. **Spencer Stuart** was retained to assist with the search process. Stanzione was inducted into the **Cable Center Cable Hall of Fame** in May, joking at the time that he thought it was for media moguls, not vendors. "We're like a plumbing supplier," he quipped. Arris is definitely a supplier, providing services and product to the top service providers and content companies globally as it has grown both organically and through the \$2.35bln acquisition of **Motorola Home** and more recent \$2.1bln purchase of **Pace**. The company reported strong 2Q results, estimating that full year revenue will be at the high-end of previous guidance (\$6.2-\$6.8mln), while net income per diluted share is trending above guidance.

**SeaChange's Tumble:** **SeaChange** shares closed down 9% after it announced preliminary 2Q results that project total revenue of \$18.3mln-\$18.5mln vs guidance of \$23mln-\$25mln. It also anticipates a non-GAAP operating loss of approximately \$0.19 to \$0.23 per basic share, compared to prior guidance of a non-GAAP operating loss of \$0.10 to \$0.15 per basic share. About \$4mln of the shortfall is due to changes in time to complete work, while about \$1mln is attributable to

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delays in getting deals done, SeaChange CEO *Ed Terino* said during a conference call Tues. “We had a few deals that were expected to close in the 2Q that were delayed,” but those are expected to be recorded in 3Q, he said. About 5-6 deals were delayed, and it sounds like there were a similar number of delays with customers. Those delays include 1 new, “fairly sizeable” customer as well as delays with migrations from the Axiom back office solution to SeaChange’s multi-screen Adrenalin platform. A “significant” OTT win with a content owner in Europe will be announced around the IBC conference in Amsterdam (Sept 8-12), he added. “While we are disappointed in the 2Q revenue shortfall, we continue to see our revenue pipeline building in the 2nd half of fiscal 2017,” Terino said. While the company remains optimistic about future prospects and plans to achieve profitability and positive cash flow in 4Q, he said it’s taking longer to complete organizational and operational improvements. Thus, cost reductions are planned for 3Q, with details to come in its 2Q earnings call, slated for Sept 1. SeaChange’s cash position at the end of July was approx \$51mln, in line with prior expectations.

**More Olympic Figures:** Akamai says it delivered more video data for Rio than it did the 2014 World Cup, making the Summer Olympics the largest live sporting event it has ever helped deliver. For the full run of the Games, Akamai reports a peak audience of 1.54mln and maximum peak traffic of 4.53 Tbps. The average video bitrate for the Games was 2.75 Mbps. -- **NBCU** also released new stats, showing that nearly 5x as many millennials (382% higher for the 18-34 demo) watched the Olympics in primetime on NBC than watched the 4 broadcast nets during the regular TV season. Other findings: more than half those streaming the Games were under 35; there were more than 600mln video views of NBC Olympics **Facebook** video; and nearly 33mln **Snapchat** users consumed NBC-partnered coverage in the US.

**Charter’s Ethernet Position:** Charter’s acquisition of **Time Warner Cable** and **Bright House** had it leapfrog **Verizon** for the #3 spot on **Vertical System Group’s** US Carrier Ethernet leaderboard for mid-2016. The acquisitions make Charter the largest cable MSO provider of retail Ethernet services. Ranks are based on retail port share. **AT&T** holds the top spot, followed by **Level 3** and then Charter. Verizon fell from 3rd to 4th, with **CenturyLink**, **Comcast** following. **XO** moved into the 7th spot, bumping **Cox** to 8th.

**Comcast’s Dream(Works):** Comcast’s \$3.8bln acquisition of **DreamWorks Animation** has closed, with **NBCU** announcing the new structure and leadership team for the business. Former DreamWorks Animation CEO *Jeffrey Katzenberg* will become chmn of DreamWorks new media, which will oversee NBCU’s ownership stakes in **Awe-someness TV** and **NOVA**. Animation TV head *Margie Cohn* will lead the integrated DreamWorks and Universal TV animated business, reporting to Universal Filmed Ent group chmn *Jeff Shell*. The DreamWorks feature animation group will be added to Universal’s portfolio of film labels and production partners, with co-presidents of feature animation, *Bonnie Arnold* and *Mireille Soria*, running it. They report to **Universal Pictures** chmn *Donna Langley*. DreamWorks Animation pres *Ann Daly* will step down from her post and will serve as an adviser during the transition.

**After Rio:** This is what *Marcien Jenckes* promised at an investor conference last week. The **NBC** Olympics highlights & results app lives on, transitioning into a new scores app offering a personalized experience. Dubbed “NBC Sports Scores,” the app is meant to be a complement to live streaming and has alerts so fans don’t miss the action. Features include trending games, online and TV listings for every sports event and up-to-date team news. Many leagues are featured, including the **NFL**, **MLB**, **NHL**, **NBA**, **NASCAR**, **Premier League** and **NCAA** football.

**Media Habits of US Hispanics:** The US Hispanic population is expected to double in size by 2060 to 119 million (28% of the population), according to a new report from **Nielsen** dubbed “From the Ballot Box to the Grocery Store.” And that translates to greater buying power: The average household income has increased from \$40,946 in 2009 to \$42,396 in 2014, and 43% of households have an income greater than \$50,000 in 2014—compared to 30% in 2000. But the group’s behavior is not homogenous. It’s important to consider age group and language dominance within the demo when looking at specific media habits and device preferences, for instance. More at **Cablefax.com**,

**New TiVo:** Rovi’s \$1.1bln acquisition of **TiVo** may be just weeks away from closing, but TiVo isn’t going anywhere. At least when it comes to its corporate HQ in San Jose on Gold Street. TiVo just signed a new lease with **ECI Four Gold St** that runs through the end of 2027 and provides more than 127K square feet of space. Base rent is approx \$35mln before abatements. The lease had been set to expire Jan 31, 2017.

# BUSINESS & FINANCE

**Watchable Exclusives:** Comcast introduced "Watchable Exclusives," a collection of original series produced by digital brands specifically for millennials. The first 3 exclusive series by **Refinery 29**, **mitú** and **Cut.com** were released Tues. Additional series from **BuzzFeed Motion Pictures**, **CollegeHumor**, **Cut.com**, **POPSUGAR** and **Studio 71** will be available later this year. The series are accessible via Comcast's X1 set top box, at [Watchable.com](http://Watchable.com) and through the app.

**Programming:** New animated comedy "Milo Murphy's Law," starring *Weird Al*, will premiere Oct 3 at 8pm on **Disney XD**. The well-known parody singer voices 13-year-old Milo Murphy. A full-length preview of the 1st episode will be available Sept 26 on the Disney XD app, **YouTube** channel and VOD platforms. -- **OWN** acquired the rights to air syndicated daily talk show "T.D. Jakes." It will air locally on Sept 12 via 70 affiliates. Premiering Sept 19 on the network, OWN will air the 1-hr series M-F at 6pm.

**People:** **Pop** announced 3 new executive appointments. Previously vp of content marketing at **Ovation**, *Randy Rovegno* will now serve as vp of content distribution marketing. *Michael Voice*, who recently served as a consultant to Pop, is now vp of business & sales strategy. *Caroline Wilson*, vp of integrated marketing, will be responsible for creating innovation solutions for Pop's national advertisers.

## Cablefax Daily Stockwatch

Company	08/23 Close	1-Day Ch	Company	08/23 Close	1-Day Ch			
<b>BROADCASTERS/DBS/MMDS</b>								
DISH:	49.98	0.09	INTEL:	35.40	0.04			
ENTRAVISION:	7.75	UNCH	INTERACTIVE CORP:	57.50	(0.29)			
GRAY TELEVISION:	11.39	(0.04)	LEVEL 3:	49.26	0.49			
MEDIA GENERAL:	17.84	0.05	MICROSOFT:	57.89	0.22			
NEXSTAR:	53.78	0.01	NETFLIX:	95.94	0.68			
SINCLAIR:	28.62	(0.14)	NIELSEN:	52.89	(0.27)			
TEGNA:	21.45	0.09	SEACHANGE:	3.02	(0.3)			
<b>MSOS</b>								
CABLE ONE:	542.00	(3.17)	SONY:	33.12	0.11			
CHARTER:	252.24	(0.41)	SPRINT NEXTEL:	6.12	0.08			
COMCAST:	65.66	(0.78)	SYNACOR:	2.79	0.07			
GCI:	12.59	0.09	TIVO:	10.96	0.15			
LIBERTY BROADBAND:	67.29	(0.01)	UNIVERSAL ELEC:	76.86	0.45			
LIBERTY GLOBAL:	32.26	0.38	VONAGE:	6.15	(0.03)			
SHAW COMM:	20.48	0.19	YAHOO:	42.60	0.08			
SHENTEL:	25.89	0.52	<b>TELCOS</b>					
<b>PROGRAMMING</b>								
21ST CENTURY FOX:	24.89	(0.23)	AT&T:	40.85	(0.06)			
AMC NETWORKS:	54.79	(0.89)	CENTURYLINK:	29.10	0.17			
CBS:	52.80	0.12	FRONTIER:	4.65	0.01			
DISCOVERY:	26.39	(0.17)	TDS:	28.32	(0.05)			
DISNEY:	95.97	0.10	VERIZON:	52.63	0.08			
GRUPO TELEVISA:	27.30	(0.33)	<b>MARKET INDICES</b>					
HSN:	43.44	0.08	DOW:	18547.30	17.88			
LIONSGATE:	21.54	0.41	NASDAQ:	5260.08	15.47			
MSG NETWORKS:	18.62	0.12	S&P 500:	2186.90	4.26			
SCRIPPS INT:	64.45	0.41						
STARZ:	31.58	0.23						
TIME WARNER:	80.70	0.19						
VIACOM:	46.69	(0.15)						
WWE:	21.25	0.22						
<b>TECHNOLOGY</b>								
ADVANTAGE:	1.81	0.00						
AMDOCS:	59.17	0.25						
AMPHENOL:	61.48	(0.02)						
APPLE:	108.85	0.34						
ARRIS GROUP:	26.99	0.18						
AVID TECH:	9.66	0.03						
BLNDER TONGUE:	0.60	(0.02)						
CISCO:	30.98	0.35						
COMMSCOPE:	29.19	0.44						
CONCURRENT:	5.04	(0.08)						
CONVERGYS:	29.57	0.16						
CSG SYSTEMS:	43.08	0.25						
EHOSTAR:	38.56	0.30						
GOOGLE:	772.08	(0.07)						
HARMONIC:	4.23	0.07						

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