

Cablefax Daily™

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What the Industry Reads First

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Wheeler Land: NCTA, MPAA Rebuke FCC's Set-Top Do-Over

FCC chmn *Tom Wheeler* circulated his largely reworked set-top proposal Thurs, and cable appears just as flummoxed as when he introduced his original plan. It sounds pretty simple: consumers would no longer be locked into monthly set-top fees and could instead access all their video products via free apps on the devices of their choosing. It is the details that get devilish, according to opponents. GOP commish *Michael O'Rielly* is studying the order but has already declared that it seems to "exist within a fantasy world of unlimited Commission authority." A lot of the uncertainty centers on copyright and licensing. Here are the basics of the proposal, which will be voted on at the Sept 29 FCC Open Meeting: If adopted, the largest pay-TV providers, which serve 95% of pay-TV subscribers, will get 2 years to comply with the rules. MVPDs would be required to offer consumers a free app that the pay TV provider controls so consumers can access all the programming they pay for on various devices. Pay TV providers must provide those apps to "widely deployed platforms," which a senior FCC official defined as an operating system (ie, Android, iOS) that has been deployed on at least 5mln devices shipped inside the US within the previous year (newly introduced offerings get the same treatment once they hit that 5mln figure). A pay TV operator has to let consumers search its program offerings alongside other video content, be it from an OTT service like **Netflix** or via a programmer's standalone app. And providers may not require a platform or device to promote the pay-TV app over other sources of programming in the search function. The FCC theorizes that this should make it easier for independent and minority programmers to reach more eyeballs, even if they don't have carriage with MVPDs. So, if you type in a show available from multiple sources, which one appears at the top of the results? "Individual parties could enter into agreements with that search function as they do today, be it on the app or device, to make arrangements for the order of the search results," a senior FCC official said. When it comes to copyright, the FCC contends that because the pay TV programmer is controlling programming in the app, all current content protections and agreements remain in place. Here's the section to highlight: "The proposed final rules require the development of a standard license governing the process for placing an app on a device or platform. A standard license will give device manufacturers the certainty required to bring innovative products to market," according to a FCC fact sheet. "Programmers will have a seat at the table to ensure that content remains protected. The license will not affect the underlying contracts between programmers and pay-

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TV providers. The FCC will serve as a backstop to ensure that nothing in the standard license will harm the marketplace for competitive devices.” **NCTA**, as expressed in an ex parte last week, thinks it really means the FCC wants to create its own copyright body. “According to several public sources, the Commission will play a much more significant role in the licensing process than simply the ‘backstop’ as it was described today. That is, the Chairman isn’t just proposing a ‘standard license’ but a centralized licensing organization that would exist in perpetuity,” the trade group said. “The work of this licensing body would be subject to intrusive FCC oversight, creating a bureaucratic morass and improperly involving the FCC in private licensing arrangements in a way that will slow the deployment of video apps, ignore copyright protections and infringe on consumer privacy.” **MPPAA** chmn/CEO *Chris Dodd* said that the revised proposal has been described to its members as what amounts to a compulsory copyright license. “The MPAA does not support compulsory licenses, has never supported compulsory licenses, and we cannot do so here,” Dodd said in a statement. “Whether through a licensing body subject to FCC review or otherwise, the FCC must not encroach upon copyright holders’ discretion in how they exercise or license the exclusive rights Congress granted them in section 106 of the Copyright Act, or jeopardize the security of their content, as the Copyright Office explained in its expert analysis.” Commissioner O’Rielly put it succinctly: the FCC “must remain in the business of licensing spectrum and infrastructure, not content.” **NCTA** contends the proposal far exceeds FCC authority, inserting the govt into private contract negotiations between pay TV distributors, content creators and device makers. Small operators (those with 400K or fewer subs) won’t have to comply with the rules. Medium-sized operators get 4 years to comply. The FCC said there is no mandate on how MVPDs apply—they can develop the apps themselves or use a 3rd party developer.

Also at the FCC: **FCC** chmn *Tom Wheeler* also announced that he plans to hold a vote at the Sept 29 meeting on an NPRM that proposes steps to “promote the distribution of independent and diverse programming to consumers.” Indie programmers have urged the FCC to take action on most-favored nations clauses that they say are unfairly leveraged against them.

Rovi Now TiVo: **Rovi’s** \$1.1bln acquisition of **TiVo** has closed, creating the new TiVo. It’s a shift from having Rovi’s revenue heavily dominated by intellectual property licensing to being much more focused on product sales. “Now we’re going to be a company of roughly \$800mln in revenue, and roughly \$500mln or so of that is going to come from product,” TiVo pres/CEO *Tom Carson*, formerly head of Rovi, told us. “Not only will we have the traditional set-top box guide that both TiVo and Rovi have done, but we’ll have navigation solutions for Internet connected devices and also offer very discreet pieces of technology if that’s what people want.” Meaning, a company could just use TiVo’s meta data, search tools or recommendation features. “It’s really a different company from what Rovi was or even TiVo was,” Carson said. The company expects to realize at least \$100mln in annual cost synergies, with 65% of these synergies recognized in the first 12 months. Fiscal 2016 estimates will be given during the next earnings call. Next step is integration of the product lines. “There are certainly overlap in areas like guides, but we very much like TiVo technology. It’s really world class. We don’t anticipate any changes, particularly in the service provider market,” Carson said. As for TiVo’s consumer product line, the CEO called that side of the business “a great proving ground for the navigation experience that a consumer has” that could ultimately be used in a product for service provider customers. “We also like the business model on the consumer side,” he said. “There’s also a hardware business on the consumer side, and that’s something we’re going to continue to take a hard look at whether there’s a more efficient or better way to do that.”

AT&T-Discovery: **Discovery Comm** and **AT&T** reached a new, long-term distribution agreement that covers linear distribution for **DirectTV** and **U-verse** customers, an on-demand offering and TVE distribution. Notably, Discovery’s brands and programs will be available on DirecTV Now, AT&T’s OTT service launching in Q4. The deal is in line with other recent affiliate pacts for the programmer. A research note from **Moffett Nathanson** said that the pact removes the “legitimate worry among investors that Discovery would take the hit from rate resets and tiering issues experienced at Viacom and, more recently, Scripps Networks... We believe that affiliate fee growth for Discovery’s cable networks will not experience a similar meaningful deceleration as its peers.” The reason being: Discovery’s ratings have increased meaningfully since its 2012 deal with DirecTV, and with its Comcast deal in place the company is now able to set a pricing framework for future deals. Moreover, Discovery’s major channels—which drive most affiliate fees—are available on both DirecTV and U-Verse basic packages. Discovery shares closed up about 1.25%

Thurs.

Formula One Sale: Liberty Media has agreed to acquire motorsports business **Formula One**, in a deal with enterprise value of \$8bln. Liberty already acquired a 18.7% minority stake in Formula One from controlling shareholder **CVC Capital Partners** for \$746 million in cash and will acquire the rest by purchasing 100% of Formula One shares from its parent company, **Delta Topco**, subject to conditions. **20th Century Fox** vice chmn *Chase Carey* was appointed chmn, and former chmn *Bernie Eccleston* will remain CEO and on Formula One's board as a non-executive director. The acquisition was made from a consortium of sellers, led by **CVC Capital Partners**, which will own approx 65% of the Formula One Group's equity and will have board representation. A CVC rep will also join the Liberty Media board. Selling stockholders will receive a mix of \$1.1bln in cash, 138 mln newly issued shares of Liberty Media Group (LMCK) tracking stock and a \$351mln exchangeable debt instrument to be issued by Formula One and exchangeable into shares of LMCK.

Ratings: Following *Greta Van Susteren's* departure from **Fox News** this week, the newly anchored "On the Record With *Brit Hume*" debuted with 2.4mln total viewers and 429K in key demo 25-54 Tues night, up double digits in both categories YOY, up 38% in P2+ and up 83% in the key demo. Compared to Tues last week, On the Record was up 13% in total viewers and up 225 in the demo, according to **Nielsen**. -- **ESPN** reported that 81.2mln viewers—the most ever—tuned in to watch college football on ESPN networks and streaming platforms from Thurs to Mon, with Sat's noon, afternoon and early primetime, along with Sun and Mon's primetime windows, each surpassing a total live audience of 8.2mln average viewers per minute across TV and streaming. ESPN networks' Sat afternoon college football coverage garnered more than 12mln average viewers per minute live, on TV and streaming. ESPN/ABC's primetime coverage over 3 days led to **ABC** winning the night across broadcast and cable nets on Sat and Sun across key demos and ESPN winning Mon. ESPN's Mon TV audience of 8.354mln average viewers was the 2nd most-watched game of the weekend across all networks, after ABC's Sun night total live audience of 11.139 average viewers—the most-watched college football kickoff weekend. -- The premiere of **OWN's** "Queen Sugar" was the highest rated 2-ep debut in the net's history. OWN was the #1 cable net for women on Tues night, with 2.7mln total viewers.

Snapchat: **E! News** launched original **Snapchat** series "The Rundown" on Thurs, with E! becoming one of the 1st brands to create a fully produced weekly show for the platform. It offers all things pop culture to millennials whenever, wherever. -- The **NFL's** Discover Channel on Snapchat launched Thurs, giving NFL fans around the world the latest news, information and updates. An NFL Live Story for every NFL game this 2016 season will debut on the Channel, in addition to the Super Bowl and other major NFL events.

Viamedia Q&A: *Becky Jones was recently promoted to chief marketing & people officer, where she'll add HR to her continued oversight of all marketing. Jones has been with the independent cable ad management company since its inception 15 years ago. We talked to Jones about her new job and life at Viamedia.* **How has the company changed over the years?** Our very first meeting as an organization we held at the public library in Fayette County, [KY]. I still have the meeting notes, where we decided the hours and what dress code we would have and everything. Our company has grown immensely. Our industry has changed tremendously as well. But there are a lot of things that have stayed the same. You know we started Viamedia with one partner, Wow!. Wow! is still one of our most valued, one of our largest partners that we still have today. We went from 6 people in Viamedia's corporate office to 400 people scattered across 74 markets nationwide, 5 time zones. Our company also has been personally on the forefront—a lot of times silently—of some of the biggest changes in advertising. A lot of times people don't know that because we've either been adopting it early, we've been testing it in our labs, we've been going back and forth with operators behind the scenes, we've been doing things with set-top boxes, to make sure that we can make it happen. What's changed is we've had to continue to innovate. I can tell you I have not been bored in 15 years. **How effective do you think social media is for you as a B2B company?** It is definitely different. While it's not as direct as saying Viamedia talking to JDI Technology Group on social media, it might be Viamedia who's getting the message to the decision-maker at JDI Technology Group. And what's really great is that we're seeing our account executives on a local basis using some of [our] materials... about how people are using cross-screen media to drive new sales, and they're sharing that on LinkedIn, Instagram, Twitter, Facebook. **You have a reputation for giving back. What are some of the recent efforts in this arena?** In 2005, we've donated \$1.1mln in advertising time just to support the relief efforts in the Gulf Coast since Hurricane Katrina through the Red Cross. We've always focused on our local communities, but also on a bigger, grander scale. We've filled backpacks with food for kids, helped Habitat for Humanity, worked with Ronald McDonald House. In 2015, we partnered with the Ad Council and we pledged to do \$2mln every year in ad support with the Ad Council. We've ex-

BUSINESS & FINANCE

ceeded that every year. Louisiana is very near and dear to us. We have a bunch of operators that we represent in Louisiana, including Eatel in Baton Rouge. They had 15 employees displaced, that lost everything by the recent flooding. They created an Amazon wishlist for what their members needed, and we bought \$5000 worth of goods—Clorox bleach, trash bags, 50 or so blankets, buckets, mops, brooms. **You've added HR to your responsibilities; you have a taste for what it's like to be at the intern level all the way up to the C-Suite. How does that influence your priorities for Viamedia's workforce?**

Our company is all about our people, and I think that's what I'm most passionate about. We have a great HR department, great leaders in our HR department who are doing a great job now. I'm really excited to take the conscience of the employees and the brand of the company and talk about the voice of the customer, the voice of the company nationwide and really infuse it into everything that we do.

[Edited for brevity and clarity].

Programming: HGTV will launch in Poland in Jan 2017 as part of the TVN channel portfolio, the Polish media company wholly owned by **Scripps Networks Interactive**. This is the 1st European market to introduce viewers to HGTV. -- Currently in its 3rd season, **TNT** renewed "The Last Ship" for a 4th and 5th. The 3rd season finale airs Sun.

Cablefax Daily Stockwatch

Company	09/08 Close	1-Day Ch	Company	09/08 Close	1-Day Ch			
BROADCASTERS/DBS/MMDS								
DISH:	51.60	0.81	INTEL:	36.44	(0.02)			
ENTRAVISION:	7.69	(0.07)	INTERACTIVE CORP:	59.00	(0.55)			
GRAY TELEVISION:	11.06	(0.04)	LEVEL 3:	50.04	(0.08)			
MEDIA GENERAL:	17.91	(0.06)	MICROSOFT:	57.43	(0.23)			
NEXSTAR:	53.79	(0.48)	NETFLIX:	99.66	0.51			
SINCLAIR:	29.02	(0.01)	NIELSEN:	52.36	(1.01)			
TEGNA:	21.76	(0.05)	SEACHANGE:	2.96	0.01			
MSOS								
CABLE ONE:	549.00	(10.52)	SONY:	33.12	(0.32)			
CHARTER:	268.66	(8.9)	SPRINT NEXTEL:	6.80	0.17			
COMCAST:	66.16	(0.19)	SYNACOR:	2.81	0.01			
GCI:	13.62	(0.15)	TIVO:	22.59	11.25			
LIBERTY BROADBAND:	69.57	(1.72)	UNIVERSAL ELEC:	76.77	0.09			
LIBERTY GLOBAL:	32.65	(0.09)	VONAGE:	5.90	0.06			
SHAW COMM:	20.32	(0.02)	YAHOO:	44.36	0.01			
SHENTEL:	25.58	0.12	TELCOS					
PROGRAMMING								
21ST CENTURY FOX:	24.75	0.37	AT&T:	41.19	(0.08)			
AMC NETWORKS:	53.09	(0.12)	CENTURYLINK:	28.35	(0.05)			
CBS:	53.36	0.74	FRONTIER:	4.77	0.04			
DISCOVERY:	25.38	0.31	TDS:	28.30	(0.09)			
DISNEY:	94.09	0.38	VERIZON:	53.60	(0.11)			
GRUPO TELEVISA:	26.81	(0.4)	MARKET INDICES					
HSN:	40.71	(1.29)	DOW:	18479.91	(46.23)			
LIONSGATE:	20.48	(0.24)	NASDAQ:	5259.48	(24.44)			
MSG NETWORKS:	17.90	0.02	S&P 500:	2181.30	(4.86)			
SCRIPPS INT:	63.53	0.20						
STARZ:	31.10	(0.14)						
TIME WARNER:	78.92	0.20						
VIACOM:	44.18	(1.16)						
WWE:	20.75	(0.43)						
TECHNOLOGY								
ADVANTAGE:	1.95	0.07						
AMDOCS:	60.96	(0.16)						
AMPHENOL:	62.89	0.02						
APPLE:	105.52	(2.84)						
ARRIS GROUP:	28.15	(0.08)						
AVID TECH:	8.16	(0.37)						
BLNDER TONGUE:	0.62	0.04						
CISCO:	31.47	(0.32)						
COMMSCOPE:	29.73	(0.22)						
CONCURRENT:	5.68	(0.01)						
CONVERGYS:	30.67	(0.11)						
CSG SYSTEMS:	44.05	(0.57)						
ECHOSTAR:	39.38	0.07						
GOOGLE:	775.32	(5.03)						
HARMONIC:	5.04	(0.1)						



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Featuring an Industry Overview by NCTA CEO Michael Powell

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PROGRAMMER'S PAGE

A Confessional

American audiences are more or less accustomed to scripted characters addressing TV audiences directly in the camera. We perhaps have “The Office,” “Parks and Recreation” and “House of Cards” to thank. It’s a stylistic choice employed immediately and frequently in **Amazon’s** “Fleabag” (premieres Sept 17), created by and starring *Phoebe Waller-Bridge*, and based on her play of the same name. The effect is that you’ve embarked on her journey with her. “You’re kind of involuntarily complicit in her story. And that was a lot to do with the kind of control I wanted her to have over the audience’s experience,” Waller-Bridge said at the **Television Critics Association** summer press tour in Aug. It’s a logical transition in form, considering that the play was a one-woman show and the character had complete control over the story’s narration. “When creating the TV show, [I wanted] that sense that she was arresting you and she was holding you and she had control... Eventually as the show goes on, she starts losing control, and yet the audience still stays there. You still have that complicity, but it gets a bit sort of broken,” she said. What it’s like to direct a choice like that? The camera acts as a confessional, drawing the audience in, said director *Harry Bradbeer*. “You’re inviting them to be complicit with you, but you’re making them question whether they would do the same thing. She’s reaching out to that generation in a very dynamic and confrontational way and a kind of seductive way.” But the looks, though frequent, vary subtly, Bradbeer stressed. As the show grows darker and more complex, *Fleabag* attempts to escape the camera completely, but to no avail. And that’s when it gets interesting. -- *Kaylee Hultgren*

Reviews: “Ground Zero Rising: Freedom vs. Fear,” Sunday, 10pm ET, **CNBC**. *Jim Cramer* hosts this terrific special about the World Trade Center site today: a 16-acre mix of memorial and moxie. Contiguous to remembrances of the nearly 3,000 people killed there 15 years ago is the world’s most expensive (and safest?) skyscraper, a transport hub of Italian marble, and high-end retailers. Yet beyond the outstanding views, the most effecting moments are stories of those 9/11 touched and who’ve returned to the site. -- “Quarry,” premiere, Friday, **Cinemax**. “Quarry” will appeal to viewers who like quiet, patient character studies of brooding figures (think *Daniel Holden* of **Sundance TV’s** “Rectify”). Also appealing is this dark series’ evocation of the mood and politics of the period circa 1972, the American south. *Logan Marshall-Green* is outstanding as returning Vietnam vet “Mac.” -- “Atlanta,” Tuesday, 10pm, **FX**. Like FX’s other new comedy “Better Things” (reviewed here last week), “Atlanta” is far more a gritty drama than a traditional comedy. Yet next week’s episode, the series’ third, opens with a scene in a fast-food restaurant that’s frustratingly funny. Beyond that, though, the life of protagonist Earn (*Donald Glover*), an articulate college dropout, is somewhat desperate. Yet his story goes places normally unseen on TV. It does this with depth and intelligence. It’s hard to look away. -- *Seth Arenstein*

Basic Cable Rankings			
(8/29/16-9/04/16)			
Mon-Sun Prime			
1	FOXN	0.9	2190
2	HGTV	0.7	1590
2	ESPN	0.7	1494
4	USA	0.6	1457
4	TNT	0.6	1369
6	HIST	0.5	1245
6	MSNB	0.5	1209
6	TBSC	0.5	1202
6	DSNY	0.5	1095
6	DSE	0.5	99
11	ID	0.4	972
11	ADSM	0.4	906
11	CNN	0.4	905
11	FX	0.4	839
11	HALL	0.4	804
16	FOOD	0.3	838
16	FRFM	0.3	803
16	NAN	0.3	775
16	LIFE	0.3	759
16	AMC	0.3	752
16	ESP2	0.3	740
16	DISC	0.3	727
16	A&E	0.3	693
16	TVLD	0.3	692
16	OWN	0.3	690
16	NFLN	0.3	645
16	APL	0.3	623
16	SPK	0.3	595
16	SYFY	0.3	595
16	NKJR	0.3	580
16	DSJR	0.3	541
16	HMM	0.3	506
33	TLC	0.2	546
33	BRAV	0.2	544
33	NGC	0.2	518
33	EN	0.2	515
33	WETV	0.2	487
33	VH1	0.2	474
33	GSN	0.2	473
33	CMDY	0.2	463
33	LMN	0.2	449
33	TRAV	0.2	447
33	MTV	0.2	436
33	INSP	0.2	404

*Nielsen data, supplied by ABC/Disney, is based on coverage area of individual networks

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