

Cablefax Daily™

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What the Industry Reads First

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Monetizing Digital: Mediamorph Preps for an On Demand World

Cloud-based software and data management platform **Mediamorph** recently closed a \$21.2mln round of Series C financing, led by investment firm **Advance Vixeid Partners**, the independent investment arm of **Advance Publications** and **Conde Nast**, and senior advisors to **Lee Equity Partners**, including *Bob Wright* and *Barry Baker*. Given that a new OTT platform launch seems to happen every other day (such as **Time Inc.'s People/Entertainment Weekly Network** launching today (**CFX**, 9/13), it's a space that's swiftly gaining traction—and funding. “We looked at this company as being an answer to the very complicated world of counting who's watching what in the SVOD universe,” Baker, former president and COO of **USA Interactive**, told **Cablefax**. “The video on demand business has become so gigantic.” In Baker's view, Mediamorph provides a factual account on the many ways a title can be advertised, as well as what your revenue streams look like. The idea is that all content will eventually be on demand, and so companies better know how to monetize it. Mediamorph's platform aims to streamline the content supply content chain, so that companies can manage content rights, track consumption, and use data and analytics to make decisions that impact revenues. Competitors would be **RSG Media** and **FilmTrack**, both of which help entertainment firms track and monetize intellectual property. Mediamorph sees its integrated financial and data management services as a differentiator. “The real question is, do you understand the complexity of rights to even know ‘hey, when can I even insert an ad? I’m providing the short-form content on a wireless device, do I have the rights to actually put in an ad at the beginning and at the middle? Can I fast-forward? Is it transparent?’ [It's about] the actual complexity of rights and how those rights impact the actual decisions around the supply chain and the broadcasting piece of it,” said CEO *Rob Gardos*. Mediamorph counts large studios as customers, including **MGM Studios**, **Lionsgate Films** and **Paramount Pictures**, but it's currently full speed ahead on courting the OTT and MVPD audience. Numerous programmers are on board (**A+E Nets**, **Discovery Comm**), and **Hulu** was announced as a partner in May. The on demand platform said at its newfront that it's planning a virtual MVPD service that includes live TV—a development that perhaps will make the rights management process even more critical.) “We originally targeted the supply side, mainly the studios. They tend to be localized across a few regions. Now our big focus is MVPDs, MSOs,

Cablefax PROGRAM AWARDS

Awards Breakfast

Thursday, September 22 • 8:00-10:00a.m.

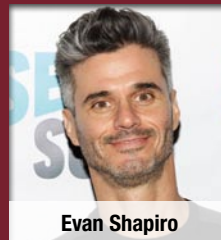
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Program

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8:00 - 10:00 a.m. | Cablefax Program Awards & Top Ops Breakfast

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Awards Breakfast included in All Access Pass – Separate registration for Top Ops Breakfast

10:00 - 10:40 a.m. | Registration, Network

10:40 - 10:45 a.m. | Welcome

10:45 - 11:05 a.m. | Keynote

Whether going to the moon or just trying to have it both ways, media executives face challenges. Meanwhile, distributors face their own set of challenges. Join us for a panel of industry's top researchers and analysts, moderated by Cablefax's own Michael Grebb, to discuss the challenges driving the industry.

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How niche is too niche? Recent earnings reports tell us that some niche bundles are not so niche. How do new technologies like 4K and Virtual Reality affect bandwidth economics in an OTT world?

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MoffettNathanson

MODERATOR:



Michael Grebb
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OTT players,” Gardos said. “We recently brought in a fantastic CRO *Jim Reilly*, former CRO of **Vubiquity**, and a big chunk of that fund is going to be expanding our sales and marketing organization globally. Additionally, we’re going to be continually investing in our platform. The space is changing quickly: skinny bundles, all these different ways to monetize content... the whole nature of these rights is transforming.” Beyond providing rights information about pieces of content, the platform also uses its extensive data made available to programming teams so they know what, when how and on what device they can place that content, “and ultimately make the best decision on how to make more money from the right they have to that content,” Gardos said. “It’s marrying all these different concepts.” He claims the platform tracks more than 50% of all EST and bi-transactions of revenue, translating to huge amounts of data. “Somebody had to be the Swiss here, and we think from an accounting perspective, Mediamorph was well advanced, had most of the studios already locked up, and the best chance of being the ultimate arbiter of who ran what,” Baker said.

Muni Broadband: Rep Anna Eshoo (D-CA) introduced the Community Broadband Act, aimed at preserving the right of local communities to provide community-owned broadband service. It comes after a decision last month by the 6th Circuit that struck down the **FCC’s** order pre-empting state laws in NC and TN that restricted such community broadband services. “Rather than restricting local communities in need of broadband, we should be empowering them to make the decisions they determine are in the best interests of their constituents,” Eshoo said. “Too many Americans still lack access to quality, affordable broadband and community broadband projects are an important way to bring this critical service to more citizens.” The bill is modeled on legislation introduced in 2005 by Sens Frank Lautenberg (D-NJ) and John McCain (R-AZ).

Pai Plan: FCC commish Ajit Pai released his plan for expanding broadband across the country, calling for “Gigabit Opportunity Zones” that would bring broadband to the country’s most economically deprived areas through significant tax incentives for broadband providers, streamlined deployment and siting processes, and tax incentives for entrepreneurs to launch businesses and create jobs. Areas where the average HH income falls below 75% of the national median could qualify. Inspired by the late *Jack Kemp’s* “enterprise zones,” the zones could be any size—from an entire town or county to a single block. Once state and local governments adopted deployment friendly policies, the US Dept of Commerce would review applications for Gigabit Opportunity Zones and create a publicly accessible list of such zones. Pai’s plan also would increase build-out obligations of wireless carriers while increasing the length of initial license terms. He also urged the FCC to get to work on Phase 2 of the Mobility Fund with tech neutral performance metrics and sizing of the fund based on current needs. And the GOP commish is hoping Congress will authorize a “rural dividend” from the sale of wireless spectrum (ie, 10% of net proceeds of spectrum auction for flexible use would be set aside for deployment of mobile broadband in rural America). “If the United States is going to lead the world in innovation, we need to embrace new services, not restrict them. We need to adopt a more consumer-centric approach to startups, rather than reflexively imposing legacy rules,” Pai said during remarks at The Branderly in Cincinnati.

Amazon’s Take: Amazon told the **FCC** that creating a licensing body will cause unnecessary delays as chmn *Tom Wheeler* works to replace set-tops with apps. “There is no need for app licensing terms to be determined by an industry group subject to Commission oversight. The process to create such a license and oversight body will delay competition and delay customers from receiving MVPD services they already pay for on the device of their choice,” Amazon said in a recent regulatory filing. Instead, Amazon wants the FCC to require large MVPDs to provide, at a minimum, a consumption-only application to widely distributed systems within 1 year of the final Order, under the common practices of app stores.

Carriage: ADD NBCU nets to upcoming DirecTV Now’s launch in 4Q. AT&T announced that it has reached a new long-term agreement with the programmer that includes the OTT service as well as AT&T U-verse and DirecTV. The deal also will give DirecTV access to more major sporting events in 4K. -- The Africa Channel expanded its partnership with Comcast Cable in VOD content. Comcast’s Black Film & TV destination on-demand content offers over 2,000 hours of programming for multicultural audiences. Comcast is the 1st provider to launch the net on VOD.

Auction Block: The **FCC** kicked opened up bidding in Stage 2 of the incentive auction Tues morning, with a clearing target of 114 MHz. That's down from the initial 126 MHz that the auction failed to clear in Stage 1. Once Stage 2 concludes, the FCC will announce the new clearing costs and move to forward auction bidding.

Cord-Cutting Alert: **MoffettNathanson** teamed with consumer research firm **Survata** to test consumers' willingness to pay for an OTT service similar to what the analysts expect to see from **Hulu** in the coming months. The verdict? Less than a third are willing to pay \$40 a month, with the majority expecting it to cost \$30 or less. A significant subset would pay \$50+ if it included RSNs. Analyst *Craig Moffett* will speak about this survey and the OTT landscape at the Cablefax TV Innovation Summit next Thurs. More info at CFXTVSummit.com. -- What nets might help potential cord-cutters keep their pay TV subscriptions? **Discovery Channel**, **History** and **FX** all rate at the top of basic cable nets in a **Beta Research** survey, with 51% of potential cord-cutters rating them as important to enjoyment of cable. Interestingly, **Disney Junior** had a higher perceived value among respondents than **ESPN**, \$2.03 vs \$1.87. **ESPNU** also had a \$1.87 value, followed by **Golf Channel** (\$1.85), **Disney** (\$1.84), **Nat Geo** (\$1.83) and **Nick** (\$1.83). **ESPN** and **Food** had the most adults mentioning them among their 5 favorite basic networks (21% of respondents), while **Discovery**, **AMC**, **FX** and **History** each averaged 20%. The survey, measuring 46 basic cable nets, was conducted in June among a national sample of 1225 cable subs.

Series B Funding: Ottawa-based multiscreen video app provider **You.i TV** has scored \$12mln in a Series B funding round, led by **Time Warner Investments**. Its platform You.i Engine lets TV and media companies build personalized, immersive interfaces for fans across mobile devices, set-top boxes, consoles and streaming devices using a single code base. TWI managing director *Scott Levine* will join the You.i TV board.

DirectTV 4K Ads: A **National Advertising Review Board** panel has recommended **DirectTV** modify advertising to better disclose that a limited amount of programming is available in 4K. The panel also said it should modify claims that DirectTV is wireless to state what device is wireless and discontinue a "free upgrade" to the Genie HD DVR claim because it charges customers \$15/month to use the device. DirectTV thanked NARB for its "thoughtful revision of NAD's recommendations regarding DirectTV's 4K content disclosures. Although it respectfully disagrees with NARB's other findings, DirectTV is a strong supporter of the advertising self-regulatory system and will comply with NARB's recommendations in future advertising."

Ratings: **FX** might want to call its new comedy series starring *Donald Glover* "Hotlanta" instead of "Atlanta." The show's Sept 6 premiere goes down as basic cable's most-watched scripted primetime comedy series premiere in adults 18-49 since early 2013 with 1.2mln in the demo (1.9mln for L+3). The debut nabbed 3mln total viewers (L+3). For FX, it's the net's most-watched original comedy series for 18-49s and total viewers since "Wilfred's" debut in June 2011. -- College football helped **ESPN** to the top of the prime ratings heap last week, with the net averaging 2.4mln viewers. Not far behind was **Fox News** (2.2mln), followed by **Discovery** (1.65mln) and **HGTV** (1.62mln). **ESPN's** coverage of Florida State's defeat of Ole Miss was the week's most-watched cable program (8.35mln viewers), followed by a pair of **TNT** dramas ("Rizzoli & Isles" had 5.26mln viewers and "Major Crimes" netted 4.14mln). Other standouts for the week include **MSNBC's** "Commander in Chief Forum" (3.43mln viewers), **AMC's** "Fear the Walking Dead" (3.4mln) and **Discovery's** miniseries "Harley and the Davidsons" (which averaged about 3.4mln viewers for each of the 3 installments).

WOW! Closes NuLink: **WOW!** completed its acquisition of **NuLink** systems in Newnan, GA, extending its offering to 34K additional homes and businesses. **Kirkland & Ellis LLP** acted as legal advisor to **WOW!**, while **Waller Capital Partners LLC**, **Garrett M. Baker Advisors LLC** and **Locke Lord LLP** acted as financial and legal advisors, respectively, to NuLink.

Google Fiber: **Google Fiber** is starting to sign up customers in Morrisville, NC, with sign-ups open until Nov 1. It's unclear when other municipalities in the Research Triangle, such as Raleigh and Durham, will see the service roll out.

Virtual Reality: For the 1st time ever, fans can watch a sporting event in VR without special equipment. **FOX Sports** and **LiveLike** have joined forces to offer the Ohio State vs. Oklahoma game live on Sept 17 at 7:30pm through the new FOX Sports VR app. This 360-degree viewing experience is available to 95mln authenticated households through the app. Fans can watch the game via the free FOX Sports VR app available later this week for iOS and Android devices, **Google Play**, **Oculus Store**, **Samsung's Milk VR store** or foxsports.com/mobile. FOX Sports and LiveLike plan for more partnerships this college football season.

BUSINESS & FINANCE

Alexa Does Food: Food Network announced Tues it has launched a skill, or search capability, on **Amazon** voice-enabled devices. Users of Amazon Echo, Echo Dot, Amazon Tap and Amazon Fire TV can enable the Food Network's skill to gain access to show times and information, recipes and more. Consumers can ask questions like "Alexa, what's on Food Network right now?" or "Alexa, send me the recipes from the show I'm watching right now." A growing number of features are being added by third parties through Alexa skills, numbering more than 3,000 to date.

People: Adam Weinstein was named svp of programming acquisition for **Charter** where he will lead negotiations for acquiring and renewing agreements with programmers for content distribution across multiple platforms. He most recently served as svp of programming acquisition at **Cablevision**. He'll report to his old boss *Tom Montemagno*, who joined Charter earlier this month. -- Former **Fox** exec and **Mandalay Sports Media** CEO *Rich Battista* was named pres/CEO of **Time Inc.** He had most recently been evp, Time Inc and president of brands. He succeeds *Joe Ripp*, who will continue to serve as exec chmn. Battista's cable history includes serving as CEO of **Gemstar-TV Guide** form 2004-2008.

Cablefax Daily Stockwatch

Company	09/13 Close	1-Day Ch	Company	09/13 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DISH:.....	49.74	.....(1.25)	INTEL:.....	35.61	.....(0.47)
ENTRAVISION:.....	7.25	.....(0.25)	INTERACTIVE CORP:.....	57.52	.....(0.26)
GRAY TELEVISION:.....	10.87	.....UNCH	LEVEL 3:.....	48.46	.....(1.18)
MEDIA GENERAL:.....	17.86	.....(0.19)	MICROSOFT:.....	56.53	.....(0.52)
NEXSTAR:.....	53.26	.....(0.57)	NETFLIX:.....	96.09	.....(2.96)
SINCLAIR:.....	28.45	.....(0.29)	NIELSEN:.....	51.91	.....(0.8)
TEGNA:.....	21.12	.....(0.46)	SEACHANGE:.....	2.97	.....0.02
MSOS					
CABLE ONE:.....	541.52	.....(3.3)	SONY:.....	32.16	.....(0.51)
CHARTER:.....	264.97	.....(4.34)	SPRINT NEXTEL:.....	6.56	.....(0.36)
COMCAST:.....	64.77	.....(0.99)	SYNACOR:.....	2.72	.....(0.05)
GCI:.....	13.48	.....(0.06)	UNIVERSAL ELEC:.....	72.95	.....(0.71)
LIBERTY BROADBAND:.....	68.88	.....(0.91)	VONAGE:.....	5.83	.....(0.09)
LIBERTY GLOBAL:.....	32.43	.....(0.67)	YAHOO:.....	43.04	.....(0.42)
SHAW COMM:.....	19.63	.....(0.23)	TELCOS		
SHENTEL:.....	26.08	.....(0.87)	AT&T:.....	39.97	.....(0.74)
PROGRAMMING					
21ST CENTURY FOX:.....	23.71	.....(0.24)	CENTURYLINK:.....	27.44	.....(0.6)
AMC NETWORKS:.....	52.02	.....(0.13)	FRONTIER :.....	4.48	.....(0.16)
CBS:.....	51.84	.....(0.92)	TDS:.....	26.78	.....(0.81)
DISCOVERY:.....	24.73	.....(0.45)	VERIZON:.....	51.45	.....(1.12)
DISNEY:.....	92.70	.....(0.94)	MARKET INDICES		
GRUPO TELEVISA:.....	24.90	.....(0.49)	DOW:.....	18066.75	....(258.32)
HSN:.....	41.00	.....(0.43)	NASDAQ:.....	5155.25	.....(56.63)
LIONSGATE:.....	20.47	.....0.05	S&P 500:.....	2127.02	.....(32.02)
MSG NETWORKS:.....	17.71	.....0.04			
SCRIPPS INT:.....	61.38	.....(1.5)			
STARZ:.....	31.23	.....0.06			
TIME WARNER:.....	76.43	.....(1.94)			
VIACOM:.....	41.42	.....(1.24)			
WWE:.....	19.45	.....(0.45)			
TECHNOLOGY					
ADDVANTAGE:.....	1.85	.....(0.01)			
AMDOCS:.....	60.52	.....(0.48)			
AMPHENOL:.....	61.61	.....(0.56)			
APPLE:.....	108.13	.....2.69			
ARRIS GROUP:.....	27.35	.....0.29			
AVID TECH:.....	7.66	.....(0.22)			
BLNDER TONGUE:.....	0.58	.....UNCH			
CISCO:.....	31.06	.....(0.38)			
COMMSCOPE:.....	29.41	.....(0.47)			
CONCURRENT:.....	5.47	.....(0.03)			
CONVERGYS:.....	29.17(0.61)			
CSG SYSTEMS:.....	41.79(1.3)			
ECHOSTAR:.....	39.16(0.14)			
GOOGLE:.....	759.69(9.33)			
HARMONIC:.....	4.81(0.2)			

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