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What the Industry Reads First

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Box Banter: Charter Sounds Alarm on Cutting MVPDs Out of VOD Revenue

With the FCC's set-top vote days away, the last-minute lobbying has intensified. Charter has been the water carrier on pushing against a separate line item for modems, arguing it doesn't charge a fee for them (CFX, 9/22). On Fri, Verizon said in an ex parte that it also doesn't want such a mandate. "Requiring separate charges for devices would preclude the types of simple, all-in-one price offers that many consumers appreciate. At a minimum, the FCC should not require line item charges for MVPD equipment that customers will need to receive their service even if they purchase a retail device to view the MVPD's app," the telco said. Charter reps were at the FCC last week, raising concern about a mandate that MVPDs provide a "consumption only" app if a device maker seeks a share of revenue from a MVPD's premium or VOD services. Instead, device manufacturers should have to include the MVPD's fully featured app (without demanding some of the MVPD's revenue) and not block customers from accessing all of an MVPD's available programming choices. Charter is worried a consumption-based app will negatively impact VOD revenue for MVPDs. And it argues consumers could end up paying more because they won't have access to MVPD premium or VOD content that could be less expensive than what's charged by the device maker. "Because the device manufacturer will prefer to protect its own VOD revenue and avoid competition, it will have the economic incentive to choose the consumption-only app instead of the fully featured, STB-equivalent app. As a result, the consumer loses," Charter said in a filing Thurs. Speaking at the Cablefax TV Innovation Summit Thurs, analyst Craig Moffett suggested that if the controversial licensing construct is stripped out of the FCC order to gain Jessica Rosenworcel's vote, the industry is left with pretty much what already exists. "That's nothing. That's what we have," he said. MVPDs probably wouldn't agree that it's nothing, with NCTA voicing concerns about giving away consumer data to 3rd parties and qualification s for devices they'd have to build apps for. Roku has stepped in and said a platform should be defined narrowly enough to ensure MVPDs only have to develop 1 app for each platform. Roku rebuffs cable's HTML-5 only approach saying a multi-platform, apps approach encourages greater competition. Get you full wonk on by checking out C-SPAN's "Communicators" (online and on C-SPAN Sat at 6:30pm ET; C-SPAN2 Mon at 8am and 8pm), with soon-to-retire AT&T lobbyist Jim Cicconi in the interview chair. Asked to grade Tom Wheeler's tenure at the FCC, he opted to give him an incomplete. "We'll have to see how these proceedings go. I think there are a

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lot of disturbing trends that have developed during his tenure,” he said. “I have a great deal of respect and regard for chmn Wheeler, but I do think the polarization and politicization of the FCC has accelerated during his tenure there. And I think that’s a bad thing.” He pointed to a speech supporting the set-top plan, which is not public, from the White House Council of Economic Advisers chmn after a tough Hill hearing. “Clearly,” Cicconi said, “there’s a lot of table talk going on.”

August Ad Sales: August was pretty hot for TV ad sales, and it wasn’t just **NBCU** that benefited. Sure, the Olympics was a big factor, but other programmers posted YOY gains for the month, according to **SMI** data. The firm reports that \$3.5bln was spent on broadcast and cable for the month—a whopping 40% increase over Aug 2015. Broadcast was largely responsible for the increase, as it was up 106% YOY. **NBC** helped that, taking 66% of broadcast market share for the month and the Olympics accounting for 30.7% of all TV, cable and broadcast ad spend for Aug. Among non-NBCU owned cable networks, you’ll note that the election definitely came into play in ad dollars, as did sports.... The top 5 increases in spend YOY on non-NBCU nets were **ESPN2** (47.6%), **Fox News** (39.78%), **Fox Sports 1** (38.99%), **CNN** (38.68%) and **Spike** (37.77%), according to **SMI**. The high demand in scatter that we heard about in recent earnings calls from **Discovery**, **Scripps Nets Interactive**, **Disney** (which said it was 30% above last year’s upfront), and others is reflected in the numbers. **SMI** said Aug marked the largest total scatter spend since it started reporting on TV buying type, with a 101% increase compared to Aug 2015. Scatter accounted for 33% of the total market.

Dzuban Sitting Out Expo: Sending some good thoughts out to **SCTE/ISBE’s Mark Dzuban**, who underwent a heart procedure last week. It means the pres/CEO will have to skip **Cable-Tec Expo** this week in Philly, but he’s assured everyone the event is in good hands. “The Expo train is already moving at full speed, so I’m certain that we’ll achieve our goal of delivering a best-ever event for the industry,” Dzuban said in a statement released to reporters Fri. “I also have every confidence that the SCTE/ISBE team we have assembled over the past few years will continue to bring value to our corporate and individual members during my absence. In the meantime, I will be only a few miles—or a phone call—away from SCTE/ISBE headquarters, and will be eagerly anticipating my return to the office.” He’s expected to be out of the office for much of October, but anticipates resuming many of his duties remotely before his return. SCTE CTO, svp **Chris Bastian**, svp, ops **Lindsay Johnston** and other industry leaders will assume Dzuban’s duties at Expo this week.

Pay TV Stats: About 82% of TV households nationwide subscribe to some form of pay TV, down from 87% in 2011, **Leichtman Research** found in its “Cable, DBS & Telcos: Competing for Customers 2016” study. This year’s stats compare to 2005, when the study found 82% of HHs subscribed to pay TV. Among those that don’t pay for TV, 14% did have a subscription in the past year. Also notable: 25% of those who moved in the past year do not currently subscribe to a pay-TV service—a higher level than in previous years; 12% of pay-TV subscribers are likely to switch from their provider in the next 6 months—similar to 11% in 2015, and 12% in 2014. The study is based on a phone survey of 1206 US households.

Programming: Cable is the place to go for women hosting late-night series. **Freeform** greenlit development on a late-night show with comedian **Iliza Shlesinger**. Her 3rd **Netflix** special premiered last week, and **ABC’s ABCd** digital platform has ordered a 2nd season of her scripted web series “Forever 31.” -- **Norman Reedus** will put on his helmet for a 2nd season of motorcycle travel series “Ride with Norman Reedus.” -- **A&E** has a new 1-hour **Criss Angel** special debut Oct 12.

Philanthropy: **Comcast** CEO **Brian Roberts** and member of his family have given \$25mln to the **Children’s Hospital of Philadelphia** for the creation of a \$50mln initiative promoting pediatric genetics research. The program is called the Roberts Collaborative for Genetics and Individualized Medicine and will take a multidisciplinary approach toward diagnostics, clinical management, consulting, therapeutics and research driven by the power of genetics.

People: **Dolores Gavin** was named to the newly created post of senior exec, development & production for **History**. She worked at History from 2000-2009, including as vp, programming. She most recently was evp, development at **Megalomedia**.

Business/Finance: **Comcast** will buy **Ed Snider’s** 24% stake in **Comcast Spectacor**, which owns the **NHL’s** Philadelphia Flyers and Wells Fargo Center. No details on how much Comcast is spending.

Oops: **Scripps Networks Interactive’s** annual production sits at 2500 hours of content across all networks, not at each network (**CFX**, 9/23).

Cablefax Week in Review

Company	Ticker	9/23 Close	1-Week % Chg	YTD %Chg
BROADCASTERS/DBS/MMDS				
DISH:	DISH	53.91	3.53%	(5.72%)
ENTRAVISION:	EVC	7.38	0.14%	(4.28%)
GRAY TELEVISION:	GTN	10.01	(9%)	(38.59%)
MEDIA GENERAL:	MEG	18.01	1.12%	11.52%
NEXSTAR:	NXST	53.75	0.43%	(8.43%)
SINCLAIR:	SBGI	27.30	(4.98%)	(16.1%)
TEGNA:	TGNA	21.32	(0.42%)	(16.46%)

MSOS				
CABLE ONE:	CABO	578.73	4.35%	33.45%
CHARTER:	CHTR	276.08	3.81%	50.86%
COMCAST:	CMCSA	67.15	1.87%	19.00%
GCI:	GNCMA	13.41	(1.9%)	(17.68%)
LIBERTY BROADBAND:	LBRDA	70.93	4.62%	37.33%
LIBERTY GLOBAL:	LBTYA	34.43	5.87%	(18.72%)
SHAW COMM:	SJR	19.96	1.89%	16.11%
SHENTEL:	SHEN	27.25	3.85%	(36.7%)

PROGRAMMING				
21ST CENTURY FOX:	FOXA	23.93	0.13%	(11.89%)
AMC NETWORKS:	AMCX	52.38	2.93%	(29.86%)
CBS:	CBS	50.91	(1.7%)	8.02%
DISCOVERY:	DISCA	26.09	7.15%	(2.21%)
DISNEY:	DIS	93.27	0.77%	(11.24%)
GRUPO TELEVISIA:	TV	25.71	5.33%	(5.51%)
HSN:	HSNI	39.84	(0.33%)	(21.37%)
LIONSGATE:	LGF	20.70	(4.12%)	(36.09%)
MSG NETWORKS:	MSGN	18.44	1.71%	(11.35%)
SCRIPPS INT:	SNI	61.64	2.94%	11.65%
STARZ:	STRZA	31.60	(0.44%)	(5.67%)
TIME WARNER:	TWX	76.73	2.51%	18.65%
VIACOM:	VIA	39.74	(4.08%)	(9.66%)
WWE:	WWE	20.58	6.52%	15.36%

TECHNOLOGY				
ADVANTAGE:	AEY	1.80	5.88%	(0.55%)
AMDOCS:	DOX	58.58	(1.15%)	7.35%
AMPHENOL:	APH	64.42	2.34%	23.34%
APPLE:	AAPL	112.71	(1.92%)	7.08%
ARRIS GROUP:	ARRS	28.61	1.13%	(6.41%)
AVID TECH:	AVID	8.11	6.71%	11.25%
BLNDER TONGUE:	BDR	0.62	8.42%	54.50%
CISCO:	CSCO	31.34	1.62%	15.39%
COMMSCOPE:	COMM	30.28	(0.72%)	16.96%
CONCURRENT:	CCUR	5.78	5.28%	16.77%
CONVERGYS:	CVG	29.61	2.60%	18.96%
CSG SYSTEMS:	CSGS	42.30	(0.8%)	17.57%
ECHOSTAR:	SATS	41.07	6.40%	5.01%
GOOGLE:	GOOG	786.90	2.34%	3.69%
HARMONIC:	HLIT	4.70	0.86%	15.48%
INTEL:	INTC	37.19	(1.27%)	7.95%
INTERACTIVE CORP:	IAC	62.47	7.13%	4.03%
LEVEL 3:	LVL	47.55	(2.28%)	(12.53%)
MICROSOFT:	MSFT	57.43	0.31%	3.51%
NETFLIX:	NFLX	95.94	(3.56%)	(16.12%)
NIELSEN:	NLSN	53.33	2.20%	14.44%
SEACHANGE:	SEAC	2.96	3.86%	(56.08%)

SONY:	SNE	33.60	5.69%	36.53%
SPRINT NEXTEL:	S	6.64	(0.15%)	83.43%
SYNACOR:	SYNC	3.00	3.09%	71.43%
UNIVERSAL ELEC:	UEIC	77.58	7.47%	51.08%
VONAGE:	VG	6.65	4.72%	15.85%
YAHOO:	YHOO	42.80	(1.99%)	28.68%

TELCOS				
AT&T:	T	41.28	2.69%	19.97%
CENTURYLINK:	CTL	27.42	1.97%	8.98%
FRONTIER:	FTR	4.33	1.17%	(7.28%)
TDS:	TDS	27.24	(0.15%)	5.21%
VERIZON:	VZ	52.56	1.31%	13.72%

MARKET INDICES				
DOW:	DJI	18261.45	0.76%	4.80%
NASDAQ:	IXIC	5305.75	1.17%	5.96%
S&P 500:	GSPC	2164.69	1.19%	5.91%

WINNERS & LOSERS

THIS WEEK'S STOCK PRICE WINNERS

COMPANY	CLOSE	1-WK CH
1. BLNDER TONGUE:	0.62	8.42%
2. UNIVERSAL ELEC:	77.58	7.47%
3. DISCOVERY:	26.09	7.15%
4. INTERACTIVE CORP:	62.47	7.13%
5. AVID TECH:	8.11	6.71%

THIS WEEK'S STOCK PRICE LOSERS

COMPANY	CLOSE	1-WK CH
1. GRAY TELEVISION:	10.01	(9%)
2. SINCLAIR:	27.30	(4.98%)
3. LIONSGATE:	20.70	(4.12%)
4. VIACOM:	39.74	(4.08%)
5. NETFLIX:	95.94	(3.56%)

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