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What the Industry Reads First

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Altice USA: Forget DOCSIS 3.1, We Are Going All Fiber

It's a topic that has generated a lot of discussion since the introduction of DOCSIS 3.1 standards: Should communications service providers adopt the latest DOCSIS specification or go the other route of Fiber to the Home (FTTH)? Just as major cable ops such as **Comcast** are rolling out gigabit residential broadband services using DOCSIS 3.1 standards, **Altice USA**, created following **Altice's** acquisition of **Cablevision** and **Suddenlink**, announced Wed that it's building a FTTH network expected to deliver broadband speeds of up to 10 Gbps across its footprint. At the end of 3Q, Optimum reached more than 5mln homes, while Suddenlink passed 2.91mln. As part of its initiative, Altice USA will extend fiber deeper into its existing hybrid fiber coax (HFC) network and use proprietary technologies developed by Altice Labs, the company's global research and development arm, to create its system. The move made Altice USA the 1st major US cable provider to plan large-scale fiber deployment for its footprint. Other ISPs with large scale FTTH activities are **Verizon Fios** and **Frontier Communications**. Altice's 5-year initiative will start next year and the company expects to reach all of its Optimum footprint and most of its Suddenlink footprint during that timeframe. In the coming months, initial rollout markets will be announced. Altice, the parent company, has been expanding its fiber deployment in various international markets. **Altice France** is on track to reach 22mln fiber homes by the end of 2022, while **Altice Portugal** is looking to reach 5.3mln fiber homes passed by the end of 2020. While DOCSIS is a transport technology, FTTH is an architecture—the network structure that connects multiple locations, *Dean Stoneback*, senior dir of engineering and standards at **SCTE** told us. That's why instead of comparing DOCSIS 3.1 with FTTH, the right question to consider is what architecture is needed and what transport technologies can operate over that architecture, he said. With fiber cable prices continuing to drop, fiber has become a top choice for greenfield deployment for many cable ops. However, what's unique about Altice USA's announcement is it's skipping DOCSIS 3.1 and going completely fiber, Stoneback said, noting many cable ops have adopted a hybrid model with both fiber and coaxial system (Hybrid Fiber Coax, or HFC). That said, some ops, including smaller players like **Wave Broadband** and **Comporium**, have decided that it makes the most sense to do a fiber overlay on top of their HFC system and go straight to FTTH. Things to consider as cable ops decide their network roadmap include things like bandwidth demand, fiber competition, desired bitrates and costs to deliver the desired bitrates. Stoneback noted Altice is using savings from its

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energy efficient technology to fund its buildout. The operators has said the approach will result in little material change in the company's overall capital budget. That's exactly what Energy 2020 is about, Stoneback said. The multi-year campaign aims to provide cable ops with the energy management standards, technology innovation, organizational solutions and training that look to help the industry energy goals in 2020. Cablevision and Suddenlink were both participants of the program.

Retrans Row: Eleven stations owners, primarily **CW** and **My Network** affiliates, are threatening to blackout their stations on **DirecTV** starting at 12:01am Thurs. Broadcasting groups involved in the dispute include **Deerfield/Manhan Group**, **Cunningham Broadcasting** and **Mercury Broadcasting**. Some **AT&T** U-verse markets could potentially be impacted if a deal is not reached. Stations involved include **WPML**, an NBC affiliate in Mobile, AL.

Hallmark Rules Holiday Ratings: With Thanksgiving week becoming the unofficial countdown to Christmas, it turns out plenty of viewers were looking for holiday fare to help them make it until Dec 25. **Hallmark Channel** is happy to oblige with its annual "Countdown to Christmas." Last week, it accounted for the top 5 movies on cable, and 4 of the top 10 most-watched shows on cable. Leading the yuletide cheer was Sun's "Journey Back to Christmas" (4.8mln viewers), followed by Sat's Hallmark Hall of Famer "A Heavenly Christmas" (4.2mln). For those keeping count, it's the 65th anniversary of the Hallmark HoF, not to mention the highest HoF premiere among HH and all key demos for the net. Hallmark tied ESPN in P2+ primetime rating for the week (1.3), and was slightly below the sports net in P2+ delivery (3.01mln vs 2.97mln). **ESPN's** MNF was the week's most-watched program (11.8mln viewers), with **AMC's** "The Walking Dead" in 2nd place (10.4mln), followed by Journey Back to Christmas. Last week marked Hallmark's strongest ratings performance of the '16 holiday season, with the net debuting 5 new originals during the week. -- All that holiday movie watching ate into some of the news nets' numbers for Thanksgiving, but there were still plenty of eyeballs the rest of the month. **Fox News** recorded its most-watched month in primetime for 2016 (and since 2012), averaging 3.28mln total viewers (+71% over Nov '15). **CNN** was up 132% YOY to 1.5mln, and **MSNBC** rose 104% to 1.3mln. -- With the "Gilmore Girls" release on **Netflix**, **UP's** marathon of the original series gave it its best month ever among women/persons 18-34 and women/persons 18-49. Wed ranked as the net's best day ever in total day and putting UP as a top 20 net in women 18-34 (#16) and women 18-49 (#19). -- The premiere of "Leah Remini: Scientology and the Aftermath" on **A&E** scored 2.1mln viewers Tues night. It's the net's #1 new series launch in more than 2 years. -- As for MNF, this Mon's Packers-Eagles game (11/28) helped **ESPN** win the night among all broadcast and cable nets, averaging 13.4mln viewers (live + streaming). It's the season's 2nd largest MNF audience.

Netflix Downloading: Just in time for holiday road trips, **Netflix** has started letting customers download some programming instead of just streaming it. There's no extra cost to download. Just click the download button next to a series or film. Other services, including **Comcast**, **Amazon** and **Starz's** streaming service, already have an offline viewing option.

More FCC Transitioning: Add *Roslyn Layton* to President-elect Trump's **FCC** transition team, which also features *Jeffrey Eisenach* and *Mark Jamison* (**CFX**, 11/22). Layton's a visiting fellow at the **American Enterprise Institute's** Center for Internet, Communications, and Technology Policy. She recently penned an op-ed urging the new administration to facilitate American digital exports, noting that China has achieved mobile app innovation without explicit open Internet rules. In Oct, she criticized the FCC's broadband privacy rulemaking and noted the number of party line votes at the Commission.

Another Overtime Suit: A day after **Charter** was hit with a lawsuit seeking class action status of overtime pay, a complaint was filed in CA against **Comcast** alleging the MSO failed to provide them and similarly situated employees with meal periods, rest periods and overtime wages. The suit claims the sales reps were misclassified as exempt employees.

TN Wildfires: With heartbreaking news continuing to stream out of Gatlinburg, TN, many are looking for ways to help. **Scripps Networks Interactive**, headquartered about 45 minutes away in Knoxville, has made a \$100K donation and is matching employee donations of up to \$2500 when given to one of 4 agencies aiding in the fighting of fires and recovery. "Many of you have family and friends negatively impacted, and some of you may even be impacted yourselves," wrote SNI CEO *Ken Lowe* in a memo Tues that including info on employee relief resources for those affected by the fires.

Programming: **LL Bean** has signed on as the marquis sponsor for this year's National Christmas Tree Lighting special to premiere on **Hallmark Channel** Mon at 7pm. The event will feature live performances by *Kelly Clarkson* and *James Taylor*. -- **RLTV** begins airing inspirational talk show "Marie!", starring *Marie Osmond*, this week. It licensed cable rights to the series from **Associated Television International**. -- **Z Living** will launch 3 new series in primetime Jan 17: "Finding

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Fido,” about pet-owner matchmaker; “Altar’d,” engaged couple losing weight before their wedding; and “Popsugar Presents: Conquered,” uplifting stories about people who have conquered obstacles.

Honors: Discovery Comm was #1 among media companies on the inaugural “JUST 100” list published by *Forbes* and **JUST Capital**. The list is based on surveys conducted on attitudes towards corporate behavior, involving 50K Americans over the last 18 months. Discovery was tops among media companies with a score of 58.47, followed by **Scripps Nets Interactive** (57.39) and **Omnicom** (56.7). **AT&T** had the highest score among telecom companies (54.43), followed by **TDS** (52.47) and **Verizon** (52.05).

Obituary: Many are remembering former **NBC** chmn *Grant Tinker*, who passed away this week at age 90. At production company **MTM**, he was responsible for some of the '70s most-loved shows, including “Mary Tyler Moore” (starring his then-wife). “Grant Tinker was a great man who made an indelible mark on NBC and the history of television that continues to this day. He loved creative people and protected them, while still expertly managing the business,” **NBCU** CEO *Steve Burke* said in a statement. “Very few people have been able to achieve such a balance. We try to live up to the standards he set each and every day. Our hearts go out to his family and friends.”

Cablefax Daily Stockwatch

Company	11/30 Close	1-Day Ch	Company	11/30 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DISH:	57.45	(0.24)	INTEL:	34.71	(0.6)
ENTRAVISION:	6.60	(0.1)	INTERACTIVE CORP:	67.36	(1.03)
GRAY TELEVISION:	10.10	0.10	LEVEL 3:	55.07	(1.1)
MEDIA GENERAL:	18.37	0.04	MICROSOFT:	60.30	(0.79)
NEXSTAR:	59.65	0.35	NETFLIX:	117.04	(0.47)
SINCLAIR:	32.55	0.20	NIELSEN:	43.10	(0.3)
TEGNA:	22.43	0.06	SEACHANGE:	2.61	(0.06)
MSOS					
CABLE ONE:	591.06	(7.83)	SONY:	29.07	(0.42)
CHARTER:	275.31	(5.18)	SPRINT NEXTEL:	7.84	(0.16)
COMCAST:	69.51	(0.63)	SYNACOR:	3.05	UNCH
GCI:	16.86	(0.07)	UNIVERSAL ELEC:	67.35	(0.05)
LIBERTY BROADBAND:	69.53	(0.52)	VONAGE:	6.59	(0.17)
LIBERTY GLOBAL:	31.33	(0.76)	YAHOO:	41.02	(0.58)
SHAW COMM:	19.57	(0.18)	TELCOS		
SHENTEL:	28.05	(0.6)	AT&T:	38.63	(0.85)
PROGRAMMING					
21ST CENTURY FOX:	28.11	(0.36)	CENTURYLINK:	23.52	(0.69)
AMC NETWORKS:	55.26	(0.89)	FRONTIER :	3.65	(0.02)
CBS:	60.72	(0.28)	TDS:	26.93	(0.27)
DISCOVERY:	27.09	(0.56)	VERIZON:	49.90	(1.06)
DISNEY:	99.12	(0.55)	MARKET INDICES		
GRUPO TELEVISA:	20.77	(0.17)	DOW:	19123.58	1.98
HSN:	38.10	(1.3)	NASDAQ:	5323.68	(56.24)
LIONSGATE:	23.40	0.08	S&P 500:	2198.81	(5.85)
MSG NETWORKS:	20.45	0.45			
SCRIPPS INT:	69.26	(0.8)			
STARZ:	33.86	(0.08)			
TIME WARNER:	91.82	(1.09)			
VIACOM:	41.58	0.38			
WWE:	18.78	(0.13)			
TECHNOLOGY					
ADVANTAGE:	1.73	UNCH			
AMDOCS:	58.97	UNCH			
AMPHENOL:	68.26	(0.17)			
APPLE:	110.60	(0.86)			
ARRIS GROUP:	28.69	(0.61)			
AVID TECH:	4.22	(0.21)			
BLNDER TONGUE:	0.51	UNCH			
CISCO:	29.85	0.02			
COMMSCOPE:	35.98	(0.25)			
CONCURRENT:	5.58	(0.08)			
CONVERGYS:	25.87	(0.49)			
CSG SYSTEMS:	44.50	UNCH			
EHOSTAR:	51.00	0.75			
GOOGLE:	758.04	(12.8)			
HARMONIC:	4.65	(0.05)			



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Think about that for a minute...

The Consumer's Conundrum

Commentary by Steve Effros

The thinking over the past several years has been very consistent: "competition, competition, competition!"

That was the mantra of the soon to be departing chairman of the FCC, Tom Wheeler. The theory is simple; more competition is good for consumers, period. But is that always true?

I'll leave the economic arguments to the academicians. It's complicated, and there may not be "an answer" to that question. It harks back to debates I had with advocates several years ago when they were (successfully) pushing for more regulations mandating that "open" systems were the only way to encourage and promote true innovation and competition. While that certainly worked for, say, the Android "open" operating system, you can't really argue convincingly that Apple, using a "closed" system, didn't innovate! So consumers have benefitted from both models, not just one.

I also note that as a consumer, if there is "competition" in certain areas it also leads to confusion, and an almost despairing feeling on the part of many who simply can't figure out what to do or which way to proceed in trying to navigate all the claims, alternatives and options.

My favorite example of the moment, as you know, is the feverish holiday competition between Amazon and Google over personal "home" assistants. Those new devices that you speak to, and they automatically respond with music or information or turning on the lights or whatever. I'm a big Amazon Echo (Alexa) fan. I use it all the time. But I also now have installed the new Google Home device. There's no question the two compete, and there's no question, as a consumer, I wish they would make the two systems work together so I could get the strengths of both!



But of course that's the nature of competition. The companies are stressing different capabilities, developing devices that seem to do most things in common, and do them well, but each has its own patented uniqueness. Thus if the consumer is to really "win" in the "use" case, you have to have both! That sure doesn't create a "win" for the consumer's pocketbook!

So does "competition, competition, competition" help or hurt the consumer? If Google was the only one creating a home control device we would all have one that does very well with AI inquiries, sends music all over the house, and has pretty good acoustics, but is not as easy to use, with Alexa being more versatile and compatible with other devices and apps and less "computer-like." Wouldn't they adjust?

Of course, I'll keep you up to speed on my reactions to this fascinating competitive battle because I think one of these devices, or maybe both, will become ubiquitous in the home. I would note, however, that younger users are so used to the same capabilities being attached to their phones that they don't see the value of the home-based systems as much as I do. That may change as they put down more permanent roots. We'll have to wait and see.

For now, however, with the holiday buying season upon us, when I'm asked by friends what they should buy I try to run down the various pros and cons of each of the competitors. It's not easy, and it's going to get worse. That's the consumer's conundrum brought about by the current flood of competition in the marketplace. Is it ultimately going to be to the benefit of consumers? I hope so. But for now I'm just glad I have a reason to try them all!

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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