

# Cablefax Daily™

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What the Industry Reads First

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## Herzog Out: Longtime Viacom Exec Exiting in January

End of an era at **Viacom** with *Doug Herzog*, president of the Music and Entertainment Group, set to step down next month. "It all started innocently enough in 1984 when I was just 25. I arrived at the midtown **MTV** offices very early one September morning only to find the lobby completely dark. Not one light on and not a soul there. Thankfully *Judy McGrath* arrived soon after the lights went on and showed me to my office," Herzog wrote in a memo Wed. He recalled some of the highlights along the way—from the discovery of *Jon Stewart* in an MTV conference room during a game show run-through to **Comedy Central** unwittingly roasting future president *Donald Trump* in 2011. "It was a helluva run, and I would wish it on anyone. I loved every minute of it," Herzog said. His last day is Jan 12. *Reuters* first reported the news Wed. Herzog rose to pres, Comedy Central in 1995 and left for a few years for **Fox Broadcasting** and **USA**, before rejoining Viacom in 2004 to head the Entertainment Group. "Doug gives a lot of credit below ... luck, but let's be honest—no one is that lucky. Doug made his own luck by being extremely good," Viacom CEO *Bob Bakish* said. "He's got sharp creative insight, a great eye for talent, and he inspires loyalty and adoration in his people. He's also the funniest guy in pretty much any room and, above all, he's an incredible human being." It's just another big change for Viacom, which is in the midst of an overhaul that saw Bakish, formerly head of intl business, appointed as permanent CEO earlier this month. Longtime distribution exec *Denise Denson* also has left the company. Herzog didn't directly comment on the seismic shifts at Viacom, which have included the contemplation and eventual nixing of a **CBS** merger as well as the ratings/talent losses for MTV and Comedy Central. But he did talk about the future, saying the company is well positioned "to return where, once more, it will be the envy of its peers."

**2016 Stats:** Tons of end-of-year stats to contemplate as we head into 2016. **FX Networks Research** reports that the number of scripted series on broadcast, cable and streaming hit a record 455 for the year, up 71% compared to 2011. More details at Cablefax.com. **Comcast** compiled its own list of stats. In 2016, 3.4bln voice commands were uttered via its X1 voice remote, more than 565mln X1 sports app sessions were started and it delivered more than 310mln customer-set reminders about upcoming programs they don't want to miss.



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**More 4K for AT&T:** Businesses can now get 4K UHD video through **DirecTV**, with parent **AT&T** boasting that it's the first US provider to do so. The company's pointing to the number of live sports in 4K, saying bar and restaurant customers can "up their game." Live 4K content for 2016 included The Masters, Rio Olympics and the first live **NBA** game in 4K.

**Piracy Alert:** The **U.S. Trade Representative (USTR)** released the 2016 Out-of-Cycle Review of Notorious Markets, which lists prominent online and physical markets for pirated and counterfeit products. It doesn't constitute a legal finding of violation, nor is it meant to be an exhaustive list. The list is drawn from nominations of marketplaces where pirated goods are reportedly trafficked. Sites mentioned for TV infringement include the app **BeeVideo**, which USTR said has been downloaded more than 12mln times. BeeVideo's developer and operator allegedly is based in China. **Putlocker**, believed to be based in Vietnam, is listed as one of the most-visited video streaming sites in the Asia-Pacific for allegedly pirated shows and movies. USTR said Putlocker appears to be evading enforcement measures, hopping domains from Iceland (.is) to Switzerland (.ch) and using reverse proxy services to obscure the location of its hosting provider. Also making the cut were **Rarbg.to**, which has grown from the Bosnian market to a global user base, Swiss-owned **Uploaded.net** and the long-running **Pirate Bay**. "This Notorious Markets List illustrates the seriousness of copyright piracy and trademark counterfeiting in online marketplaces," Ambassador *Michael Froman* said in Wed's announcement. "The 2016 List underscores the need for accountable governments everywhere to take on these forms of piracy and counterfeiting at every stage of the global supply chain to prevent final products that put health and safety of end-consumers at risk."

**Retrans Watch:** **Service Electric** could lose **New Age Media** stations come Jan 1 if a new retrans deal is not agreed upon. Northeastern PAs **WOLF**, a **Fox** station, and **WQMY**, a **MyNetworkTV** affil, have begun warning customers of a potential blackout. -- **Sinclair** also has issued a warning that **Frontier** customers could lose programming, including Seattle **ABC** affil **KOMO** and cable net **Tennis Channel** on Jan 1.

**Icahn Joining Trump:** On Wed, President-elect *Trump* named billionaire investor/activist investor *Carl Icahn* as special adviser to the president on regulatory reform. Icahn has been involved in numerous board shake-up over the years. "He is not only a brilliant negotiator, but also someone who is innately able to predict the future especially having to do with finances and economies. His help on the strangling regulations that our country is faced with will be invaluable," Trump said in a statement.

**From the Street:** **MoffettNathanson's Michael Nathanson** outlined the risks the firm sees for pure-play cable networks headed into 2017. "As we end this surprisingly strong year, we are left with two Buys -- **Disney** and **Time Warner** (ahead of the company's expected close with **AT&T**) -- and three Sells on pure-play cable network owners -- **AMC Networks**, **Discovery**, and **Scripps Networks**. We strongly believe that the greatest risk in the years ahead is the continued erosion of live scripted and non-fiction linear TV programming and the move to cull long-tail cable networks in new skinny bundles," he wrote in a research note Wed.

**VidAngel Spat:** **Disney**, **Lucasfilm**, **Twentieth Century Fox Film** and **Warner Bros** told a federal court this week that **VidAngel** is "flouting" a preliminary injunction by adding new releases from their works as they become available on DVD and Blu-ray. Earlier this month, the court granted the studios' request that the service shut down pending a copyright infringement trial. If VidAngel won't comply with the preliminary injunction immediately, the studios said they would have to push for it to be found in contempt. At deadline, a VidAngel rep said the company would be making its own court filing Wed.

**ABC Stations OTT:** **Disney ABC**-owned stations are the first network station group to launch market specific OTT video apps, with the company launching apps on **Amazon Fire TV** for WLS-TV/Chicago, WABC-TV/New York, KABC-TV/Los Angeles, WPVI-TV/Philadelphia, KGO-TV/San Francisco, KTRK-TV/Houston, WTVD-TV/Raleigh-Durham, KFSN-TV/Fresno. **Freeform's** streaming app also is now live for authenticated pay TV subs.

**Programming:** **ABC's** "The Bachelor" will be **Disney/ABC Television Group's** 1st brand to co-produce a series with **Snapchat** for Discover, with ep 1 bowing Jan 3. **ABC** and **ESPN** also have linked up to create a fantasy league for the reality series. -- **Starz** has the US premiere of "The Rolling Stones Olé! Olé! Olé!: A Trip Across Latin America" on Jan 15, 9pm. It follows up Jan 22 with concert doc "Havana Moon" (9pm), which marked the end of their 2016 tour and the

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first time a foreign rock band has ever played Cuba. -- **Syfy** will host its 22nd "The Twilight Zone" marathon from 6am New Year's Eve through 4am Jan 2. New this year, Syfy will let fans choose via Twitter which eps to air during primetime Jan 1. -- **GoITV** secured live broadcast rights for the 2016 Italian Supercoppa this Fri, 11:30am. The match between Juventus and Milan brings together the top two teams and two of the biggest rivals in Italian soccer for the final match of 2016. -- **Viceland** will marathon **ESPN Films'** doc "O.J.: Made in America," Jan 1 from 4pm to midnight ET. -- **INSP** ordered a third season of "Handcrafted America" with host *Jill Wagner*. -- **Showtime** picked up an 8th season of "Shameless." Production on 12 new eps begins next year.

**People:** Full-service video technology and ad services company **AdGorilla** hired **Canoe Ventures'** *Jason Canney* as CTO. At Canoe, he was vp, architecture, serving as the chief architect in defining all system, software and data architecture.

**On the Circuit:** **E! News** co-host *Catt Sadler* will host the **WICT** Signature Luncheon, taking place Jan 6 as part of **CES**. *Jen Neal*, E!'s marketing evp, will serve as the event's honorary chair. The lunch will be at the ARIA Hotel in Vegas, home to CES's C Space exhibit program focusing on the advertising, content, entertainment and marketing communities.

## Cablefax Daily Stockwatch

Company	12/21 Close	1-Day Ch	Company	12/21 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
DISH:	59.58	1.23	LEVEL 3:	56.07	(0.7)
ENTRAVISION:	6.65	(0.05)	MICROSOFT:	63.54	UNCH
GRAY TELEVISION:	10.55	(0.15)	NETFLIX:	126.50	1.38
MEDIA GENERAL:	18.64	(0.02)	NIELSEN:	43.26	(0.03)
NEXSTAR:	63.25	(0.15)	SEACHANGE:	2.50	(0.05)
SINCLAIR:	33.15	(0.1)	SONY:	28.49	(0.25)
TEGNA:	22.15	(0.15)	SPRINT NEXTEL:	8.41	(0.02)
<b>MSOS</b>					
CABLE ONE:	623.87	4.88	SYNACOR:	3.15	0.05
CHARTER:	291.24	0.86	UNIVERSAL ELEC:	65.95	0.45
COMCAST:	70.83	(0.18)	VONAGE:	6.89	(0.21)
GCI:	18.75	(0.03)	YAHOO:	39.15	(0.01)
LIBERTY BROADBAND:	72.96	0.12	<b>TELCOS</b>		
LIBERTY GLOBAL:	31.06	0.23	AT&T:	42.36	(0.11)
SHAW COMM:	19.94	(0.41)	CENTURYLINK:	23.77	(0.36)
SHENTEL:	27.90	(0.1)	FRONTIER:	3.29	(0.16)
<b>PROGRAMMING</b>					
21ST CENTURY FOX:	28.45	0.27	TDS:	29.48	0.22
AMC NETWORKS:	52.07	0.05	VERIZON:	52.97	(0.15)
CBS:	64.63	0.01	<b>MARKET INDICES</b>		
DISCOVERY:	28.44	(0.05)	DOW:	19941.96	(32.66)
DISNEY:	105.56	0.10	NASDAQ:	5471.43	(12.51)
GRUPO TELEVISA:	21.09	0.18	S&P 500:	2265.18	(5.58)
HSN:	36.30	(0.35)			
MSG NETWORKS:	21.75	0.30			
SCRIPPS INT:	72.13	(0.55)			
TIME WARNER:	95.99	0.26			
VIACOM:	39.20	0.65			
WWE:	18.87	(0.06)			
<b>TECHNOLOGY</b>					
ADVANTAGE:	1.66	(0.01)			
AMDOCS:	59.64	(0.58)			
AMPHENOL:	68.22	(0.11)			
APPLE:	117.06	0.11			
ARRIS GROUP:	31.29	(0.05)			
AVID TECH:	4.40	(0.03)			
BLNDER TONGUE:	0.54	UNCH			
CISCO:	30.42	(0.14)			
COMMSCOPE:	37.37	0.16			
CONCURRENT:	5.18	(0.06)			
CONVERGYS:	24.97	UNCH			
CSG SYSTEMS:	49.40	(0.13)			
EHOSTAR:	52.03	(0.69)			
GOOGLE:	794.56	(1.86)			
HARMONIC:	5.35	(0.05)			
INTEL:	36.98	(0.23)			
INTERACTIVE CORP:	65.74	(0.72)			



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## Think about that for a minute...

### Responsibility

Commentary by Steve Effros

We've made it to the end of the year, and what a year it's been! To the surprise of some, the cable industry did not collapse in the face of competition from streaming/OTT/a la carte delivery of video. Despite all the noise about massive defections from the service that is the most convenient way to watch video, consumers chose to stick with what they were comfortable with, even with continued complaints about cost. A la carte wasn't cheaper. And regulatory spin trying to create industrial policy in favor of one group or another is once again gyrating. In other words, it was a pretty typical year.

No, actually, I take that back. It wasn't totally typical. The FCC swung about as far out as it could with a 3-2 voting obsession to try to "tilt the playing field" in the direction of the broadband "edge" players. Of course, the problem with doing that is since the pendulum arced at such an extreme angle in one direction, it's now, given new leadership, about to swing pretty dramatically in the other direction. The folks in power should have had enough foresight to see that possibility and act moderately, but they didn't, so we're now in for a very interesting realignment.

But you know all that. What I really want to mention in this last column for the year is the obligation we will now have to be far less intellectually arrogant and far more responsible in our soon-to-be realized release from continual government regulatory threat.

The folks in power thought they knew everything, including all the potential bad things that broadband suppliers could theoretically do to hamper competition and unfairly abuse consumers. They set about writing rules to prevent their fears, even though a cursory look at reality would have shown them that those fears were not actu-



ally happening in the marketplace. Hundreds of pages of "rulemaking" were issued anticipating all the bad things that could happen from their perspective unless they wrote the many rules they adopted as prophylactics against the dangers. But the upcoming rulemakings to undo those rules will only have to be a few sentences long; "...this rule will be eliminated as unnecessarily intrusive unless it can be shown, with overwhelming factual evidence, that there is an actual current market dysfunction which requires it." So much for many of the rules.

But the fears are not totally unreasonable. We could be abusive to our customers. We could play fast and loose with the fact that we both supply service and offer others delivery services. We could try to improperly stifle competition. And if we do, then all those rules which I suspect will be rescinded or ignored over the upcoming year will be back. It's up to us.

If we act responsibly, if we accept the fact that we're in the unique position of being the primary, dominant infrastructure designed to deliver broadband to the public, in other words, if we don't abuse our fortune, then we'll be fine. But it really does mean we have to be very self-aware of how lucky we are to be in the cable/broadband business at a time when it looks like, once again, our fate will be in our own hands.

As we move toward a new year, and a new pendulum swing, never forget that the pendulum can and will always swing back. The smart and responsible thing to do is to make sure it doesn't hit you in the back of the head! Happy New Year.

*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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