

Cablefax Daily™

Thursday — January 12, 2017

What the Industry Reads First

Volume 28 / No. 007

Zero-Rating: Wireless Bureau Disapproves of AT&T/DirecTV's Practice

The FCC's review of zero-rating, or sponsored data practice, is one of the items deemed controversial by the agency's Republican members. Nonetheless, the Wireless Bureau moved forward with its investigation and concluded that sponsored data offerings by "vertically integrated mobile broadband providers may harm consumers and competition in downstream industry sector by unreasonably discriminating in favor of select downstream providers, especially their own affiliates." In a report released Wed, the Bureau acknowledged that sponsored data initiatives have benefited consumers. However, it warned that such practices may "raise many of the same economic and public policy issues involving network owners that the Commission has long considered." GOP FCC commish *Ajit Pai* quickly sent out a statement saying he's disappointed that "the FCC's current leadership has yet again chosen to spend its last days in office the same way it spent the last few years—cutting corners on process, keeping fellow Commissioners in the dark, and pursuing partisan, political agendas that only harm investment and innovation." This time the "midnight regulations" come in the form of a bureau-level report doubting the legality of free data offerings, which are popular among consumers, he said, adding the report doesn't reflect the views of the majority of Commissioners. "Fortunately, I am confident that this latest regulatory spasm will not have any impact on the Commission's policymaking or enforcement activities following next week's inauguration," he said. Among the services the Bureau reviewed, which include **Verizon's** go90 service and **T-Mobile's** Binge On program, it singled out **AT&T's** sponsored data practice, which is being used in the **DirecTV** Now OTT service, as potentially anti-competitive and harmful to consumers. The telco's sponsored data program was first piloted in Jan,2014, prior to its 2015 acquisition of DirecTV. The Wireless Bureau sent letters to AT&T last year to collect information. However, "nothing in AT&T responses to the Bureau's requests for information has addressed our concerns," the report said. Based on the information gathered to date, "we believe there is a substantial possibility that some of AT&T's practices may violate the General Conduct Rule," it said. To alleviate the concerns identified, the Bureau said it needs information to confirm that AT&T offers sponsored data to unaffiliated 3rd parties on effectively non-discriminatory terms compared to the terms maintained with DirecTV. "In response to our requests for information, AT&T asserted that it offers Sponsored Data to DirecTV Now and to unaffiliated edge providers at the same terms and conditions but did not provide any response to our questions that would support its assertion,"

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the Bureau said. The concerns are based in part on the fact that unaffiliated mobile video providers must pay “a significant, clearly identifiable amount of money for the sponsored data needed to offer streaming video programming to AT&T Mobility’s subscribers on a zero-rated basis...” the report said. AT&T fired back. “It remains unclear why the Wireless Bureau continues to question the value of giving consumers the ability to watch video without incurring any data charges. This practice, which has been embraced by AT&T and other broadband providers, has enabled millions of consumers to enjoy the latest popular content and services—for free. We hope the government continues to support a competitive marketplace that lowers costs and increases choice for consumers,” *Joan Marsh*, AT&T svp of federal regulatory said in a statement. Several Democrat senators, including *Ed Markey* (MA), *Al Franken* (MI) and *Richard Blumenthal* (CT), have the FCC’s back. “This report evaluating whether zero rating plans violate net neutrality will help make sure the Internet remains the free and open platform that it’s always been. Keeping the internet open is critical to our democracy,” Franken said in a statement.

Nexstar-Media General: The FCC’s Media and Wireless Bureaus approved **Nexstar’s** \$4.6bln acquisition of **Media General** Wednesday. Approval included OK-ing divestiture applications that have been filed to bring Nexstar into compliance with local and national TV ownership rules and waiving prohibition of the consummation of the deal during the ongoing broadcast spectrum auction. **Cox Communications, DISH, ACA** and others filed petitions that the transaction should not be approved without conditions, such as mediation in the event of a retrans dispute, prohibition of spinning off stations in overlap markets to “sidecar” entities such as **Mission Broadcasting** and **White Knight Broadcasting**, and preventing Nexstar from resetting retrans consent rates under existing Media General agreements to Nexstar rates. The FCC’s order said it gives little weight to the broadcasters’ contentions that the deal would be more attractive to MVPDs, but found that the merger would benefit the public with increased access of Nexstar’s existing stations to Media General’s DC news bureau and the commitment to establish multiple state capital news bureaus. Here’s something for retrans reformers to hang a hat on... While the Bureaus said they saw no basis to conclude which negotiating party has the upper hand in retrans negotiations, it does not “foreclose the possibility, in the future, of looking at the rising retransmission fees, blackouts and other related issues in a context broader than local markets,” though it stressed that such harms must be demonstrably transaction-specific and not industry-wide in nature to be addressed in the context of the proceeding.

Trump Calls CNN ‘Fake News’: *Donald Trump’s* first news conference since winning the presidential election included a declaration that **CNN** was “fake news.” The cable net first reported Tuesday that Trump and *Obama* had been briefed by intelligence officials with a summary of unsubstantiated reports that Russia had collected compromising personal information about Trump. *BuzzFeed* then published a 35-page dossier of the allegations, despite not being able to verify them. Many other news organizations chose not publish those specific allegations. Trump blasted *BuzzFeed*, referring to it as a “failing pile of garbage,” and criticized a CNN for “going out of their way to build it up.” There was a heated exchange when Trump refused to call on CNN’s senior White House correspondent *Jim Acosta*. “I’m not going to give you a question. You’re fake news,” Trump said. After the press conference, CNN’s *Jake Tapper* told viewers that it was irresponsible to put uncorroborated info on the Internet a la *BuzzFeed*, but emphasized that is not what CNN did. The network later issued a statement clarifying how its decision to publish sourced reporting is “vastly different than *BuzzFeed’s* decision to publish unsubstantiated memos.” “The Trump team knows this. They are using *BuzzFeed’s* decision to deflect from CNN’s reporting, which has been matched from other major news organizations,” the network said, encouraging members of the Trump team to identify specifically what they believe to be inaccurate.

From the Desk of Altice: **Altice USA** released a report analyzing 2016 viewing trends of its **Optimum** and **Suddenlink** customers, finding that hours spent on live TV has held steady since 2015 at about 92% of overall viewing. That said, DVR viewing is on the rise with a 9% increase in engagement over the previous year and sports viewing fell 4%. The report is based on Altice USA’s Total Audience Data platform from approximately 11mln Optimum and Suddenlink household set-top boxes. Another finding: hours spent watching VOD remained unchanged at about 90 minutes/day.

Viacom’s New International Head: **Viacom** appointed *David Lynn* as pres/CEO of **Viacom International Media Networks**. Currently pres of VIMN’s operations in the UK, Northern and Eastern EU, Lynn will report to *Bob Bakish*, whom he replaces as CEO of VIMN following Bakish’s promotion to be pres/CEO of Viacom last month. Lynn was upped to his current position in 2014, having been evp, managing director since 2007.

BUSINESS & FINANCE

Share Rocket Gets Funding: Share Rocket, which provides social media ratings for broadcast media, scored \$5mln in funding from **Tribune Media**, **Fox Television Stations** and **Capitol Broadcasting**. The media firms “have seen that Share Rocket can provide management and newsrooms with insights into who is winning the battle for eyeballs on the social media landscape in real-time, as well as providing daily, weekly, monthly, and quarterly scorecards,” Share Rocket said in a release. The company’s platform provides insights on social audiences.

People: **SCTE** announced cable telecom vet **Matt Aden** will be vp of sales and sales operations. Aden will work on SCTE’s Corporate Alliance Partner program, among other things. He spent 21 years with **General Instrument** and **Motorola** and served as svp, worldwide sales for **Casa Systems** and **Terayon Communications** and as vp, sales for **Harmonic** and **Concurrent**. -- **Discovery Comm** named **Alex Kaplan** evp, commercial for **Eurosport Digital**. He joined the programmer from senior leadership positions at **NBA** and **DirectTV/AT&T**. He will report to **Paul Guyardo**, the company’s chief commercial officer. -- **Harmonic** appointed **Dr. Tom Lookabaugh** to its board. He’s currently pres of **Thomas Lookabaugh Associates**, a consultancy serving the telecom industry. Previously, he was an exec at **CableLabs**.

Cablefax Daily Stockwatch

Company	01/11 Close	1-Day Ch	Company	01/11 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DISH:	61.89	0.15	LEVEL 3:	58.50	0.05
ENTRAVISION:	6.55	0.05	MICROSOFT:	63.19	0.57
GRAY TELEVISION:	10.95	0.40	NETFLIX:	130.50	0.61
MEDIA GENERAL:	19.28	0.75	NIELSEN:	41.59	(0.16)
NEXSTAR:	65.00	4.55	SEACHANGE:	2.54	0.04
SINCLAIR:	33.60	1.25	SONY:	30.44	0.91
TEGNA:	21.76	0.27	SPRINT NEXTEL:	8.63	(0.13)
MSOS					
CABLE ONE:	586.40	8.12	SYNACOR:	3.25	0.20
CHARTER:	299.54	1.34	UNIVERSAL ELEC:	67.85	1.40
COMCAST:	71.71	0.79	VONAGE:	7.49	(0.02)
GCI:	19.99	(0.18)	YAHOO:	42.59	0.29
LIBERTY BROADBAND:	74.93	0.70	TELCOS		
LIBERTY GLOBAL:	34.91	0.90	AT&T:	40.61	(0.2)
SHAW COMM:	21.38	0.32	CENTURYLINK:	25.24	0.04
SHENTEL:	27.65	(0.3)	FRONTIER:	3.61	(0.02)
PROGRAMMING					
21ST CENTURY FOX:	30.08	0.41	TDS:	30.15	(0.09)
AMC NETWORKS:	56.10	0.39	VERIZON:	52.46	(0.3)
CBS:	62.98	0.29	MARKET INDICES		
DISCOVERY:	26.51	0.17	DOW:	19954.28	98.75
DISNEY:	109.44	1.06	NASDAQ:	5563.65	11.83
GRUPO TELEVISA:	19.94	(0.08)	S&P 500:	2275.32	6.42
HSN:	33.20	(0.75)			
MSG NETWORKS:	22.25	(0.25)			
SCRIPPS INT:	74.41	0.12			
TIME WARNER:	93.68	0.28			
VIACOM:	42.45	0.30			
WWE:	18.99	0.01			
TECHNOLOGY					
ADVANTAGE:	1.77	0.03			
AMDOCS:	58.66	0.53			
AMPHENOL:	67.82	0.03			
APPLE:	119.75	0.64			
ARRIS GROUP:	30.10	(0.06)			
AVID TECH:	5.05	0.19			
BLNDER TONGUE:	0.55	0.04			
CISCO:	30.15	(0.23)			
COMMSCOPE:	37.15	(0.42)			
CONCURRENT:	5.38	(0.01)			
CONVERGYS:	25.59	(0.02)			
CSG SYSTEMS:	50.12	0.29			
ECHOSTAR:	52.41	0.89			
GOOGLE:	807.91	3.12			
HARMONIC:	5.10	0.05			
INTEL:	36.95	0.41			
INTERACTIVE CORP:	70.72	0.81			



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Think about that for a minute...

Patience

Commentary by Steve Effros

As I mentioned in my column last week about all the neat things being touted at the CES Show, the reality of getting new technology into the mass marketplace is far different from the “reality show” mentality we all seem to have been seduced by and which demands resolution of every issue in a one-hour episode or a 140-word tweet. It doesn't work that way.

Just to make the point, I started going back in my columns to see just when I started writing about some of the things that have now become headlines at the electronics show, or in the consumer and trade press consciousness. Here are several great examples;

The “big” thing this year is voice activation of just about everything. Of course I've been writing a lot about that, particularly since Amazon came out with Alexa two years ago. Now the consumer press is saying that Amazon has already “won” the competition for voice activation in the home! That's going a little far, but it's certainly true that Amazon is linking up with a host of other companies to make the technology as ubiquitous as possible. That's great. However, it also creates problems for consumers, which I will talk about in another column soon. But is all this “new?”

Back in April of 2005 I wrote a column about Promptu, a voice-controlled remote control being developed by AgileTV and supported by companies like Comcast and Insight. I thought it was great and exactly the direction the cable industry had to go to make remotes and navigation easier for consumers. The obvious problem at the time was bandwidth and speed, along with the necessary computing power for effective voice recognition. After all, the “commands” had to go all the way back to the head-end, or beyond, be acted upon, and then the appropriate



commands had to get back to the home TV. That's asking a lot, and it couldn't technically happen back then, but it's finally happening now, eleven years later!

And then there are all the headlines this week about DISH with its new devices that merge local over the air broadcast television with the streaming video they are offering in an integrated navigation package that some are calling revolutionary! Well, I dubbed that a “retranstenna” box back in September 2006 and suggested that the cable industry start developing those types of boxes to get away from the need for retransmission consent negotiations. Ten years ago! There are still some legal hurdles for cable to do the same thing, but there's no reason we can't now get the FCC to allow competition on that front too. The broadcasters, of course, won't like that idea. They still want a headline that says “free TV” (circa 1960s) but want to hide, once again, the retrans fees on cable bills!

One more: There's lots of talk now about marrying wireline and cellular/WiFi into a continuous “mesh” system that will provide service wherever a customer happens to be, using whatever device they want to use. New? Not. Back in August 2006 I described that system as one cable entrepreneurs were already working on. It was born during the “PCS” era before we called them cell phones! And “PCS,” I noted, may be the name we should have stuck with; Personal Communications Service. What a great thought!

Anyway, the point of all this is that good ideas and good new technology takes time to come to fruition. What we haven't been able to develop at the same time, however, is realistic patience.

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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