

# Cablefax Daily™

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What the Industry Reads First

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## Digital Divide: The Mistakes That Shouldn't be Repeated

In case you missed the memo from *Ajit Pai* Tuesday, the buzz phrase for 2017 is “digital divide.” It was the subject of a Senate Broadband Caucus hearing Wednesday, a day after the new **FCC** chair called it his highest priority (**CFX**, 2/1). It's certainly not a new challenge—“I've had the privilege for 20 years of working on this issue,” **NCTA** head *Michael Powell* said during a panel before the caucus. But the digital divide is getting a lot of emphasis right now as the next step in broadband, with a Republican regime looking to encourage private investment in the space. The industry can take comfort in Powell clearly laying out some of the problems that have developed over the years as we've seen other attempts to narrow the broadband gap. One of the chief complaints from the cable industry has been money going to underserved areas vs unserved areas. “I think past efforts have consistently made a mistake of allowing money to seep from unserved to underserved. We're letting people get seconds before we've even fed people their first bite of the apple,” Powell told the bipartisan gathering of lawmakers. Speed, he warned, is often interrelated. In other words, changing the definition of broadband to higher speeds means areas that already have broadband can get funding. “I would love to say a highly targeted, focused program on people who have nothing because no matter what you think about the right speed—whether its 25 or 10—zero up and zero down is the worst speed anybody has,” he said. He also argued that the government alone can't provide the money needed to close the divide. “A lot of projects fall into the same trap of finding money to build it, but not finding money to sustain it. My industry spends over \$16-\$17 billion annually just maintaining its network.” That's why \$20-\$30bln in government funding isn't going to cut it, with Powell instead pushing for tax credits or grants that are matched with private money. **US Telecom** pres/CEO *Jonathan Spalter* said underserved communities do require more resources that shouldn't be ignored. “Broadband can make a fundamental difference to all types of society, both unserved and underserved,” he said. **CTIA** head *Meredith Baker* spoke about things cities and states can do to help with the divide. Ohio passed a law on small cells so they will have a quicker development of 5G in the state, she said. “I'd also incentivize smart cities that put in smart energy. If the savings is going to be \$160 billion, we ought to incent people to do that,” Baker said.

**Univision-Charter:** Charter lost **Univision** stations, **El Rey**, **Galavision** and other Univision-owned networks in the early morning hours Wednesday. The blackout comes more than 6 months after the Spanish-language programmer filed a suit



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in NY Supreme Court seeking to stop Charter from trying to use Time Warner Cable's rate card rather than negotiate a new deal. **Showtime** and **Fox News** have filed similar suits. Charter reached out to the judge in the case on Tuesday requesting a phone call to press for maintaining the status quo in the two companies' business relationship until a decision is reached in the breach of contract case. The MSO complained Univision is taking matters into its own hands rather than letting the court handle it. It also revealed that it's received "thousands" of calls from concerned viewers even before the drop (Univision alerted viewers to the possibility on Friday). "The entire reason Univision filed this lawsuit and the parties have been spending many months and continue to incur substantial fees and costs litigating this case is to present that very issue to this Court for resolution," Charter's letter said. "There is simply no legitimate reason for Univision to hijack this case—a lawsuit it initiated." Univision told the judge in its own letter that the MSO had every reason from the dispute's outset to anticipate it would de-authorize its signals at some point. Without a court order, "Univision reserves all of its rights, including the right to determine which distributor is entitled to distribute its programming and on what terms," Univision said, suggesting Charter can file counterclaims or seek injunctive relief. Univision called the situation "part of a continuing fight against mega mergers to ensure that there are diverse voices and opportunities for minorities in the media marketplace."

**Oxygen to Breathe Crime:** The scuttle that **Oxygen** is about to flip into a crime and investigation network was confirmed Wednesday (**CFX**, 1/26), with an announcement that it will refocus programming to expand into a crime destination for women this summer. That puts it directly up against **Investigation Discovery**, which prompted us to reach out to the always quoteable *Henry Schlieff*. "We love competition (or, even imitation) of any kind because it makes us all better, and certainly, we look forward to seeing what this sheep in (Dick) Wolf's clothing will look like..." Discovery's Group President for Investigation Discovery, **Destination America & American Heroes Channel** emailed in response to a **CFX** inquiry. Oxygen has found success by recently expanding its crime programming block to 4 days a week. It will launch new series "Three Days to Live" (March 5) and has greenlit "Cold Justice" from Dick Wolf and "The Jury Speaks" for 3Q. "The recent expansion of our 'Crime Time' weekend block has enjoyed double-digit gains and has really resonated with our female audience," *Frances Berwick*, president, Lifestyle Networks, **NBCU** Cable Entertainment, said in a statement. "Oxygen has always played in this space with the highly successful original series 'Snapped,' one of the longest running crime series on television now approaching its 20th season. With a lot of high quality projects in development, we believe our current fans, as well as all arm chair detectives, have good reason to be excited." The timing of the news coincidentally came the same day that NBCU's **Cloo** networks ceased operations. The net had no original content (just library NBCU content), and no employees were affected (to quote one industry exec at a recent conference—"there's a network called Cloo?"). It appears to be part of *Steve Burke's* promise to get rid of network fat. Earlier this month, NBCU announced **Esquire** was moving off linear to digital.

**Viacom Rumbling:** **Viacom** chief *Bob Bakish* moved the management responsibilities of **CMT** and **TV Land** to *Kevin Kay*, head of **Spike**. Kay will lead all 3 networks as head of the **Global Entertainment Group**, according to the company's internal memo Wed. Bakish was appointed permanent CEO in Dec. CMT and TV Land were part of the Kids & Family Group overseen by *Cyma Zarghami*. "As the head of the **Kids & Family Group**, Cyma Zarghami championed CMT and TV Land and was instrumental in leading them to the highs they are hitting today. Having her considerable focus and drive now centered on our important kids audience will keep **Nickelodeon** expanding its brand and business more than ever," Bakish said in his memo. Further specifics on the TV Land and CMT transition are coming, Bakish said.

**Apple TV:** **Apple** CEO *Tim Cook* said he's pleased with progress on its Apple TV platform, launched in 2015. Speaking during the company's 4Q conference call Tues, he said the Apple TV "gives us a clear platform to build off of... We have more things planned for it." In terms of original content, "we have put our toe in the water with doing some original content for Apple Music, and that will be rolling out through the year. We are learning from that, and we'll go from there," Cook said.

**Google Fiber Update:** Last year, *Craig Barrett*, who oversaw the **Google** Fiber project, stepped down to serve as an adviser. Google also paused its fiber rollout in some cities. However, Google Fiber launched Wednesday in the North Hills, and the midtown area of Raleigh, 5 months after launching in Morrisville, NC.

**From the Streets:** **MoffettNathanson** analysts recently spent a day with **Verizon's** new CFO *Matt Ellis* and the takeaway from that meeting is Verizon doesn't need a deal to generate attractive returns for investors, the analysts said in a research note Wed. Verizon reportedly was in talks with **Charter** regarding a potential transaction, following its rival **AT&T's** pro-

# BUSINESS & FINANCE

posed acquisition of Time Warner. The CFO emphasized that Verizon would only do an acquisition if it fits the strategy. "To do an acquisition simply for the sake of 'action' wouldn't make much sense; Ellis completely rejected the notion that they have to do an acquisition soon," the note said.

**Verizon Wraps XO Deal:** Verizon completed its \$1.8bln acquisition of **XO Communications'** fiber business Wed. Integration of all XO operations and facilities is expected to start immediately. Verizon expects the transaction to achieve \$1.5bln in operating and expense savings. Among other things, the acquisition is expected to help Verizon deploy new 5G technologies.

**Cable Center's Co-working Partnership:** The Cable Center teamed with business incubator **AMP10X** to launch MediaAMP@TCC, a co-working experience for the media and entertainment biz. The co-working center, located at the Cable Center in Denver, will open on March 1. Membership applications are now open. The Cable Center called the initiative "a natural expansion of the unique Cable Center assets like the Barco Library and in-house archives."

**MSG-NHL Deal:** MSG Networks scored a deal with NHL for live streaming rights to **New York Rangers, New Jersey Devils, New York Islanders** and **Buffalo Sabres** games. The programmer will offer local live NHL games on MSG Go, its authenticated live streaming and on demand service in the next few weeks.

## Cablefax Daily Stockwatch

Company	02/01 Close	1-Day Ch	Company	02/01 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
DISH:	61.14	1.97	MICROSOFT:	63.58	(1.07)
ENTRAVISION:	5.25	(0.15)	NETFLIX:	140.78	0.07
GRAY TELEVISION:	12.20	0.35	NIELSEN:	41.32	0.41
NEXSTAR:	67.40	2.00	SEACHANGE:	2.42	UNCH
SINCLAIR:	34.05	0.30	SONY:	30.24	(0.03)
TEGNA:	23.34	0.43	SPRINT NEXTEL:	9.01	(0.22)
<b>MSOS</b>					
CABLE ONE:	635.15	2.77	SYNACOR:	3.15	UNCH
CHARTER:	326.85	2.90	UNIVERSAL ELEC:	60.50	1.00
COMCAST:	75.61	0.19	VONAGE:	6.89	(0.2)
GCI:	18.97	(1.15)	YAHOO:	43.78	(0.29)
LIBERTY BROADBAND:	83.97	0.29	<b>TELCOS</b>		
LIBERTY GLOBAL:	36.23	(0.25)	AT&T:	42.06	(0.1)
SHAW COMM:	21.51	(0.08)	CENTURYLINK:	25.51	(0.35)
SHENTEL:	26.30	(0.95)	FRONTIER:	3.41	(0.08)
<b>PROGRAMMING</b>					
21ST CENTURY FOX:	31.62	0.24	TDS:	29.30	(1.35)
AMC NETWORKS:	56.89	(0.46)	VERIZON:	48.39	(0.62)
CBS:	64.60	0.11	<b>MARKET INDICES</b>		
DISCOVERY:	28.04	(0.31)	DOW:	19890.94	26.85
DISNEY:	111.30	0.65	NASDAQ:	5642.65	27.86
GRUPO TELEVISIA:	22.16	(0.24)	S&P 500:	2279.55	0.68
HSN:	34.85	(0.4)			
MSG NETWORKS:	23.10	(0.1)			
SCRIPPS INT:	75.84	(0.32)			
TIME WARNER:	96.72	(0.13)			
VIACOM:	44.70	(0.55)			
WWE:	19.61	0.03			
<b>TECHNOLOGY</b>					
ADVANTAGE:	1.79	0.01			
AMDOCS:	58.72	0.01			
AMPHENOL:	66.60	(0.89)			
APPLE:	128.79	7.44			
ARRIS GROUP:	29.19	0.61			
AVID TECH:	5.49	0.14			
BLNDER TONGUE:	0.73	(0.01)			
CISCO:	30.49	(0.23)			
COMMSCOPE:	38.00	0.18			
CONCURRENT:	5.16	(0.02)			
CONVERGYS:	24.76	(0.06)			
CSG SYSTEMS:	48.24	(0.16)			
ECHOSTAR:	55.06	4.13			
GOOGLE:	795.70	(1.1)			
HARMONIC:	5.05	(0.25)			
INTEL:	36.52	(0.3)			
INTERACTIVE CORP:	68.24	(0.57)			
LEVEL 3:	59.11	(0.35)			



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## Think about that for a minute...

### An Embarrassment of Riches

Commentary by Steve Effros

What happens when people are given too many options? I've written about this in the past, and even cited some famous studies that suggest that rather than people appreciating all the options they are being offered, they actually "freeze up" and are reluctant to make any decision because there are simply too many!

As I mentioned in my April, 2014 column, over a decade ago Professor Barry Schwartz wrote a book called "The Paradox of Choice" (check out his TED talk) where he posits that while some choice is good, too much choice does not lead to "freedom of action," it leads to paralysis. In that column I was focused on programming and the proliferation of channels. I worried that we had created a new milieu that we would have to take responsibility for and seek solutions to the issues we helped create. What has happened in the public realm in the last year certainly indicates that we haven't found the solution yet.

But for now I'd like to take the entire issue of "too much choice" down to the totally practical level. How do we watch and control all the video that's now being delivered to us in so many forms from so many directions that an almost palpable panic is starting to set in among those who are not immersed in the details? This not only applies to all the sources and methods of delivery from cable to satellite to broadband/OTT, but also to the purveyors; the cable companies, the "telephone" companies, Hulu, Roku, AppleTV, AmazonTV, and the list goes on!

How are "just plain folks" supposed to deal with all this? We're not only talking about how they get their video, but the sudden addition of an entirely new element;



depending on which delivery mechanism you choose, some programs that you hear about, or may want to watch may be available, or, then again, may not! Figuring all this out is going to be painful and confusing. The inevitable result, as Schwartz has pointed out, is that some folks will suffer from a paralysis brought upon by the embarrassment of riches now being offered.

To experience this on a practical level, I invite you to try programming a remote control (like Logitech's Harmony) for someone else's use. Logitech's done an excellent job of computerized data bases that allow you to link all the disparate pieces of a video system together; the TV, the sound system, the DVD player, the Roku box, the cable box/DVR and so on. But what you soon find is that while all the pieces can be put together, you can do it in a whole lot of different ways. What happens first? What do you label it? Which way are the users most comfortable using the device?

As you might expect, since the remote can control so many other devices in so many different ways, the "geeks" love it! We can make the thing do "back flips!" The choices don't scare us, they enable us. But what you also quickly learn is that the smart thing to do is ignore all the many things that "could" be done, and stick with the basics! Make it work, and keep it simple. Offering too much choice can create a situation where nothing seems to work right, and that's not what we are aiming to do. Those who can help simplify all this (even with all the great options in the background) are the ones who will win.

*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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