

# Cablefax Daily™

Thursday — February 16, 2017

What the Industry Reads First

Volume 28 / No. 031

## Arris CEO: Equipment Upgrade Demanded Amid Video, Broadband Changes

Here's the good thing for a tech vendor serving a dynamic video and broadband market, with new technologies such as 4K coming down the pike: "The need to refresh equipment is out there," said **Arris' Bruce McClelland**, who succeeded **Bob Stanzione** as CEO on Sept 1, during **Goldman Sachs** Technology and Internet Conference Wednesday. He ticked off a variety of new devices, ranging from advanced boxes like **Liberty Global's** EOS next-gen cloud-based box equipped with 4K capabilities and **Comcast's** X1 platform, to an increasing number of client devices connected to wireless networks. The growth of these "highly capable" devices demand the need for more and better network coverage in the home to ensure the best resident experience for broadband and video, McClelland said. The set-top portion of Arris' business continues to transition to an IP and OTT technology approach, with McClelland declaring that the division will "continue to be a solid business for us for years to come" despite talks about set-top going away. Arris is a participant in **Charter's** WorldBox 2.0 program, an advanced platform aimed at expanding Charter's current conditional-access capabilities, improving legacy hardware-based system across Charter's new footprint with increased processing power. The company completed its Pace acquisition about a year ago. The cable industry has been full of big consolidation over the past few years. "It's an indication of the maturity of the industry. It's a natural way to continue to create value for shareholders," he said, noting on the network equipment side, consolidation seems to have slowed down. Comcast recently launched the Xfinity TV beta app for **Roku**, allowing users to access live and on demand programming, as well as cloud DVR recordings, without set-tops. McClelland expects similar offerings from other video providers to come, driven by the desire for consumers to get video from various devices, including consumer-owned devices and the ones supplied by video distributors. Such an approach gives customers control over their media and entertainment experiences in the home, he said. When it comes to DOCSIS 3.1, McClelland expects a gradual transition as the technology matures, rather than a full-scale migration. Arris has enabled 3.1 on various platforms through software upgrades as its customers get ready for deployment. The biggest benefit of 3.1 is "really around the efficiency of delivering data," the exec said. One migration path, he said, is to start with network conditioning and upgrades, before adding modems connected to the network. International expansion



**CALL FOR ENTRIES  
ENTER TODAY!**

**Honoring the Best in Marketing & PR**

**First Deadline: March 3**

**Final Deadline: March 10**

**[Cablefax.com/awards](http://Cablefax.com/awards)**

CABLEFAX DAILY (ISSN 1069-6644) is published daily by Access Intelligence, LLC ● www.cablefax.com ● 301.354.2101 ● Editorial Director: Amy Maclean, 301.354.1760, amaclean@accessintel.com ● Publisher: Michael Grebb, 323.380.6263, mgrebb@accessintel.com ● Sr. Editor: Joyce Wang, 301.354.1828, jwang@accessintel.com ● Advisor: Seth Arenstein ● Dir. of Bus Dev.: Rich Hauptner, 203.899.8460, rhauptner@accessintel.com ● Acct. Exec: Olivia Murray, 301.354.2010, omurray@accessintel.com ● VP Marketing: Amy Jefferies, 301.354.1699, ajefferies@accessintel.com ● Sr. Dir., Market Development: Laurie Hofmann, 301.354.1796, lhofmann@accessintel.com ● Prod: Jo Fato, jfato@accessintel.com ● Diane Schwartz, SVP Media Comms Group, dschwartz@accessintel.com ● Group Subs: Laurie Hofmann, 301.354.1796, lhofmann@accessintel.com ● Sub Questions, Client Services: 301.354.2101, clientservices@accessintel.com ● Annual subscription price: \$1,699.97/year ● Access Intelligence, LLC, 9211 Corporate Blvd., 4th Floor, Rockville, MD 20850

was a big driver for the Pace acquisition, though he acknowledged that international markets have seen mixed results over the past 12 months. While EU and parts of Asia have been strong, he said Latin America was weak, partly due to currency weakness, with softness there expected to continue this year.

**AT&T-Time Warner:** Shareholders met Wednesday to approve AT&T's \$85bln acquisition of **Time Warner**, with 78.83% of outstanding shares voting in favor of common stock voting in favor of the merger agreement. Of the shares voted, 99% were cast in favor of the proposal. Time Warner CEO *Jeff Bewkes* fielded a few questions from shareholders for nearly a half hour, assuring them he plans to stay on for at least a year after the deal closes. "Maybe longer," he said. **Turner, HBO and Warner Bros** management structure is expected to continue as the separate divisions they currently are, though he acknowledged that their roles could evolve over time. One shareholder asked why Time Warner would spin off **Time Warner Cable** in 2009, but link up with another distributor (and this time as the smaller entity). Time Warner Cable "was a regional company that covered about 12% of the country," Bewkes said, adding that there weren't as many video Internet services back then either. AT&T is "national. What AT&T has is coverage across 50 states and Latin America. It has 100 million mobile phone accounts not 12 million pay TV households." The deal is currently under regulatory review, with the companies expecting it to close before year-end.

**EEO Overhaul:** Cable is hoping a petition for the **FCC** to initiate a rulemaking to reform the broadcasting Equal Employment Opportunity recruitment rules can extend to cable operators and other MVPDs. Revamped rules would let broadcasters rely exclusively on the Internet as a recruitment source when providing notification of vacancies. When the EEO recruitment rules were enacted 15 years ago, the FCC didn't view Internet usage as sufficiently widespread. Petitioners **Sun Valley Radio** and **Canyon Media** say things have changed, and **NCTA** and **ACA** agree. Their plea to include MVPDs in any such revamp has the support of the **Multicultural Media, Telecom and Internet Council**, which made a case this week for the FCC to go further and apply EEO rules equally to information service providers as well. MMTC pointed to a recently released **Open MIC** report that found African Americans, Latinos and Native Americans are underrepresented by 16 to 18 percentage points in tech compared with their presence in the US Labor force overall. Regardless of whether the FCC has jurisdiction to regulate information service providers' EEO, MMTC argues it has the authority to initiate an inquiry into industry practices.

**Senate Subcmte Assignments:** **Senate Commerce** ranking member *Bill Nelson* (D-FL) announced ranking member and subcmte assignments for Democratic committee members. *Brian Schatz* (HI) will serve as ranking member of the **Communications Subcmte**. Other dems on the committee include: *Maria Cantwell* (WA), *Amy Klobuchar* (MN), *Richard Blumenthal* (CT), *Edward Markey* (MA), *Cory Booker* (NJ), *Tom Udall* (NM), *Gary Peters* (MI), *Tammy Baldwin* (WI), *Tammy Duckworth* (IL), *Maggie Hassan* (NH), and *Catherine Cortez Masto* (NV).

**Virtual Reality:** Consumers familiar with VR are excited about experiencing the technology and using it more fully, according to a new research from the **Consumer Technology Association (CTA)** and **NATPE**. The study found there's a need to better educate consumers on the impact of the technology. The current retail experience does not help consumers spontaneously discover VR because displays are small, easy-to-miss and fail to showcase the "wow factor" of the VR experience, the study said. Meanwhile, most consumers prefer using VR in the home, though some are open to experiencing VR in a movie theater or theme park. Popular suggestions for VR content include lifestyle activities: Travel, concerts and exercise. Among the report recommendations: Improve the quality and variety of VR content; make VR more social and more accessible, and include product manual to address common concerns. CTA's semi-annual report "U.S. Consumer Technology Sales and Forecasts" said VR headsets will be among the tech sector's leaders in YOY growth in 2017, projecting US sales of 2.5mln units (a 79% increase over 2016) and \$660mln in revenues (43% YOY increase). -- **FX** is offering a 360-degree, 4-minute VR episode from the folks behind "It's Always Sunny in Philadelphia." Called "Project Badass," the project lets Always Sunny fans hop on the back of Mac's motorbike. Viewers will need the **Jaunt VR** app for the special VR ep.

**Comcast Business Investment:** **Comcast Business**, the MSO's enterprise arm, is investing \$25mln to expand its fiber-based network in Boston and Cambridge. The investment is expected to allow the MSO to reach 3K businesses with 100 Gbps of network capacity. Specifically, the expansion will deploy more than 40 miles of new fiber cable.

**ESPN App Rollout:** **ESPN** completed the nationwide rollout of the ESPN App on **AT&T DirecTV** set-tops, allowing

# BUSINESS & FINANCE

users to switch between ESPN live and on-demand video to their TVs through a hybrid interface. It's the first time ESPN made the app-like service combining both linear and streaming content available on set-top boxes. The first phase was announced in December. In addition to ESPN's linear networks, DirecTV customers with a broadband-enabled set top box can now stream live programming from **ESPN3, SEC Network + and ACC Network Extra** plus short-form, on-demand clips and highlights from ESPN.com. No log in needed as customers are automatically authenticated.

**International:** NBCU is nearing a deal to buy a 25% stake in European broadcaster **Euronews**, *Reuters* reported, citing an unnamed source. The stake reportedly could reach \$30mln.

**Programming:** Starz will work with the **BBC** on a 4-part adaptation of "Howards End." It will be the first TV adaptation for Academy Award-nominated screenwriter and playwright *Kenneth Lonergan* ("Manchester by the Sea," "Gangs of New York"). *Hettie Macdonald* ("White Girl") will direct.

**People:** Comcast promoted *Daniel Murdock* to controller and svp, chief accounting officer, effective March 1. He succeeds *Lawrence Salva*, who is retiring after 17 years. Murdock will report to CFO *Mike Cavanagh*. Salva will serve as senior adviser to Cavanagh through June. Before joining Comcast in 2015, Murdock was with the **SEC**.

## Cablefax Daily Stockwatch

Company	02/15 Close	1-Day Ch	Company	02/15 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
DISH:	62.89	0.94	MICROSOFT:	64.53	(0.04)
ENTRAVISION:	5.35	UNCH	NETFLIX:	142.27	1.45
GRAY TELEVISION:	12.60	0.10	NIELSEN:	44.81	0.04
NEXSTAR:	68.50	0.35	SEACHANGE:	2.50	0.06
SINCLAIR:	36.10	0.40	SONY:	31.57	(0.06)
TEGNA:	24.33	0.18	SPRINT NEXTEL:	9.12	0.05
<b>MSOS</b>					
CABLE ONE:	640.75	4.45	SYNACOR:	3.20	0.05
CHARTER:	325.18	3.18	UNIVERSAL ELEC:	63.75	0.65
COMCAST:	76.60	0.51	VONAGE:	6.33	(0.47)
GCI:	19.58	(0.31)	YAHOO:	45.65	0.63
LIBERTY BROADBAND:	84.99	0.48	<b>TELCOS</b>		
LIBERTY GLOBAL:	35.83	0.32	AT&T:	41.12	0.37
SHAW COMM:	21.42	(0.05)	CENTURYLINK:	24.40	(0.14)
SHENTEL:	27.90	0.15	FRONTIER:	3.30	(0.04)
<b>PROGRAMMING</b>					
21ST CENTURY FOX:	30.70	0.40	TDS:	30.86	0.12
AMC NETWORKS:	56.62	0.72	VERIZON:	48.08	(0.19)
CBS:	65.24	(0.09)	<b>MARKET INDICES</b>		
DISCOVERY:	28.49	(0.04)	DOW:	20611.86	107.45
DISNEY:	110.18	(0.15)	NASDAQ:	5819.44	36.87
GRUPO TELEVISIA:	23.10	0.27	S&P 500:	2349.25	11.67
HSN:	36.50	0.45			
MSG NETWORKS:	21.85	(0.05)			
SCRIPPS INT:	77.18	0.28			
TIME WARNER:	96.32	(0.07)			
VIACOM:	47.80	0.40			
WWE:	22.62	0.12			
<b>TECHNOLOGY</b>					
ADVANTAGE:	1.77	(0.04)			
AMDOCS:	59.36	0.14			
AMPHENOL:	69.02	(0.11)			
APPLE:	135.51	0.49			
ARRIS GROUP:	30.11	0.24			
AVID TECH:	5.71	0.01			
BLNDER TONGUE:	0.74	0.00			
CISCO:	32.82	0.51			
COMMSCOPE:	38.98	0.12			
CONCURRENT:	4.94	(0.03)			
CONVERGYS:	24.06	(0.94)			
CSG SYSTEMS:	39.57	0.37			
ECHOSTAR:	53.69	(0.3)			
GOOGLE:	818.98	(1.47)			
HARMONIC:	5.70	(0.05)			
INTEL:	36.05	0.12			
INTERACTIVE CORP:	76.12	0.12			
LEVEL 3:	57.52	(0.35)			



**WICT** Now. More than ever.

WICT's network of over 10,000 members will connect and inspire you. Leverage our renowned programs and services to take charge of your career today.

Join WICT, the leading organization devoted to advancing women in cable.

[www.WICT.org](http://www.WICT.org)

## Think about that for a minute...

### Catching Up

Commentary by Steve Effros

As I noted in a column a few weeks ago, I was heading off for a three week jaunt in New Zealand. I'm back. I can see that nothing much has taken place in my absence that wasn't expected! And that, of course, is a very loaded statement.

First things first. If you have not been to New Zealand, be sure to put it on your "must do" list. It's a wonderful country and incredibly beautiful. Yes, I went to Hobbiton, (actually a farm in Matamata, NZ) and got some great shots of where and how Peter Jackson filmed portions of the Lord of the Rings. To be honest, the entire South Island of New Zealand looks like a movie set. Fern forests, hundreds of waterfalls, craggy mountains and fjords. It was truly amazing and I have lots of pictures that I will organize some day. Go. A long trip (we spent 23 hours in planes and airports to get back from Wellington) and the odds are good that you will have a cold, as both Lucia and I do, by the time you wear down your body during the travel, but it's worth it.

One of the things I most noticed was the absolutely welcoming and helpful nature of the folks there. Yes, it's a tourist economy, so you can expect that the professionals taking care of you on your trip are going to do it well. They did. But much more than that—the "regular folks" on the street were just as welcoming and just as helpful. If you were standing on a corner trying to decide if the destination you were seeking was left or right, inevitably someone would stop, ask if you needed help, and point the way. It was so refreshing. Another thing I noticed, much to my chagrin, was that this was the first foreign trip I have taken (and I've taken many) where folks com-



miserated over what was happening at home.

We tried to ignore all that as much as we could, but it was really hard, especially when there was a "blow up" telephone call with the Aussie Prime Minister. You can be sure that was fully covered down there!

In any event, now that I'm back I note that insofar as telecom is concerned we are right on course with the new administration, particularly because Commissioner Pai, now chairman, is experienced, knowledgeable about the various issues, and doesn't need anyone to "get him up to speed."

I also note that the (now) "loyal opposition" is already in full throat about net neutrality with press conferences and op-ed pieces decrying the potential death of the Internet at the hands of the... well, here's where it gets a little dicey. Normally you would say that changing the regulatory structure for broadband away from "common carrier" prescriptions would be done at the behest of "the big guys" and the protesters would be on the side of "consumers" and "the little guys." But in this case most of the regulatory excess of the last few years has been very much at the behest of the "biggest," such as Google, Amazon and Apple. So the picture is far less clear and who the "good" and "bad" actors are is much murkier.

One thing is for sure, however, it's still going to be noisy, and as I have noted in previous columns, I think Chairman Pai will know how to navigate the currents. We live, as the Chinese curse suggests, in interesting times.

*Steve*

T:202-630-2099  
steve@effros.com

*(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.)*



## Cablefax TV Innovation Summit

JUNE 8 | NYC

The TV Innovation Summit provides a unique opportunity to connect your brand with television and broadband executives. Join us June 8 in NYC at the TV Innovation Summit as a sponsor to power your brand and the future of the industry.

**CONTACT YOUR CFX REPRESENTATIVE TODAY!**

[www.CFXTVSummit.com](http://www.CFXTVSummit.com)