

# Cablefax Daily™

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What the Industry Reads First

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## Digital Disney: Iger Ready to Disrupt Traditional Video Model

When it comes to digital disruption, it's inevitable and in some cases **Disney** plans to be the one upsetting the apple cart. "You have to be willing to create or experience some disruption as we migrate from what has been a more traditionally distributed world to a more modern or non-traditional distribution world. And some of that we're going to end up doing to ourselves," Disney chief *Bob Iger* said during the company's 1Q earnings call Tuesday. He said that Disney will "be careful" given its existing, valuable relationships with distributors, but it's "our full intent to go out there aggressively with digital offerings direct to the consumer for **ESPN** and other Disney-branded properties." Last summer, Disney took a minority stake in **MLBAM's** spinoff **BAMTech**, which will help in its launch of an ESPN streaming service. That's expected to come this year, though Iger declined to be more specific on timing or offer pricing. Not a lot of details on the content, with the exec noting that both BAMTech and ESPN already have licensed a number of digital rights. His understanding is that BAMTech will continue to do so. "In some of the early, I'll call it concepts, you realize there's a lot there, and a lot more than anyone else has," Iger said. To be clear, he said the company doesn't see itself getting out of the linear ESPN multichannel service "for a while." But Disney's direct-to-consumer offering through BAMTech will in all likelihood include "sports from some entities that we license content from for ESPN," he noted, with baseball being one such example. It's not just ESPN that's looking at going direct to consumers. Asked about kids' linear programming, Iger acknowledged declining ratings, which he attributed to an off-cycle in programming and a proliferation of kids' programming in a variety of other places. He's hopeful that the just-launched "Mickey's Roadster Racers" and upcoming "Tangled" along with other shows will improve ratings. As for the pressure from other sources, he feels pretty good since he has the Disney name backing the company's content. "As we look at the future of kids' programming, we look at it in all likelihood as probably a blend of linear channels, some third-party licensing arrangements [like **Netflix** or **Hulu**] and also direct-to-consumer properties," Iger said. "We're seeing a world where disruption is definitely on the table and real, but it's not something we feel is daunting in terms of the task ahead." Also on Disney's to-do list is continued deals with new multichannel services like DirecTV Now, Sling TV and the upcoming Hulu OTT offering. No Disney call is complete without the guessing game on when Iger will retire. He responded to a recent *WSJ* report that he may extend his contract beyond June 2018. Stressing that nothing

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has been decided, he said if it's in the best interest of the company, "I'm open to that." Disney's 1Q revenue was down 3% to \$14.78bln, while its profit dropped 14% to \$2.48bln. Yes, the cable networks group, which includes **ESPN**, was part of the drag. Cable nets revenue decreased 2% YOY to \$4.4bln. The decrease was partly due to higher programming costs at ESPN, including a contractual rate increase on NBA and NFL programming, as well as lower ad revenue. Another issue is that 6 College Football Playoff games were played in 1Q16, while three games shifted to Q2 this year.

**DISH's Roku Pirate Hunt:** DISH filed a suit federal court Tuesday aimed at an **eBay** seller it claims is assisting end users in obtaining rebroadcasts of its programming without authorization. DISH said the unidentified defendant is trafficking passcodes that let people access a TV service called "MachTV" that rebroadcasts DISH programming. The satcaster believes that discovery, including requests for info to eBay and **Pay Pal**, will lead to identification of the defendant. MachTV is an application available on the **Roku** streaming media player. DISH said that at least 54 of the live TV channels available on MachTV are retransmitted from its satellite signals. That list of channels includes **A&E, CNN, Disney Channel, ESPN, MTV, FX, Univision, Discovery** and **TBS** among others. According to the lawsuit, the unnamed defendant sells passcodes to MachTV on eBay ranging in price from \$13.99-\$15.99 for one month of service to \$40 for three months. Prospective consumers are encouraged to pay using Visa gift cards and to contact defendant through eBay messenger or WhatsApp, an encrypted messaging service that provides heightened security and anonymity, DISH said. DISH is looking for up to \$100,000 for each violation.

**Net Neutrality War Zone:** Senate Dems held a presser Tuesday to pledge their opposition to efforts to weaken the **FCC's** Open Internet Order, such as getting rid of the Title II designation. Sounding a lot like those arguing against the 2015 rules at the time, Sen *Ed Markey* (D-MA) said there is "no new problem that needs to be fixed." Markey didn't offer any details on any discussions in Congress, but was steadfast in his support of Title II. "We know that the existing rules do work," he said. Groups like **Public Knowledge** jumped on the bandwagon, sending out communications about the issue, including a call to send letters to Congress. "I have called net neutrality the free speech issue of our time because the basic principles of democracy are at stake," Sen *Al Franken* (D-MN) said during the news conference. The two lawmakers were also joined by Sens *Charles Schumer* (D-NY), *Patrick Leahy* (D-VT), *Ron Wyden* (D-OR) and *Richard Blumenthal* (D-CT). Also joining was *Jamie Wilkinson*, CEO of **Vimeo** subsidiary **VHX**. "If the current FCC guts net neutrality, we'll be letting the big telco companies pick the winners and the losers," Wilkinson said. "Start-ups depend on an internet where you compete on quality, not the ability to pay tolls."

**Fox News' Runaway Ratings:** What competition? **Fox News** easily won both the prime and total day race among cable nets last week. It averaged 3.27 million viewers in prime, with 1.95 million in total day. The 3 most-watched programs of the week were "The O'Reilly Factor," with Tuesday's averaging about 6.8mln viewers. "Tucker Carlson Tonight" and "Hannity" accounted for other top shows. The only non-Fox News program in the top 10 was **HGTV's** "Fixer Upper," who took 10th place with 3.7 million viewers (HGTV was 2nd in prime for the week with 1.64 million viewers, followed by **USA's** 1.55 million). Fox News had 24 of the top 30 telecasts for the week. What about the other news nets? MSNBC averaged 1.48mln in prime, while **CNN** came in at 1.26mln. **Brag Book:** The Season 3 finale of **TV One's** "Rickey Smiley for Real" is up 15% to 298K among 25-54s compared to Season 2. Overall, the just completed season is up 18% over Season 1.

**More FCC Reform:** Going forward, when the **FCC** releases the text of meeting items, it also will release a one-page fact sheet summarizing the proposal in question. Chair *Ajit Pai* implemented the suggestion from Democratic commish *Mignon Clyburn*. He also instituted a suggested change from GOP commissioner *Michael O'Rielly* that requires commissioners rather than their staff to propose substantive edits to an item between the time it's circulated and the meeting at which it's voted at. "This reform will help promote accountability and allow Commissioners to better understand where edits are coming from," Pai said.

**Energy 2020:** **Comcast Cable** technology and product president *Tony Werner* will co-chair the **SCTE/ISBE** Energy 2020 program along with **Liberty Global** CTO *Balan Nair*. *Mark Hess*, svp, business and industry affairs for Comcast, will serve as program technical advisor. The program is designed to promote reductions in energy cost and consumption for the industry. It also was announced that *Simpson Cumba*, vp, data center services for Comcast Cable, and *Sam Kholia*, director, sustainability for Liberty Global, will serve as chair and vice-chair, respectively, of the Energy

# BUSINESS & FINANCE

Management Subcommittee (EMS) within the SCTE/ISBE Standards Program. The subcommittee also includes reps of **Alpha Technologies, Arris, Cisco, CommScope, CableLabs, Hitachi Consulting, Metrocast** and other operators and technology partners.

**Starz Lands on DirecTV Now:**

**Starz** launched its **Starz** and **Starz Encore** VOD services on the **AT&T** streaming platform, **DirectTV Now**, for \$8 a month. The initial launch will feature more than 2,500 eps and movies. In addition to video on demand content, 3 live premium channels—**Starz, Starz Encore** and **Starz Kids & Family**—are also launching on **DirectTV Now**. **STARZ** on **DirectTV NOW** joined the separate offering of **Starz Encore** on **DirectTV Now**, which **AT&T** first made available in the \$70/month “Gotta Have It” package upon the new streaming service’s launch last year.

**NBCU’s Olympics Celebration:**

Wednesday marks 1 year out from the start of the Winter Olympics, which will begin on Feb 8, 2018, in PyeongChang, South Korea. **NBCUniversal** is set to celebrate the occasion with various promotional and editorial initiatives that span the company’s portfolio of broadcast, cable, digital, regional, local, and radio assets. More than a dozen NBCU networks will air the “Road Block” of 60-second Olympic promotional announcement, among other campaigns.

## Cablefax Daily Stockwatch

Company	02/07 Close	1-Day Ch	Company	02/07 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
DISH:	60.42	(0.56)	MICROSOFT:	63.43	(0.21)
ENTRAVISION:	5.40	0.15	NETFLIX:	143.98	3.01
GRAY TELEVISION:	11.95	(0.1)	NIELSEN:	41.86	(0.13)
NEXSTAR:	65.05	(0.5)	SEACHANGE:	2.45	(0.02)
SINCLAIR:	33.80	UNCH	SONY:	32.11	0.17
TEGNA:	23.17	(0.04)	SPRINT NEXTEL:	8.34	(0.02)
<b>MSOS</b>					
CABLE ONE:	639.96	(2.61)	SYNACOR:	3.10	UNCH
CHARTER:	323.37	0.77	UNIVERSAL ELEC:	63.80	0.95
COMCAST:	74.86	0.32	VONAGE:	6.70	(0.07)
GCI:	19.21	0.06	YAHOO:	44.37	(0.05)
LIBERTY BROADBAND:	84.19	0.74	<b>TELCOS</b>		
LIBERTY GLOBAL:	35.54	(0.59)	AT&T:	41.12	0.06
SHAW COMM:	21.48	(0.01)	CENTURYLINK:	24.88	(0.17)
SHENTEL:	26.75	(0.05)	FRONTIER:	3.27	(0.06)
<b>PROGRAMMING</b>					
21ST CENTURY FOX:	30.48	(0.58)	TDS:	28.84	(0.13)
AMC NETWORKS:	55.81	(0.28)	VERIZON:	48.04	0.01
CBS:	64.47	(0.2)	<b>MARKET INDICES</b>		
DISCOVERY:	27.99	0.02	DOW:	20090.29	37.87
DISNEY:	109.00	(0.57)	NASDAQ:	5674.22	10.66
GRUPO TELEVISIA:	22.51	0.23	S&P 500:	2293.08	0.52
HSN:	34.90	(0.05)			
MSG NETWORKS:	21.50	(0.3)			
SCRIPPS INT:	75.52	0.01			
TIME WARNER:	96.22	(0.14)			
VIACOM:	44.20	(0.1)			
WWE:	19.57	(0.09)			
<b>TECHNOLOGY</b>					
ADVANTAGE:	1.83	0.02			
AMDOCS:	58.83	(0.18)			
AMPHENOL:	67.29	0.22			
APPLE:	131.53	1.24			
ARRIS GROUP:	28.60	(0.01)			
AVID TECH:	5.65	UNCH			
BLNDER TONGUE:	0.72	0.01			
CISCO:	31.45	0.15			
COMMSCOPE:	38.51	0.23			
CONCURRENT:	5.28	0.02			
CONVERGYS:	24.78	UNCH			
CSG SYSTEMS:	39.07	(0.24)			
ECHOSTAR:	54.17	(1.23)			
GOOGLE:	806.97	5.63			
HARMONIC:	5.10	(0.05)			
INTEL:	36.35	0.08			
INTERACTIVE CORP:	76.28	1.02			
LEVEL 3:	58.18	(0.19)			



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