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4 Pages Today

# Cablefax Daily™

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What the Industry Reads First

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## Charter CFO: Wireless, Digital Migration Plans for 2017 and Beyond

Like **Comcast**, **Charter** has activated its MVNO arrangement with **Verizon**. Also like Comcast, the company is testing wireless services. The plan is to launch wireless service within Charter's footprint, CFO *Christopher Winfrey* said during the **Morgan Stanley** Technology, Media and Telecom Conference Wednesday. The pact with Verizon doesn't provide access to "raw spectrum," and there isn't "any type of bandwidth restriction," he said. Separately, the MSO is working on a fixed wireless product (using unlicensed and licensed spectrum) that will also be part of a cable bundle. "We will be doing some field trials by the end of the year and rolling out commercially in 2018," Winfrey said. With wireless operators like Verizon getting ready for 5G, capable of delivering gigabit speeds over cellular networks, Charter is positioned to be part of it. The company's network is "uniquely designed for small cell," an essential part of mobile operators' 5G strategy, the CFO said. Another priority at Charter is going all digital, which is expected to allow Charter to free up spectrum for more advanced services, increase network security and reduce operating expenses. The bulk of the moving-all-digital activity will take place in 2018, Winfrey said. On Charter's decision not to increase rates, the exec said the goal is to drive customer relationships and high quality growth. "We want to grow fast" to create momentum in the market, he said. That means finding other ways to offset rising programming costs. Content prices will continue to increase, Winfrey said. The company has been testing and looking for skinny programming packages, he acknowledged. High churn rates have been a challenge for many skinny or direct-to-consumer services. The key is to make sure the package has exactly what customers want so that they will become long-term subscribers of the service, Winfrey said. Charter has seen solid sub growth in the Time Warner Cable market in the last few months thanks to various promotional offers. On the small and medium business side, Charter plans to launch the full Spectrum SMB product pricing and packaging in TWC and Bright House markets in 2Q, said Winfrey. The company completed its TWC and Bright House acquisition last year. "We will exceed \$1 billion in synergies" in 3 years, and those synergies are "hard cost savings" that exclude capital expense synergies or revenue or operating expense synergies, the financial chief said.



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The company reports that it realized more than \$150mln of transaction savings in 4Q.

**Broadband Privacy:** As expected, the **FCC** voted Wednesday along party lines to stay the data security portion of the broadband privacy rules, which were passed under previous chmn *Tom Wheeler*. FCC chmn *Ajit Pai* and **FTC** head *Maureen Ohlhausen* said in a joint statement that jurisdiction over broadband privacy and data security practices should be returned to the FTC. "All actors in the online space should be subject to the same rules, enforced by the same agency," the pair said in a joint statement. The data security rules are set to take effect on Thursday. "This rule is not consistent with the FTC's privacy framework. The stay will remain in place only until the FCC is able to rule on a petition for reconsideration of its privacy rules," the GOP pair said. Any future privacy framework will be technology-neutral so that it doesn't favor one set of companies over another, they said. FCC's lone Democrat commish *Mignon Clyburn* warned that the stay means "leaving broadband customers without assurances that their providers will keep their data secure." In a statement, she said the order to stay alleged significant harm to service providers, but cited nothing to prove it. The current rules require "only reasonable data security. It does not put providers at a competitive disadvantage, it does not require massive reporting obligations, nor does it even really require providers to change their existing conduct," said Clyburn. **NCTA** was pleased with the move. "As service providers, our companies are committed to providing a quality Internet experience that protects the security of personal information, and we will continue to operate with that commitment as the FTC and FCC pursue further action to harmonize online privacy protections," the group said in a statement.

**From Viacom CEO:** *Bob Bakish* is getting close to finding someone to run **Paramount**. The studio's current head *Brad Grey* said last week that he's stepping down. "I have met some exciting candidates" and a replacement might be named in the near term, he said during the **Morgan Stanley** investor conference Wednesday. Moving forward, Paramount will work closely with Viacom's cable networks, Bakish said. The problem for **Viacom's** cable channels is they operate as "a confederation of independent businesses," he said. As part of a new strategy, the channels and Paramount will work closely together, he said.

**Cord-cutting Trend:** With 4Q earnings results in from all of the largest cable operators, it's clear that cord-cutting of traditional pay-TV services has "at last meaningfully accelerated," **MoffettNathan** analysts said in a report Wednesday. The pay-TV industry lost an estimated 319K subs in the quarter. In the same quarter last year, the industry gained an estimated 48K subs, according to the analysts. Over the full year, the industry shrank by an estimated 1.7% in 2016, or by 1.7mln subs, the fastest rate of decline on record. By comparison, the industry shrank by an estimated 1.1%, or 1.1mln in 2015.

**Discovery's Olympic Play:** **Discovery Communications** scored an Olympic Games partnership that will lead to the launch of the "Official Mobile Broadcaster" product, letting mobile operators access Olympic content. The programmer is the exclusive TV and multimedia rights holder for 50 countries and territories in EU for the 2018 through the 2024 Olympic Games. The "Official Mobile Broadcaster" designation is expected to allow mobile providers to co-brand with the Olympic Rings and offer their customers access to Olympic programming. The service can be customized to drive engagement, with an operator-branded 24/7 channel featuring content including real time highlights and all the latest news, in addition to exclusive on demand content and social media capabilities. "Sports are particularly powerful in a mobile environment as we are witnessing with the growth of our direct-to-consumer sports streaming service, Eurosport Player. We are excited to form new partnerships with mobile operators to make the Olympic Games more accessible and engaging for a mobile-first audience," Discovery Networks International pres/CEO *Jean-Briac Perrette* said in a statement. The programmer made the announcement at the Mobile World Congress Wednesday.

**Ratings:** Remember *Mama June* from **TLC's** "Honey Boo Boo"? She has a new show on **WE tv**, which features her journey through physical and emotional transformation. The series premiere of WE tv's "Mama June: From Not to Hot" on Feb 24 scored 2.3mln total viewers in Nielsen live+3 ratings, making it the network's highest series premiere ever in total viewers and among key demos.

# BUSINESS & FINANCE

**Programming:** AMC launched an extension series of its live aftershow "Talking Dead." Dubbed "Talking with Chris Hardwick," host of the live aftershow, the 60-min ep series will feature conversations between Hardwick and a single guest or cast. While Talking Dead focuses exclusively on "The Walking Dead" and "Fear the Walking Dead," episodes of Talking with Chris Hardwick will feature a variety of guests and highlight Hardwick's take on pop culture landscape. The new series premieres on April 9. -- **Travel Channel** premieres its new mini-series "The Best Place to Be" on April 2. -- **UP TV** premieres season 10 of family drama "Heartland" on April 23. The programmer is offering all previous seasons of the series on its SVOD service, UP Faith & Family. -- **A+E Studios** signed a multiyear exclusive overall TV production deal with actress *Shiri Appleby*. Under the pact, Appleby will work closely with the A+E Studios team to develop, create and produce original programming for the A+E portfolio of networks, as well as outside buyers, under her **Appletree Pictures** banner. In addition, Appleby will serve as a brand ambassador for A+E Studios and **Lifetime**.

**Faxies Time:** Oh, the elusive Faxie honoring excellence in marketing and PR. Enter at [www.cablefax.com](http://www.cablefax.com) before the Friday deadline for your chance at Faxtastic Glory!

## Cablefax Daily Stockwatch

Company	03/01 Close	1-Day Ch	Company	03/01 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>			MICROSOFT: ..... 64.94 ..... 0.96		
DISH:.....	61.99	(0.01)	NETFLIX:.....	142.65	0.52
ENTRAVISION:.....	5.55	0.20	NIELSEN:.....	45.07	0.71
GRAY TELEVISION:.....	14.45	0.85	SEACHANGE:.....	2.50	0.01
NEXSTAR:.....	73.15	4.20	SONY:.....	31.53	0.57
SINCLAIR:.....	41.80	1.90	SPRINT NEXTEL:.....	8.84	0.03
TEGNA:.....	26.29	0.66	SYNACOR:.....	3.05	0.05
<b>MSOS</b>			UNIVERSAL ELEC:.....	68.10	(0.6)
CABLE ONE:.....	634.53	9.11	VONAGE:.....	6.00	(0.02)
CHARTER:.....	325.17	2.11	YAHOO:.....	46.24	0.58
COMCAST:.....	37.59	0.17	<b>TELCOS</b>		
GCI:.....	21.15	1.00	AT&T:.....	42.04	0.25
LIBERTY BROADBAND:.....	84.19	(0.07)	CENTURYLINK:.....	24.04	0.32
LIBERTY GLOBAL:.....	35.20	(0.5)	FRONTIER :.....	2.92	(0.01)
SHAW COMM:.....	20.71	(0.12)	TDS:.....	26.99	(0.04)
SHENTEL:.....	28.25	0.15	VERIZON:.....	49.81	0.18
<b>PROGRAMMING</b>			<b>MARKET INDICES</b>		
21ST CENTURY FOX:.....	30.41	0.49	DOW:.....	21115.55	303.31
AMC NETWORKS:.....	60.79	0.98	NASDAQ:.....	5904.03	78.59
CBS:.....	67.26	1.34	S&P 500:.....	2395.96	32.32
DISCOVERY:.....	28.52	(0.24)			
DISNEY:.....	111.04	0.95			
GRUPO TELEVISA:.....	25.77	0.26			
HSN:.....	38.15	0.45			
MSG NETWORKS:.....	21.90	0.10			
SCRIPPS INT:.....	79.99	(0.78)			
TIME WARNER:.....	98.90	0.69			
VIACOM:.....	45.90	0.35			
WWE:.....	20.87	(0.11)			
<b>TECHNOLOGY</b>					
ADDVANTAGE:.....	1.81	0.02			
AMDOCS:.....	61.33	0.68			
AMPHENOL:.....	70.88	1.67			
APPLE:.....	139.79	2.80			
ARRIS GROUP:.....	25.95	0.15			
AVID TECH:.....	5.67	0.05			
BLNDER TONGUE:.....	0.71	(0.02)			
CISCO:.....	34.44	0.26			
COMMSCOPE:.....	39.46	1.41			
CONCURRENT:.....	4.97	(0.04)			
CONVERGYS:.....	22.25	0.37			
CSG SYSTEMS:.....	39.72	0.31			
ECHOSTAR:.....	54.08	0.81			
GOOGLE:.....	835.24	12.03			
HARMONIC:.....	5.90	0.50			
INTEL:.....	35.93	(0.27)			
INTERACTIVE CORP:.....	74.29	0.35			
LEVEL 3:.....	57.65	0.40			

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## Think about that for a minute...

### Decision Time

Commentary by Steve Effros

I'm generally very cautious about making prognostications based on timing. In my experience, particularly in our business, there tends to be a much greater disparity between when things are invented, announced, or "demonstrated" and when they actually get rolled out on any major scale in the consumer market. That has certainly been the case with "OTT," and I've been saying that for many years; yes, it's coming, yes, it's going to be an alternative delivery path by new aggregators for video, and yes, the technology will improve to the point where it may get to be as good at delivering video as cable is today. But no, it's not here yet, and it's still going to take some time.

What I am referring to in the title of today's column is not whether or when OTT video delivery becomes "mainstream." That will still be some time off, if ever. What I'm referring to is that we appear to have reached a critical point in corporate decisionmaking regarding the course to take regarding OTT. All you have to do is recount what has happened over the past year to appreciate the issue.

We now have Netflix, Hulu, Sony's Playstation Vue, AT&T's DirectTV Now, Dish's Sling Network, FuboTV, and the newly announced, but long anticipated Google YouTubeTV coming on the scene. They all have significant hurdles to still overcome. For instance you have to read the Google announcement very carefully to understand, or maybe get confused as to whether they are really going to deliver the four "major networks" to their subscribers for \$35 a month. I think a careful reading says no, they are delivering "programming" from those networks, but not the network itself, and they will deliver "local news" from network affiliates, but not the network feed.



Of course Google also says it is going to roll out this new service first in major metropolitan areas, so they could use the "retranstenna" approach and have folks simply pick up the local digital broadcast feeds off the air. Anything is possible.

So here's the challenge; for companies like Comcast, which already have incredibly well-developed distribution systems and program aggregation contracts, as well as the clear capability with their X-1 platform to distribute OTT, should they take the plunge now? Should they respond to the growing gaggle of nascent competitors by rolling out their own nationwide service? Or on the other hand, if those other services (and we can expect more from the likes of Amazon and Apple) don't really have the packages they try to imply, or are low-balling their introductory prices—but the margins are way too slim and the assumption that ad revenue will make up the difference may work for Google but few others—is it better not to redirect the market and stick with what we already know works?

Naturally, the decision will also significantly affect other MVPDs in a major way. But one thing we know for sure: the broadband supplier in the local market is still the only way to get all that video the "last mile," so as I have said repeatedly, maintaining your plant and your customer service is going to be the ultimate winning strategy.

In the meantime, however, the "big" guys like Comcast and Charter are going to have to decide, as are the new entrants. For them, the issue is whether they put money into distribution or product, which is going to make the most difference? None of this is clear, but decision time is near.

*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.)*

## Cablefax Industry Jobs

### TIP 1 : Target Candidates!

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### TIP 2 : Be Selective!

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