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What the Industry Reads First

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ACA Summit: OTT Wheeling & Dealing Takes Center Stage

There seems to be growing interest among some independent operators to turn video over to OTT services. **NCTC** is working on a handful of deals with virtual MVPDs, according to co-op head *Rich Fickle*. “I think you’ll see us complete some OTT deals fairly soon and it may be a little controversial. But it’s certainly an option for members to take advantage of,” he said at **ACA’s** 24th Summit in DC Wednesday. **Cable One**, which made the decision to stop focusing on video customers five years ago, seems like a good candidate for teaming with an OTT player. “We’ve talked to most of them. We haven’t found the right formula yet, but they are a great complement to our HSD-centric strategy,” **Cable One** exec chmn *Tom Might* said during the annual conference for independent cable operators. The MSO already has integrated **Netflix** into its **TiVo** boxes. **Sony Playstation Vue** is definitely interested in partnerships. “We’re talking to many people in this audience,” confirmed *Dwayne Benefield*, vp & head of Sony’s virtual MVPD offering. “Those Playstation [consoles] are connected to the Internet, and they’re not just streaming Netflix. They’re streaming 60 gigabyte games, music, live television... We feel broadband accessibility is core.” Playstation Vue recently inked such a partnership deal with **Earthlink**, with the partnership featuring 90 days free of **Showtime**. Might noted that different ACA members are experimenting in very different ways with OTT providers. “We’re playing close attention to see if one has a better [route],” he said. While much of the OTT conversation at Summit centered on the cable operators, there was a little color on the programming side. *Elisabeth Sami*, **NBC News Group’s** svp of global strategy & business development, said that OTT increases the pressure for innovation. “I think the ad load today is harming our collective business as we compete with some of these over-the-top services with no commercial interruption,” she said. “We need to reinvent what a relevant advertisement looks like in the future—the frequency level and the length of time.” All of that is something **NBCU** is looking at, along with more targeted advertising. Meanwhile, Sami stressed that NBC News wants to play on as many platforms as possible, dismissing concerns about cannibalism. She said pushing out more live content on different platforms helps create a deep connection with consumers and can even drive them to appointment viewing on the linear network.

BET Exits: Move over **MTV**. The major changes at a **Viacom** network group are happening at **BET Networks** this



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time. Programming pres *Stephen Hill* and head of originals *Zola Mashariki* are leaving. *Connie Orlando*, svp, specials, music programming and news, will serve as interim programming head. Hill joined Viacom in 1995 and BET in 1999. He took over his most recent role in 2014. “The incredible ‘awww yeahhh’ moments Stephen has created during his 18 years literally are too many to mention,” BET CEO *Debra Lee* wrote in a memo. In his own goodbye memo, Hill said Viacom made a wise decision in designating BET as a “flagship” brand. “Your audience knows that other channels have to study the culture, but BET is the culture...and they respect the difference. I truly wish you the fuel of innovation, execution and support to feed those fire-flames,” he wrote.

ACA Notebook: When it comes to Washington, there’s some relief in sight for **ACA** members with a deregulatory agenda shaping up—evidenced by the just-approved resolution to repeal the **FCC’s** broadband privacy regs. Broadband and the digital divide are likely to dominate any communications moves on the Hill. “I think the year ahead on video issues is going to be tough,” ACA pres/CEO *Matt Polka* said, adding that a not-so-good thing about having Republicans in control is that they aren’t inclined to intervene in retrans consent, seeing it as a market issue. That could change if there are a large number of blackouts at year-end, which Polka believes is highly probable. Meanwhile, the **Hearst** blackout on **DISH** hit day 26 on Wednesday. -- **FCC** commish *Mike O’Rielly* told the ACA crowd that he suspects the agency’s Open Internet order will be revisited this year, though he added he doesn’t want to get out ahead of chmn *Ajit Pai*. O’Rielly disagrees quite strenuously with the ban on paid prioritization and general content standard. The Republican challenged ACA members to come up with 10-12 things that could be changed to make their lives easier “that don’t necessarily cause other industry segments to have a heart attack.” Sorry retrans reform hopefuls! O’Rielly said he’d asked for such comments previously, but believes companies were reluctant under the old regime. “It’s a new day at the Commission,” he declared. -- Rep *Kurt Schrader* (D-OR), who played a key role in combating the FCC’s set-top box order last year, said he thinks any infrastructure bill coming out of Congress will have public-private partnerships. “There is a sense by Democrats as well as Republicans that we need to watch what’s going out,” he said. “We’re trying to be good stewards of your tax dollars here in Washington, D.C.” Schrader said he and a group of business-friendly Dems met recently with Treasury Sec *Steven Mnuchin*. “He was pretty clear that out of that \$1 trillion the President had been talking about that several hundred million might be public, and we’re going to try and leverage that with other resources.” Rep *Cathy McMorris Rodgers* (R-WA) drew applause from the cable operators with her remarks on an infrastructure package: “My vision is that government would be a partner, not a competitor.”

Lifeline Limitations: **FCC** chmn *Ajit Pai* said Wednesday that he believes that state governments, not the FCC, should have primary responsibility for approving which companies can participate in the Lifeline program under the Communications act. While Pai supports broadband being part of Lifeline, he didn’t approve of the FCC decision last year to create a federal “Lifeline Broadband Provider” designation process, which is currently being challenged by 12 states. Calling it a “waste of judicial and administrative resources” to defend the FCC’s action, Pai has instructed the FCC’s Office of General Counsel to request the case be sent back to the agency. The FCC will begin a proceeding to eliminate the federal designation process, but in the meantime, it has several Lifeline broadband provider applications pending. Pai doesn’t believe the Wireline Competition Bureau should approve the applications, again saying that state utility commissions are the right place for such approvals. Democrat *Mignon Clyburn* said the move wasn’t surprising, but nonetheless deeply disappointing: “Chairman Pai’s statement confirms that under this Administration low-income Americans will have less choice for Lifeline broadband, and potential providers who want to serve low-income Americans will face greater barriers to entry and regulatory uncertainty.”

Broadband Privacy Petition: Unhappy with a vote to repeal the **FCC’s** broadband privacy regs, Reps *Mike Doyle* (D-PA) and *Mike Capuano* (D-MA) have started a petition on Whitehouse.gov asking President *Trump* to veto the resolution. That seems unlikely. **FCC** chmn *Ajit Pai* has said he hopes to return to the **FTC’s** privacy framework.

People: Former **Time Warner Cable** and **Cox** PR exec *Bobby Amirshahi* was named svp, corporate communications for **Univision**. He’ll be based in NYC and reports to chief communications officer *Rosemary Mercedes*.

Think about that for a minute...

AI, The Singularity and Us

Commentary by Steve Effros

OK, this is looking a bit down the road, but I think it's time we started seriously thinking about the key role we are likely to have to play in the future regarding privacy, security and the potential impact of "AI"...artificial intelligence.

I read an interesting article the other day that I recommend you take a look at. It's in this issue of Vanity Fair, available online. It's about Elon Musk (Tesla, SpaceX, etc.) and his concerns regarding the dangerous potential of artificial intelligence. He's not alone. Stephen Hawking and Bill Gates have also started waving flags about all this. Ironically, at the same time, Musk announced this week that he is funding a new company, Neuralink, to develop direct brain-to-computer connections. So on the one side he is afraid of what too much artificial intelligence might result in (he specifically calls out Google) and on the other side he is pushing the envelope on artificial intelligence!

That's the quandary we are in. Things in the computer world are moving so fast that sometimes you can both see the dangers and participate in enhancing them at the same time. I'm not intending here to get into the deep discussion of what Ray Kurzweil likes to call the "Singularity" and all that futuristic thinking regarding computers and "the cloud" becoming a dominant intelligence. The Terminator movies did a good job of setting up that discussion. But what I do think we have to start considering is our central role in whatever is likely to happen in the future.

We, after all, are the ones who control the connections, whatever they are, between computers, people, machines, "the cloud" and so-on. I actually think the fears now being articulated about AI are a little premature, but



another part of the issue seems to be ignored; now that we are, in fact, connecting everyone and everything via broadband and "the cloud," what happens if the connection gets broken?

I'm sure I'm not the only one who has noticed the total discombobulation that takes place if the power lines go down during a storm. Folks don't know what to do. Sure, they have bought extra food and toilet paper in anticipation of the storm, but what happens if the "outage" extends from days to weeks? Panic takes over.

So what happens, after we have linked everyone's thermostats, phones, video, security systems, power grids and so on and then the system goes down? Are we really ready for that? No. And then the opposite question arises, and this is the one I alluded to at the beginning of this column; what if the folks in charge of the distribution system, that's us, are the "last line of defense" if something goes seriously wrong with all those connections? And I'm not even talking about AI here...just a truly destructive hack will be sufficient to frame this question.

Are we going to be the ones responsible, relied upon, or indeed required at some point to be the "fail safe" for interrupting the broadband flow if something starts going seriously wrong? My bet is we're going to play some role. Just take a look at the "privacy" fights going on right now and the suggestion that the ISPs have to play some role in either assisting or resisting certain connections and you will see where this might go. Just thought I would start recommending we begin to consider these issues. They're coming, whether we like it or not.

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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This year's TV Innovation Summit will bring together some of the most accomplished executives in the world of television and broadband marketing, strategy, branding and social media.

Attendees will gain exclusive insight into the successful strategies and tactics that have worked for brands and networks as they motivate, activate and monetize their audiences.

2017 AGENDA

8:00 am – 8:45 am	Networking Breakfast	12 pm – 1:15 pm	Awards Lunch celebrating the Top Ops and Program Hall of Fame
8:45 am – 9:00 am	Welcome and Opening Remarks	1:20 pm – 1:50 pm	The Wow Factor: Standing Out from the Crowd
9:00 am – 9:30 am	Exclusive Keynote Presentation - Parallel Universes: Measuring Eyeballs across Platforms, Screens and Devices	1:50pm – 2:20 pm	Monetizing VR: Virtual & Augmented Reality Come of Age
9:30 am – 10:20 am	A New Identity: Navigating TV's Metamorphosis	2:20 pm – 2:30 pm	Networking Break
10:20 am – 10:40 am	Networking Break	2:30 pm – 3:00 pm	Insider Briefing – Under the Microscope: Drilling Locally for Digital Dollars
10:40 am – 11:00 am	Fireside Chat – Experience Explosion: The Future of Fan Engagement	3 pm – 3:30 pm	Bye, Bye, Bundle: Thriving in an OTT World
11:00 am – 11:30 am	Digital Alchemy: Weaving Screens into Video Gold	3:30 pm – 5:00 pm	Shorts on the Rocks
11:30 am – 12 pm	Aftermath or After-Party?: A New Era in Washington		

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