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What the Industry Reads First

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NAB Kickoff: Hearst CEO Suggests Looking at Adjacent Businesses

Hearst pres/CEO *Steve Swartz* acknowledged that it's not the best of times for the media industry, but he believes it will turn around. In the meantime, the industry should look at complimentary areas. "All media companies have to look at what core competencies do we have that could be moved into adjacent areas that are growing faster," Swartz said at **The NAB Show's** general session Monday. For Hearst, it turned to its trade publishing businesses, which had realized years ago that there was a value to creating databases. One of its top performers is **Fitch Ratings**. "These businesses have the wind at their back and are doing quite well," Swartz said, attributing 25% of revenue to such adjacent plays. What's so tough about the media landscape right now? "We are dealing with being on the wrong end of the supply and demand curve. There is so much media and so many places to put advertising," he said. But that doesn't mean anyone should pullback. Just look at the number of areas Hearst is dabbling in, including **Complex Networks** with **Verizon** and **Awesomeness TV** with **NBCU** and Verizon. Hearst is also home to what may be the top-performing **Snapchat** Discover channel through *Cosmopolitan* magazine. Snapchat has "made some really early progress in generating revenue and being a relatively unique advertising platform. They are driving a tremendous amount of consumer engagement," he said. But of course, Snapchat also takes a healthy cut of revenue, which is why neither it or **Facebook** or **Google** can be the be all, end all for a brand. Speaking of brands, Swartz offered high praise for **ESPN**, which counts Hearst as an investor. "The media business is tough all over, but I can't think of any major brand that you would want to trade places with," he said, offering up praise for ESPN chief *John Skipper* and the company's investment in **BAMTech**. -- Monday's opening session also included **NAB** pres/CEO *Gordon Smith's* annual State of the Industry address. The broadcast group head used the remarks to paint the industry as at the forefront of digital convergence. "When we take our strengths and combine them with new technologies like IP distribution and greater connectivity, broadcasters can leverage the combination to make us even stronger," Smith said. His keynote began with an appearance by astronaut *Peggy Whitson* from the International Space Station (the show will have a special live session from the ISS on Wednesday). Smith talked up Next Gen TV, saying **FCC** chmn *Ajit Pai* (slated to speak Tuesday) has said he hopes the Commission can issue a final authorization of the ATSC 3.0 standard later this year. "Through Next



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Gen TV, broadcasters can deliver the benefits of ultra high definition TV to viewers, as well as interactive features and customizable content,” Smith said. “Viewers can also look forward to more choices, more channels and more flexibility, along with improved reception and building penetration.” The NAB chief said its greatest promise may be the way it could “wake up” viewers with emergency alerts and public warnings that are geo-targeted, interactive and mobile. All in all, it was a very upbeat message with Smith pointing to the fact that TV stations turned down \$38bln during the recent FCC spectrum auction to keep their channels. On the other hand, “speculators and wireless companies paid \$19bln for a portion of that TV band,” he said. The theme of this year’s show is The M.E.T. Effect—the convergence of media, entertainment and technology. More than 100K are expected to be attendance for the confab.

A-B-C-Digital: **Disney-ABC Television Group** has signed more than 160 stations for the launch of its OTT services, the company announced Monday. Participating stations include those owned by **Sinclair, Scripps, Hearst, TEGNA** and others. The majority of the stations have opted into one or more programming services from **DirectTV Now, PlayStation Vue, YouTube TV** and **CenturyLink**. ABC’s overall TVE and OTT footprint is now set to go live in 90% of US TV households. The move is part of ABC’s Clearinghouse initiative, which allows affiliates to opt into pre-negotiated digital distribution deals.

MVPDs Launch 4K Service: **Marquette-Adams** of Oxford, WI, and **Highlands Cable Group** of Highlands, NC, have launched the first commercial linear Ultra HD services to subscribers using technology licensed from Luxembourg-based SES. In addition, more than 20 MVPDs with a combined audience of nearly 10mln subs, are testing SES’s technology. Programming includes 10 channels hosted on three SES satellites. SES worked with Memphis-based Vivicast to secure licensing rights for pay-TV providers.

FCC on EEO Rules and Diversity: The **FCC** updated its equal opportunity rules so that MVPDs and broadcasters can use the Internet as the sole recruitment source to meet the “wide dissemination” requirement. -- **FCC** chair **Ajit Pai** announced the creation of the Advisory Committee on Diversity and Digital Empowerment, which is aimed at promoting equal opportunity in communications. The committee will offer recommendations to the FCC on empowering all Americans and might, for example, help the FCC create an incubator program or identify ways to fight digital redlining.

Sports at NAB: As usual, there are plenty of discussions about 4K and HDR at **The NAB Show**. “We really feel HDR is the next step. We’ve been doing a ton of experiments,” said **John Ward**, **AT&T Entertainment Group** svp, content operations, during a panel on sports Monday. For the **NBA’s David Denenberg**, virtual reality could be the game changer. “Very few people are going to get courtside seats at an NBA game,” said the leagues’ svp, global media distribution and business affairs. But VR changes that. “It has the potential to be transformative.” Also important in the world of sports are highlights, with **Elad Manishvitz**, **MX1’s** CMO and CBO, describing them as the great connector between online and linear broadcasts. “People at home want to view a live game on bigger screens with higher resolutions, while people using [mobile]... want access through highlights packages,” he said. And there’s work that still needs to be done to make highlights even faster. **FileCatalyst** CEO **Chris Bailey**, whose firm helped **NBCU** transfer video files during the Olympics, described how he missed Ottawa’s overtime shot that ended the Bruins’ season Sunday. He kept refreshing **Twitter** looking for the clip, saying it took 10 minutes for it to hit his feed. Another key thing to look for as sports players look to up their game is more access to athletes. “We want to pull back the curtain and give as much access as possible,” said **Fox Sports** vp, digital productions **Matt Schnider**.

Carriage: **INSP** renewed its affiliation agreement with **NCTC**, whose members can opt to continue to carry the family-entertainment net. INSP is currently in 81mln homes. -- **Music Choice** rolled out a new version of the service to **Mediacom** customers. The update is designed for IPTV set-tops and allows users to navigate to related video or on-demand content from a single interface.

NAMIC Vision Awards: **NAMIC** announced the winners of its 24th Vision Awards, set to honor ethnic and cultural diversity in programming. **HBO** received five awards, more than any other network or distributor. **BET, ESPN**, and **History** all followed with two awards and **ABC, CBS, CNN, Discovery Latin America/US Hispanic, Disney Junior, National Geographic, Powerhouse Productions, Sprout** and **VH1** each picked up one award. See the full list of winners at NAMIC.com.

CFX TECH

The Extravagant Promise of Coherent Optics

CableLabs is working on something big. It is establishing a working group to write transmitter and receiver standards that would pave the way for the use of a technology that already is common in the long haul and metro portions of the network to transmit signals between headends and nodes, enterprises and cell towers.

The upside is huge: The technique—coherent optics—could theoretically increase link capacity by a factor of 1,000, said two CableLabs scientists. They add that transmission capacity increases of a factor of 50 already have been achieved in the lab. The two—distinguished technologist Dr. *Alberto Campos* and vp of wired technologies Dr. *Curtis Knittle*—said a working group on the topic is being formed.

In the access network, analog and non-coherent laser approaches have sufficed until now. Pressure is mounting, however: The power with which lasers must blaze away to support DOCSIS 3.1 creates a noisy environment that limits the number of optical carriers that can be accommodated. The simplest solution—simply lighting up unused fibers—is not a long-term play because dark fibers increasingly are being put to other uses.

Enter coherent optics. This approach, according to CableLabs, increases the number of carriers possible and expands the capacity of each in three ways:

* Multiplying the levels of amplitude. Instead of non-coherent systems' binary (on/off) amplitude realm (yes, the image of a microscopic flashlight turning off and on with mind-blowing speed essentially is accurate), coherent optics enables transmissions at multiple amplitudes.

* Use of two phases. Light moves in waves. When pictured on a graph, one half of a complete 360 degree cycle is above the zero axis and half is below. Phase is the direction in which the cycle is moving at a moment in time (either upward toward the peak or downward toward

the trough). Coherent optics allows data transmission in both phases.

* Two polarizations. Electrical fields can be aligned in vertical or horizontal polarizations. Coherent systems can use both to transmit data, doubling transmission capacity.

Planners must pay attention because this is proven technology that will be available relatively quickly. Indeed, it is a rare case in which an advance actually constitutes a simplification of what already is in the field. Use of coherent in the long haul network introduces distortion and dispersion issues that must be dealt with, Campos and Knittle said. Use in the shorter distances of the access network minimizes these issues. This makes systems simpler and cheaper.

Assuming MSO planners believe that the technology indeed could be transformative, how do they plan in the short term? To some extent, a transition would only involve laser and receiver changes and therefore would be additive without being disruptive. In the longer term, however, the technology could upend strategies on node splits and other expensive and disruptive strategies. This requires careful planning. This is an attractive prospect—but one that must be approached with great care.

Russ Esmacher, **Cisco's** director of packet optical sales for the Americas, agrees that coherent optics is an established technology that has long been used in core networks will enable relatively fast implementation closer to end users. It is an evolutionary step, not new technology. Esmacher would not definitely say whether Cisco will participate in the working group, but pointed out that the company has significant expertise in the technology.

Things likely will come together quickly. Campos and Knittle said that the working group could have interoperable transmitter and receiver specs ready during the first quarter of 2018. Pre-standard gear could follow shortly. Vendors, of course, almost certainly will be working individually on the technology. - *Carl Weinschenk*



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