

# Cablefax Daily™

Friday — May 12, 2017

What the Industry Reads First

Volume 28 / No. 091

## Hub Hopeful: Altice USA Has High Confidence in Entertainment Center

**Altice USA** will begin to introduce its home entertainment hub next month, with the initial deployment concentrated in the **Optimum** footprint. Near the end of summer, as back-to-school season hits, the device will roll out to Suddenlink markets. “We expect better video performance as we introduce the new home entertainment hub,” Altice USA CEO *Dexter Goei* said several times during Thursday’s 1Q earnings call. The video and broadband gateway combines the functions of a set-top, modem and router. Goei even expressed hope that the hub would help combat the strains from increased programming costs. “This is an industry issue where increased costs of programming continue to outpace increased revenue growth on the video side. This is a problem that we collectively face as an industry, but we’re very focused here on stemming that trend with the launch of our home entertainment hub center,” the CEO said. “We believe the user experience will materially change perception of our video product going forward.” The USA division, which has filed for an IPO, lost about 35K video subs in 1Q. Losses of 15K at Optimum were in line with 1Q16’s loss of 14K, while **Suddenlink** lost 20K subs, up from 4K a year ago. Goei blamed some of the losses on aggressive satellite offers bundled with wireless rather than cord-cutting. That trend is not expected to improve much in 2Q for Suddenlink, which generally experiences seasonality in the quarter due to the number of colleges in its footprint. Suddenlink had 23K broadband adds compared to 32K additions a year ago, while Optimum was virtually the same at 17K vs 18K in 1Q16. Management said there was a slight uptick in churn in the former **Cablevision** footprint due to a price increase instituted in December, but the impact on churn was actually much better than predicted. Overall, quarterly revenue rose 3.2% to \$6.46bln, thanks largely to Altice USA (+7.4% to \$2.31bln). Not a lot of details were offered on Altice USA’s 5-year “Generation GigaSpeed” project that will upgrade its network from fiber HFC to FTTH across the Optimum footprint and part of Suddenlink’s. But as Altice COO *Michel Combes* puts it, “Fiber, in our opinion, is the future.”

**Verizon Snags Straight Path Spectrum:** **Verizon** on Thursday announced that it has agreed to acquire **Straight Path Communications** for \$3.1bln, a victory over rival **AT&T** in the race to deploy 5G. Straight Path’s trove of millimeter wave spectrum provides a boost to Verizon’s 5G efforts. The purchase price in the all-stock transaction amounts to \$184 per share, and the deal is expected to close within nine months, pending **FCC** review. Straight Path in early April agreed to



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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 ● Editor: Katie Nale, 301.354.1828, knale@accessintel.com ● Community Editor: Alex Silverman, 212.621.4951, asilverman@accessintel.com ● 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 ● Marketing Manager: Alex Virden, 301.354.1619, avirden@accessintel.com ● Production Manager: Joann Fato, jfato@accessintel.com ● Diane Schwartz, SVP Media Comms Group, dschwartz@accessintel.com ● Group Subs or Subscription 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

be sold to AT&T. Later in the month, on the same day as AT&T's earnings call, Straight Path announced it had received a superior offer from an undisclosed bidder, which was later reported to be Verizon. AT&T, which also agreed to acquire **FiberTower** earlier this year with spectrum in mind, had the opportunity to renegotiate an equal or better deal with Straight Path. AT&T declined to comment on Thursday's news, but AT&T CEO *Randall Stephenson* on last month's earnings call said, "If we get both Straight Path and FiberTower accomplished, it pretty much fills our spectrum requirements we need for a long period of time as it relates to 5G deployment." It remains to be seen how AT&T will fill that void. Verizon will pay on behalf of Straight Path a termination fee of \$38mln to AT&T.

**Epix Sale:** MGM completed its deal to acquire Viacom and Lionsgate's approx 81% interest in **Epix**. MGM raised a new debt facility of \$2.1bln to close the deal. It announced the deal last month, valuing it at about \$1bln and saying it creates increased revenue diversity, new opportunities for growth, and earnings accretion for the benefit of stockholders.

**Syfy Reboot:** Syfy is embracing its nerdy niche as part of a rebrand set to go into effect this July that includes a new visual identity, an investment in original programming and a revamp of its genre news service. It will focus on four sub-programming genres: science fiction, fantasy, the supernatural and superheroes/comics. The biggest additions fall under the fourth category. The net has greenlighted "Krypton," a Superman prequel for which a trailer leaked last month, and "Happy!," a series based on a graphic novel of the same name. See **Cablefax.com** for more on the rebrand.

**Dems Call For Delay:** US Reps *Frank Pallone, Jr.* (D-NJ) and *Mike Doyle* (D-PA) on Thursday sent a letter calling for the **FCC** to extend the comment period on *Ajit Pai's* proposal to roll back net neutrality regulations. It's slated to be voted on at next week's FCC meeting and would give the public 30 days to comment, with the Dems worrying that reply comments would fall in August when vacation season is high.

**Net Neutrality Polling:** **NCTA** is trumpeting the results of a study by **Morning Consult** that concludes US voters from across the political spectrum oppose government regulation of the Internet and classification of broadband as a "public utility" under Title II. A detailed look at the survey, however, raises questions about respondents' understanding of the issues. Asked what role the government should have in "regulating access to the Internet," 53% of respondents favored a "light touch approach," with another 25% saying the government should have no regulatory role. Morning Consult established that these opinions were bipartisan. Only 12% of those surveyed said the government "should have the ability to set specific prices, terms and conditions for Internet access," but that phrasing makes no mention of ISPs or possible blocking, throttling, or paid prioritization. Later in the survey, voters were presented with the query, "As you may know, net neutrality is a set of rules which say Internet Service Providers (ISPs) such as **Comcast, Time Warner, AT&T** and **Verizon**, cannot block, throttle or prioritize certain content on the Internet. Knowing this, do you support or oppose net neutrality?" Here, 61% of respondents said they either strongly or somewhat support net neutrality, with only 18% either somewhat or strongly opposing it. Support for net neutrality based on this definition was also bipartisan. Finally, asked how much they'd heard about net neutrality, 39% of voters answered "nothing at all," with another 25% answering "not much."

**Programming:** **Starz** on Thursday announced it has picked up a second season of "American Gods." The show's April 30 premiere drew 975K Live+SD and 1.6mln Live+7 viewers, according to **Nielsen**. Starz estimates the series through two episodes has garnered more than 5mln views across all platforms. The show is adapted from *Neil Gaiman's* 2001 novel of the same name. -- **Oxygen**, which late last year announced its intention to focus on crime-related programming, greenlit eight new series that fit the bill. The **NBCU**-owned net's orders include "What Happened To...*Jessica Chambers*," a docu-series about the 2014 murder of a Mississippi teen that is based on investigative reporting by BuzzFeed News' *Katie J.M. Baker*, and "Mysteries and Scandals," which will be hosted and exec produced by *Soledad O'Brien*.

**People:** **Sony** named **Texas Pacific Group** senior adviser *Tony Vinciguerra* chmn/CEO of **Sony Pictures Entertainment**, effective June 1. He succeeds *Michael Lynton*, who announced his resignation in January. Prior to TPG, Vinciguerra headed **Fox Networks Group** for almost a decade. -- *Joel Stillerman* will join **Hulu** in its newly created CCO position with *Craig Erwich* maintaining his role as Hulu's svp and head of content. Stillerman previously served as president of original programming and development for **AMC** and **SundanceTV**. -- In a move that might surprise some, **Fox Networks Group** named *Joe Marchese* to pres, ad revenue. Marchese, who previously served as president of advanced advertising products for **TrueX**, has advocated for giving people the choice to watch fewer ads during network TV shows.

# PROGRAMMER'S PAGE

## Monkey Business

Binge-watching has become a way of life for consumers of episodic programming since the advent of VOD and the rise of **Netflix**. This weekend, **Syfy** is putting its own spin on the viewing phenomenon by rolling out Season 3 of “12 Monkeys” in its entirety over the course of three nights on linear cable. Season 2 of the time-travel saga, in which protagonists played by *Aaron Stanford* and *Amanda Schull* seek to reverse a devastating plague brought on by a villainous cult, ended with a shocking twist. Syfy evp content strategy & acquisitions *Val Boreland* believes that rolling the new season out over the course of one weekend will create a “water cooler moment” for fans. “If there’s a show that you watch on a streaming service, you’re watching it at your own speed, and I’m watching it at my own speed, and those speeds might not match up,” she said. “This way, everyone can stream it at the same time in a linear fashion. Everyone will be able to talk about this show on social media, with their friends, over dinner, whatever, all at the same time.” Presenting the new season as a three-night event with limited commercials also creates valuable ad inventory with a uniquely engrossed audience. The season kicks off Friday night with four episodes. Fans who miss the first night can catch up during the day Saturday by watching the previous night’s episodes on Syfy’s authenticated VOD service. By the end of the weekend, the whole season will be available on demand. “12 Monkeys” during Season 2 averaged 402K viewers for first-run episodes. Boreland expects a “strong bump” this weekend based on both the unique format and the streaming deal parent company **NBCU** signed with **Hulu** last year. “The retention should be greater because it’s airing in this binge fashion and, hopefully, some viewers have caught up on seasons 1 and 2, so we’ll have some new viewers, as well,” she said. – *Alex Silverman*

**Reviews:** “Animal Moms: Happy Birthday,” 8pm ET, Sunday, **Nat Geo Wild**. Much of the fare of Nat Geo Wild is what you might call animal reality, in that it shows how animals live and compete fiercely to survive in the wild. For Mother’s Day, though, Wild gets softer, leaving the natural habitat. The stories in the first of three specials about animal mothers take place in zoos, aquariums and wildlife refuges, which can be difficult environments, yet include 24/7 human monitoring. The storytelling is first class. In fact, what on first glance seems to be an adorable show about animal mothers to celebrate Mother’s Day—and there is plenty of cute footage and fun narration from *Hugh Bonneville*—contains several moments of tremendous television. We’ll avoid much detail, but three stories in “Animal Moms,” one about an orangutan that’s separated from her baby, another about a fur seal and the last about a rhino mother who’s lost her horn, are memorable. The show is educational, compelling and entertaining, a rarely seen trio. – “Silicon Valley,” Season 4, 10pm, Sunday, **HBO**. Often mature series seem to run out of creative steam. Not so as Valley enters Season 4. For a new venture, Richard (*Thomas Middleditch*) needs to partner with the notorious Gavin (*Matt Ross*). Don’t do it, don’t do it. – *Seth Arenstein*

Basic Cable Rankings (5/01/17-5/07/17)			
Mon-Sun Prime			
1	TNT	1.4	3161
2	FOXN	0.9	2115
3	ESPN	0.8	1818
4	MSNB	0.6	1428
4	HGTV	0.6	1374
4	USA	0.6	1331
4	TBSC	0.6	1288
8	FX	0.5	1159
8	NBCS	0.5	1091
8	DISC	0.5	1087
11	ID	0.4	936
11	HIST	0.4	892
11	TLC	0.4	871
11	DSNY	0.4	850
11	DSE	0.4	77
16	A&E	0.3	803
16	CNN	0.3	778
16	FOOD	0.3	770
16	HALL	0.3	742
16	AMC	0.3	717
16	BRAV	0.3	715
16	ADSM	0.3	706
16	NAN	0.3	690
16	LIFE	0.3	683
16	TVLD	0.3	645
16	VH1	0.3	577
16	NKJR	0.3	561
16	INSP	0.3	530
16	DSJR	0.3	502
16	HMM	0.3	485
31	APL	0.2	547
31	FRFM	0.2	533
31	MTV	0.2	532
31	SYFY	0.2	529
31	OWN	0.2	486
31	SPK	0.2	461
31	LMN	0.2	452
31	TRAV	0.2	413
31	EN	0.2	405
31	WETV	0.2	399
31	NGC	0.2	393
31	CMDY	0.2	355
31	GSN	0.2	347
31	WGNA	0.2	339

\*Nielsen data, supplied by ABC/Disney, is based on coverage area of individual networks



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