

Cablefax Daily™

Thursday — June 8, 2017

What the Industry Reads First

Volume 28 / No. 109

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INSIDE A Sneak Peek into *Cablefax: The Magazine's* July 2017 Top Ops issue

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Reality Check: Branded VR Has Upside, But Adoption Remains A Hurdle

Virtual reality can be a powerful vehicle for brands to reach consumers, but accessibility and distribution remain key obstacles in the medium's early days. That was the big takeaway from Wednesday's "Leveraging Immersive Video for Brand Storytelling & Audience Engagement" panel at the **Northside Festival**, an annual event in Brooklyn that, in addition to showcasing up-and-coming music artists, focuses on emerging technology and innovation in media. **Discovery** director of branded experiences *Kyle Ranson-Walsh*, who is responsible for selling and developing branded VR content, pointed to the "last mile" challenge of getting consumers to adopt viewing technology. **Discovery** hopes to address that issue by distributing its 360-degree video content across its wide range of platforms, including so-called "flat" spaces like linear TV, in order to reach a broader audience and create excitement about the format. Still, he admits that requires tinkering to fit each individual platform. "I want to put the same piece of content everywhere, but the same piece of content doesn't work. I'm being honest. I'll sit brands down and say, 'Let's do something really special for headset and then let's put text on it and do something a little different when it goes into social, so we're still leveraging those dollars.'" He noted about 80% of views on **Discovery's** 360-degree content, which includes creative for **Toyota** and **Gillette**, come via social platforms. **Vimeo** director of product management *Sara Poorsattar* also acknowledged some issues including slow adoption of headsets and the fact that viewers generally max out at 20 minutes of use at a time. "We're sitting here having pretty advanced conversations about VR and 360, but the reality is we are in the very small minority. We know that for it to really take off, it's about making sure we don't create this huge technology gap." She added VR content producers haven't yet figured out how to make the headset viewing experience a social/sharable one. She believes, however, that **Apple's** foray into VR, which the company announced earlier this week at its World Wide Developer Conference, has the potential to open the floodgates in terms of getting the technology into users' hands. Despite the challenges, the panelists remain adamant that the medium is worth pursuing because of the impact its immersive content has on consumers. **Eko** pres/COO *Jim Spare*, whose company focuses on creating interactive content (both VR and non-VR), said its content generally produces a 200-300% retention rate, meaning the average viewer watches it more than once. He believes



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interactive VR content—in which the user influences the environment or outcome—represents the “next wave of brand storytelling.”

Industry Inclusion: Another event from the TNT Content Stage at the Northside Festival featured female panelists discussing the significance of increasing the role of underrepresented groups in media. TNT producer *Sarah Aubrey* pointed to diversity as an important way to create content that resonates with audiences. “With all of this content, all we’re ever trying to do is break through the clutter,” she said. “To us, it’s kind of obvious that the way to do that is bringing different voices into the fold, and that inherently embraces diversity.” Despite that logic, Aubrey said there remains a need to demand that networks give opportunities to a certain number of performers and creators from different backgrounds. “I don’t find it enjoyable that you have to, in effect, put a quota on something, but you do,” she said. “I work with a lot of well-intentioned, liberal people in Hollywood, so it’s not like we’re talking about the people that voted for *Donald Trump*. But there is such a profound, unconscious bias; not against people, but toward your own, toward what you know and understand.” She also asserted that the industry has to make a greater effort to help accommodate female talent with families.

Moving Entertainment: EPIX’s streaming video app will be integrated into the available rear-seat entertainment systems of Honda’s 2018 Odyssey minivan. The launch makes EPIX the first entertainment service with an app for connected cars around the world. The platform is powered by Delphi Automotive in conjunction with OpenMobile World Wide.

Priorities: CWA pres *Chris Shelton* wrote a letter urging several members of Congress to prioritize broadband investment in any national infrastructure plan as a way to create jobs and economic opportunity for Americans. The move coincides with President Trump’s declared focus on infrastructure this week. Shelton’s letter specifically recommended \$40m in broadband funding to accelerate deployment in unserved communities (any community lacking access to 25/3Mbps service) and tax incentives to spur gigabit networks.

SeaChange’s Current: SeaChange reported 1Q18 revenue of \$16.7m and US GAAP loss from operations of \$5.5m. That compares to 1Q17 revenue of \$21.6m and a GAAP loss from operations of \$9.6m. SeaChange CEO *Ed Terino* said the quarter saw success with existing and new customers for IP video and cloud-based deployments, as well as green field customer opportunities globally for end-to-end solutions. He also said ongoing restructuring initiatives yielded positive results quicker, but warned that the restructuring won’t be complete by the end of next quarter as once expected. Certain aspects, such as workforce reductions in some areas and real estate disposition, are taking longer than anticipated. SeaChange expects that some restructuring activity will be delayed into the third and fourth quarters.

Fox Now: The Fox Now streaming experience is now available on iOS and will be available later this month on Roku devices and Android. The app is accessible with a TV provider login and provides up to 500 hours of content across the network brands as well as a movie catalog.

Speaking Out: *Gretchen Carlson* will open day two of WICT’s 2017 Leadership Conference. She will keynote the Sept 26 session at the Marriott Marquis in New York. Carlson, who filed a lawsuit against former Fox News chairman and CEO *Roger Ailes* last year on grounds of sexual harassment, was recently named one of TIME Magazine’s 100 Most Influential People of 2017.

Now’s the Time: DirecTV on Tuesday debuted the first national ad for its DirecTV Now virtual MVPD service. The ad is part of the provider’s “Terms & Conditions” campaign, which stars actor *Mark Wahlberg*. Wahlberg in the spot touts the OTT service’s lack of long-term contracts and hardware, and the spot includes a plug for a \$10 per month offer for 60-plus live channels for customers who have a qualifying AT&T unlimited wireless plan.

People: *Sanford Williams* has been appointed as the new director of the FCC’s Office of Communications Business Opportunity. Williams was previously serving as acting director. -- Video delivery infrastructure company Harmonic appointed *Sanjay Kalra* as its new CFO. Kalra previously served as the company’s corporate controller and CAO. Former CFO *Harold Covert* resigned citing the desire to spend more time with his family.

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Re-defining Customized Service: More than 'What to Watch Next'

On average around the world, consumers own just over three connected devices each. With all of that connectivity, consumers have come to expect that the video content they want to view will be available on their device of choice, when they choose to watch it. But an easy content browsing, buying or renting experience for the consumer is incredibly difficult to create behind the scenes, and even more difficult is creating an experience consumers will want to return to time and time again.

Widely across the communications and entertainment industry, service providers know that consumers want a customized service, but what does customized service really mean? Customization of service is more than just recommending what movie to watch next, based on what a consumer has watched previously. Customization requires fresh thinking about how to create an experience that is tailored to each consumer's unique interests, devices and usage — and how to deliver it without ripping out and replacing every back-office support system you have.

Since consumers can connect wherever, whenever and however they want, much of their attention is focused on 'the what' to watch and how easy it is to find, listen, read, purchase, and view.

The Total Package

Three years ago, ABI Research predicted that by 2019 the average person will spend twenty-one hours per month watching video on a mobile device. According to the US Bureau of Labor Statistics, U.S. mobile subscribers have already reached this volume of viewing—per week!

Though mobile viewing has accelerated well beyond expectations, consumers are picky about the channels on which they consume. In fact, nearly 70% of consumers visit at least two channels before they choose one.

With multiple options for viewing the same content—after all, you can get the same episode of Game of Thrones from any



number of content providers—prospective customers look to the services offered (such as personalized viewing packages that include a mix of streaming and live TV, customized offers based on their viewing preferences and a wide variety of payment options) that are often quite difficult, if not impossible, for communications service providers (CSPs) to deliver through current back-office systems and compete with native players.

But the demand for customized service is only going to grow and the biggest risk is standing still. So what's a CSP to do? Luckily, there are options...now.

Then There was Streaming

With the global introduction of smart technology, widely accessible Wi-Fi and the standardization of streaming protocols, Netflix added streaming media to its repertoire as they celebrated their 10th anniversary in 2007. It was a resounding overnight success. Why wait a day for the next movie to come in the mail when customers could choose to watch what they wanted, when they wanted and increasingly, where they wanted.

CSPs were forced to rapidly enter a market where they had little to no experience competing. Quickly launching new digital services legacy back-office systems were ill-equipped to manage. Leaving a rat's nest of disparate technology stacks for different use cases that instead of capturing customer loyalty, provided a disjointed experience that sent them looking elsewhere.



Fast forward to today and CSPs still struggle with competing in, and monetizing digital services as legacy back-office systems remain just that—legacy. Unable to make the leap to real-time, multi-device services that deliver the personalized experience digitally-savvy consumers expect.

With higher recurring capital investments than ever before and competitive pressures at every turn, having the right tools for maintaining an exceptional brand image and leveraging customer relationships is crucial to a successful (and profitable) monetization strategy in the digital services marketplace.

Non-negotiables in the Customized Service Era

It's obvious, it's not enough to just make video content available for streaming. The real value to the consumer comes from what you offer that keeps them coming back to your brand for the next episode.

- *Is your experience easier to navigate than others?*
- *Do you offer content packages including a wide range of Internet TV services like Electronic Sell Through, Transactional Video on Demand and Subscription Video on Demand as well as live linear, extended live linear and live programming?*
- *What about a mix of streaming and live programming or the option to purchase digital and traditional services bundles?*
- *Or features and functions consumers now consider to be table stakes in today's digital economy such as Identity, Digital Lockers, eWallet and unlimited payment options.*

Additionally, there are today's 'must have' capabilities:

Omni-channel care

Omni-channel care empowers organizations to capture, analyze and act upon consumer preferences, habits and history providing the personalized interactions consumers expect.

Federated identity

A single federated identity for each customer ensures they receive a singular experience across devices and regardless of service used in the past—or ones used tomorrow—while providers have full visibility into customer preferences across all the services they use. This will become particularly powerful as consumers choose more and more providers for video streaming—each with its own login. Already, this is becoming difficult (and frustrating) for consumers to manage and we are starting to see gravitation toward providers that can deliver a single, easy-to-use destination for all the content customer's value, from short-form video on YouTube, to long-form movies.

Social media

The rising generation of consumers doesn't just want to watch live content; they want to comment on it in real-time sharing their reactions with friends on social media.

Get Future Ready...Today

We get it! Legacy Business Support Systems (BSS) infrastructure doesn't cut it in the digital services world but it's still a critical part of a traditional organization's back-office systems.

Companies must bridge the gap between legacy BSS with new capabilities supporting digital services. And they must do it fast. Netflix added 7 million new global subscribers last quarter alone! And the share of wallet for traditional operators will only continue to erode.

To deliver core competencies requires a nimble Digital BSS platform. One that brings significant new functionality without additional cost while meeting consumer expectations. And all on the **SAME Digital BSS** platform.


The Power of the Cloud

Ascendon is a Software-as-a-Service (SaaS), cloud-based platform that enables organizations the flexibility to transition to digital services without adding extraordinary amounts of time, resources, complexity and cost by deploying a separate stack that integrates with legacy systems. Serving as that bridge between the old and the new, dramatically reducing costs (think millions) and dramatically speeding time to market—think 60-90 days. Only Ascendon can do that!

Giving providers the capabilities needed to quickly grow this vital new customer base while supporting existing customers with new digital services and keeping up with today's accelerated pace of change through quarterly software updates guaranteeing predictability, speed-to-market and agility.

In a Nutshell

Existing back-office systems are no longer an excuse for not capitalizing (and monetizing) the opportunities that await and giving consumers the personalized experience they not only expect, but captures their loyalty.

Instead, back-offices can be augmented with nimble, cloud-based platforms like Ascendon. Allowing organizations to focus resources on strategic initiatives, maintaining an exceptional brand image and leveraging existing customer relationships—imperative to digital services success. 



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CABLEFAX TOP OPS PREVIEW

Please enjoy this special preview of the upcoming Top Ops issue of *Cablefax: The Magazine*. The July edition salutes MSO and independent operators and executives that go above and beyond to meet today's market demands. Congratulations to MSO of the Year Comcast, Independent Operator of the Year Shentel and all our honorees!

MSO of the Year: Comcast



It's been just over two years since Comcast made a huge push to improve customer experience. While various internal measures are at all-time highs, customer experience evp Charlie Herrin believes one of the most telling signs is that virtually every meeting includes talk about the experience. In a one-year period, agent-handled calls dropped by 22 million. That progress played a key role in Cablefax awarding Comcast its MSO of the Year award. The customer is center in decisions such as adding Netflix to the X1 platform and even how the company is approaching the launch of wireless. "We're changing the way we do business in a way that's beneficial to the customer," says Comcast Cable CEO Dave Watson.

MSO Technology Innovation: Altice USA

Altice USA isn't content to just run its first cable systems in the US. It's taking a leadership role with a five-year plan to deliver fiber to the home across its footprint and has created a home hub for customers. The fiber deployment builds on the existing HFC network and leverages proprietary technologies developed by Altice Labs. Other cable companies are making news with 1 gigabit offerings in select cities, but Altice USA has decided to go all in. "We see the 10 gigabit future, and our full-fiber network will be able to support the connected world of the future," says Hakim Boubazine, co-president and COO of Altice USA.

MSO Product Launch of the Year: Layer3 TV

After years in stealth mode, Layer3 TV took the wraps off its cable service last year, launching in Chicago and soon other markets, including DC and L.A. While it has a roster of cable veterans—from CEO Jeff Binder to

the recent addition of Joe Rooney as CMO—this is not your father's cable company. A focus on the customer is arguably Layer3's secret weapon. The company's customers can tweet them or text them anytime of the day. It's added live and on-demand 4K content and even put a modern twist on truck rolls with a fleet of Tesla and BMW vehicles. "We felt that there was an unmet need for the 50 or 60 million American households that aren't ever going to go to skinny bundles that love TV, that want better video quality," Binder says.

MSO Social Responsibility: Cox Communications

Cox Communications took its five-year-old low-cost broadband program Connect2Compete to a new level earlier this year through a new partnership with the American Library Association. Getting low-income families connected to the Internet is only half the fight, with the MSO looking to evolve the program to focus on more digital literacy training, citing stats that show those who receive formal training are significantly more likely to use the Internet to pursue economic opportunities. Cox's new relationship with ALA gives families access to digital literacy training and resources in their local libraries and online, while also helping to promote Connect2Compete. "We urge more corporations to follow Cox's lead and leverage the expertise, technology infrastructure and digital resources offered by our nation's libraries," says ALA president Julie Todaro.

MSO Customer Care Award: Boingo



Boingo takes super serving the customer to a whole new level. After recognizing enlisted military living in army bases as an underserved market, it set out to create a service that fits into a soldier's mobile lifestyle. There are no installation appointments, with customers able to sign



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up wirelessly and take service with them as they move around. Boingo uses SMS text messages to alerts subs of potential outages due to weather or military construction. And when a customer does actually need to call, there's a real person on the line. "The way in which we view customer care is not as a call center. It allows us to gain incredible insights into what's happening in the field and we can leverage those insights to improve and enhance our products," says product and customer experience vp Scott Ewalt.

MSO Community Service: Charter Communications

Charter is well on its way to achieving its goal of improving 25,000 homes by the year 2020 through its Spectrum Housing Assist program. It's linked up with national nonprofit Rebuilding Together to transform the lives of low-income homeowners by improving the safety and health of their homes and revitalizing communities. Since 2014, more than 2,000 Charter volunteers have donated time to improve more than 8,000 homes. Charter's on track to reach its halfway mark of 12,500 homes this year. The mission to improve the outside of the home makes sense since Charter's business is about making the inside of the home better. And then there's the feel-good factor. "You're essentially helping someone else and that's a feel-good moment that you can take back to your everyday work," says said director of corporate social responsibility Kirsten Young.

MSO Regional Executive of the Year: Steve Purcell, Mediacom

Mediacom group vp Steve Purcell manages the company's operations in Missouri and Kansas, as well as the bulk of Iowa. That's no small footprint, especially since his team was largely responsible for making Iowa the nation's first gigabit state. The company launched 1 gig service across its entire Iowa footprint, meaning more than 300 Iowa communities are passed by its fiber network. "From a technical perspective, it took an awful lot of work from an awful lot of people to get all the engineering in place," Purcell says. The payoff was huge though, with Iowa towns with populations as small as 250 people now having that fast connection to compete. Known as a strong communicator, Purcell's on a mission to help narrow the digital divide.

MSO Lifetime Achievement: Neil Smit, Comcast

It's hard to sum up Neil Smit in just a few words. Former Comcast CEO. Ex-Navy SEAL. Strategist. Previous Charter leader. Industry heavyweight. Comcast chairman/CEO Brian Roberts may have said it best: "There are few people in the cable industry who have his breadth and depth of experience." Smit made the decision this year to cut back to part-time and move to the role of vice chairman of Comcast Corporation this past spring, citing in part injuries sustained in his previous career. While we may be seeing less of him, his impact—including helping to transform Comcast into the top cable company in the nation—will be felt for years to come.

Independent Operator of the Year: Shentel



Shentel may be more than 100 years old, but when it comes to cable, it's still a youngster. It didn't really make a big entry into the market until 2008 with the purchase of cable assets in Virginia and West Virginia through Rapid Communications. But in that relatively short time, the company has made a name for itself through innovation. It was the first to offer dial-up Internet in the northern part of the Shenandoah Valley of Virginia, and it launched its first fiber-to-the-home project in 2012, well before today's fiber craze. Keeping its rural base in mind, Shentel launched a unique pay-as-you-go offering that allows customers to re-up service at Family Dollar stores. "We've always tried to find ways of providing services to our customers that you could get in the major metropolitan area, but weren't always available in rural America," says COO Earle MacKenzie.



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Independent Project Launch: Jackson Energy

The desire to provide the best experience for customers drove Jackson Energy Authority to look for ways to offer a single interface for all its video entertainment needs. Management was impressed with TiVo, but with fewer than 100,000 subs, JEA knew it wasn't going to get very far with attempts at direct integration. So, the operator jumped when NCTC began planning a co-op deal with the tech company. But more than that, JEA has been an evangelist of the solution. "I can't tell you how many operators we've sent over to [JEAs] facility to tour and meet with ... staff and go through everything that it entails from an operator's point of view to get into the TiVo deployment," says NCTC senior director Doug Hull.

Independent Marketing Initiative of the Year: CTV BEAM Rebrand

Cable TV of East Alabama was ready for a new name that showed it's more than just a cable company. Enter CTV BEAM—an acronym for Bringing East Alabama More. Getting the new brand out into the community meant trying new things, such as promoting local arena football and high school teams. It made sense since a local focus has always been a big part of the company, whatever its name. CTV BEAM's list of community connections is extensive, including live streaming of everything from high school football to band concerts. "Most important to us is our family—and everybody loves to see their family on TV," says director of operations and marketing team member Melissa Gauntt.

Independent Community Service Award: GCI



Alaska's GCI has been steadily building its community service program to help employees give back to their own communities. In 2016, 485 employees participated in the program, twice as many as in 2015. That number accounts for almost a quarter of GCI employees in the state, and the 4,327 hours of company time that they spent volunteering were valued at more than \$158,000.

Projects included everything from helping raise money for nonprofits (GCI svp and gm of consumer services Paul Landes raised \$121,000 for Covenant House by sleeping outside) to flying in students from remote villages to compete in the state's Academic Decathlon.

Independent Financial Executive of the Year: David Hoffer, MCTV

David Hoffer's title at MCTV may be COO, but his responsibilities extend way beyond what that role traditionally means. Drawing from both his financial and technological backgrounds, Hoffer (who is a CPA) works with president Bob Gessner in formulating strategy, developing technical solutions, and making sure those plans are fiscally feasible. A money man, Hoffer's many contributions include SubscriberWise, a service that now saves MCTV and other operators money by evaluating potential customers' credit. He's also led the push to use data to streamline MCTV's customer support. Gessner sums Hoffer up succinctly: "He's the smartest person here."

Independent Advocate Award: Tina Pidgeon, GCI

Tina Pidgeon is a tireless advocate for GCI and independent cable. As general counsel, chief compliance officer and SVP of governmental affairs for Alaska's largest data, wireless, video and voice services provider, she played a pivotal role in the company's impending purchase by Liberty for a cool \$2.7 billion. But if you ask her about her biggest accomplishment in the past year, she'll point to how she's serving GCI's customers. "I think with every Administration, this one included, there is opportunity to ensure we have the best environment to serve our customers and to innovate, and sometimes that calls for change and sometimes that calls for consistency in policies. As indie operators, we were used to navigating those waters," she tells us.

Independent Lifetime Achievement: Richie Arnold

Richie Arnold just retired as CEO of Conway on May 31 after spending nearly 40 years at the Arkansas-based electric utility company. That means he's seen everything from the introduction of video in 1980 to the launch of broadband to the premiere of 1 gig residential service just last December. While Conway may be the biggest benefactor of his expertise, it's not the only one. He was a principal player in the Mid-American Cable Association, as well as an instrumental voice for both ACA and NCTC. Arnold's retirement doesn't mean his presence won't still be felt at Conway. He'll have a role with the new Arnold Innovation Center that's being erected in a Conway building. It's meant to encourage entrepreneurship. "That's becoming something of a lost art," he says.

