

# Cablefax Daily™

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What the Industry Reads First

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## ATSC 3.0: Cable Uses Reply Comments to Urge Caution on Broadcast Standard

When it comes to broadcasters' proposed "Next Generation" standard, some of the stuff coming out of the FCC docket is akin to "that was then, this is now," NCTA alleges. The standard, known as ATSC 3.0, is touted by broadcasters as capable of 4K, enhanced emergency alerts and mobile video. But cable has been increasingly worried that despite the FCC seeking a "voluntary" approach, it could impact operators and independent networks' ability to fairly compete. "This is particularly true since some proponents of ATSC 3.0 are now balking at complying with even the most basic obligation—the need to continue to transmit a viewable ATSC 1.0 signal to the areas they are licensed to serve," cable's lobbying group said in reply comments that were due last week. NCTA singled out **One Media**, which had said in a joint petition for ATSC 3.0 that no MVPD would be obligated to carry the Next Gen signal. "Now, One Media is leading the charge in backtracking from this core commitment, claiming the Commission 'should and must recognize that simulcasting will not always be practical or even possible,'" NCTA said, pointing to One Media's request that stations that wish to upgrade to 3.0 but can't provide a 1.0 simulcast in spite of reasonable efforts be granted special circumstances. **Advanced TV Broadcasting Alliance** argued that no station should be denied the opportunity to deploy an innovative tech simply because of the challenges with simulcasting, while **PTV** urged the FCC to avoid establishing a simulcast mandate. Among cable's concerns are that broadcasters could reduce the quality of 1.0 signals or that they could be allowed to use additional spectrum from vacant in-band channels as temporary hosts for the ATSC 1.0 transmission. **NAB** is dubious of cable's argument for requiring 1.0 signals to be transmitted in HD. "MVPDs cannot credibly claim that they are capacity-constrained and claim, in the very same pleading, that broadcasters should be forced to transmit HD signals which take up more capacity on MVPD systems," the broadcast group said, claiming cable simply seeks "to stymie innovation by a competing industry." NAB's take is that broadcasters have no incentive to lose viewership during the Next Gen deployment, and will thus prioritize protecting their existing business. FCC chmn *Ajit Pai* has said he would like the agency to act on Next Gen broadcasting by the end of the year. **ACA** has been vocal about concerns the standard could be especially burdensome for smaller, independent cable operators, and even independent programmers, including **UP tv** and **One America News Network**, have expressed reservations. **INSP** joined in the chorus

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calling FCC action on 3.0 premature, but said if the agency moves forward it should adopt a few safeguards, including that MVPDs not be required to carry both 3.0 and 1.0 signals and that broadcasters be prevented from using retrans negotiations for attempting to coerce 3.0 carriage.

**Altice IPO:** Altice USA launched an IPO that's expected to bring between \$27-\$31/share and trade on the NYSE under the symbol ATUS. At those valuations, the IPO would raise as much as \$1.4bln—a nice war chest as it looks for acquisitions to complement **Suddenlink** and **Cablevision**. The offering is comprised of 46,551,725 shares of Class A common stock, with 12,068,966 shares to be offered by Altice USA; 20,923,330 shares to be offered by funds advised by co-investor **BC Partners** and 13,559,429 shares to be offered by entities affiliated with co-investor **Canada Pension Plan Investment Board**. The underwriters, **JPMorgan Chase**, **Morgan Stanley**, **Citigroup** and **Goldman Sachs**, have a 30-day option to buy up to 5.17mln additional shares.

**Root Rebranding:** AT&T's regional sports network brand **Root Sports** will rebrand as **AT&T SportsNet** in July in the Pittsburgh, Rocky Mountain and Southwest regions. According to AT&T, the new brand will provide the same local sports coverage while growing under the AT&T brand with "more enhanced storytelling." AT&T said all of the existing team partnerships and programming will remain intact. The on-air rebrand takes place July 14. **Root Sports Northwest** will continue to use the Root name.

**LPTV Must Carry Debate:** The FCC Media Bureau has asked for some clarification in **Cable One** and **Ellington Broadcasting's** ongoing must carry spat involving two low-power stations in northwest Mississippi. While the broadcaster contends it meets all the requirements for low-power must carry status, Cable One has said the stations (**WPRQ** and **WHCQ**) fail to deliver over-the-air good quality signals thus making them ineligible for carriage. Last month, the Media Bureau asked for more details on some of Cable One's signal tests, expressing some confusion over how they were conducted. Cable One said it retested WPRQ's signal in fitting "with Ellington's technical complaints about the tests" and still found the signal lacking. Ellington isn't satisfied. "Instead of addressing the questionable data and comments made during their initial signal tests, which confused both Ellington Broadcasting and the Commission, Cable One merely claims to have performed new signal tests," the broadcaster said in a response Monday. "These new tests were not asked for by the Commission and do not follow good engineering practices..." Ellington's complaints include that it was not invited to witness the tests and the use of antenna that it contends is very low grade and can be purchased at **Walmart** for as little as \$24.99. The ball's in the Media Bureau's court...

**Word Network:** The **Word Network** hasn't been shy about its displeasure with **Comcast** dropping the channel in 456 of its systems. The religious network has been making noise for months, but last week filed a formal complaint at the FCC, claiming the MSO violated the **Comcast-NBCU** nondiscrimination order by slashing distribution without a valid business justification while increasing distribution for nets it owns. The Word also claims Comcast demanded rights to its digital distribution in order for the net to avoid having carriage reduced. Comcast has said it continuously evaluates the content it delivers and as part of that process found that **The Impact Network** offers a broader array of programming and thus increased its distribution. Comcast continues to carry Word in the Midwest and South.

**In the East:** **Ride TV** will now be available to **China Mobile's** video subscribers. Through a partnership with **Tikil-IVE**, an SVOD offering will be accessible to their approx 120mln mobile video subscribers across China. Ride's original sports programming includes world-wide coverage of Western and English horse competitions.

**Giving Back:** Friday marks **Discovery's** eighth annual "Discover Your Impact Day," with nearly 1,000 employees in the D.C., Maryland and Virginia area volunteering for local community projects. Projects include hosting an Olympic-themed field day for students, serving meals to the homeless, revitalizing schools and parks and socializing with shelter animals. In total, more than 4,200 employees from 35 countries will take part in the day of volunteering.

**People:** **Entertainment Studios** appointed **Dick Roberts** as its new evp of marketing & creative services. Previously, Roberts spent 15 years as vp of marketing and creative services at **Sony** before running his own global content production and marketing agency specializing in branding, advertising and digital marketing. -- **Univision** appointed **Lan Nguyen** as svp, associate general counsel—head of litigation. Nguyen, formerly an Assistant US Attorney in the Eastern District of New York, will report to **Jonathan Schwartz**, chief legal and corporate affairs officer of UCI.



## VR Outlook

In this era of rapidly evolving technology, it is easy to understand why frustration has set in about how long it is taking for VR to gain a foothold with consumers. “I would’ve hoped that this year would be a bigger year,” said **Skybound Entertainment** director of media development *Rachel Skidmore*. Champions of VR might have underestimated the barriers to adoption for consumers—unfamiliarity with the technology and expensive hardware, for starters.

Even so, as panelists at Thursday’s **Cablefax TV Innovation Summit** pointed out, these remain early days. Skidmore cited projections saying 14 million VR headsets will be sold this year, twice as many as in 2016. High-end headsets like the **HTC Vive**, **Oculus Rift** and **PlayStation VR**, which provide the most immersive experiences, have only been out for about a year and need to be paired with high-end computers or game consoles.

**Hulu** vp, partnerships and emerging technology *Noah Heller* compared the more affordable mobile VR headsets to “a toaster that you put on your face,” and **Singularity University** evp, media and marketing *Joanna Popper* forecasted that glasses as sleek as **Snapchat Spectacles** will be able to provide VR experiences within the next decade. Less clunky systems and lower prices will create an atmosphere more conducive to consumer adoption.

Still, Popper asserted it is important for media entities to experiment with VR now instead of waiting. “You can still go to conferences where people are saying it’s finally the day of mobile, but we’ve been saying that,” she said. “I’ve been going to those conferences for 10 years, 11 years. It took some people a really long time to really catch up on mobile, but this will be the next wave after mobile.”

As you might imagine, creating high-quality 360-degree content is not cheap, which is particularly problematic given that there are few proven methods for monetizing

it. “The winners are the ones who are currently pursuing a model that’s sustainable, and that’s either investing in content to support a hardware ecosystem and to lift their brands up, or investing in content where it’s offset by sponsorship,” Heller said. He described Hulu’s current VR content operation, driven by sponsorship, as “P&L neutral.” The company also plans on introducing 360-degree ads later this year, which offers more opportunity for brands to capitalize on the immersive medium.

Skidmore, whose studio is conversely seeking paid distribution for completed VR projects, said headset producers haven’t been eager enough to invest in content. “It’s really critical that some of these headsets buy some more content,” she said. “We could use a larger library, people are going to be pretty thirsty for it after they do adopt the technology.” Based on Heller and Skidmore’s accounts, it seems VR is somewhat dependent on sponsorship for quality content, at least until hardware manufacturers invest more in content.

### Screen Shots:

- Also at the TV Innovation Summit, **comScore** CEO and keynote speaker *Gian Fulgoni* noted 88% of time users spend on smartphones is within mobile apps. That figure underscores the importance for content providers of having apps on both iOS and Android, and not counting on a mobile web presence.
- Video providers can now let customers control their content by using **Amazon’s** Alexa voice control functionality. Amazon on Thursday made its Video Skill API available to developers, meaning any company can teach Alexa how to interface with their video content. **DISH** last month partnered with Amazon to become the first MVPD to let customers control their set-top boxes via Alexa. **Comcast’s** X1 also allows customers to perform searches via their voice remotes, but that first requires the touch of a button.



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