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What the Industry Reads First

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Right NOW: HBO's Plepler Reflects on Launch of Standalone OTT Service

The morning after taking the stage at the **Kaitz Dinner**, **HBO** CEO *Richard Plepler* was in the spotlight again Thursday at Advertising Week New York. Sharing the stage with **Snapchat** chief strategy officer *Imran Khan* and **Hearst** chief content officer *Joann Coles*, Plepler described the launch of HBO NOW, the premium net's standalone OTT service, as a rousing success that proved a lot of critics wrong. "What we have seen over the course of the last year is that we were even more right than we imagined," Plepler said. One of the key criticisms of offering HBO outside of the traditional pay-TV bundle was that the OTT version would cannibalize their existing business. Instead, Plepler said the company has seen less than 1% cannibalization of its core business and still receives \$4.5bln annually from pay-TV operators. HBO has 3.5mln subs combined between HBO Now and virtual MVPDs. The net reportedly has 134mln worldwide subs, including about 35mln in the US. Plepler attributed some of HBO NOW's success to the proliferation of broadband-only homes in the US. He said there were only 5mln broadband-only homes when the company decided to build an OTT service, but that number increased to 9mln by the service's 2015 launch and is now at around 19.5mln. Plepler also said the emergence of skinny bundles has been a boon for HBO, as it is now able to attract more budget-minded consumers. "In the old days where you had very expensive \$100-120 bundles, people had to pay through all that basic cable to get to HBO for an additional \$15. As the bundles got skinnier and the core price was \$60 or \$65, HBO became a much more palatable option for people who were looking at cost." Plepler and Khan also pointed to HBO's use of Snapchat around "Game of Thrones" as a case study of how brands can leverage the platform's unique forms of advertising. HBO partnered with Snapchat to create an augmented reality filter that allowed users of the app to take photos and videos of themselves in which they appear as White Walkers from "GOT." Coles commented that many companies would have been reluctant to give consumers the freedom to use their imagery. "People say, 'Oooh we want to be in the conversation. We want to be in the customers' conversation,'" Coles said. "My experience, actually, is that brands are terrified of being in that conversation because you can't control that conversation, you don't know where the customer's going to go with and it also means you have to respond in real time if the conversation veers off." Plepler credited the creators of shows like "GOT" for understanding the importance of interacting with their audience,

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adding there was “no resistance” on HBO’s part to put its IP on Snapchat. Khan during the presentation revealed the platform is now rolling out sponsored 3D World lenses, which allow users to place branded “objects” into photos and videos. Early adopters of the ad format are **Warner Bros.**’ “Blade Runner 2049” and **Bud Light**.

Net Neutrality Heads to Supreme Court: As expected, groups including **NCTA** and **ACA** are asking the US Supreme Court to take a look at the **FCC’s** 2015 Open Internet rules. The two cable groups especially want the high court to weigh in on whether the agency has the authority to impose Title II telecom regulation on broadband providers. Petitioners had until Thursday to file with SCOTUS following the DC Circuit denying rehearing the case on May 1. The high court will have to decide whether to hear the challenge. While the FCC has its own proceeding underway to unwind much of the 2015 order, including Title II classification, no stone is being left unturned in this fight. There also is movement underway to get Congress to step in and establish net neutrality rules. Should the FCC reclassify broadband as an information service, NCTA asks that the judgment be vacated and the case be remanded to the DC Circuit and that the Supreme Court dismiss its petition as moot. ACA noted that it remains to be seen whether the FCC will reverse course. “When the FCC acts, petitioners will apprise the Court both of the FCC’s actions and how, in their view, that affects the appropriate disposition of these petitions,” ACA said in its petition. In addition to the Title II question, NCTA asks SCOTUS to look at whether the FCC erred in reversing long-standing policy without identifying any changed circumstances for broadband providers’ reliance interests and whether the agency failed to give adequate notice of key aspects of the order.

Internet Moves by Dems: On the other side of the Title II debate are Democrats, who continue to combat the attempts to reclassify broadband as an information service. Sen *Bill Nelson* (D-FL) took to the Senate floor to oppose *Ajit Pai’s* renomination as FCC chair. “In my opinion, the vast majority of the actions of chairman Pai have served to eliminate competitive protections, threaten dangerous industry consolidation, make the internet less free and less open, and weaken critical consumer protections for those most vulnerable,” said Nelson, who also took the Republican to task for changes to Lifeline and eliminating some media ownership rules. The Senate is expected to vote to re-confirm Pai soon. Meanwhile, Democrats in both chambers gathered Thursday to unveil a proposed \$40bln plan aimed at connecting all of America to high-speed affordable internet. Components include direct federal support for a universal internet grant program for the last mile, with all players, including rural co-op, local govts and private entities, competing to build out networks. The plan is dubbed “A Better Deal,” a riff on president *Franklin Roosevelt’s* effort to make sure every American has electricity.

Welcome to the Nasdaq: Roku made its Wall Street debut, climbing more than 67% to close at \$23.50, giving the company a stock market value of more than \$2bln. **CNBC**, citing data from **FactSet**, noted that Roku is being valued higher than **Apple**. It has a 5.2 price-to-sale ratio vs Apple’s 3.6. **Alphabet** is valued at 6.8 and **Netflix** is at 7.9. Traditional pay-TV players saw slides Thursday, with **Altice USA** shares down 3%. The owner of **Optimum** faces a potential showdown with Disney over carriage fees for **ESPN, WABC** and other **Disney** nets this weekend (DIS shares were down 1.2%). **Comcast** was down 1.8% at Thursday’s close, while **DISH** and **Charter** each shed about half a percentage point.

J.D. Power on Video: The latest **J.D. Power** research concludes that streaming is gaining as traditional TV declines, but that the number of subs who plan to cut the cord has actually declined to 8% from 9% in 2016. Pay TV shouldn’t rest on its laurels though, with overall satisfaction with traditional pay-TV services falling to 710 this year (on a 1,000-point scale) from 724 last year. Streaming services are measured on a 10-point scale, with overall experience (7.91) and performance (7.97) slightly up vs last year. Further evidence that streaming and pay TV can coexist can be seen in the nearly one-hour increase between 2015 and 2017 in watching regularly scheduled TV programs. Mobile adoption remains low, with 65% saying they don’t watch mobile on a daily basis. However, J.D. Power said overall satisfaction with pay-TV providers increases as the frequency that customers use a mobile app to watch their provider’s content increases. Cable didn’t nab any of the top spots in J.D. Power’s Residential TV Service Provider Satisfaction study, nor did traditional MSOs top the average score in the East, North Central or South. **Cox** did score a second-place tie with **DISH** in the West, with its 718 score trailing **AT&T-DirecTV’s** 726. **Verizon** took the East (755), while DISH was highest in the North Central region (722) and South (740). AT&T-DIRECTV also performed the highest in overall satisfaction in the national segment with a score of 731. **More J.D. Power Rankings:** Verizon

scored the best in the East region for J.D. Power's annual Residential Internet Service Provider Satisfaction Study, notching a 737. AT&T/DirecTV took the honors in North Central (699); Charter reigned in the South (717) and Cox was No 1 in the West (706). For phone satisfaction, AT&T/DirecTV was tops in North Central (733) and South (742). Cox took the West region (734) and Verizon ranked highest in the East (757).

Come Together: The **Kaitz** Dinner is always a special night for the cable industry, but this year's installment took on added significance. In the post-**Cable Show** era, the fundraising dinner at NY's Marriott Marquis is perhaps the most comprehensive gathering of power brokers on the calendar. In addition to serving as a reunion of sorts for industry veterans, the evening offered an opportunity to celebrate diversity in cable and raise money to continue moving in the right direction. Wednesday evening's event raised \$1.6mln for the **Kaitz Foundation**. **Revolt TV** co-founder and entertainer *Sean "Diddy" Combs* kicked off the lengthy program, reflecting on the negative images of black men he saw on TV as a child while watching his family's "bootleg cable" system and encouraging the industry to "do more" to offer underrepresented groups "the chance to compete" in the business. The hostile political climate, particularly around race, was a common theme in subsequent remarks. **HBO** CEO *Richard Plepler*, who accepted the 2017 Diversity Champion honor on behalf of the premium net, lamented that the discourse has gotten "too mean" because we "don't see each other." Rather, we look past one another. He encouraged attendees to use their influence to help ennoble their companies, the industry and the country as a whole. **NCTA** pres/CEO *Michael Powell* for the second straight year spoke powerfully about the "gut-gnawing feelings of self-doubt" that people of color in the professional world must constantly fight off. He declared that in the wake of the events in Charlottesville and in a climate of racial dog whistling, efforts like the Kaitz Dinner "give us hope." The final speaker of the night, Powell received a hearty standing ovation from the crowd. Other speakers included Dinner co-chairs *Pat Esser* (**Cox** pres) and *Ken Lowe* (**Scripps Networks** CEO); **Girls Who Code** founder/CEO *Reshma Saujani*, whose organization received the Diversity Advocate award; **Harvard's** Henry Louis Gates, who presented to Plepler; Kaitz Foundation exec director *David Porter*; and emcee *Yvonne Orji* of **HBO** comedy "Insecure."

One Stop Shop: The three **Disney**-branded Watch apps for kids have been consolidated into a single experience. DisneyNOW brings together content from **Disney Channel**, **Disney XD**, **Disney Junior** and **Radio Disney**, allowing viewers to access full episodes and livestreaming from these nets when they authenticate their programming distributor. The app also includes "Disney Junior Only Mode" and other functionalities to make it family and kid-friendly. DisneyNOW is available on iOS, tvOS, Android, Kindle and Roku. Fire TV, Android TV and web compatibility will be coming in 2018.

People: **BET Networks** made *Connie Orlando* its new programming head. She has been serving as interim programming chief since March. Prior to that, she was svp, music programming. Under Orlando's tenure, **BET's** ratings are up for the 3rd consecutive month (+28%).

CEOs Come to Cable-Tec: Two more CEOs have been added to the lineup for the 2018 **SCTE-ISBE Cable-Tec Expo** on Oct 18 in Denver. **Comcast Cable** pres/CEO *Dave Watson* and **Arris** CEO *Bruce McClelland* will join **Liberty Global's** *Mike Fries* and *Tom Rutledge* of **Charter** for a panel at the Annual Awards Luncheon.



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PROGRAMMER'S PAGE

Star of David

When a network announces that it's bringing back a hit show after a long hiatus, the news is generally met with skepticism: Will the new season live up to the originals? This is just a cash grab! Have they completely run out of new ideas? They're ruining its legacy! The return of *Larry David* bringing "Curb Your Enthusiasm" for another season on **HBO**, however, feels more like a pro sports team moving back to its original home city or your favorite band getting back together with all of its original members. Perhaps the reason for the unbridled enthusiasm is that there hasn't been anything quite like "Curb" on TV (or any other platform) since the show finished its eighth season back in 2011. Even in the age of mockumentaries like "The Office" and "Parks and Recreation," which feature occasional improvisation, "Curb" stands alone among mainstream sitcoms, as there aren't any lines written prior to the filming of an episode. Instead, David crafts an outline of plot points and allows his fantastic ensemble cast to play out the zany scenarios as they believe the characters they've created for themselves would. The result is a sitcom that oozes authenticity more than any other. In the case of some on-screen interactions, like those between the fictionalized version of David and his friend *Richard Lewis*, the tenor of the banter is an extension of their off-screen relationship. More than anything else, however, the appeal of "Curb" is David's willingness to broach cringe-inducing topics that most comics would steer clear of. From his character accusing *Michael J. Fox* of purposefully shaking up his soda (as opposed to being a result of his Parkinson's) to being caught in the middle of a heated conflict between a kosher deli and a Palestinian chicken joint, David finds a way to bring levity to the heaviest of subject matter. With six years off, David has had plenty of material to choose from. — *Alex Silverman*

Reviews: "Versailles," Season 2 premiere, 10pm ET, Saturday, **Ovation**. There are egos, lust, vengeance, intrigue, infidelity, drugs, blackmail, excess, torture, parties and sleepwalking. Perhaps this is another revival of "Dallas?" Mais non—it's the court of King Louis XIV (*George Blagden*, who wears a nearly permanent sneer) at Versailles. **Ovation's** acquisition of a **Canal+** production was a devilishly good move. Pick your favorite plotline from this decadent menu: the Queen's distaste for the King's mistress; the Bishop's distaste for the King's mistress; the King's brother's distaste for the King and the woman chosen to be his wife; or the king's paranoia and distaste for nearly everyone and everything. Yes, Louis was the Sun King and Versailles is gorgeous, but there was much darkness in his life and in the magnificent palace he built. Still, it makes for a fun escape. -- "Ray Donovan," 9pm, Sunday, **Showtime**. For those who've not seen this series, this week's ep is the time to start. *Liev Schreiber* plays Ray, a Boston-born fixer who's moved to Hollywood to help wealthy clients who get entangled in shady situations. Ray's tactics aren't always above board, although he tries to do right. In this emotional ep, Ray attempts to help his wife Abby (*Paula Malcomson*), who's battling cancer. In this case, he's cutting corners ethically from the start. — *Seth Arenstein*

Basic Cable P2+ Prime Rankings (9/18/17-9/24/17)			
		Mon-Sun Rtg	(000s)
1	ESPN	1.1	2542
2	FOXN	0.9	2122
3	MSNB	0.7	1666
4	USA	0.6	1486
4	NFLN	0.6	1159
6	HGTV	0.5	1246
6	TBSC	0.5	1091
6	HIST	0.5	1072
6	ID	0.5	987
10	TLC	0.4	934
10	CNN	0.4	924
10	HALL	0.4	909
10	FX	0.4	880
10	TNT	0.4	870
10	DSNY	0.4	828
10	DSE	0.4	89
17	ADSM	0.3	770
17	FOOD	0.3	742
17	A&E	0.3	718
17	DISC	0.3	686
17	TVLD	0.3	602
17	AMC	0.3	592
17	BRAV	0.3	570
17	NKJR	0.3	569
17	HMM	0.3	562
17	OWN	0.3	521
17	DSJR	0.3	487
28	NAN	0.2	551
28	FRFM	0.2	543
28	SYFY	0.2	531
28	LIFE	0.2	521
28	INSP	0.2	495
28	MTV	0.2	482
28	VH1	0.2	471
28	SPK	0.2	470
28	APL	0.2	460
28	ESP2	0.2	437
28	CMDY	0.2	431
28	BET	0.2	426
28	TRAV	0.2	407
28	WETV	0.2	399
28	EN	0.2	394
28	LMN	0.2	389
28	TWC	0.2	378

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



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