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What the Industry Reads First

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Test Case: DC5G Panelists Offer a Closer Look at 5G Trials

The migration to 4G was about video. The rollout of 5G is also about video, but more about the quality and expansiveness of that video, **AT&T's David Orloff** said at the **DC5G Summit** on Wednesday. The idea of video driving much of 5G's application was repeated by other speakers at the conference, attended by government officials, cable/satellite players and other private businesses. The sort of latency and speed 5G will provide should help the AR/VR industry and other verticals. **HTC Vive** exec dir of VR **Vinay Narayan** said revenue for the VR industry will hit \$19.9bn by 2020, with 5G helping to break down barriers of entry for the category, partly by reducing the need to rely on costly hardware to support it. He sees 2018 as the year for meaningful proof of concept, 2019 is when the investments come on line and "2020 is when people expect the stuff to be there." With numerous 5G trials underway, there was a lot of interest on takeaways. AT&T's Orloff said the telco has seen latency under 10 milliseconds in its Austin trial, with the technology well on its way to hitting 1-2 milliseconds. **Derek Johnston**, **Samsung's** head of marketing for networks, showcased a video of **Verizon's** 5G trial with Samsung in Pentagon City, VA. It showed a working lab in a 14-story apartment building, with residents in the building also part of the trial. The video featured multiple 4K streams playing along with various computer, tablet and phone usage. In that trial, the 5G radio is in a Verizon central office about 200 meters across the street from the apartment building. "It is a short distance. I would say on average across all the systems in the roughly seven markets that we're doing with Verizon are anywhere from 25 meters up to 400-500 meters away," Johnston said, adding that all these tests are seeing greater than gigabit level speeds per 5G router. "We're testing them in different topologies and environments—heavy foliage, arid climates, hilly climates, flat climates. Operators are really looking to see where this fits. It's not a technology that will be deployed probably in a similar fashion to 3G or 4G," he said. "Everything with the exception of the most torrential downpours doesn't necessarily interrupt the service." In terms of performance, he acknowledged that there is loss with distance, but said Samsung has gone as far as 1000 meters and still had "a solid link and solid performance" in terms of hundreds of megabits per second. Last month, **Charter** and Samsung announced that they are conducting 5G and 4G LTE trials together. Johnston said the company is working with Charter on "a couple of markets" with various topologies and environments. The MSO is stress-testing and looking at the economics in terms of how 5G might be a solution "for potentially

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expanding its customer base within its footprint,” he said. “I think folks are fairly excited and bullish if you’ve got the right type of customer density, but you didn’t necessarily have the right type of infrastructure there—the wired infrastructure, the access to buildings, etc to entrench for copper or fiber, so this gives them that flexibility to go and take a lease out on a telephone pole and pop up 5G radio and provide service to a building they previously couldn’t get access to.” He pointed to the Pentagon City 5G trial with Verizon, which is in the middle of a very dense urban environment and an older building. “If you look at the cable plant in there, it’s probably not too pretty,” the Samsung exec said. “For a service provider to come in there and really provide broadband services for those customers would be an enormous expense and take an enormous amount of time.”

License and Registration: President *Trump* made waves in media regulatory circles Wednesday morning with a tweet reading, “With all of the Fake News coming out of **NBC** and the Networks, at what point is it appropriate to challenge their License? Bad for country!” NBC News became a high-profile Trump target last week when it reported sec of state *Rex Tillerson* had considered resigning and privately called him a “moron.” The catalyst for Wednesday’s tweet appears to have been another report stating Trump sought to grow the US’ nuclear arsenal. Both Democratic **FCC** commish-es—*Mignon Clyburn* and *Jessica Rosenworcel*—sounded off on **Twitter** in response to Trump. “Revoking a #broadcast license on such grounds will only happen if we fail to abide by the First Amendment,” Clyburn tweeted. Rosenworcel wrote, “Freedom of the press is a cornerstone of our democracy. Hope my @FCC colleagues can all be on the same page with respect to 1st Amendment.” As of our deadline, FCC chmn *Ajit Pai* remained silent with regard to the Trump tweet and there was no response to an inquiry directed to his press secretary. Sen *Edward Markey* (D-MA) fired off a letter to Pai moments after the tweet, asking him to “resist the President’s request” to revoke NBC’s licenses and publicly refuse to challenge licenses based on the President’s feelings about coverage. During a meeting of the House Communications and Technology Subcommittee on Wednesday, Rep *Frank Pallone* (D-NJ) said he was “disturbed” to see Trump’s tweet and called on Pai to “condemn this unwarranted attack.” **NAB** pres/CEO *Gordon Smith* in a statement said, “The founders of our nation set as a cornerstone of our democracy the First Amendment, forever enshrining and protecting freedom of the press. It is contrary to this fundamental right for any government official to threaten the revocation of an FCC license simply because of a disagreement with the reporting of a journalist.”

FCC Reauthorization: The House Subcommittee on Communications and Technology took the first step Wednesday toward reauthorizing appropriations for the **FCC** for the first time since 1990. The group held a brief markup session on legislation to reauthorize and reform the agency, which it then voted to advance to the full Energy & Commerce Committee.

Ahead of Earnings: **AT&T** reiterated its full-year 2017 guidance Wednesday, but said 3Q consolidated revenue will take a hit due to natural disasters. “Several devastating hurricanes, as well as earthquakes in Mexico, significantly impacted certain regions of our service area during the third quarter. Damage to our network and other property, costs to restore services, and revenue declines from waived charges will decrease our reported 3Q 2017 consolidated revenues nearly \$90mln and our reported pre-tax earnings about \$210mln, or \$0.02 per diluted share,” the telco said in an **SEC** filing. It expects further reductions in 4Q as network damage continues to be assessed. AT&T reiterated mid-single digit adjusted earnings growth, adjusted consolidated operating margin expansion, cap ex in the \$22bln range, and FCF at the low end of the \$18bln range for the year. Other tidbits from the 8K: **DirectTV Now** had nearly 300K net adds in 3Q, but total video subs were down about 90K. AT&T blamed the storms, along with tougher video competition and stricter credit standards.

Full Monty: **CableLabs** released specifications for its Full Duplex DOCSIS 3.1 standard, which it said will significantly increase upstream capacity and enable symmetric multi-Gbps services over existing hybrid fiber-coaxial (HFC) networks. The new solution addresses a key issue with DOCSIS networks, which have to juggle upstream and downstream traffic. Instead, this iteration allows for simultaneous upstream and downstream speeds of up to 10 Gbps. Like previous DOCSIS solutions, CableLabs pointed out the technology is less expensive to deploy than fiber. CableLabs said to expect complete Full Duplex DOCSIS specs later this month. In the past year, **Comcast** and **Charter** have committed to DOCSIS, while **Altice USA** has opted to go the fiber-to-the-home route.

Cup Half Empty: Expectations for **Fox Sports’** coverage of next year’s **FIFA World Cup** took a blow last night when the

US men's national team failed to qualify for the first time since 1986. The net in a statement said, "Last night's World Cup qualifying results do not change FOX Sports' passion for the world's biggest sporting event. While the US was eliminated, the biggest stars in the world from *Lionel Messi* to *Cristiano Ronaldo* stamped their tickets to Russia on the same day, and will battle teams ranging from Mexico to England that have massive fan bases in America." Fox Sports pres *Eric Shanks* earlier this year, however, joked that it would be "\$200 million flushed down the toilet" if the US failed to qualify. The net announced plans to provide 350 hours of programming from the 2018 tournament. Fox also holds English-language rights 2022 and 2026 World Cups, while **Telemundo** has Spanish-language rights for the World Cup. The 64 matches that aired on **ESPN** during the 2014 tournament averaged 4.5mln viewers. **Pivotal Research's** *Brian Wieser* isn't too worried for Fox. "Concerns around the elimination of the US Men's soccer team from the 2018 World Cup were in the market on Wednesday, but were generally unwarranted," he wrote in a research note. He noted US games accounted for 20% of ESPN's viewing in 2014. "Press reports indicating a \$10-20mm negative impact on the current English-language rights holder Fox 'feels' right in this context, and represents a negligible amount for Fox," Wieser said.

Big Box Content: **Walmart Canada** is making a foray into scripted entertainment with "Upstairs Amy," a digital series to be produced by **Shaftesbury** and in conjunction with **Interac**. The dramedy series will launch this fall on a dedicated **YouTube** channel and also will be found on Walmart and Interac's respective channels.

Charter Buybacks: **New Street Research's** *Jonathan Chaplin* estimated **Charter** has likely repurchased about \$4bln worth of stock in 3Q17, which is 75% higher than Wall Street's estimate of \$2.3bln. Charter management has sought to show its stock is "undervalued by buying its shares," efforts that have accelerated in 3Q.

Another Layer: **Layer3** is giving its customers access to OTT service **Xumo**, which offers more than 100 digital networks with both live and VOD content. Xumo channels include **Funny or Die**, **Reuters**, **Cheddar**, **Mashable** and **PeopleTV**. Layer3 is the first MVPD to integrate Xumo into all of its set-top boxes.

Out of Court: **Roku** and the **Kudelski Group** reached a patent cross-license and technology collaboration agreement, financial terms of which were not disclosed. The deal allows each company to operate with respect to the other's patent portfolios. Kudelski announced similar deals earlier this year with **AT&T** and **Turner**, allowing those companies to avoid litigation. The group is involved in several patent suits, including one with **Comcast**.

Fashion Forward: Indy net **Cinemoi** took over the El Capitan theater in Hollywood on Sunday for its annual Cinefashion Film Awards with special appearances by *Dionne Warwick* and *Stevie Wonder*, among others. Legendary fashion designer *Donna Karan* was among the honorees, taking home the Designer Icon Award but also finding herself in the news for comments she made on the red carpet about the *Harvey Weinstein* sexual assault controversy in which she appeared to defend the now disgraced mogul. She later walked those comments back and said they were taken out of context. Proceeds from the event will benefit Cinemoi founder *Daphna Ziman's* non-profit **Children Uniting Nations**, mentoring at-risk and foster youth. Among highlights of the music-filled event was Wonder's rendition of Warwick hit "You'll Never Get to Heaven (If You Break My Heart)," which had the auditorium swaying and clapping to the beat.

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Think about that for a minute...

Messy

Commentary by Steve Effros

Virtually everywhere I look these days I see trouble brewing. Given that nothing much is actually getting done in Washington, I can't say for sure that any of these threads will actually be woven into a dangerous tapestry, but they certainly have the potential, so let's take a look at a few of them.

The latest "red flag" has to do with a recent comment by *Donald Trump*. This one can cut so many ways, as is usual with his random tweets, that it's hard to tell whether he's serious, or whether he would actually try to do something about it. When the President of the United States complains about press coverage nobody should really notice. Every President complains about press coverage. However when it becomes a fixation, along with an almost rote "fake news" accusation, even relating to quotes that he made himself, then start worrying.

I admit that I tend to ignore most of the noise being generated by the President. But when he starts talking about "equal time," as he did this week, the warning flags really go up. Remember that there still are equal time rules for broadcasters and cable operators, but they relate to candidates for office, not public officials.

Trump seems to not understand that. He was complaining that the late night talk show hosts are engaging in too many monologues and telling too many jokes about him. He thinks that's unfair. He wants "equal time." He's convinced that "the media" doesn't focus enough on all of the "great" things he's doing. I wonder what **Fox News** and **Sinclair** would think about that? But seriously, any notion that the government should reintroduce the idea of "the fairness doctrine" and be the ultimate editor of what we see and hear would be a total disaster. I hope Congress would never go along.



Another really troublesome new noise has to do with our social network and AI advertising insertions on Internet feeds. You know, **Google**, **Facebook**, **Instagram**, etc. There's no question we have a problem. No one, with the possible exception of the White House, questions any more that the Russians played our social media like a violin in a very conscious effort to promote division, distrust and polarization before the last election and they're still doing it. But what should be done about it? I would suggest that required "transparency" as to who places and pays for tweets, ads, **YouTube** feeds and the like would be a first good step. At least we would know who is trying to manipulate our opinion. The companies, like Facebook and Google, are now, finally, admitting that they were played, and they are trying to at least identify what is being done by whom. But, again, proposals are being made that some sort of government editing should be considered. I think that's just as bad an idea as the one on government-defined "fairness."

Then there's an entire other category of manipulation going on, and that's by the many companies fiercely competing with each other with both software and hardware to "control" the future home, and entertainment in it. I'm talking about "Google Home," "Echo," **Amazon Prime**, **Netflix** and the like. Turns out that Google just blocked the Amazon Echo "Show" internet video screen from being able to deliver YouTube videos! So while the "edge" providers intentionally focused everyone's attention on the ISPs and "net neutrality," they quietly went in the exact opposite, non-neutral, restrictive, direction! That's going to invite government intervention proposals as well. It's going to get messy!

Steve

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(Steve Effros was President of CATA for 23 years and is now an advisor and consultant to the cable industry. His views do not necessarily reflect the views of Cablefax.)

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