

CABLE-TEC EXPO DAY 2

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What the Industry Reads First

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Case for Cable: Cable-Tec Expo Looks at Where Industry is Headed

If cable was looking for a pep talk on the state of the industry, Wednesday's opening session at **SCTE-ISBE Cable-Tec Expo** provided it. While there are some real headwinds with direct-to-consumer offerings and OTT, "fundamentally, I would not bet against this business," **Liberty Global** CEO *Mike Fries* said. "The core business is sound, but you have to have your eyes wide open. You have to be willing to disrupt and diversify." **Charter** CEO *Tom Rutledge* made the case for cable by arguing that it's an underpenetrated business. "We have the best assets and the best physical infrastructure anywhere with the highest capacity almost everywhere we operate and have had for a long time. And we have a huge installed network," he said. Rutledge faulted cable for moving slowly to take advantage of its network in many instances. That seems to be changing. "The innovation cycle, while it isn't **Google**, is pretty darn good. We're moving at light speed compared to where we were 5 to 10 years ago," Fries said. The Liberty Global exec's advice on the OTT front is to "embrace and bear hug—integrate the best of what they do." "What **Netflix** showed me is not that they had great movies or great content, but they had great functionality," Fries said. He called out Liberty's Horizon and **Comcast's** X1 platforms as clear responses to the functionality gap. Both Fries and **Comcast Cable** technology and product pres *Tony Werner* made a case for integrating Netflix, **YouTube** and similar services into the box. "People watch more video. They churn less. They pay us more. Why wouldn't you put that in your box?" he said. Rutledge used the stage to reiterate his oft-repeated concerns about password sharing and authentication for OTT content impacting the value chain. "Everybody with an app, including the programmers we pay, are in the distribution business now, whether they know it or not. And they have an obligation to protect their product. They don't do a very good job," he said. The Charter chief does believe it will be resolved over time and video will be preserved, with skinny and rich packages in place. While Rutledge was quite clear that Charter loves the cable business, he said the company considers itself a "wireless business" today. "There are 200mln devices today connected to the Charter network by WiFi. If you think about the whole industry, there's got to be at least a half billion devices connected. That's a wireless business," he said. Charter is gearing up to enter the mobile business next year with an MVNO. Fries pointed to the quad plays in Europe, predicting mobile will become the norm for most everyone. Working with **CableLabs** the industry is creating 10-gig symmetrical services using coherent fiber technology and two-way DOC-



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SIS. Rutledge says he calls it 6G just because it's something cable has that telcos don't. It uses small cell radios that are already in most customer homes. "Those are small-cell, high capacity products, just like 5G is envisioned to be," Rutledge said. "We're going to build a high-capacity, low latency, high compute network using the pathway we have... with massive capabilities, bi-directionally in every home we service. And we're going to have that ubiquitously deployed across our entire footprint in a very quick and capital efficient way."

Automation, AI and Robust Networks: At a show like Cable-Tec Expo, everyone is hoping to discover the latest and greatest tech coming down the pike. There's a lot going on these days, but if **Comcast Cable** CEO *Dave Watson* had to choose one area, he'd go with artificial intelligence and machine learning. With the device and network, the industry is primed to use it to change the customer experience profoundly, he said during a panel Tuesday. Watson touted Comcast's success with its voice remote, and suggested more useful chat applications are in the works. **Arris** CEO *Bruce McClelland*'s advice for cable is to "reinvest in the network to really supercharge it." That means looking for new ways to make it more flexible. There is a lot of interest in this based on a Tuesday morning Expo session on Remote PHY. Organizers expected 175 attendees, but ended up with something in the ballpark of 400. Further illustrating the significance of the issue are Arris and **Cisco**—competitors that normally don't overlap much—using the exhibit floor this week for interoperability demos with each other's Remote PHY solutions. "It's really a very strong statement to the industry that Remote PHY is real, there is interoperability and it's working," **Daniel Etman**, Cisco's director of product management, cable access, told **Cablefax**. "I think it sends a clear statement from Arris where it's headed and our commitment as well that interoperability is important. When we started talking about it, we didn't have to think twice. 'Let's do this.'" PHY refers to the physical layer that transmits and receives data between an access terminal or router and the access network. Remote PHY moves the PHY layer out of a device like a converged cable access platform and puts it into a fiber node at the end of the network. Cable operators are jazzed about this because it can reduce power consumption and provide cost savings. Throw in smart nodes, such as Cisco's iNode that will be available in November, and operators can now have automation for the node itself. With Remote PHY nodes, a technician would still need to be on site to configure the node. Smart nodes allow all of that to be done remotely. Automation figured heavily into an operations panel during Wednesday's opening general session. "We have so many elements out there that are talking to us. We've really been putting our focus from a service assurance perspective on how do we get enhanced correlation. How do we use algorithms to trigger events faster..." said *Patricia Martin*, vp, engineering and operations at **Cox**. **Charter's** *Deborah Picciolo*, svp for West Region operations, summed up how to make life better for those in operations succinctly: "Get out there and talk to the frontline. I think you learn all of your best advice there—what customers say, what is getting in the way of being able to do their job."



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Tiers of Joy: Charter will include eight **Viacom** nets in its least expensive US cable bundle as part of a new distribution deal between the two parties, according to a source cited by *Reuters*. They jointly announced an agreement in principle Tuesday night, two days after the initial expiration date for their previous distribution deal. The two sides agreed to a brief extension of that deal Sunday. Negotiators are still hammering out the final terms of the agreement. Five of Viacom's "flagship six" nets are reportedly among those slated for the entry-level tier: **Nickelodeon**, **BET**, **MTV**, **Comedy Central** and **Paramount Network**. The other three channels included would reportedly be on it are **VH1**, **TV Land** and **CMT**. **Nick Jr.**, the sixth of the flagship nets, would reportedly be on a more expensive tier. The inclusion of the Viacom nets in Charter's entry-level bundle could end a months-long feud about tiering. The operator relegated Viacom nets to a more expensive tier in May, a move Viacom CEO *Bob Bakish* said violated the terms of their contract at the time.

Sinclair-Tribune: The **FCC Media Bureau** paused on Wednesday the voluntary 180-day merger review shot clock in the proposed **Sinclair-Tribune** merger. The pause will be in place for 15 days, until Nov 2, allowing time for comment on additional info that was provided by request from the companies on Oct 5.

Union Woes Come to Denver: There were a handful of **IBEW** union members from Denver and Colorado Springs handing out fliers outside the Denver Convention Center during Cable-Tec Expo. The union reps said they wanted attendees to know more about who the general speaker was, referring to **Charter** CEO *Tom Rutledge*. An estimated 1800 Charter employees in NY and NJ that are part of Local 3 have been on strike since March. The flier featured a photo of Rutledge with the words "bad faith, bad service" and complaints over customer satisfaction. **Charter** has sued the union, claiming striking workers have cut cables in acts of sabotage. Charter maintains that Local 3 is denying employees a generous compensation package that includes an average 22% wage increase and comprehensive health and retirement benefits.

Nielsen: **Nielsen** is launching a subscription service to independently measure subscription-based streaming content, meaning its clients can get insights into how shows are performing on **Netflix** and other streaming services. Eight major television nets and studios including **Warner Bros** and **NBCU** have already signed up for SVOD Content Ratings. Insights will be provided at both the season and episode level, including ratings, reach, frequency and segmentation reporting. Nielsen first measured streaming content in 2014 via an opt-in service.

SCTE Notebook: **SCTE-ISBE** named *Bill Warga*, **Liberty Global's** vp, technology, chmn of the SCTE-ISBE for the 2017-18 term. -- **Cox** CTO *Kevin Hart* will chair the Fall Technical Forum for Cable-Tec Expo when it makes its return to Atlanta in October 2018. -- **Comcast Cable's** *Ed Marchetti* is SCTE-ISBE's member of the year, while **Layer3 TV's** *David Fellows* and *Dr. Rickey Luke* of **Cable TV of East Alabama** are the newest inductees. Other awards included **Charter's** *Deborah Picciolo* receiving the Women in Technology Award and **Comcast University's** *Martha Soehren* winning the Chairman's Award. The honorees were acknowledged at the Annual Awards Luncheon. -- **Arris** is addressing growing bandwidth, infrastructure and efficiency requirements on networks with its E6000 Gen 2 modules. By significantly increasing the number of service groups and related channels, operators will be able to deliver greater numbers of IP video and higher-speed broadband services. -- **Vector Technologies** showcased a new version of the CCAO Core Stimulator, which grants MSOs the ability to facilitate the interoperability validation process by testing the Remote PHY Device in compliance with the Remote PHY spec. -- Manitoba-based **Westman Comm** will launch **Hitron Technologies'** "Unleash Your WiFi" whole-home solution to improve customer service. Westman customers will use the MyHitron app to manage their network and utilize tools like parental controls and security features. Westman will also call on Hitron's OptiMy service to leverage machine learning and data analytics and evaluate real-time conditions of customers' WiFi environments.

Working Women: **WICT** announced its "Best Companies for Women to Work" with **Comcast** ranking highest for operators and **NBCU** striking a chord with programmers. The results were based on the 2017 WICT PAR Survey, assessing the diversity and inclusion practices of participants. The other 2017 best operators were **Cox**, **Midco Communications** and **Mediacom**, while the 2017 best programmers were **Scripps**, **Disney ABC Television Group** and **Discovery**. WICT will recognize the honorees at the 2018 WICT Signature Luncheon at the New York Hilton Hotel on April 4.

Cable Pioneers: Packed house was no exaggeration for Tuesday night's **Cable TV Pioneers** dinner, with a large contingent dining in a separate ballroom and later joining the main ballroom for the induction of 20 Pioneers. "I've heard from **SCTE** that we're part of the family now, so we're certainly bringing it back" to Expo next year, Pioneers chair *Susan Bitter Smith* said. Several funny stories from the honorees: you kind of had to be there, but if you want the scoop, ask **Showtime's** *Matt Blank* about wearing Gucci loafers in NC; quiz **CTAM's** *Anne Cowan* on who really is the nicest gal in cable; ask newly minted **In Demand** chief *Dale Hopkins* how her mother's poor cooking skills helped pave her way; and check in with **American Cable Services'** *James George* on his wife's purse and those wet manuals!

Think about that for a minute...

Chaff

Commentary by Steve Effros

I got quite a few emails last week asking why I'd pointed out and "red flagged" the President's comments about "equal time" while ignoring his obvious threat to challenge NBC's "license" because of the "fake news" he complains so loudly about. The answer is simple: I wrote the column after the first, but before the second diversionary launch. I could have done a quick edit, but decided against it because I wanted to see how folks would react and then we could all look at the implications and intentions of those statements in a more considered way.

I've now digested them, and I stick with the conclusion that journalism is failing miserably, and the President is a true master of the art of legerdemain. Whenever he wants to distract the attention of the press, for whatever reason, he launches a tweet or a comment in a press conference that many times is a total non sequitur. In other words, it has nothing really to do with answering the question asked or the issue being discussed. But like obedient puppies, the press barks and runs to "cover" and "analyze" whatever it is that the President has thrown out as chaff for them to be diverted by. Score one for the President.

This, I think, is what's happening both with the "equal time" and "license challenge" head-fakes. True to form, we are all talking about them, having to explain that "equal time" rules don't apply, that networks don't have federal licenses, and now we have even gone farther afield with partisan complaints that the chairman of the FCC has not immediately voiced support for the First Amendment! Well, he did on Tuesday in a speech, not a surprise, but that, in turn, has led to another news cycle saying that the chairman has in some way "contradicted" the President! Nonsense.



Chairman Pai is a good lawyer. That he supports the First Amendment is certainly a given, and that he knows licenses cannot be taken away from broadcasters based on news content is also a given. None of that is going to happen, and I think the President was well aware of that from the start. But he managed to get the press to run down a rabbit hole for days, and I'm sure the commentary will continue for quite some time with everyone, particularly journalists, hyperventilating about the "threats" to journalistic freedom and the implicit effect the President's comments will have on licensees.

All I've got to say about that is if it's true, that licensees and journalists start to "hedge" their reporting because of diversionary projectiles like these, then what we really need are better journalists and licensees! There's little doubt that the President will continue to launch off-the-cuff or maybe well-planned chaff, as he has done repeatedly. As has been noted often, he's very good at it. That's his style and skill, give him credit for it. But as journalists and licensees that doesn't mean you should continue to obsess about it. Yes, it's clever; always poke folks in their most vulnerable spots. In this case that's direct challenges to "the Fourth Estate's" own perceived prerogatives. But those diversionary tactics are just that, diversions. The job is to report accurately, not define "truth."

We've almost gotten to the point of disregarding the complaint of "fake news" because it's been so overused about everything it's become meaningless. I would suggest the same is true of the chaff being thrown in front of the press. It's time to ignore it.

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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