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What the Industry Reads First

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Cheese Please: Philo Fills News Void with Fee-Free Upstart Cheddar

The elevator pitch for **Philo**—the \$16 virtual MVPD launched Tuesday with the backing of five programming groups—centers on the lack of sports content, which allows the service to charge less than half as much as most of its competitors. It might also include leaving out broadcast nets, which often command high retransmission consent fees based primarily on sports. Beyond those major expenses, Philo also avoids shelling out for news. The three major cable news nets—**Fox News**, **MSNBC** and **CNN**—each command substantial fees from distributors and are tied to large programming groups with sports holdings. Instead, Philo users will be able to turn to **BBC World News** (whose US distribution is managed by Philo investor **AMC Networks**) and **Cheddar**, an all-digital upstart. “We are flexible and easy to work with, and we provide one useful news-focused channel to Philo for no fee,” said Cheddar CEO *Jon Steinberg*. “That was extraordinary for us—what an opportunity—and for Philo, they didn’t have to deal with **NBC**, **Time Warner** or **Fox**. It’s a highly symbiotic relationship.” Of the 37 channels in Philo’s base bundle, 34 are affiliated with the **five major equity partners**—**Discovery**, **ScrIPps Networks**, **A+E Networks**, **AMC Networks** and **Viacom**. Cheddar is one of three “independent” channels, along with **GSN** and **AXS TV**. The latter counts *Mark Cuban*, an early investor in Philo, as a primary stakeholder. “I think they have a great chance to succeed because of their price point, but more importantly because of their social features,” Cuban told Cablefax. Philo’s built-in social functionality won’t debut until early next year, but includes features such as recommendations based on what your Facebook friends are watching, sharing and the ability to see which exact second of a program a friend has reached. As Steinberg alluded to, Philo won’t have to pay a fee to offer Cheddar’s 24-hour news and business network to its subscribers. Instead, Cheddar will take 100% of revenue from its branded content and a portion of standardized ad inventory. “It’s not about a fee,” Steinberg said. “It’s about our content being in a neighborhood—a clean, well-lighted place where people go looking for premium business news or primary news content. The **Facebook** Newsfeed is not a place to build a top-tier live linear network, digital or otherwise.” Cheddar, which the former **Buzzfeed** pres/COO launched in January 2016, counts **Comcast Ventures**, **AT&T** and **Altice** as investors. Its distribution infrastructure includes live streaming on platforms like **Twitter**, **Facebook**, **Amazon** and **Pluto TV**, as well as on connected TV and mobile devices. It also broadcasts over the air on a few digital subchannels. Achieving distribution deals with virtual MVPDs is

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an increasingly important part of Cheddar's strategy. Philo is its second such partner, joining **Sling TV**. "I want to be on all of the virtual MVPDs," Steinberg said. "Our view is that in the olden days, a cable channel wanted to be fully distributed by being on all the boxes; we want to be on all of these systems." Philo in particular lends itself nicely to Cheddar's all-digital footprint. Steinberg touted the "deep linking" capability of the platform, which provides each net with its own landing page and allows users to easily share programming. Philo's social features are also likely to appeal to the Cheddar audience. While Steinberg isn't an investor in Philo, he's confident in the product's appeal. After all, he can't be the only one who doesn't care about sports. "You never want to use yourself as a data point, but I have no interest in sports," he said. "I like news, I like **HGTV**, I like **Cartoon Network**. I know a lot of people that are like that."

Cox Casts Net(flix): Cox chief Pat Esser used his appearance at **The Virtuous Circle Summit** in San Fran Monday to announce that Cox has integrated **Netflix** into its Contour boxes, which run on the **Comcast X1** platform. (Hat tip to *Fierce Cable* for noting verbiage on Cox's website ahead of the official unveiling.) Esser shared that 70% of customers for the latest version of Contour are Netflix subscribers (Cox recently passed the 1mln sub milestone). "Cox has supported Netflix subscribers for years with our high-speed internet service and now we're improving the experience by adding the Netflix service to the Contour TV guide," Esser said in a statement. Comcast added Netflix into its X1 boxes last fall. In both cases, customers can search for content via voice remote and receive listings from both the MVPD and Netflix libraries.

On the Street: **Altice USA** shares closed down 8% after an **SEC** filing showed that **Jana Partners** dissolved its 200K-share stake in the company. Jana made several changes to its holdings, dissolving stakes in **Blue Apron** and **Hewlett Packard** and trimming its stake in **Pandora** to 16.3mln shares from 20.2mln. Jana's shares of **Liberty Media** decreased since its June holding report to 3.45mln from 4.15mln, while its **Liberty Broadband** investment fell to 4.39mln from 5.15mln.

Not So Fast: **Amazon** denied Tuesday that it is working on a free, ad-supported version of its Prime Video service, dispelling a Monday report from *AdAge*. "We have no plans to create a free, ad-supported version of Prime Video," Amazon said in a statement. Amazon's video content is currently available exclusively to Prime subs, who pay \$99/year for a number of benefits, including free two-day shipping.

New Xfinity Partner: **Comcast** customers will be able to access their cable programming via the Xfinity TV Partner app on **Sony's** Android TVs next year. Sony is the latest device manufacturer to join the Xfinity TV Partner Program, which already includes **LG**, **Samsung** and **Roku**. The Partner app allows customers to access their cable service

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without the need to lease a set-top box from Comcast. The app features the same guide interface as the X1 box.

Music to My Ears: **Stingray Music** signed a long-term agreement with **Sony Music Entertainment**, giving the pay-TV music service access to all of the label's music videos and concerts for distribution throughout North America. Stingray announced the deal, which it signed in September, in its quarterly earnings report last week.

WOW!'s 3Q: **Evercore ISI** lowered its price target on **WOW!** shares to \$18 following what it called mixed 3Q results. The company posted a 2400 HSD RGU sequential increase compared to 2Q. **WOW!** is continuing its "Edge-Out" strategy, with its network extended to 96,200 new homes passed as of Sept 30. Edge-Out projects begun in 2016 passed approximately 40,400 homes at the end of the quarter. **WOW!** said it has 12,300 new customers on such nodes, which represents over 30% penetration with an average of 414 days in active service. Evercore likes the edge-out strategy and sees long-term value in the stock, but "in the near/medium term, the capex associated with edge-outs is likely to mask the FCF generation capacity of the business." **WOW!** intends to address sub performance in its core biz with investments in the customer experience, but the analysts believe that will "take some time to bear fruit."

Ratings Round-up: **AMC's** "The Walking Dead" continues to reign, averaging more than 13mln P2+ viewers in L+7 for episode 2 (Oct 24). That's a lift from 4.96mln viewers in live, according to **Nielsen** data. Last week, ep 4 ranked as the No 1 cable program among 18-49s, averaging 4.99mln. That's higher for the demo than **ESPN's** MNF Detroit-Green Bay matchup (4.87mln). No other original cable series came close to the zombie series for L+7 rankings for the week of Oct 23. **FX's** "American Horror Story" netted 4.62mln P2+, up from 1.18mln live, while **Discovery's** "Gold Rush" jumped to 3.9mln from 1.69mln live. Given its late night hour, no surprise to see "Last Week Tonight with John Oliver" see a sizable lift in L+7 (2.08mln from 469K live).

Magic WAN: **Spectrum Enterprise** announced customer trials for its Hybrid Software-Defined Wide Area Network (SD-WAN) solutions, which it demo'd in a networking proof of concept at the fourth annual Metro Ethernet Forum in Florida this week. The solution allows businesses to overlay an SD-WAN solution over any access tech for new locations or over their existing WAN. The idea is to allow businesses to stitch together native Ethernet WANs and Internet-based SD-WAN connections to establish or modify WAN or transition from legacy network services. Spectrum Enterprise, a division of **Charter**, is targeting existing clients with complex networking needs to participate in the field trials.

The Voice: A new voice remote is coming to **DISH** customers, shipping with all Hopper DVRs. The new remote features motion-activated backlighting, and two programmable buttons allowing for the creation of shortcuts to frequent menu destinations. New DISH customers will receive the remote with a Hopper at no extra cost while current customers can upgrade for \$20. The remote is compatible with all generations of Hopper DVR along with **Joey**, Wireless Joey, 4K Joey and Super Joey clients.

Supporting Viewers: **Univision Communications** has launched a non-profit public charity centered on bettering the Hispanic and multicultural communities served by its platforms and partner organizations. The Univision Foundation will support not only philanthropic activities, but also independent journalism, storytellers and digital projects bringing attention to issues such as education, health and civic engagement. Building on existing partnerships with organizations such as the **Bill & Melinda Gates Foundation** and the **Ford Foundation**, the Univision Foundation will look for new opportunities to work with community groups and government agencies to grow public discourse on core issues in multicultural neighborhoods.

Oops: An article about **FCC** must carry and retrans complaints Tuesday incorrectly reported that **WRAL** and **WRAZ** are dark on **U-verse** and **DirectTV**. The stations are only dark on U-verse.

People: **Eric Berger** is the new evp and chief digital officer for **Sony Pictures Television Networks**, pres **Andy Kaplan** announced. Berger will continue to serve as gm for **Crackle**. "During his tenure here at Sony, Eric has paved the way for us on the digital front," Kaplan said in a note to staff. "Eric will play a crucial role in leading these businesses and helping us craft a successful digital strategy to move out SPT Networks business forward in the years ahead." -- Former **Hulu** exec **Tian Lim** is coming to **Google**, according to a report by **Variety**. He's leading product and user experience efforts as the new vp for Google Play. Hulu svp of engineering **Barry Steinglass** will be taking over Lim's role at the company. -- Media investment group **GroupM** announced **Marissa Jimenez** will be president of **MODI Media**, its TV advertising business. Jimenez is joining MODI from **Altice USA**, where she served as VP of advanced advertising and business development. -- **Ignacio Meyer** is joining **Univision** as its svp of music, focusing on driving the company's global strategy while building business opportunities for its portfolio and partners in the music industry.