

Cablefax Daily™

Monday — December 18, 2017

What the Industry Reads First

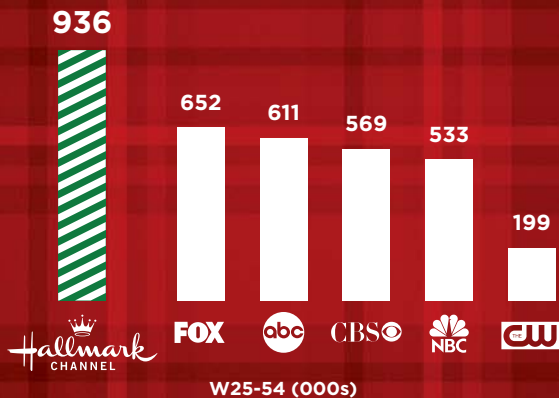
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Source: Nielsen (10/28/17-11/25/17), Live+3 W25-54 impressions, Sat 8-10p, Hallmark Channel Original Movie premiere program average ranked vs. ABC, NBC, CBS, FOX, CW time period data. Subject to qualifications made available upon request.

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Start Me Up: CableLabs Fosters Entrepreneurial Tech via Upramp Program

Despite its entrepreneurial roots and a wave of innovation in recent years, the cable industry doesn't have a reputation as fertile ground for tech startups. *Scott Brown*, who runs **CableLabs'** Upramp accelerator program, hears it regularly from entrepreneurs. "They're not really recognizing how involved in the startup world, or the emerging technology world, our industry has been over the last few years. ... People have some challenges when they think about working with **Comcast** and **Charter** and other large enterprises, simply because of the long sales cycle." As Brown wraps up his second year at the helm, he's confident Upramp is on its way to changing that perception. The program differs significantly from run-of-the-mill tech accelerators (CableLabs refers to it as a "Fiterator"). From a pool of about 1000 applicants, Upramp picks out a few late-stage companies with well-defined technologies. Last year's four-team cohort graduated the three-month program with a combined 18 commercial deals; the recently completed 2017 program produced 17 commercial engagements for the three companies—**DeviceBits**, **Teltoo** and **Xogo**—after a total of 473 meetings with broadband operators. The key to the program's success is access to CableLabs' 60-member consortium, which includes operators large and small from around the world. "Prior to the Upramp program, we were not engaged with any cable operators and didn't really understand the space because, frankly, that's not my background," said *Andrew Skafel*, pres/CEO of 2016 participant **Edgewater Wireless**. "Over the course of a year, we went from having a cool, gee-whiz technology to having the technology validated, hardened and really packaged for consumption by the cable industry." During the first six weeks of the program, participating companies get a crash-course education on the space, which includes the opportunity to learn from and bounce ideas off industry professionals. During that time, they get a sense of what is important to operators and hone their messaging and solution. The informational period leads up to the biggest pitch meeting of the entrepreneurs' careers with CEOs and CTOs from many of the companies on CableLabs' board. Brown estimated it's "about half a trillion dollars in market cap, all sitting in one conference room." Subsequently, the final phase of the program is all about deal making. Edgewater, which developed technology to use multiple channels to deliver WiFi in high-density spaces, initially limited itself to stadiums and other large venues, but working with cable operators revealed a whole new application. "A lot of these cable operators are planning for completely wireless homes, so 40-60 devices in the home," Skafel said. "What's



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really exciting about that is the current single-channel approach doesn't scale, so we've found a completely new market opportunity. Without Upramp, it would've taken us a heck of a lot longer to figure out." Now, the Canadian company is engaged with some of the largest operators in the US, including **Mediacom**, as well as several smaller partners. "Having come through the program, it really does feel like we're a member of the cable family," Skafel said.

Red Light, Green Light: In the wake of the **Department of Justice's** decision to file a lawsuit to block **AT&T's** merger with **Time Warner**, the thought that **Disney** could run into regulatory trouble related to its **21st Century Fox acquisition** is reasonable. The White House's public support of the deal Thursday is a good sign, particularly for those who speculate President *Trump's* animus toward **CNN** inspired the Department of Justice's lawsuit against the AT&T-Time Warner merger. Despite Trump's support, **KeyBank** analyst *Andy Hargreaves* downgraded 21st Century Fox stock to "sector weight" based on high antitrust risk. Both **Barclays' Kannan Venkateshwar** and **BTIG Research's Rich Greenfield** pointed to studios, sports and **Hulu** as three aspects of the deal likely to garner attention from regulators. In terms of studios, Venkateshwar noted Disney and Fox account for a combined 25-40% of box office performance over the past five years in a fairly fragmented film landscape. On the TV side, suppliers are "even more fragmented." As such, Venkateshwar believes competitive concerns regarding the studios "may be limited." Greenfield, however, noted the addition of Fox would allow Disney to "gain unprecedented market power." He added Disney is "already using its box office muscle to bully movie domestic exhibitors." On the sports front, Venkateshwar noted Disney and Fox assets would account for about 26% of affiliate fees paid to the media industry by MVPDs despite generating only about 15% of average C3 viewership in the past year. The driving forces behind that disparity are **ESPN** and Fox's RSNs. The RSNs specifically are subject to specific **FCC** rules that prevent distributors from restricting network access to competitors. With Disney taking a majority stake in Hulu, which has its own virtual MVPD service, Venkateshwar wrote to "expect a close review of this part of the deal." It's unrealistic that Disney would restrict ESPN and its RSNs to Hulu, but it could be able to hold out for longer in individual negotiations "without losing revenues by subsidizing Hulu in the affected area." In the event the merger falls through due to an inability to obtain approval, Disney would be obligated to pay Fox a \$2.5bn fee.

Revisionist History: Sen *Richard Blumenthal* (D-CT) is calling for the **Department of Justice** to reconsider the terms of **Comcast's** 2011 acquisition of **NBCUniversal**. In a letter to DOJ Antitrust Division assistant attorney general *Makan Delrahim*, Blumenthal expressed concern about the potential for anticompetitive behavior once the conditions governing Comcast expire in September of next year. He cited "numerous complaints that have been filed based on violations of these conditions" as the impetus for taking action. "I urge you to open an investigation into these complaints with the goal of determining whether the acquisition can be allowed to stand without the conditions that currently govern it,"

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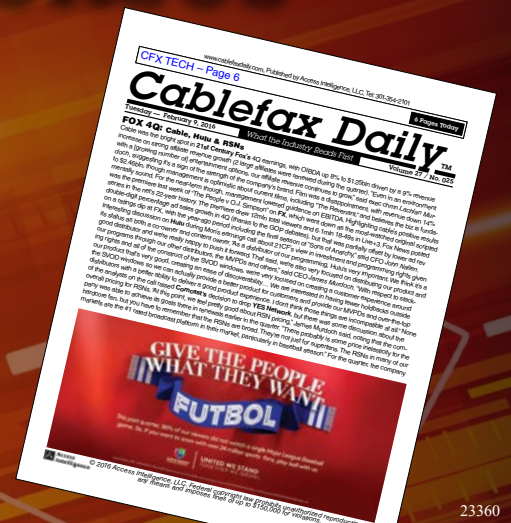
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Blumenthal wrote. The senator notes the Comcast-NBCU deal mirrors many of the DOJ's concerns that provoked its lawsuit against with the pending **AT&T-Time Warner** merger. Blumenthal even suggested Delrahim "may need to consider separating Comcast and NBCU in order to fully restore competition." Comcast responded to the letter with defiance. "There is no credible basis to pursue an extension or modification of the consent decree or conditions. For nearly seven years, Comcast has met or exceeded all of the commitments and obligations under the NBCUniversal transaction," a spokesperson wrote in a statement. Comcast has filed six annual compliance reports with the **FCC** since the closing of the deal, none of which have been challenged. The DOJ declined to comment.

Growing Global: Altice USA is updating its portfolio of international TV packages, bringing Spanish-, French- and Russian-based offerings to its customers. The company's **Optimum** service in the New York tri-state area is launching the company's first French-language TV package, as well as a revamp of their Spanish and Russian catalogues. **Suddenlink** regions will only see improvements in their Spanish programming, with five new channels becoming available as a part of the *Conexión Única* package.

Bump, Set, Spike: Amazon made another live sports play, announcing a deal with the **AVP** for global streaming of its Pro Beach Volleyball Tour. Beginning next season, Prime subscribers will be able to watch main draw matches from each tour stop through 2020. Amazon will stream the men's and women's finals to viewers outside of the U.S., and one final match per event to Prime members in the U.S. (**NBC** has exclusivity on the other finals match at each stop). Previously, Amazon acquired exclusive UK rights for **ATP** tennis, and the e-commerce giant **also streams "Thursday Night Football"** as part of a partnership with the **NFL**.

Future Ready: Arris introduced two next-gen broadband gateway devices—the NVG578 and NVG558—to serve advanced PON and fixed wireless broadband deployments. The NVG578 operates as a customizable PON Gateway platform, delivering whole-home gigabit WiFi while supporting the integration of smart-home devices. The NVG558 is a fixed wireless broadband gateway, supporting triple-play services and 5G services in the future. Both devices offer Docker container support and Arris HomeAssure.

Universal Language: Canadian video software company **You.i TV** is making its React Native development framework available for streaming devices, consoles and smart TVs. The move increases the utility of the **Facebook**-backed open source JavaScript project, eliminating the need to write different code for different platforms.

Money Mayweather: Showtime's presentation of August's boxing match between *Floyd Mayweather* and *Conor McGregor* failed to break the record for most-bought PPV event. The bout generated 4.3mln buys in North America via both traditional TV distribution and OTT services, good for No. 2 on the all-time list behind 4.6mln for Mayweather-Pacquiao in 2015. The 4.3mln buys is still a massive figure, especially considering the No. 3 fight—a 2007 Mayweather bout against *Oscar De La Hoya*—drew a comparatively meager 2.5mln buys. The total global revenue for the fight—including ticket sales, sponsorship, US PPV buys and international distribution—came out to \$600mln.

Spot of Tea: BritBox, the SVOD offering from **BBC Worldwide** and **ITV**, will launch in Canada in early 2018. The service, which offers viewers content from British TV, first launched in the US in March.

Into the Future: NBCUniversal, the NFL and Mayo Clinic are teaming up for the third annual "1st and Future," a start-up competition aimed at driving advancements in athlete safety and performance. Entries are being accepted in three categories—advancements in protective equipment, technology to improve athletic performance and new therapies to speed recovery. Up to nine companies will be granted the chance to travel to the Guthrie Theater in Minneapolis to compete on Feb 3 for a \$50K check and two tickets to Super Bowl LII, which will air on **NBC**.

Programming: Discovery is taking on Miami street racing in a new series debuting Jan 15 at 10pm. The program follows *JJ Da Boss* along with his family and friends, who have been racing together for decades. -- An animated series based on characters from "Henry Danger" is premiering on **Nickelodeon**, following heroes Kid Danger and Captain Man on their crime-fighting adventures. Airing Jan 19 at 6:30pm, "The Adventures of Kid Danger" will see the live-action cast continuing their roles, now as voice talent. -- **MSNBC's Joe Scarborough**, regularly a host of "Morning Joe," is starting a new soccer-themed series on **NBCSN** titled "This is Football." The show, which takes viewers inside the history and traditions of the **English Premier League**, debuts Dec 26 at 4pm. -- **HBO** renewed *Larry David's "Curb Your Enthusiasm"* for a tenth season, with production set to begin next spring.

People: Best wishes to PR pro *Eric Becker*, who is leaving **Starz** after 18.5 years as the company continues its integration into **Lionsgate** following last year's acquisition. -- **Ovation** vet *Jeff Lewis* has been appointed CRO of **Newsmax TV**. Lewis led the ad division at Ovation to record sales and was also at the helm of **Bounce TV's** launch.