

Cablefax Daily™

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What the Industry Reads First

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New Charter: MSO Ready to Ramp up Product Launches

With the most challenging elements of **Time Warner Cable** and **Bright House's** integration behind it, Charter's planning on getting back to launching new products. "In 2016 and 2017, we delayed a number of new product launches through the integration, particularly at legacy Charter," CEO *Tom Rutledge* said during the company's 4Q earnings call Friday. "With our fundamental structure operating model and business rules in place, we will more aggressively launch products nationwide." One upcoming product is **Spectrum Mobile**, which Charter plans to launch in the first half of this year through its MVNO reseller agreement with **Verizon Wireless**. It hasn't settled on what pricing will look like, but it continues to sound like the offering will be similar to **Comcast's Xfinity Mobile**, with Rutledge remarking that Comcast did a "really nice job" with its pricing model. Initially, Charter will make mobile service available only to Internet customers, but it may broaden it to small and medium businesses down the road. The second phase of the mobile rollout will use Charter's WiFi network in conjunction with unlicensed and licensed spectrum to improve performance. This is also where Charter's experimental wireless licenses come into play, with it testing next gen service in several markets. Charter's acceleration of new product rollouts includes deployment of its WorldBox set-top, which includes faster processing times, IP capabilities and increased DVR storage. **Arris** is the key supplier of the box. The MSO has deployed about 2mln WorldBox units so far, a number that will increase as the company makes 2018 the year for the bulk of its all-digital upgrade for remaining Time Warner Cable and Bright House analog markets. Charter's cloud-based Spectrum Guide is expected to be available to virtually its entire video footprint this year, with Rutledge describing how existing customers in some markets will have the choice to switch to the new guide with their remotes. The idea is to make Charter's STB a "hub for accessing content that originates from us or from somewhere else" (ie, streaming services). Last month, Charter hired well-known TV exec Katherine Pope to lead its original content efforts, which include deals for exclusive content with **AMC Networks** and **Viacom**. "Our plan is to work with proven content companies to get the economies that work for us in terms of windowing content and to use that content to create a brand halo around our product in an effective way in the marketplace," Rutledge said.

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Charter's Financials: On a day when the markets tumbled dramatically, **Charter** rode out a rosy earnings report to close up 4.4%. It surprised many by adding 2K video customers in 4Q (the Street expected a loss of about 67K). "Charter finished '17 proving it can grow video by improving the products, focusing on the customer relationship and evolving its service to now include Netflix, etc," **Macquarie Research's Amy Yong** wrote in a note to clients. Especially encouraging, she said, was that 4Q EBITDA growth of 3.3% is likely the low point. The one caveat there is if the wireless launch just goes crazy well because there would be upfront costs with sales, marketing, handsets, etc, CFO **Christopher Winfrey** warned. "I don't want to get to the point where we're regretting growth on something that's ultimately going to have significant cash flow contributions," he said. Charter also grew broadband in the quarter, with residential net adds at 263K, in line with analyst estimates. Overall, revenue was up 3.2% to \$10.6bln. **Wells Fargo Securities** praised the company's strategy of pursuing high-value customers and was pleasantly surprised by the beat on video subs. Still, the firm said it remains on the sidelines for now because of "the lack of visibility and consistency into post-transition trends coupled with an increasingly competitive environment (both traditional and new entrants) and a relatively high valuation."

Cloud Nine: **Cisco** completed its deal to acquire **BroadSoft**, a move to build out Cisco's cloud strategy and collaboration portfolio. The terms of the agreement see Cisco paying \$55/share in cash in exchange for each share of BroadSoft's common stock for a purchase price of around \$1.9bln net of cash and investment. The acquisition includes BroadSoft's open interface and standards-based solutions (primarily delivered via service provider partners). Former BroadSoft CEO **Michael Tessler** and the rest of the organization will join Cisco's unified communications technology group under vp/gm **Tom Puorro**.

Pop Faces Harassment Suit: A sales media exec has filed a sexual harassment and gender bias lawsuit against **Pop Media**, her boss at the company and Pop parent companies **Lionsgate** and **CBS**. Plaintiff **Leslie Isaacs** alleges she was subject to a hostile work environment, faced discrimination and harassment, and that she received both retaliation for reporting as well as a subsequent demotion. The suit also claims that male employees in Isaacs's work environment made inappropriate "sexual and demeaning" comments about their female coworkers, speaking on their attractiveness, wardrobe and desirability. "We take allegations of sexual harassment and discrimination very seriously, investigate them thoroughly and independently and take appropriate action," a Pop spokesperson told **Cablefax**. "We have long had policies and procedures in place to prevent it and protect our employees, and we are committed to a diverse, tolerant and respectful working environment." Isaacs seeks compensation for lost wages and future earnings as well as punitive damages.

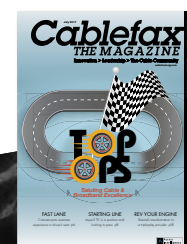
Game Time: **DISH** has asked **Lockwood Broadcasting** to consider temporary restoration of **KTEN-TV** (NBC) so customers can watch the Super Bowl Sunday. At our deadline Friday, it was still waiting for a response to the request. The satcaster has been alerting viewers to alternative ways to watch the game, such as NBC Sports Live Extra apps.

New Year's Resolutions: January marked **Golf Channel's** most-watched month ever with the net garnering an average of 116K viewers per minute in total day. The figure shows a growth of 23% from last year and is up 10% from the previous high in January 2013, according to **Nielsen** data. A similar uptick occurred across **Golf Digital**, which posted its best January for minutes streamed (22.6mln) and page views (78.5mln), up 34% and 19% respectively.

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