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What the Industry Reads First

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5 Questions: Needham & Co's Laura Martin Talks Media

Among prominent executives attending the Cablefax Leaders Retreat in Amelia Island, FL, is Needham & Co. Managing Director Laura Martin, a top-ranked Wall Street analyst who will join other senior-level execs on April 30-May 1. As part of this robust discussion among peers, Martin will also share highlights from her newest report, "The Future of Media: An Epic Battle," in which she discusses industry changes and their implications. **What's your basic take on the state of the marketplace?** The media landscape is changing rapidly, making it difficult for consumers, competitors and regulators to keep up. The Internet giants control global distribution platforms with billions of consumers visiting them each day. Each are planning to spend billions of dollars in 2018 to create original video programming in an effort to disrupt and displace the incumbent TV and film ecosystems. Who wins this epic battle has broad ranging consequences. **With all the new players out there, what's the most interesting thing happening in media today?** The "Internet Aggregators" built their fortunes by aggregating consumers (Facebook), information (Google), products (Amazon), content (Netflix), and apps (Apple). Each of these Internet Aggregators has announced it will spend \$3-8 billion in 2018 to create premium video content in an effort to take revenue, viewers and time away from the incumbent TV and film content creators and distributors. They wield significant competitive weapons including: 1) deeper pockets; 2) a lower cost of capital because Wall Street holds them to different valuation standards; 3) global distribution and revenue footprints; 4) mobile dominance; 5) loss (ie, negative ROI) tolerance. Ominously, they move fast without regard to ecosystem health, as evidenced by the value destruction of several historical media ecosystems. Their war will ultimately be against one another, but their battle over TV and film economics represents an important skirmish in that end game. **So given what you just laid out, what's the future for the traditional TV industry?** From an over-the-air US TV industry generating less than \$10 billion in revenue in 1980, the US TV ecosystem spent the next 35 years together building one of the most successful US consumer products of all time: the linear TV bundle. At its peak reach in 2010, 88% of US households paid a subscription fee to the TV ecosystem for access to 250+ Pay-TV channels. Although mega-bundle Pay-TV subscribers are now declining, revenue has continued to rise, reaching about \$170 billion in 2017. **Why has the TV ecosystem remained so robust?** Because it has hundreds of frenemy corporations negotiating (a core competence) unique long-term contracts with each

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other that forward their own best interest. Whenever any company gets an edge, others follow. Also, it's an ancient ecosystem, meaning high specialization and companies only succeed by out-competing every company that came before. **Well, then who wins in this epic battle between Hollywood and the Silicon Valley?** I have a point of view, but you'll have to be in the room at Amelia Island on April 30 to May 1 to hear it. [As Martin so deftly teased, she will indeed be on hand to discuss all of these topics at the Cablefax Leaders Retreat next month. You can get registration information [here](#)].

Charter's Mobile Play: Veteran wireless exec *Danny Bowman* has joined **Charter** as chief mobile officer, heading the wireless business the MSO plans to launch later this year through its **Verizon MVNO**. He'll report to *Rich DiGerónimo*, evp, product and strategy. Bowman has held executive positions at **Samsung, Sprint, Nextel, Cellular One** and most recently, **LeEco North America**.

Broadband Bucks: Missouri has the most homes and businesses (almost 105K) eligible for support from the nearly \$2bln being doled out over the next decade to help buildout HSD in rural areas without broadband. Virginia (85.4K), Pennsylvania (84.6K), Oklahoma (75K) and California (62.4K) round out the top 5. ISPs, including cable, can apply to participate in the CAF Phase II auction at auctions.fcc.gov. Applications are due to the **FCC** by March 30 with the auction slated to begin July 24. The FCC will provide \$198mln in annual support for 10 years (it's already set aside \$170.4mln for NY's broadband program). To qualify, providers must offer service to 40% of the required number of locations in a state by the end of third year of support; an additional 20% in each subsequent year and 100% by the end of the sixth year.

Carriage Discrimination: **beIN Sports** has filed a program carriage complaint against **Comcast**, saying the operator violated program carriage rules and the non-discrimination condition attached with the **FCC's** approval of its purchase of **NBCU**. The complaint, first reported by *Multi*, states that Comcast "discriminates against the programming of beIN and in favor of **NBC Sports'** and **NBC Universo's** similarly situated sports programming." It claims Comcast places beIN soccer programming in packages that command lower subscriber penetration than the tiers in which Comcast places its own affiliated content. The complaint also alleges that the MSO would not give beIN the right to authenticate Comcast viewers for watching online via its website and app even though it authenticates for Comcast-affiliated soccer programming.

AT&T-Time Warner Begins: The antitrust trial on **AT&T's** proposed acquisition of **Time Warner** opened with a bang Monday, seeing US district judge *Richard Leon* contemplating whether to admit documents that the **DOJ** claims contain "startling" admissions that the companies need to explain, according to a *Bloomberg* report on the day's events. **AT&T's** attorney *Daniel Petrocelli* argued that the email messages should only be accepted if they are accompanied by the testimony of a witness and are relevant to the issue at hand. **Barclays** analysts say the deal is likely to be approved, but added it's "tough to have conviction around this process given that even where we are today with respect to the deal is a completely unexpected outcome." If DOJ prevails, it raises uncertainties around the **Disney-Fox** deal and the possibility that **Comcast-NBCU** conditions are revisited.

Comcast Inside the Beltway: **Comcast** named *Mitch Rose* as svp, congressional and federal government affairs, succeeding *Melissa Maxfield*. Maxfield will transition to senior strategic advisor federal government and corporate, reporting to senior evp and chief diversity officer *David Cohen*. It's a role that will leverage her direct relationships with key federal elected officials, trade, and business organizations. Rose, who has served as svp, govt affairs for **NBCU** since 2014, also will report to Cohen. No word yet on who will oversee NBCU govt relations going forward. Rose's new post gives him oversight of all legislative efforts focused on Congress and the Administration, along with the company's political activities in DC. Comcast vps *Lindsey Dickinson* and *Sam Lancaster* are also taking on expanded roles, with Dickinson helping lead the company's relationship with the administration while still helping lead Senate strategy. Lancaster will help develop strategy for Comcast's congressional advocacy.

People: *Chara-Lynn Aguiar* joined the **ESPN** team as vp, strategy, reporting directly to *Justin Connolly*, evp of affiliate sales & marketing, **Disney** and ESPN Media Networks. Beginning her **Walt Disney Company** career in **ABC Research**, she most recently served as vp, strategy and content at Fox Sports.

FAXIES Deadline: Friday is the last day to get those **FAXIES** nominations in to us. Help us find the best individuals and campaigns in marketing and PR. Categories include Crisis Communications, PR Team of the Year and YouTube Marketing Campaign.

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Breaking Down Blockchain

Comcast Ventures has been unabashed in its support of blockchain startups. It kicked off 2018 by partnering with **IBM** to create **MState**, a startup accelerator. It created what is now called the “blockchain crew” by its members, Comcast Ventures managing director *Gil Beyda*, head of funds *Amy Banse*, managing director *Sam Landman*, principal *Teddy Himler* and *Morgan Polotan*. The group meets multiple times a week just to talk blockchain and explore trends. The company recently backed **Blockdaemon**, jumping in with **Plug & Play** and more to fund a \$3.275mln seed round investment.

And Comcast Ventures is not alone. The average investment in blockchain projects in 2017 was \$1mln. “What the internet did for communications, blockchain will do for trusted transactions,” IBM CEO *Ginni Rometty* has said. Almost six in 10 large corporations are considering using blockchain technologies, according to a **Juniper Research** survey of 400 executives, managers and tech staff.

There’s no doubt that the technology is still in its infant stage. In September 2017, only 0.5% of the world’s population was using blockchain, a miniscule number considering nearly 50% of the world’s population is using the internet. While it will take years to see the full effects of blockchain technology, it will undoubtedly have a major impact on our economic and social systems. In fact, the global blockchain market is expected to hit \$20bln by 2024.

But what exactly is blockchain? The technology is essentially a digitalized accounting record of all cryptocurrency transactions. No one person or organization is in charge of the chain. Anyone can review “blocks,” or records, in the chain, which are time stamped and encrypted. Owners have access to their own blocks through custom keys created by digital signatures corresponding with each computer’s sending address. **Bitcoin** was the first established cryptocurrency, becoming available to the public in

2009, and spurred the creation of the blockchain. By the end of April 2017, the total value of all existing bitcoins exceeded \$20bln, with millions being traded every day.

With blockchain technology comes a peer-to-peer network within one enclosed system, cutting out time and intermediary costs through the course of a transaction. Blockchain is also incredibly secure compared to any technology we have today, as each block is connected to the one before it in the virtual chain.

It’s not all sunshine and rainbows. There can still be security risks, as is true with anything that is completely based online. The blocks are most vulnerable when they first come online, becoming more secure with more time. The only blockchain that has been truly put through the ringer and properly tested is Bitcoin’s, putting a heavy risk on those jumping into the business now. If it strikes the way that Comcast Ventures believes it will, then it will all be worth the dive. - *Sara Winegardner*

Connected Assets: Cox Communications launched Cox2M Monday, another connected business line coming out of the company’s New Growth organization. Incubated over the last two years and led by Cox executive director *Barak Weinisman*, Cox2M provides a turnkey ability to monitor and track commercial assets. **Cox Automotive’s Manheim** is using a custom Cox2M application that delivers real-time tracking of vehicles across lots. It was piloted last year and will now connect more than 500K vehicles across the US and Canada, marking the largest Low Power Wide Area commercial IoT deployment in North America.

Building a Framework: Intraway’s orchestration platform is coming to **WOW!** as a part of the provider’s digital transformation initiative. The Symphonica solution gives end-users the tools to build a framework to support future operation models, including APIs for easier integration into advanced diagnostic tools. It will first be deployed on the provider’s business services. Residential services are targeted for future deployment phases.



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