

Cablefax Daily™

Tuesday — May 29, 2018

What the Industry Reads First

Volume 29 / No. 102

Phony Boxes: O’Rielly Asks Amazon, eBay to Help Remove Illegal Set-tops

Pay TV providers and content owners unhappy over the number of illegal devices out there being marketed with the promises to “never pay another cable bill” or “watch every channel for free” have the sympathetic ear of FCC commissioner *Mike O’Rielly*. The Republican sent a letter Friday to the CEOs of **Amazon** and **eBay** asking for their help in removing illegal products from their websites. Ask is about all he can do since this falls outside the FCC’s jurisdiction. In many cases these devices are carrying fake FCC logos, with O’Rielly noting that seven of nine box distributors referred to the FCC in October for enabling the unlawful streaming of copyrighted material displayed the logo, which is meant to denote that have been approved for sale in the US. The FCC commish did praise eBay and Amazon for taking proactive steps to remove devices that are marketed as facilitating piracy, saying he recognizes that their participation in selling such devices is unintentional. “Unfortunately, despite your good work in this area, devices continue to make it to consumers through your websites,” O’Rielly wrote. “Many of these devices contain harmful malware that will most certainly be passed on to the consumer. Moreover, the consumer may unwittingly believe that the device is lawful since they were able to purchase it from a legitimate company.” He requested that they move swiftly to remove products that the Commission finds to be fraudulently using the FCC label. “If this situation arises, I also ask that you provide information involving the manufacturers, distributors and suppliers to the Commission,” he concluded. The missive didn’t include any specific brand names, nor did it address the number of “fully loaded” Amazon FireSticks being marketed by third-party sellers as having **HBO**, **Starz**, **Showtime** and other subscription content.

Lionsgate Earnings: Lionsgate beat out estimates with its Q4 earnings results, reporting a net income of \$91.3mln for the timeframe (compared to \$61.6mln last year). However, not all of the news was good news. Linear TV subs dropped in the quarter at **Starz**, falling 500K to a total of 23.5mln. **Starz** CEO *Chris Albrecht* said that the shutdown of **AT&T** U-verse and the repackaging of the **Time Warner** system after its deal with **Charter Communications** both played a role in what turned out to be a “tough couple quarters.” Over the past quarter, Starz renewed its carriage deal with **Altice USA** and it’s now preparing to bring its series and movies to **Amazon** Prime Video Channels in the UK and Germany. Lionsgate CEO *Jon Feltheimer* called the Amazon relationship “an important part of our plan to create

Cablefax 100 & Top Ops Celebration Dinner

TUESDAY, JUNE 5
5:30 - 9:00PM
THE YALE CLUB, NYC

Join Cablefax for a Celebration Dinner on Tuesday, June 5 when we will salute the Cablefax 100 honorees and the Top Ops.

Register you and your team now and enjoy an evening full of surprises, celebration, recognition and comradery.

Sponsored by: **Canoe** **Pop**



QUESTIONS: Mary-Lou French at mfrench@accessintel.com

Advertising/Sponsorship: Olivia Murray at omurray@accessintel.com

Register Today at www.cablefax.com

Cablefax Daily (ISSN 1069-6644) is published daily by Access Intelligence, LLC ● www.cablefax.com ● 301.354.2101 ● Editorial Director: Amy Maclean, 301.354.1760, amaclean@accessintel.com ● Publisher: Michael Grebb, 323.380.6263, mgrebb@accessintel.com ● Associate Editor: Sara Winegardner, 301.354.1701, swinegardner@accessintel.com ● Acct. Exec: Olivia Murray, 301.354.2010, omurray@accessintel.com ● VP Marketing: Amy Jefferies, 301.354.1699, ajefferies@accessintel.com ● Director of Marketing: Kate Schaeffer, kschaeffer@accessintel.com ● Prod. Mgr: Joann Fato, jfato@accessintel.com ● Diane Schwartz, SVP Media Comms Group, dschwartz@accessintel.com ● Group Subs or Subscription Questions, Client Services: 301.354.2101, clientservices@accessintel.com ● Annual subscription price: \$1,699.97/year ● Access Intelligence, LLC, 9211 Corporate Blvd., 4th Floor, Rockville, MD 20850

significant market share worldwide by rolling out the Starz brand in 15 territories over the next three years.” It is also set to launch on **YouTube TV** in the US in June and on **Hulu** in October. The biggest concern with investors continues to be churn, especially around the most popular Starz originals, according to **Bernstein Research**.

Valuable Spectrum: A study from a Columbia University academic concludes the value of unlicensed spectrum to the US economy has increased 129% between 2013-17, generating \$525.19bln in economic value last year. By 2020, the research predicts the value will grow to \$834.48bln—provided that sufficient unlicensed spectrum resources remain available to support expected growth. **NCTA** submitted the research to the **FCC** as further evidence for why the agency should enable unlicensed access to the 5.9 GHz band. The study was commissioned by **WifiForward**, an ad hoc, broad-based group of companies, organizations and public sector institutions dedicated to improving WiFi by finding more unlicensed spectrum. Members include **Arris, Charter, Comcast, Google, NCTA** and **Public Knowledge**. The study was authored by **Raul Katz**, Columbia Institute for Tele-Information’s director of business strategy research. It’s interesting to note that the \$525.19bln value for spectrum for 2017 is actually 12% under the forecast developed in 2014. The research blames that on a slowdown in smartphone adoption as a result of market saturation, as well as fewer than expected WiFi-only tablet sales and cellular data prices declining faster than predicted. Despite the shortfall, there’s still an argument to support expedited release of spectrum to unlicensed technologies. That’s because the loss from those areas was compensated by exponential growth in smartphone traffic that was driven primarily by video usage. Also contributing were the widening gap between WiFi and average cellular download speed, new business models such as inflight WiFi and a sharp uptick in Bluetooth chipset applications, thanks largely to demand for smartphone features in vehicles. Katz argues that the economic value of unlicensed spectrum will continue to grow, with new technologies to emerge. Those will be bolstered by 5G, IoT, digital home assistants, game consoles and other innovations.

Cap-Free Charter: In case you were wondering, **Charter’s** still committed to not imposing data caps or usage-based pricing for broadband service. One of the conditions of its purchase of **Time Warner Cable** and **Bright House** is that it must submit semi-annual reports to the **FCC** that include any data caps or usage-based pricing mechanism proposed to any of the company’s executive officers/directors or planned by the company. Charter assured the FCC in its most-recent report that there are no such plans/talks underway and that its business model continues to be uniform pricing.

Adding Even More: **fuboTV** added 4 more local stations to its lineup, bringing it to a grand total of 288. Specific additions include **Fox’s KAYU** (Spokane, Washington), which replaces FoxNet in the region; **Telemundo’s WZTD** (Richmond-



Also Honoring the
Cablefax Sales Hall of Fame
AWARDS LUNCHEON

TUESDAY, JUNE 5 | 12:00 - 2:00PM | EDISON BALLROOM, NYC



Congratulations to the finalists of The FAXIES awards and Sales Hall of Fame!

Bring the entire team to the luncheon for team photos, celebratory toasts and networking opportunities. Parties with tables of ten will have priority seating and will have ensured seats together.

*Table positioning is based on a first come basis, so register early.

For more information on this exciting industry event,
visit www.TheFaxies.com



Petersburg, Virginia) and WDMR (Springfield-Holyoke, Massachusetts); and CBS' WWAY (Wilmington, North Carolina).

Ratings: BBC America's "Killing Eve" continues to chart growth, up 47% in total viewers since its premiere seven weeks ago (L+3). It's up 90% in 25-54s and 95% in 18-49 compared to the April 8 debut. Sunday marks the Season 1 finale, with the penultimate ep delivering a record 986K total viewers/455K 25-54s and 367K 18-49s.

Programming: Smithsonian Channel's "The Pacific War in Color" covers the World War II conflict with never-before-seen color visuals. The eight-part series premieres June 24 at 8pm, following the pivotal moments and innovations of the time. -- FX renewed Zach Galifianakis-headed comedy series "Baskets" for a fourth season.

Over-the-Airheads: EW Scripps reached new multi-year affiliation agreements with ABC and CBS in several markets. The ABC agreement covers all 15 Scripps ABC affiliates serving Bakersfield, CA; Baltimore; Boise, ID; Buffalo, NY; Cincinnati and Cleveland; Denver; Detroit; Indianapolis; Las Vegas; Tucson and Phoenix, AZ; San Diego, CA; Tampa, FL; and Twin Falls, ID. The CBS agreement covers WTVF in Nashville.

Editor's Note: Your next issue of Cablefax Daily will arrive Tuesday evening because of the Memorial Day weekend.

Cablefax Dashboard

Tweet Tweet



Up Ahead

June 4-6: [Fiber Connect](#), Nashville, TN

June 5: [The Faxies Awards Luncheon](#), NYC

June 5: [Cablefax 100 & Top Ops Celebration Dinner](#), NYC

June 11-14: [Wireless Global Congress](#), Orlando, Florida

June 12-14: [ANGA.COM 2018](#), Cologne, Germany

June 13-15: [CES Asia](#), Shanghai, China

Research

> The 50 direct-disruptor brands collectively spent over \$1.3bln on TV in 2017, a 98% increase YOY.

> On average, the "emerging" brands saw an 83% lift in their unique website traffic after launching a TV campaign.

> 12 of the 15 "expanding" direct-disruptor brands analyzed showed a direct correlation between TV spend and website traffic.

(Source: VAB's "Direct Impact: How TV Drives Outcomes for Direct-Disruptor Brands" 2018 Report)

Quotable

"The challenge of the Internet is nobody knows where a lot of this content is coming from. We have a challenge in the sense that people are consuming all this content and a lot of times, there is no real attention or attempt to discern what is a trusted, valued, curated brand versus something that some bot put up there on the web. That's the challenge of living in this age. It doesn't eliminate our responsibility to handle our products responsibly, but it creates a real problem for society and how we help all of us to get through it."

– NCTA's James Assey at Media Finance Focus 2018

CFX Cablefax
PROGRAM & TRAILER AWARDS
Honoring the Best Content & People on All Programming Platforms

ENTER TODAY!

Sponsorship Opportunities: Olivia Murray at omurray@accessintel.com
Questions: Mary-Lou French at mfrench@accessintel.com

CALL FOR ENTRIES!

Entry Deadline:

Friday, June 22, 2018

Final Entry Deadline:

Friday, June 29, 2018

Enter at:
www.cablefaxprogramawards.com

CFX TECH

Branching Out

With the rising interest in smart homes and connected devices, it hasn't been surprising to see some of the largest global companies competing for a stake in the game. But don't count out the less traditional players. Some are ready to take a step outside of their wheelhouse to see what the smart world has to offer, and they're not wasting any time.

An **FCC** filing (first spotted by *Cord Cutters News*) from Chinese consumer electronics company **TCL** shows a smart speaker with a voice assistant that could be a sneak peek into what will come when the first products from **Roku** Connect emerge later this year. Roku announced in January that it would be expanding beyond its signature streaming devices into the world of smart speakers and sound bars. It isn't making the devices itself. That's where companies like TCL come into play. Roku is utilizing a licensing program for Roku Connect, which connects the devices together, and Roku Entertainment Assistant, a voice assistant. Roku Connect and Roku Entertainment Assistant would come as free software upgrades to existing Roku TVs and streaming devices.

Roku debuted the first of these licensed devices at **CES 2018**, the TCL Roku Smart Soundbar, and said the product was expected to come in late 2018. The company said it would "offer premium sound while taking advantage of Roku Connect to connect to other AV devices, and new voice controls accessible through the Roku Entertainment Assistant." The device would be compatible with any TV, but using it with a Roku TV would extend the hands free voice and audio capabilities to the TV.

There are certainly worse markets to expand into. Nearly one in five US adults have access to a smart speaker in March, according to research from **Voicebot.ai**. The growth in smart speakers alone is staggering. It took 13 years for TVs to reach the 50mln mark while it has only

taken smart speakers two years to reach that sort of penetration.

The pay TV industry is increasingly embracing voice. Voice search remotes have taken off, with the next step being to integrate them with home automation, allowing subscribers to talk their remotes to pull up security cameras and dim the lights.

That's not to say there won't be challenges. **Amazon** practically owns the market. Voicebot.ai reported that the giant owned 71.9% of the smart speaker market share install base in the US for 2017.

And it's going even further with creating a fully-connected home, partnering with home-builder **Lennar** to open staged-homes called "Amazon Experience Centers," which will be filled with smart home products including the Echo Show and an Echo Dot. The houses are launching in 15 cities across the US.

Only **Google** has appeared as a competitor to Amazon thus far. It may have only owned 18.4% of the US market last year, but research from **Canalys** revealed that it surpassed Amazon in smart speaker sales for the first time in Q1 2018 with 3.2mln Google Home and Home mini devices sold.

All signs show the smart home market is heading for a boom. It's expected to hit \$53bln in 2022, according to **Zion Market Research**. That doesn't just mean smart speakers. That includes everything from smart TVs, connected thermostats and even certain refrigerators. More than 50% of US broadband households own a smart TV, according to a new report from **Parks Associates**. Products are moving into the mainstream and everyone's vying for a piece of pie.

Here comes Roku. We should know this fall whether they'll become a viable player or not, but going up against giants like Amazon and Google, there's no doubt as to who is the underdog. -- Sara Winegardner

VISION OF THE FUTURE

SAVE BIG! EARLY BIRD REGISTRATION NOW OPEN.

SCTE·ISBE CABLE-TEC
EXPO
2018
ATLANTA, GA
OCTOBER 22-25

2018 Fall
Technical Forum
SCTE·ISBE · NCTA · CABLELABS

Register at expo.scte.org

#cableteceexpo