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Wednesday — October 24, 2018

What the Industry Reads First

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Toot Toot: Cable's Getting Louder on Gig Rollouts, What's Next

Tuesday's opening session of **SCTE-ISBE's Cable-Tec Expo** let cable blow its horn a little—something industry leaders said needs to happen more often. “We don't like to talk about what's down the road. But our near-term growth maps have a lot coming out, and our customers are going to love it... We're quick to say 1G is going to be 5. In the blink of an eye, 5 gigs is going to be 10 gig symmetrical,” **Cox** pres *Pat Esser* told attendees. “I think you're going to hear us talk about it a little bit more in the near-term future.” Earlier in the morning, **NCTA** pres/CEO *Michael Powell* said it's cable's platform on which all innovation is built despite all the 5G headlines. “What we should learn from 5G is that 5G is 25% technology and 75% marketing,” Powell said. “They are storytellers, and they've been doing this for 25 years... This industry will be at 99% of its footprint at 1 gig at the end of the year. What would have been bold is three years ago if we were out talking futuristically that ‘we'll have a gig to America’ and get the credit that we deserve. Sometimes we are too humble in telling our narrative.” By having industry association leaders on stage together, it offered a glimpse into how they are working together to tell cable's story. **SCTE-ISBE** and **CableLabs** appear to be increasing their partnership. “We're working to build a tighter relationship with SCTE to give field people a better sense of what's coming,” said **CableLabs** pres/CEO *Phil McKinney*. SCTE is finding new ways to share that info. “This year we're partnering with [**CableLabs** subsidiary] **Kyrio** to add a wireless component to micro learnings, which are 2-5 minute video clips on what is or the key elements of a particular topic,” SCTE-ISBE head *Mark Dzuban* said, explaining how a technician can watch the clips during lunch or between service calls. As for what's coming down the pike, one area that McKinney identified as probably not getting enough play is micronets in security. “Micronets takes the concept from what the enterprise would do with network segmentation and brings it down to a consumer level. Behind that though, it brings some AI machine learning. It actually takes devices that are misbehaving and segments them off into separate networks,” he said, adding that **CableLabs** is working in the area and will make software open source for the industry when it's ready. Clearly, the message is that it's full steam ahead in terms of innovation. Esser said **Cox**, which spent \$15bln in capital over the last 10 years, is planning to spend more than \$10bln in the next 5 years. “You have a reputation of building a good return on that,” he said, repeatedly thanking attendees for building America's broadband.



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AI vs Machine Learning: Machine learning often gets used as a synonym for artificial intelligence, but **CableLabs** Fellow and Core Innovation vp *Bernardo Huberman* set everyone straight Tuesday during **Cable-Tec Expo**. AI is the attempt to make machines emulate the human mind—with machine learning one particular chapter of that process, he said. And when you really boil it down, machine learning is essentially data. Machine learning is what everyone is into today, with players like **Amazon** and **Google** dealing in immense amounts of data. “I believe it will eventually go back to trying to understand common sense reasoning,” Huberman said, though he thinks those applications are pretty far out in the future. Today, cable should be using data for practical network management so that it can predict network status and fix problems, he said. “Data is the oil of the century. You are sitting on gold,” he said. In a later workshop, some of **Comcast’s** work in this area was on display. The MSO used X1 error codes to predict customer incidents, making hourly predictions on who would call and why, according to *Justin Watson*, senior manager of product management. The results were pretty impressive. Comcast predicted 13.6% of calls for X1 errors, with actual calls hitting 13.2%. It took seven days to train the model and then 7 days of actual data to keep the model going, according to Watson. Other call predictions were also close to the mark. Comcast predicted that device model would drive 1.87% of calls. Actual call volume was 2.16% Ultimately, Comcast was able to identify 5% of subscribers who drive 36% of calls, giving the MSO the opportunity to attempt to proactively solve those issues.

Hurricane Michael: Nice to hear **Comcast’s** *Tony Werner* give a shout out to the continuing recovery efforts following Hurricane Michael. He went down to Panama City Beach last Friday and remarked on the people working to restore critical infrastructure even as many of them have lost their homes or have suffered damage. Some are in temporary housing 40-50 miles away. “Yet they’re there living on caffeine and adrenaline to restore service to our customers. It reiterates just how great this industry is.” **CableLabs’** chief *Phil McKinney’s* wife, daughter, son-in-law and grandkids rode out the storm and lost the roof on their house. “You see the dedication of those field op teams,” McKinney said. And even when it’s not their impacted market, other operators, such as **Cox** and **Charter**, lend a hand. “Everyone puts down their personal needs and it really is about getting customers back up,” Werner said.

Exceeds Expectations: **Verizon** beat expectations in 3Q18, even though the company lost 63K **Fios** pay TV subs. The loss was nearly double its projected 30K loss. Total broadband net adds at +2K were slightly ahead of projections. CFO *Matt Ellis* blamed cordcutters for the loss of TV subs, but believes it was offset by a gain in broadband subs. “We’ll continue to see pressure on the TV numbers, but I would expect us to continue to grow the broadband side of our business,” Ellis said. “If you’re going to rely on OTT for your entertainment, you want to ensure you have a good broadband experience.” Verizon’s adjusted EPS came in at \$1.22, slightly ahead of the forecasted \$1.20. The company reported \$32.6bln in overall revenue, whereas this time last year it reported \$31.7bln. Verizon expects **Oath** revenues, down 7% YOY, to be flat in the near term. It withdrew its target of \$10bln in Oath revenues by 2020, but says it does not believe that announcement to come as a surprise.

Female Leadership at SCTE: The rapid pace of change in cable and broadband is daunting, but it can also make executives into better leaders, said **Cable One** chmn/CEO *Julie Laulis* at a packed session at the Innovation Theater on the show floor. At a panel on “Women in the C Suite,” Laulis urged embracing the uncomfortable, noting that

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her old boss and cable pioneer *Glenn Jones* used to subject employees to grief counseling to prepare them for the future. “The stages of grief are the same stages people go through when they are going through change,” *Laulis* explained, noting that “having that bit of paranoia is what good leaders do.” *Emily Ward*, chmn, pres/CEO of VR company **AlcaCruz**, said seeing the worst case scenario means “building in me a muscle that’s really useful” as long as you come around to the positive, which “causes you to look at the world an entirely new way... it’s utterly invaluable for me to see things the way that they are or could be.” **Cable Center** pres/CEO *Jana Henthorn* added that the key for both women and men is to use the best qualities of both genders rather than embrace extreme behaviors on either side. “It’s not male. It’s not female. It’s just great leadership,” she said.

FCC October: The **FCC** voted in favor of a report & order that’s aimed at promoting investment in the 3.5 GHz band. Much to cable’s delight, the item changes the size of priority access license areas from census tracts to counties. “County-sized licenses strike the right balance to incent investment in 3.5 GHz licenses by a wide variety of existing network operators and new entrants in both urban and rural markets,” **NCTA** said. Voting against the item was Democratic commish *Jessica Rosenworcel*, who called it a “hollow version” of the initial proposal. “We take what was most innovative about our 3.5 GHz band model and cast it aside in favor of existing business models,” she said. “We expand licenses from census tracts to counties and all but bless even larger service territories at auction. We extend the terms for licenses. We adopt last generation build-out requirements for an innovation band that was designed for flexible new services and sensors.” She likened it to being at the dawn of the **Uber** age and doubling down on taxi medallions. The commissioners did vote unanimously for a FNPRM and report & order addressing cable rate regs. The FCC is seeking comment on whether to adopt changes to the how reasonable basic rates are calculated in the small number of communities that face rate regulations. Other action items include adopting an order that relieves broadcast stations of the obligation to submit paper copies of certain contracts to the FCC and approving a proposal to make up to 1200 megahertz of spectrum available for use by unlicensed devices in the 6 GHz band (5.925-7.125 GHz).

Expo News: **Buckeye Broadband** is using **Harmonic’s** CableOS virtualized cable access solution to launch a DOCSIS 3.1 broadband platform offering speeds up to 1 Gbps. It’s billed as the industry’s first software-based CMTS. -- **Dispatch Technologies**, which has been in the customer experience space for the past five years in other mobile workforce industries, has entered the telecom space. It announced a multi-year deal with a Fortune 500 company that provides broadband, entertainment and security services. Dispatch has other clients in fields such as home warranty and HVAC repair. Through the Dispatch Last-Mile Customer Experience solution, customers receive timely notifications when a job is scheduled or rescheduled plus confirmations and reminders about that job. -- Kudos to **Teleste** and **SOFC.nl Holding** for taking home the top prizes in the **SCTE-ISBE** Adaptive Power Challenge. They earned prizes of \$10K and the opportunity to present their solutions to some of the biggest cable ops in the world. -- **Cisco** revealed that **Cogeco Connexion** in Montreal is the first large cable op to implement its Infinite Broadband Unlocked (IBU) licensing across its entire footprint. It’s designed to handle DOCSIS licensing plans. -- **Arris** snagged deals with **Foxtel** in Australia and **SK Broadband** in Korea. Foxtel will launch the iQ4 set-top to bring 4KTV to customers, while SK Broadband selected Arris’ new line of Android 4K boxes—the first Arris boxes to reach the Korean market.

Cable Pioneers: Collegiality was the theme of Monday night’s **Cable TV Pioneers** banquet in Atlanta, which celebrated the Class of 2018. “We are a tribe,” said inductee and Discovery pres/CEO *David Zaslav*. He recounted his time working for fellow honoree *Tom Rogers* at **NBC**. “In broadcast, the business wasn’t like this. People didn’t root for each other,” he said. “There’s something very special about this business.” The night’s 25 honorees reflected on their careers, the industry and the friendships they developed. *Les Read*, the Pioneers executive and emeritus director who passed away over the summer, was mentioned throughout the evening. *Jim Faircloth*, who took over as executive director of the Pioneers in 2016, recalled how Read told him the best part of the job is communicating with members. “I wish Les Read could be here so I could say I finally made it. God bless you, Mr HBO,” honoree and former HBO exec *David Baldwin* said during his acceptance. Rogers, who founded **CNBC** and **MSNBC**, gave the crowd a directive. Saying it pains him to see major news franchises deemed enemies of the people, he declared to applause that it would “be a travesty not to fight back.”

Chefs & Ninjas: Two things that don’t go together? Hogwash, says **Universal Kids**, which hosted a kid-friendly Saturday afternoon at Universal Studios in Burbank featuring an “American Ninja Warrior Jr.” obstacle course alongside food trucks serving up recipes of the child contestants of “Top Chef Jr.” Show hosts *Laurie Hernandez*, *Akbar Gbajabiamila*, *Vanessa Minnillo* and *Curtis Stone* posed for selfies, and we even spotted some party crashing **Bravo**-lebrities like *Jenni Pulos* (“Flipping Out”) and “Real Housewives of Dallas” star *Stephanie Hollman*. Of course, the best part was an open bar for the adults. Get your All-Things-Jr. fix Saturdays on Universal Kids.