

Cablefax Daily™

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What the Industry Reads First

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Cable Triad: Comcast, TWC, Charter Give End-of-Year Update

Thanks goes to **UBS** for scheduling **Comcast**, **Time Warner Cable** and **Charter** execs to speak on the same day at its annual Media and Communications Conference. All 3 stuck to the Comcast-TWC deal closing in 1Q (probably the latter part of 1Q, Comcast CFO *Michael Angelakis* said) with Charter's associated transactions soon following. They didn't say too much about the proposed transactions. Charter CEO *Tom Rutledge* said the integration process is taking a lot of time, with transition service agreements necessary for things like billing systems and voice switches. Any other assets you'd add? "There are other assets out there that if we bought our scale would approve. Yes, there are others out there," Rutledge said coyly, declining to name names. On the other hand, Angelakis said Comcast is focused on organic growth going forward and isn't interested in the pains that come with legacy provisioning and customer transitioning. As the transactions continue to wind their way through the regulatory review process, all 3 companies continue to work on enhancements. This week, Charter will turn off its last analog signal. "Everywhere we operate will be 100% digital, essentially," Rutledge said. The MSO's flagship Internet speed is now at 60Mbps and 100Mbps in St Louis, and it has a new cloud-based guide coming in 2015. TWC is gearing up for **Google Fiber's** Austin launch. "I think Austin is better positioned than Kansas City was, and we're fighting a good fight in Kansas City as well," TWC CEO *Rob Marcus* said. "We're fully prepared for them to launch and are crafting packages in Kansas City that will port over." He added that Google has increased its price in Austin for a double-play by \$10 vs KC to \$130/month. Comcast is excited about the business service opportunity. Angelakis said he's unsure if home monitoring will add measurable growth, but he thinks it could develop into more. Some 60% of Xfinity home customers have never had a Comcast relationship, and the vast majority ultimately end up taking 4 products. While all three execs addressed cord-cutting, none of them seemed especially concerned. "I focus more day in day out on traditional competitors than I do the threat of OTT," Marcus said. Rutledge called OTT an "interesting mixed bag," in that it can help grow broadband and save him money (why carry programming that a consumer can get elsewhere). He doesn't see the model falling apart anytime soon. "If the whole market sold a la carte today, I think you'd take a \$70bln ecosystem and turn it into a \$7bln ecosystem," he said. Comcast's Angelakis said cord-cutting is just another example of the always-evolving landscape. "I think we've navigated that well... Our goal is to evolve with it," he

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said, referencing the amount of digital rights Comcast has amassed. Comcast launched its Internet Plus offering, bundling broadband with limited TV channels and **HBO**, about a year ago. Angelakis said it has done OK. "I think you'll see us do more of that kind of testing and working with programmers to try and figure that out," he said.

Netflix at UBS: Ratings are, well... over-rated. According to **Netflix** chief content officer *Ted Sarandos*, ratings might be "necessary for the business of entertainment, but it's been terrible for the creative side of television." "I do think that the ratings discussion has been negative for television," he said at the **UBS** conference Mon. **Nielsen** is reportedly looking at tracking original programming from SVOD players like **Netflix** and **Amazon Prime**. "The reason we don't give ratings is not to frustrate the press. It's an irrelevant measure of success for us," Sarandos said, adding that shows that have received bad ratings initially could still take off later with better scheduling. Meanwhile, it's no secret that **Netflix** is looking to seriously beef up its original programming. In the next 5 years, the company plans to launch a new original series or new season of an existing show every 2.5 weeks, Sarandos said. That means the number of originals will go from 9 currently to around 20. **Netflix** will "eventually be the largest producer of original content in the world," Sarandos said.

DISH and CBS Make Nice: Less than 24 hours after **DISH** lost **CBS** O&Os Fri evening, the satellite provider and **CBS** announced a multi-year deal for carriage of the O&Os as well as **CBS Sports Network**, **Smithsonian Channel**, **TVGN** and **Showtime Nets** (including TVE and VOD rights). As part of the deal, the companies will dismiss all pending litigation, including disputes over PrimeTime Anytime and AutoHop. As part of the accord, **DISH's** AutoHop commercial-skipping functionality will not be available for **CBS**-owned stations and affiliates during the C7 window.

CTHRA Salary Survey: Salaries for digital media and tech jobs rose significantly in 2014, as well as compensation for many sales positions, according to **CTHRA's** annual compensation survey. Hot jobs for raises included operators' MDU account execs, who saw total cash compensation soar by 18%. Direct, commercial and retail sales reps saw increases of 5%, 6% and 7%, respectively. Among MSOs, base pay for CTOs and other high level tech posts increased between 5%-7%, outpacing the national average. For programmers, average base salaries for digital media positions rose at rates from twice to 5 times the national average, with increases ranging from 6% for director of digital media marketing to 15% for vp, digital media marketing. Overall, the average salary adjustment budget in 2014 was 3% vs 2.9% last year. MSOs averaged 3% for the second consecutive year, while programmers' salary budgets grew to 3.1% from 2.9% in '13. Some 65 companies participated in the survey. More details from **CTHRA** exec dir *Pam Williams* at **Cablefax.com**.

CTAM's TVE Campaign: **CTAM** launched its consumer awareness initiative aimed at explaining the benefits of TV Everywhere. Using the "You Could Be Watching TV" theme (youcouldbewatching.tv) and #youcouldbewatchingTV hashtag, **CTAM** is touting the breadth of content, an easy sign-in process and availability of some content earlier than online and mobile offerings. "Delayed on a trip? Stuck in long lines? Entertaining the kids? You could be watching TV," says messaging on **CTAM's** consumer-facing website. **CTAM's** working with **The Lippin Group** to promote TVE in mainstream TV and lifestyle sections and via targeted blogs. The marketing group has built a secure e-form for content providers and MSOs.

Comcast EST Success: **Comcast's** decision to put several digital movies to own on sale for \$5.99 on Thanksgiving and Black Friday seems to have paid off, with a rep saying purchases during the 2-day period doubled YOY. Some 40% of all purchases during the sale were from customers who had never purchased on the platform before.

Net Neutrality: Turns out **Charter** CEO *Tom Rutledge* was at the White House a week before Pres *Obama's* comments on using Title II for net neutrality regulations. A lot of help that was, he quipped at **UBS'** media conference Mon. He actually was meeting with the president's economic advisers but said he "thought they were generally in agreement with our point of view." Oops. Count him in the camp that was surprised by the call for a Title II approach by the president. At the same event, **Time Warner Cable** CEO *Rob Marcus* voiced support for the principals of net neutrality, including no blocking or paid prioritization, but believes Sec 706 should be used, warning that regulation in Europe hurt the quality of offerings.

RSNs—From Dodgers to CSN: Looking back, **Time Warner Cable's** transaction with **Comcast** complicated getting deals done for the **Dodgers** RSN, **Time Warner Cable** CEO *Rob Marcus* said at **UBS**. But he's not giving up. "We're going to try to negotiate deals with the **Dodgers** RSN pre-merger," he said. **Comcast** CFO *Michael Angelakis* called the bankruptcy of **CSN Houston** and **DirecTV** and **AT&T's** subsequent control of the venture an unfortunate situation. "Not every market or every RSN is created equal," he said, adding that there are 12 NBCU RSNs that are "good, solid businesses."

BUSINESS & FINANCE

AT&T Expands GigaPower: The battle is on. AT&T has launched its gigabit broadband service GigaPower in parts of NC, including communities in Carrboro, Cary, Chapel Hill, Raleigh and Winston-Salem. **Google Fiber** is also targeting the state, a **Time Warner Cable** market, for its fiber broadband deployment.

People: Nick named David Katz svp, content relations. He previously served as vp, global corporate responsibility at **Viacom**. -- **Turner** upped several execs in the **Turner Network Sales** division, its domestic distribution, sales and marketing arm. *John Harran* takes on a newly created position as svp of business & product development, up from vp of business development & multiplatform distribution. He will oversee the distribution strategy for Turner's TVE initiative and explore opportunities for Turner content in the EST, SVOD, and OTT spaces. *Michael Quigley* has been elevated to svp of brand distribution, up from vp, business development & multi-platform distribution. He will take on all account management responsibilities and strategic content distribution initiatives with major linear affil partners including **Comcast, Cablevision, Verizon** and **Bright House**. They will report to *Jennifer Mirgorod*, evp of brand distribution.

Editor's Note: Trumpet those promo trailers by entering **Cablefax's** Trailer Awards. More info at cablefax.com.

CableFAX Daily Stockwatch

Company	12/08 Close	1-Day Ch	Company	12/08 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DIRECTV:	84.98	(0.04)	CONVERGYS:	20.43	(0.31)
DISH:	71.79	(1.41)	CSG SYSTEMS:	25.32	(0.37)
ENTRAVISION:	6.80	(0.08)	ECHOSTAR:	52.62	(0.28)
GRAY TELEVISION:	10.26	(0.01)	GOOGLE:	526.98	1.72
MEDIA GENERAL:	15.20	(0.35)	HARMONIC:	7.16	(0.08)
NEXSTAR:	51.99	0.51	INTEL:	37.20	(0.47)
SINCLAIR:	27.59	(0.16)	INTERACTIVE CORP:	64.28	(1.69)
MSOS					
CABLEVISION:	21.05	(0.27)	JDSU:	13.24	(0.08)
CHARTER:	166.55	(1.06)	LEVEL 3:	48.00	(0.41)
COMCAST:	56.36	0.02	MICROSOFT:	47.70	(0.72)
COMCAST SPCL:	56.11	0.01	NETFLIX:	339.48	(11.44)
GCI:	11.91	(0.19)	NIELSEN:	43.74	0.21
GRAHAM HOLDING:	940.14	(0.96)	RENTRAK:	72.05	(5.02)
LIBERTY BROADBAND:	54.38	(0.07)	SEACHANGE:	5.69	(0.31)
LIBERTY GLOBAL:	49.35	0.07	SONY:	21.15	(1.01)
SHAW COMM:	26.68	(0.3)	SPRINT NEXTEL:	4.75	(0.1)
TIME WARNER CABLE:	147.29	(0.24)	TIVO:	12.10	(0.13)
PROGRAMMING					
21ST CENTURY FOX:	37.39	(0.42)	UNIVERSAL ELEC:	59.65	(1.27)
AMC NETWORKS:	60.97	(1.99)	VONAGE:	3.25	(0.07)
CBS:	53.61	(1.48)	YAHOO:	49.62	(1.37)
CROWN:	3.50	(0.08)	TELCOS		
DISCOVERY:	33.67	(0.3)	AT&T:	33.88	(0.06)
DISNEY:	93.80	0.04	CENTURYLINK:	39.77	0.09
GRUPO TELEVISIA:	36.36	(0.06)	TDS:	24.77	(0.05)
HSN:	71.34	(0.11)	VERIZON:	48.90	0.29
LIONSGATE:	33.92	(1.03)	MARKET INDICES		
MSG:	73.52	(0.32)	DOW:	17852.48	(106.31)
SCRIPPS INT:	78.31	(1.97)	NASDAQ:	4740.69	(40.06)
STARZ:	28.77	(0.08)	S&P 500:	2060.31	(15.06)
TIME WARNER:	83.33	(0.93)	TECHNOLOGY		
VIACOM:	75.28	(2.12)	ADVANTAGE:	2.55	UNCH
WWE:	11.24	(0.49)	AMDOCS:	48.23	(0.07)
TECHNOLOGY					
AMPHENOL:	53.60	(0.12)	AOL:	45.18	(1.44)
AOL:	45.18	(1.44)	APPLE:	112.40	(2.6)
APPLE:	112.40	(2.6)	ARRIS GROUP:	28.61	(0.1)
ARRIS GROUP:	28.61	(0.1)	AVID TECH:	14.22	3.76
AVID TECH:	14.22	3.76	BLNDER TONGUE:	2.39	0.06
BLNDER TONGUE:	2.39	0.06	BROADCOM:	43.54	(0.36)
BROADCOM:	43.54	(0.36)	CISCO:	27.23	(0.27)
CISCO:	27.23	(0.27)	COMMSCOPE:	25.50	(0.07)
COMMSCOPE:	25.50	(0.07)	CONCURRENT:	6.67	(0.2)
CONCURRENT:	6.67	(0.2)			



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Cablefax TECH

by Joyce Wang

TiVo Loves Cable

A few years ago, TiVo was in lengthy DVR patent legal battle with cable vendors and operators including **Motorola** and **Time Warner Cable** (all disputes have already been settled). Today, cable and TiVo go together like peanut butter and jelly. Though TiVo's \$50 Roamio OTA, launched earlier this year, is considered by many as a cable alternative, the feature could potentially be part of cable's offering, said CEO *Tom Rogers*. The device is just like the most basic model of the TiVo Roamio, minus the CableCARD. Users simply need an antenna to access their local broadcast programming. The service might become "an operator-offered product to allow them to have a video relationship to someone who is a broadband subscriber... People who have cut the [cable] cords are still paying cable for broadband services," Rogers said at the **UBS** Global Media and Communications Conference Mon. Unlike **Aereo's** technology, which was deemed illegal by the Supreme Court, Roamio OTA uses devices in the home to record video, instead of recording it outside the home and then streaming it to devices. Roger said he was surprised at the amount of press that the Aereo case has received. TiVo then looked at its offerings and found out that many subs have purchased lower-end DVR services without using a CableCARD to record OTA channels and integrate the box with OTT content. "They [subs] are doing it without us marketing it at all," Rogers said. On the subscriber side, TiVo is finally making inroads among cable ops after years of struggle. It recently surpassed the 5mln sub mark fueled by solid North American cable MSO growth. As the video industry transitions to IP technology, the key is to enable cable to exist in both the traditional QAM environment and the new IP world, Rogers said. Despite the growth of OTT services, the set-top box continues to play an important role and will exist for a long

time, he said. He added that the difference is the device will increasingly become cloud-based, hardware margins will get "thinner," and more and more focus will center on software. The video industry is moving from price packaging to experience packaging, he said.

DirectTV 4K: **DirectTV** gave 4K UltraHD a rocket-propelled boost Mon with the launch of a satellite that aims to offer the new TV technology to US homes along with more HD for local markets. The satellite, expected to start operating in early 2Q of next year, is designed to provide additional capacity for delivery of 4K and other advanced services across America.

BlackArrow Scores EU Client: **Virgin Media** became ad tech firm **BlackArrow's** 1st EU cable operator customer. The move came after BlackArrow launched its EU office in London a few months ago. Under the deal, Virgin Media will use BlackArrow's multi-screen and cross-platform advertising technology to enhance its VOD platform and its TVE platform Virgin TV Anywhere. The deal is expected to allow the op to better target ad campaigns across its TV service and reach 5.3mln TV screens across UK.

Pace Gains Energy Star: Digital TV and broadband tech firm **Pace** earned the **US Environmental Protection Agency's** Energy Star certification for its D5001 'Ultra' DOCSIS 3.0 Cable Gateway. The device is the 1st DOCSIS 3.0 modem to receive an Energy Star rating in the Small Network Equipment category. The modem is expected to allow the use of dual band WiFi and integrated MoCA 2.0 coax cable networking to connect wireless set-tops, media servers, IP set-tops, computers, tablets, smart phones and gaming consoles to a more environmentally friendly gateway.

Got tech news? Reach out to Cablefax Tech editor Joyce Wang at jwang@accessintel.com



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