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What the Industry Reads First

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Custom TV: Programmers Pushing Back on Verizon's Skinny Bundles

Verizon and programmers are at odds over the telco's "Custom TV" bundle strategy. Verizon is allowed to offer custom TV packages under its existing programming contracts, CFO *Fran Shammo* said in response to a question on the telco's earnings conference call Tues. "Look, this is a product that the consumer wants. It's all about consumer choice. I mean, if you look at the TV bundles today, most people only on average watch 17 channels." **ESPN** has made headlines with its challenge of Verizon's plan, but other networks, including **Fox Sports 1** and **YES**, seem concerned. "We reject Verizon's view that it can pursue the new packaging scheme it announced yet still comply with our agreements. That said, we prefer to keep our commercial discussions confidential, and we will continue to address our concerns directly and privately with Verizon," a **Fox Nets** spokesman said. The telco's Custom TV offering went live Sun. It includes local TV channels, a few cable nets, and the option to add 7 genre-specific programming packs (2 packs are part of the \$55 base price; additional packs can be added for \$10 each). The telco is also developing a mobile-based OTT offering using LTE multicast technology. It's all about "having the consumer consume more content on their wireless handset through the **Verizon Wireless** network... We know that consumers want more content. We know what the viewership is appealing to mobile content," Shammo said. Is the new Custom TV bundling approach related to setting up the new OTT service? "I would not read into the Custom TV package as a precursor to the over-the-top video, it's not. These are two very distinct ecosystems," Shammo said. While continuing to be tight-lipped about the OTT service, Shammo shed some light on potential revenue opportunities. "When you think about the monetization, there are many different avenues we can do on this. There could be premium subscriptions. There could be pay-per-views using the multicast technology. There can be advertising model so that the consumer does not pay for the content consumption or as others would call sponsored data. So, I think there are a lot of models that we can use and I hate to say this, but let's wait until Marni and team are ready to make the big splash here this summer and then we can have more discussion around what it means." *Marni Walden*, Verizon's evp and pres of product innovation and new businesses, is leading the initiative.

Verizon 1Q: During 1Q, **Verizon** FiOS broadband net additions were 133K, up 35.7% YOY and 17.7% better than consensus forecast of 113K. The telco has a total of 6.7mln FiOS Internet subs at the end of the quarter, which is 41.5%

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penetration. At the end of the quarter, 62% of residential FiOS Internet customers subscribe to a data speeds of 50 Mbps or higher. FiOS TV net additions of 90K were up 57.9% YOY. The company now has a total of 5.7mln FiOS video subs, representing 36% penetration. Financially, the company reported \$1.02 in EPS compared with \$1.15 per share a year ago. Total FiOS revenues grew 10.2% YOY, to \$3.4bln. Overall, Verizon's 1Q results were "broadly in line, albeit with some noteworthy bright spots and a few material blemishes," *Craig Moffett* with **MoffettNathanson** wrote in a research note.

Franken's Posse Knocks Comcast-TWC: Sen *Al Franken* (D-MN) and some of his Democratic colleagues have joined together to call on the **DOJ** and **FCC** to quash **Comcast** and **Time Warner Cable's** proposed merger. "The concerns about the transaction center on the undeniable reality that the combined Comcast-TWC would be overwhelmingly dominant cable and broadband Internet provider in the nation and control much of the programming that Americans watch," they said in a letter Tues to FCC chmn *Tom Wheeler* and AG *Eric Holder*. "With 57% of the broadband Internet market and 30% of the cable market, Comcast-TWC would have an ability to defeat competing TV and Internet companies and stifle American innovation across the industry." In addition to Franken, the letter was signed by *Bernie Sanders* (I-VT), *Ed Markey* (D-MA), *Ron Wyden* (D-OR), *Elizabeth Warren* (D-MA) and *Richard Blumenthal* (D-CT). This latest effort to block the merger comes a day after Franken penned an op/ed in *Techcrunch*, suggesting that this could be defeated like attempts to block Title II. With enough people "organizing online, calling... members of Congress, and writing the FCC and DOJ—we might just be able to win another uphill battle," Franken wrote.

FCC Transparency: House Communications subcmte members unveiled 3 draft proposals Tues intended to improve **FCC** transparency. The draft bills—the focus of an Apr 30 hearing on FCC reauthorization—include requiring the FCC to publish a list of items on delegated authority (decided at Commission level vs a vote), having the agency publish drafts of rulemakings, orders or other actions when they are circulated to commissioners for a vote (it doesn't prevent changes from being made but lets the public see initial proposals) and requiring new rules to publish the day they're adopted.

15-Hour Retrans Blackout: DirecTV's blackout with **Quincy Newspapers** didn't last long. The broadcaster's signals went dark on the satellite provider after midnight CT Monday, but were back on the air Tues afternoon. Affected markets included Madison, WI; Rockford, IL; and Sioux City, IA.

Sunny Skies for DISH-Weather: Weather Channel has had its share of storms with standoffs with **Verizon FiOS** (it's still not being carried) and a 3-month blackout with **DirecTV**. But it doesn't have to worry about tough negotiator **DISH**. The 2 announced Tues that they signed a multi-year renewal. You may recall that in 2010 DISH threatened to drop the net in favor of **Weather Cast** after failed contract negotiations. This go-round, there were no public signs of contention, and Weather Channel will launch on OTT service **Sling TV** by July (pricing and packaging details to come).

Xfinity App on Apple Watch: Comcast's Xfinity TV app will be available on the **Apple Watch** slated to launch on Fri, *Matt Strauss*, evp and gm of video services for **Comcast Cable** wrote in a blog post Tues. The app allows users to do things such as change channel, manage DVR, pause, fast-forward and rewind using voice control or a few taps on the Apple Watch. Users can also search for content from the watch, even using voice commands.

Gannett Broadcast to Become Tegna: Gannett is scrambling the letters in its name and dubbing its broadcasting and digital biz as Tegna. We know, it's not a full anagram, but it's the closest explanation we've seen to how this new name is, as a statement from the CEO put it, a "nod to the more than 100-year-old history of Gannett." (Pro Tip: Don't mistype Tegna as Tenga in **Google** as there is another not-safe-for-work company with that moniker). It will trade on the NYSE as TGNA when the spinoff of the publishing unit is complete later this year.

Cybersecurity Expert Banned from Flight: Chris Roberts, founder of Denver-based cybersecurity firm **One World Labs**, said he was banned from getting on a **United Airlines** flight last week because of a Tweet he posted. Roberts was on his way to the RSA security conference to talk about computer security vulnerabilities. He's also a keynote speaker at the **SCTE** Cable-Tec Expo's Cybersecurity Pre-conference Symposium on Oct 13 in New Orleans. While waiting for his flight, Roberts posted a tweet about whether he would be able to hack into the flight's computer system, USA Today reported. "Find myself on a 737/800, lets see Box-IFE-ICE-SATCOM, ? Shall we start playing with EICAS messages? "PASS OXYGEN ON" Anyone ? :)" his tweet read. United Airlines reportedly reached out to Roberts and basically told him he wouldn't be allowed to board his plane. Roberts was able to get on another flight

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from another airline, the paper said.

Bright House Doings: Bright House is offering authenticated access to the more than 45K Bright House hotspots throughout all of the company's service areas. The upgrade offers encrypted and secure public WiFi access via an authenticated login. -- **Bright House Networks Enterprise Solutions**, the MSO's enterprise arm, launched its Distributed Denial-of-Service Mitigation (DDoS), adding the advanced and cloud-based Internet security service to its existing managed service portfolio. The new system seeks to protect organizations from DDoS attacks by stopping them before they reach a company's corporate network.

2 Gigs for Comcast in FL: Comcast said it's Gigabit Pro service offering 2 Gbps would be available to FL customers in Miami-Dade, Broward and Palm Beach counties, as well as Jacksonville, next month. The MSO launched the service to parts of CA last week and Atlanta earlier this month.

Charter Notes: Charter closed on the sale of \$2.7bln in senior unsecured notes due 2023 and 2027. The new notes resulted in net proceeds to Charter of approx \$2.678mln, which Charter intends to use to finance its previously announced tender offer for any and all of its outstanding \$1bln in 7.25% senior notes due 2017, and \$700mln in 8.125% senior notes due 2020.

Cablefax Daily Stockwatch

Company	04/21 Close	1-Day Ch	Company	04/21 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DIRECTV:	87.02	(0.41)	COMMSCOPE:	26.58	0.14
DISH:	69.78	0.56	CONCURRENT:	5.99	UNCH
ENTRAVISION:	6.72	0.03	CONVERGYS:	22.95	0.09
GRAY TELEVISION:	13.68	(0.03)	CSG SYSTEMS:	30.13	(0.01)
MEDIA GENERAL:	16.45	(0.09)	ECHOSTAR:	51.22	(0.27)
NEXSTAR:	57.33	(0.54)	GOOGLE:	533.97	(1.41)
SINCLAIR:	31.09	0.01	HARMONIC:	7.46	0.08
MSOS					
CABLEVISION:	18.62	0.08	INTEL:	32.43	(0.3)
CHARTER:	186.81	2.93	INTERACTIVE CORP:	72.02	0.59
COMCAST:	58.84	0.37	JDSU:	13.35	0.04
COMCAST SPCL:	58.44	0.41	LEVEL 3:	54.28	0.83
GCI:	16.60	0.25	MICROSOFT:	42.63	(0.27)
GRAHAM HOLDING:	1044.01	17.19	NETFLIX:	560.44	(6.95)
LIBERTY BROADBAND:	54.59	0.74	NIELSEN:	45.83	0.78
LIBERTY GLOBAL:	51.01	0.59	RENTRAK:	50.15	(0.48)
SHAW COMM:	22.36	0.04	SEACHANGE:	6.98	0.14
SHENTEL:	35.83	0.34	SONY:	30.88	0.52
SHENTEL:	35.83	0.34	SPRINT NEXTEL:	4.98	(0.01)
TIME WARNER CABLE:	152.00	1.13	TIVO:	11.05	(0.02)
PROGRAMMING					
21ST CENTURY FOX:	33.95	0.01	UNIVERSAL ELEC:	57.26	0.03
AMC NETWORKS:	75.54	0.16	VONAGE:	4.96	0.04
CBS:	61.48	0.28	YAHOO:	44.49	(0.16)
CROWN:	4.02	0.02	TELCOS		
DISCOVERY:	33.48	(0.48)	AT&T:	32.66	(0.17)
DISNEY:	107.68	(0.54)	CENTURYLINK:	36.30	1.08
GRUPO TELEVISIA:	34.95	0.53	TDS:	26.51	(0.07)
HSN:	65.22	0.04	VERIZON:	49.17	(0.21)
LIONSGATE:	31.14	(0.25)	MARKET INDICES		
MSG:	82.28	(0.69)	DOW:	17949.59	(85.34)
SCRIPPS INT:	68.75	(0.97)	NASDAQ:	5014.10	19.50
STARZ:	37.84	0.03	S&P 500:	2097.29	(3.11)
TIME WARNER:	84.04	(0.03)	TECHNOLOGY		
VIACOM:	70.46	(0.06)	ADDVANTAGE:	2.40	(0.01)
WWE:	14.15	0.12	AMDOCS:	54.67	0.58
TECHNOLOGY					
ADDVANTAGE:	2.40	(0.01)	AMPHENOL:	58.16	(0.28)
AMDOCS:	54.67	0.58	AOL:	40.28	0.37
AMPHENOL:	58.16	(0.28)	APPLE:	126.91	(0.69)
AOL:	40.28	0.37	ARRIS GROUP:	30.16	0.16
APPLE:	126.91	(0.69)	AVID TECH:	16.06	0.05
ARRIS GROUP:	30.16	0.16	BLNDER TONGUE:	0.75	(0.05)
AVID TECH:	16.06	0.05	BROADCOM:	43.98	0.36
BLNDER TONGUE:	0.75	(0.05)	CISCO:	28.69	0.21
BROADCOM:	43.98	0.36			
CISCO:	28.69	0.21			

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