

# Cablefax Daily™

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What the Industry Reads First

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## DISH Earnings: Video Sub Losses Lower than Expected, But Details Scarce

DISH posted better-than-expected 3Q sub numbers, but where did those customers come from—traditional satellite or OTT service Sling TV? DISH didn't break down the specifics of its 23K sub loss, which was higher than 3Q14's 12K loss but better than the Street's prediction of a 74K loss. **Moffett Nathanson** estimated Sling's adds at about 155K for an end of quarter sub base of 394K. **Wells Fargo Securities** estimated Sling added about 150K and core satellite lost 173K. "It is the nature of the game that if Sling was better, then DISH Network's satellite business was worse," said a Moffett Nathanson research note, which put DISH's traditional sub loss at 178K. **Pivotal Research** acknowledged that there is a tough backdrop for the core satellite business but expects that the core biz is "more resilient than most believe." For his part, CEO *Charlie Ergen* said DISH is consciously saying goodbye to unprofitable subs. "We don't take many subs now below \$50 ARPU" or with low credit scores, he said. As for the \$19.99 video offers, they aren't sustainable for the industry or a very honest approach to consumers, given that various costs, including equipment, bring that cost to \$40-\$50, Ergen said. While there was no sub breakdown, mgmt did offer some color on Sling. The seasonality is a bit different than linear, with customers able to move in and out of the service pretty quickly given that it's all online. Most of the customers who do stay with the service opt for add-on programming packs. "Streaming live TV is a lot more difficult than doing VOD. You have much less of a margin of error," Sling chief *Roger Lynch* said. Technically, Sling has to look at its user interface beyond 20 channels and the issue of offering multiple streams (like **Netflix**). Content owners have been pretty interested in deals with the service, according to Ergen. While **Disney** was an early adopter, "other people are taking a hard look," he said, noting that programmers get data from Sling. The CEO repeated his stance that linear is a mature to declining business, and, yes, that means losing some linear customers. "We hope the OTT customer is as valuable or more than linear," Ergen said. Once again, DISH's contract negotiations with **Viacom** were raised on a call with reporters. While Viacom has been a good, long-term partner, "they have to be realistic that ratings have deteriorated over the last 3-4 years, in some cases in a material way,"



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Ergen said. "The world has changed somewhat." His instructions for his team: Look at every way you can to get a deal done with Viacom. As for cable competition, Ergen believes cable is "potentially poised to be a serious competitor in the wireless industry." Cable has a lot of options, including an MVNO, for what it may or may not do. Whatever the case, Ergen feels DISH is "pretty well positioned" with its own stable of wireless spectrum. DISH continues to sound the alarm over the proposed **Charter-Time Warner Cable** deal. If approved, **Comcast** and Charter will control a combined 90% of HSD connections, management said. DISH posted earnings of \$196mln vs \$146mln a year ago, while rev climbed to \$3.73bln vs \$3.68bln.

**Set-top Critics:** Democrat presidential candidate *Bernie Sanders* (VT) joined critical of set-top box rental fees. In a letter to **FCC** chmn *Tom Wheeler* Mon, Sanders, along with Sens *Ed Markey* (D-MA) and *Richard Blumenthal* (D-CT) and 5 other Senators, urged the FCC to address the future of competition in the set-top market. They cited information received from the top 10 MVPDs, saying the providers charge consumers nearly \$20bln in rental fees for set-tops. And each HH spends on average \$232 a year on set-top rental fees alone. "We believe the time has arrived for the FCC to enable millions of Americans to access an enormous amount of content in innovative, new, and less costly ways," the letter wrote. The lawmakers asked the agency to move as quickly as possible to initiate a rulemaking that gives consumers freedom to choose set-tops to access pay-TV programming. "We strongly encourage the Commission to ensure that this replacement technology is cheap, efficient, widely available and easy to use." The Commission's Downloadable Security Technical Advisory Committee is looking at several proposals to create a CableCARD alternative. The Senators asked the FCC to provide a written response by Dec 4.

**Scripps 3Q:** **Scripps** posted 3Q revenues of \$776mln, up a solid 20% YOY. Net income was \$0.96 per share, up 3.2%. US networks' segment profit was \$330mln, an increase of 12% reflecting revenue growth, partially offset by a slight increase in operating expenses. During the quarter, the company completed its acquisition of 100% of Poland's premier multi-platform media company **TVN**. The company is integrating TVN's operations and realizing the benefits of its financial results, which drove a nearly 400% increase in International Networks' segment revenue and resulted in the 1st profitable quarter for Scripps' international operations. International Networks revenues for the quarter were \$118.7mln versus \$23.8mln. The company now expects full-year revenue to increase approx 13%. Due to the impact of purchase accounting, depreciation and amortization is now expected to be approximately \$145mln. And as a result of its 100% ownership of TVN, the company now expects interest expense to be approx \$110mln.

**TWC WiFi:** **Time Warner Cable** is offering free public WiFi to eligible Internet subs in Greensboro and Wilmington, NC with the expansion of its TWC WiFi outdoor network to both areas. The expanded network covers more than 2,400 TWC WiFi hotspots in Greensboro and more than 1,400 hotspots in Wilmington. The MSO has continued to add hotspots to its network in Southern CA, NYC, Charlotte, Raleigh, Myrtle Beach, Austin, San Antonio, Dallas, Kansas City and Hawaii. Nationwide, TWC now has more than 125K hotspots.

**NBCU Goes Big for Hunger Games:** **NBCU's** linked up with **Lionsgate** to promote "The Hunger Games: Mockingjay Part 2" release in theaters Nov 20. Behind-the-scenes content will air across **NBC**, **Bravo**, **E!**, **Oxygen**, **Syfy** and **USA** beginning Tues, including an exclusive 13-min, commercial-free, in-depth look at the epic "Hunger Games." Following the linear debut, the content will then live exclusively on **Fandango** and **E! Online**.

**Ratings:** Thurs night's **NFL Net Cleveland Browns** and **Cincinnati Bengals** game averaged an overnight HH rating of 7.3 in 56 metered markets and local OTA stations, up 43% from last year's 5.1. More than 1.5mln live video streams of the Browns-Bengals game online marked the most-streamed Thursday Night Football game this season.

**Programming:** **Insurrection Media** signed a production agreement with *Robert Kirkman* and *David Alpert's Skybound Entertainment to provide resources and support for Skybound to find, develop and produce genre series to be distributed by Insurrection Media in the US and abroad on linear and OTT platforms. -- The new Apple TV now offers **Poker Central's** linear feed and VOD programming. -- **IFC** renewed original comedy "Maron" for a 4th season to debut in the spring. -- **Syfy** reupped "Z Nation" for a 15-hour 3rd season next year.*

# BUSINESS & FINANCE

**People:** Telemundo appointed journalist *Humberto Duran* to vp of news operations and production management. He will report directly to *Luis Carlos Vélez*, evp of network news. -- **Comcast** tapped *Francis Buono* to be svp of legal regulatory affairs and senior deputy general counsel. He will report directly to *David Cohen*, sevp and chief diversity officer of Comcast and will become part of the senior leadership team in Comcast's DC office. Buono joined Comcast from **Willkie Farr & Gallagher** where he was most recently a partner and chair of the communications department and chair of the data privacy & security practice group. -- *Chara-Lynn Aguiar* was named vp, strategy and content for **Fox Sports National Networks**. *Chris Healey* was tapped as coordinating producer for original programming. Aguiar joins Fox Sports from **YouTube**, while Healey has spent the last 10 years at **ESPN**. -- **One World Sports** hired *John Vilade* as evp, ad sales. He most recently served as vp, national digital ad sales for **CBS Local Digital Media**.

**Editor's Note:** Don't miss your chance to gain deserved recognition for your innovative technology products, services and campaigns by entering the **Cablefax Tech Awards**. With the final deadline of Fri, Nov 13, fast approaching, there's no time to waste. More info at [www.cablefax.com](http://www.cablefax.com)

## Cablefax Daily Stockwatch

Company	11/09 Close	1-Day Ch	Company	11/09 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
DISH:	63.00	(0.74)	CONVERGYS:	25.86	(0.13)
ENTRAVISION:	8.51	(0.75)	CSG SYSTEMS:	37.23	0.18
GRAY TELEVISION:	16.61	(0.39)	ECHOSTAR:	42.67	(2.63)
MEDIA GENERAL:	15.22	(0.21)	GOOGLE:	725.73	(8.04)
NEXSTAR:	55.18	(1.55)	HARMONIC:	5.80	(0.1)
SINCLAIR:	33.38	(0.13)	INTEL:	33.33	(0.51)
TEGNA:	27.07	0.03	INTERACTIVE CORP:	66.49	0.09
<b>MSOS</b>					
CABLE ONE:	473.51	15.56	LEVEL 3:	50.61	(0.25)
CABLEVISION:	31.10	(0.25)	MICROSOFT:	54.20	(0.73)
CHARTER:	189.90	(0.36)	NETFLIX:	109.78	(4.29)
COMCAST:	61.36	(0.25)	NIELSEN:	47.86	(0.19)
COMCAST SPCL:	61.53	(0.36)	RENTRAK:	51.90	(2.92)
GCI:	21.17	0.10	SEACHANGE:	6.64	(0.13)
LIBERTY BROADBAND:	54.29	(0.46)	SONY:	27.89	(0.16)
LIBERTY GLOBAL:	45.65	(0.48)	SPRINT NEXTEL:	4.28	(0.26)
SHAW COMM:	20.33	(0.26)	TIVO:	9.07	(0.16)
SHENTEL:	47.35	(1.13)	UNIVERSAL ELEC:	44.87	(2.2)
TIME WARNER CABLE:	187.96	(0.13)	VONAGE:	6.67	(0.13)
<b>PROGRAMMING</b>					
21ST CENTURY FOX:	29.49	(0.34)	YAHOO:	33.68	(0.52)
AMC NETWORKS:	74.91	(1.4)	<b>TELCOS</b>		
CBS:	48.58	(0.06)	AT&T:	32.86	(0.3)
CROWN:	5.97	(0.11)	CENTURYLINK:	28.81	0.24
DISCOVERY:	29.02	0.01	FRONTIER:	4.84	0.19
DISNEY:	116.54	0.87	TDS:	28.92	(0.12)
GRUPO TELEVISIA:	28.67	(0.4)	VERIZON:	45.27	(0.52)
HSN:	52.73	(1.43)	<b>MARKET INDICES</b>		
LIONSGATE:	38.30	(1.07)	DOW:	17730.48	(179.85)
MSG NETWORKS:	21.03	0.11	NASDAQ:	5095.30	(51.82)
SCRIPPS INT:	58.41	(0.63)	S&P 500:	2078.58	(20.62)
STARZ:	34.26	(0.54)	<b>TECHNOLOGY</b>		
TIME WARNER:	68.56	(0.3)	ADDVANTAGE:	2.33	0.03
VIACOM:	49.02	(0.2)	AMDOCS:	60.25	(0.47)
WWE:	17.11	(0.42)	AMPHENOL:	55.05	(0.12)
<b>TECHNOLOGY</b>					
APPLE:	120.80	(0.26)	ARRIS GROUP:	28.49	(0.31)
ARRIS GROUP:	28.49	(0.31)	AVID TECH:	6.35	(0.32)
AVID TECH:	6.35	(0.32)	BLNDER TONGUE:	0.48	(0.03)
BLNDER TONGUE:	0.48	(0.03)	BROADCOM:	53.15	(0.64)
BROADCOM:	53.15	(0.64)	CISCO:	28.19	(0.26)
CISCO:	28.19	(0.26)	COMMSCOPE:	28.50	(3.81)
COMMSCOPE:	28.50	(3.81)	CONCURRENT:	4.83	0.07
CONCURRENT:	4.83	0.07			



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## CFX TECH by Joyce Wang

### CableLabs Pushes Sensor Initiative Amid 3.1 Rollout

As the industry expands its Internet of Things offering, smart sensors are expected to play a critical role. **CableLabs** has been working with healthcare providers and organizations on the use of sensors in areas like in-home health, health monitoring, and in-hospital systems, CableLabs CEO *Phil McKinney* said in an interview. The initiative covers “everything from sensors embedded in hospital beds that can detect whether or not patients are moving or lying too still to sensors being placed in the home that can monitor whether grandma has got up or still in bed,” he said, noting that many new sensors aimed at creating new IoT devices for specific purposes are coming. CableLabs is looking at network, security and quality of service requirements to support those devices. “We are doing a lot of work on the security side... We are also looking at how to ensure the network can support new loads of activities...” he said. The organization is also looking to foster collaboration and create consistency between IoT device manufacturers and sensor makers. The goal is to enable the devices with different interfaces to work together. As for IoT standards, “we are still pretty early in the game to pick a standard to go with,” McKinney said. He noted players in the IoT space have slowly recognized the importance of enabling interoperability. Pretty much all the major cable MSOs are actively participating in experiments around smart sensors. For example, **Cox** is partnering with the **Cleveland Clinic** to develop in-home healthcare services such as video consultation and telehealth offerings to monitor and manage recovery from surgery. “Healthcare is a very hot topic right now in the home network space, with more and more devices coming into the home... All of the MSOs are actively looking at healthcare [services in the home],” he said. The expansion of in-home IoT devices came as cable readies to trial and roll out DOCSIS 3.1. Thanks to 3.1’s ability to deliver multi-gigabit speeds, “we don’t foresee any problem or congestion point on the network” despite the potential data

explosion on the work, McKinney said. The former HP exec noted HP has partnered with Shell Oil on a wireless sensor network for oil and gas exploration. Such sensor features extreme sensitivity and CableLabs is exploring a variety of use cases around it.

**Ericsson/Cisco Partnership:** **Ericsson** is joining forces with **Cisco** in a wide-reaching partnership covering routing, data center, networking, cloud, mobility, management and control and global services capabilities. The agreement will allow the companies cross-sell and license each other’s products. It also features collaboration on network transformation through reference architectures and joint development, as well as collaboration in key emerging markets. In addition, the pair will begin working on a joint initiative focused on Software-defined networking/network function virtualization and network management and control. Both companies expect to benefit from incremental revenue in 2016 and expect to ramp to \$1bn or more for each by 2018. The move might be surprising to many as companies increasingly turn to M&A to advance in an intensely competitive environment. Both Ericsson and Cisco recently proposed M&A deals. Ericsson announced the **Envivio** purchase in Sept, while Cisco sold its set-top business to French firm **Technicolor** in July.

**App Challenge on the Hill:** House Commerce’s top democrat *Anna Eshoo* (CA) announced the launch of the 2nd annual Congressional App Challenge. The nationwide competition invites high school students to compete by creating and showcasing their apps for mobile, tablet or computer devices. Designed to promote innovation and engagement in STEM, the initiative requires a **YouTube** or **Vimeo** video demo explaining the app during the submission period from now through Jan 15. The winning student’s app in each participating congressional district will be fetured in a US Capitol exhibit.

*Got tech news? Reach out to Cablefax Tech editor Joyce Wang at [jwang@accessintel.com](mailto:jwang@accessintel.com)*



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Cablefax: The Magazine's annual power list of women in cable p6

**Strategic Thinkers...**  
AMC Networks' most powerful women have what it takes. From left to right: Sarah Barnett, Linda Schupack, Lauren Gellert, Arlene Manos, Lisa Schwartz, Ellen Kroner, Jennifer Caserta

**THE PACESETTERS** ...setting the standard p6  
**THE POWERHOUSES** ...exuding great energy in all they do p20  
**THE PRESTIGIOUS** ...leading technical innovation p41

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