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Get Smart: Planning for the Smart Home Explosion

When it comes to smart home technology, it's no longer a question whether customers will get on board. It's just a matter of time. Over 50% of broadband households intend to purchase a smart home device in the next 12 months, according to **Parks Associates**, and a conversation at **NCTC's** Winter Education Conference had members exploring their place in the connected home and IoT. "You've got to do it. Fear is getting the best of people," **Comporium SMA Solutions** product manager *Brian Crenshaw* said during Tuesday's session. "The biggest challenge is making the first step." And as with so much else in the industry, the story all starts with broadband. "When you've got that many devices in the home, you need bandwidth," **Chattanooga EPB** vp, new products *Katie Espeseth* said. "As a service provider and electric utility, there are so many opportunities for us to get into the home." Once you're in, it's all about making the most of that initial install. "Don't skimp on customer support," Espeseth advised the crowd, noting that customers can quickly drop smart home devices if they're experiencing connectivity problems. "No matter how many extenders it requires or what you need to do, don't leave that home until you have tested it top to bottom." With folks adding everything from smart speakers to smart thermostats, it's not just about supporting each device. It's about the customer knowing the devices can work together and be managed seamlessly and easily. "A lot of people think there needs to be one app to manage everything," Crenshaw said. "At the end of the day, I really believe interoperability will come with cloud integrations." Cloud integrations do come with a cost in the form of feature degradation, which could leave a bad taste in customers' mouths. For that reason, Crenshaw sees voice as the one user experience that is going to integrate everything while minimizing feature degradation, especially with most devices supporting **Amazon** Alexa and/or **Google** Assistant. "That voice layer of control is going to give an excellent layer of customer experience," Espeseth agreed. There are still barriers to smart home adoption, including concerns surrounding data privacy and security. "That's going to be a concern for the short-term," Crenshaw predicted. "In the long term, I look at my children. Their concept of privacy is totally different than ours." It's the cost that comes with the territory, and the benefits tend to win out amongst folks looking for improvements to their quality of life. "It's a trade-off between this simplistic approach and the conveniences technology brings to your home with the loss of privacy," Espeseth said. "But I think people are getting more used to that."

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AT&T-Time Warner Gets Greenlight Again: A federal appeals court rejected the **Justice Department's** attempt to bust up the 2018 $81bln merger of **AT&T** and **Time Warner**. After the DOJ unsuccessfully sued to stop the combo, it appealed to the DC Circuit, which heard oral arguments in December. The companies were permitted to go ahead and combine while the appeal was pending. "The government's objections that the district court misunderstood and misapplied economic principles and clearly erred in rejecting the quantitative model are unpersuasive," the opinion released Tuesday said. *Judge Judith Rogers* wrote the opinion for the unanimous three-judge panel. AT&T has remained confident it would prevail. "The merger of these innovative companies has already yielded significant consumer benefits, and it will continue to do so for years to come. While we respect the important role that the US Department of Justice plays in the merger review process, we trust that today's unanimous decision from the DC Circuit will end this litigation," AT&T said Tuesday. **Public Knowledge** was disappointed with the ruling, but said the opinion's scope was limited to a highly specific set of facts and "provides guidance for how the government can successfully challenge future anticompetitive vertical mergers."

Viacom's Pluto to Orbit Distributors: When it comes to M&A, look for **Viacom** not to go after scale, but instead very targeted deals. "It's about very disciplined M&A and having a view on exactly how it fits in, going tight and integrating it right away," Viacom CEO *Bob Bakish* said at **Morgan Stanley's** investor conference Tuesday. The latest example is the yet-to-close deal for AVOD **Pluto TV**, which he said feeds Viacom's advanced advertising business along with unlocking library value and expanding distribution partnerships. "It's also a cornerstone of our DTC strategy. This a 12-13mln monthly active user business today. Of course, it's a free service, which means it's a perfect entry point into that ecosystem, but we will upsell targeted DTC products above that" such as **Noggin**, **Comedy Central** and upcoming reality and **BET** DTC products, Bakish said. "In partnership with our distributors, we can upsell them to other forms of television product, including basic cable." The idea is that distributors will be able to provide Pluto to their broadband-only subs without taking on any additional costs. There's upside for distributors in the form of a revenue share and/or access to inventory. Bakish said distributor conversations have already started. "They all get it. They're all excited about it," he said, promising activity on this front soon. While Pluto is US-centric now, Viacom intends to expand it globally.

Discovery Drives: In its first fourth quarter since the **Scripps** acquisition, **Discovery** reported a profit after posting a year-ago loss, however the company did note slowing US advertising growth and ratings challenges at the flagship net. Net income in Q418 was $269mln compared to the $1.1bln loss a year ago due to a non-cash goodwill impairment charge. Q4 revenues of $2.8bln increased 51% YOY ($1.9bln in 2017), but revenues decreased 2% overall as a 1% increase in US networks and flat revenues in international networks were more than offset by a significant decrease in education

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and other revenues due to the sale of the education business. "Our brands continue to strongly resonate and feel differentiated within a content landscape that is increasingly cluttered and crowded," pres/CEO *David Zaslav* said in the company's earnings call Tuesday. "Even with the noted ratings challenges at the flagship Discovery, which are improving, Discovery still the number one network for men in prime [excluding sports]. Our portfolio still achieved domestic advertising revenue growth of 3% despite not having news or sports, which speaks to the power of our broad portfolio balance." He also pointed out strong growth in nets such as **TLC**, which was the number one net in America for women in January. Zaslav also hit on DTC efforts and the launch of the **Eurosport** player and **D Go** apps. "Achieving success in the direct to consumer world will require a lot more than a simple shifting of content from one platform to another," he said. "We believe a successful offering requires an experience that is immersive, trusted, informative, educational, social and community driven. By virtue of our many functional verticals, we are well suited to successfully pivot our businesses forward. The company launched additional legacy Discovery Networks late in the fourth quarter on **Hulu** and **Sling,** with Zaslav noting "we continue to strive to partner with every and all key OTT players in the marketplace."

Charter Union Vote: The votes are in for an election that would decertify **IBEW Local 3** as the collective bargaining unit for a group of **Charter** employees. But the results aren't in. According to the **National Labor Relations Board**, there were 2437 eligible voters, 60 void ballots, 1601 challenged ballots and 0 ballots counted. In other words, it's not clear if the union, which has been on strike against Charter since March 2017, has been decertified or not. The next step will be for the NLRB to deal with the challenged ballots, with challenges possibly coming from either party. A Charter employee filed the petition to decertify IBEW Local 3.

C-Band Playbook: **ACA** laid out its 2019 game plan for attendees of **NCTC's** Winter Educational Conference, and while there are always obstacles in trying to make progress in Washington, the greatest challenge now may be in making sure Congress stays focused on the now rather than upcoming fights for the presidency. "Even though November just ended, there's already a tremendous amount of focus on 2020," **Alpine Group** svp *Ansley Erdel* said during a panel Tuesday. "There's a lot of noise at the top, but there's a lot of opportunity underneath to get things done." But if there's one area ACA svp, government affairs, *Ross Lieberman* would ask members to tune in on today, it's that of the C-band as the **FCC** looks at plans to free up mid band spectrum for 5G uses. ACA has already cautioned the Commission, warning it to consider disruptions for current C-band users as it moves forward. "If they do give up 300, 400 MHz, it could threaten your ability to continue to receive the video service that you're offering to your customers," Lieberman said. "5G is important, we're all for it, but don't harm rural America in the process."

FCC Ratings Report: Just how accurate are those TV ratings that appear on shows and movies? That's what the **FCC** is trying to find out. A provision in the recently passed appropriations bill requires the FCC to report to Congress on the ratings' accuracy as well as the ability of the industry created **TV Parental Guidelines Oversight Monitoring Board** to oversee the system. With the report due by May 15, the FCC Media Bureau is asking for comments on the ratings system by March 12 (replies are due March 19). The **Parents Television Council** has frequently criticized the ratings system, saying graphic violence and gun violence are too often rated as appropriate for children. The FCC asks numerous questions, including whether the ratings are applied consistently and whether the Board taken steps to respond to concerns raised about the accuracy of ratings being applied to television programming or any other issue raised by the public.

Media Study for the Children: A bipartisan group of lawmakers on Tuesday reintroduced legislation to study the impact of technology and media on children. The **National Institutes of Health** would investigate the impact of exposure to and use of media such as mobile devices, computers, social media, television, AI, video games and VR have on young people, with the bill authorizing $15mln for fiscal years 2020-2022 and $25mln for each of the fiscal years 2023 and 2024. Sponsors include Sens *Ed Markey* (D-MA), *Ben Sasse* (R-NE) and Reps *Ted Budd* (R-NBC) and *Jamie Raskin* (D-MD). "With more children using digital devices in their everyday lives, it's critically important for us to learn more about how technology may impact their health and development," said co-sponsor *Roy Blunt* (R-MO).

RCN, Grande, Wave: **RCN, Grande** and **Wave** announced a reorganization of its business solutions team, with *Joe Torraca*, vp, business solutions - Eastern Region; *Ted White*, vp, business solutions - Central Region; *David Lampkin*, vp, business solutions - Western Region; *Glenn Calafati*, vp, commercial product and *Gus Chimos*, vp, business sales operations. *Patrick Knorr* heads up the team as COO and EVP, Business Solutions. The combined companies have created a growing network spanning coast to coast, covering nearly 20 metro areas in 11 states.

People: **NCC Media**, ad sales and tech company owned by **Comcast, Charter** and **Cox**, named *Gerrit Niemeijer* as CTO. He was a founding member of ad tech company **Visible World** and served as its CTO for 17 years.