

Cablefax Daily™

Tuesday — October 7, 2014

What the Industry Reads First

Volume 24 / No. 194

Big Deal: NBA's OTT Offering and the Price of Sports

Consumers are getting hip to just how expensive sports is—whether it's through the RSN surcharges that a number of MVPDs have instituted or the media. "With **ESPN** shelling out an extra \$915 million annually and **TNT** an extra \$755 million under the new deal, you can be certain that they will charge cable providers more, who will in turn pass those costs on to you. Your cable bill will increase a couple of dollars a month solely because of the NBA," said a *Deadspin* article. Over at *The Atlantic*, *Derek Thompson* wrote, "the story behind today's headline is that the cable bundle as it currently exists can only get more expensive, and the US isn't giving its customers any more money to spend." Of course, given the importance of sports to that monthly video subscription, operators for the most part just have to swallow it (the asterisk here is the **Dodgers** RSN). The details of Mon's announcement are monumental, with the reported figures for the 9-year agreement representing nearly triple what the league receives for NBA rights beginning with the '16-17 season and running through '24-'25. For that extra money, there are a few enhancements—chiefly a new OTT offering that ESPN and the NBA negotiated in which the league would receive an equity interest. Details are sparse for the time being, but the *WSJ* reports that it will be open to people who aren't pay TV customers. That's not going to make the reported \$24bln media rights deal go down any easier with distributors—though ESPN chief *John Skipper* noted most of the deal is about existing affiliates. "I know it will come up inevitably about what this means for the current pay television universe. I would point out the preponderance of our deal is to invest in new product that goes on pay television, and that we continue to do so and we'll continue to do that while we explore new ways to reach fans," Skipper said in Mon's news conference. "There is no contradiction in continuing to enhance and buttress the current system while building new businesses and new ways to reach fans. We think they are complementary, we applaud the NBA for being a very forward thinking league and helping us do that across all of our platforms." **Washington Wizards** owner *Ted Leonsis*, chmn of the NBA's media cmte, said OTT is here to stay, noting the league has provided online video with Turner throughout-of-market package NBA League Pass. "The NBA has always been at the forefront. And League Pass was over the top, and it's been over the top as a partnership with us and building that property so this is just an extension, and we are excited to have it as part of the

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Publication Date: Nov. 6
Ad Space Close: Oct. 16

CABLEFAX DAILY (ISSN 1069-6644) is published daily by Access Intelligence, LLC ● www.cablefax.com ● 301.354.2101 ● Editor-in-Chief: Amy Maclean, 301.354.1760, amaclean@accessintel.com ● Associate Publisher: Michael Grebb, 323.380.6263, mgrebb@accessintel.com ● Editor: Joyce Wang, 301.354.1828, jwang@accessintel.com ● Sr Community Editor: Kaylee Hultgren, 212.621.4200, khultgren@accessintel.com ● Advisor: Seth Arenstein ● Jr. Acct. Exec: Olivia Murray, 301.354.2010, omurray@accessintel.com ● Dir of Market Dev: Laurie Hofmann, 301.354.1796, lhofmann@accessintel.com ● Prod: Joann Fato, jfato@accessintel.com ● Diane Schwartz, SVP Media Comms Group, dschwartz@accessintel.com ● Group Subs: Laurie Hofmann, 301.354.1796, lhofmann@accessintel.com ● Sub Questions, Client Services: 301.354.2101, clientservices@accessintel.com ● Annual subscription price: \$1,599/year ● Access Intelligence, LLC, 4 Choke Cherry Road, 2nd Floor, Rockville, MD 20850

portfolio,” said **Turner** pres *David Levy*. NBA Commissioner *Adam Silver* said it’s time for programming that’s provided directly to mobile devices. “As David Levy said in his statements, there is a millennial consumer out there who has a different approach to the traditional cable or satellite package. But we think ultimately it will be supplemental. We think there’s a demand to get live games on mobile devices, but it will ultimately supplement the premium content that they are providing through cable and satellite.” What all do ESPN and TNT get for their significant chunk of change? ESPN or ABC picks up 10 additional regular season games, for a total of 100. Turner adds 12 regular season games that will air on another night of the week other than Thurs. Turner will continue to operate the NBA digital properties, including NBA.com, NBA TV and NBA League pass. This latest sports rights deal came the same day **PricewaterhouseCoopers** issued a report that has media rights forecasted to grow at a compound annual rate of 9.1% from \$12.5bln last year to \$19.3bln in 2018.

Turner Pink Slips: The same day **Turner** announced its **NBA** deal, it also made official its long-anticipated mass layoffs. The programmer said it will eliminate about 10% of its workforce globally (1475 positions). The cuts are to come across all levels from news, entertainment, kids, young adults and sports, as well as corporate. Employees affected will be advised over the next 2 weeks and offered severance. The reorg does include reductions from its previously announced buy-out offer, along with involuntary separations and elimination of unfilled headcount. Turner plans to add some 150 new positions in areas of investment and growth.

Suddenlink-Discovery: **Viacom** nets remain dark on **Suddenlink**, but **Discovery Comm** channels are safe with the 2 announcing a new, long-term distribution agreement. Suddenlink customers should be able to enjoy authenticated access to Discovery content, inside and outside the home, in the near future, they said. Complaining that Viacom wanted too much money and ratings were down, Suddenlink dropped the nets Oct 1, the same day Viacom announced a new carriage deal with **Verizon FIOS**.

Wheeler Speaks: **FCC** chmn *Tom Wheeler* touched on IP transition and fiber deployment issues during his keynote at the **COMPTEL** Fall Show in Dallas Mon. The trade group represents competitive communications service providers. The FCC adopted an Order in Jan which kicked off a series of experiments and other fact-gathering initiatives to understand the impact of technology transitions. “Interestingly, while the idea of Tech Transition trials was warmly embraced, there hasn’t exactly been a land rush to put them in place. But we are looking forward to announcements of trials later this month,” Wheeler said. Noting the expansion of fiber-based gigabit service (both upstream and downstream) in EU, Wheeler said he looks forward to “seeing what US providers are able to do with this technology.” With more fiber deployment taking place, how to handle the legacy copper network is a challenge. Wheeler intends to propose a series of measures to address issues like ways to ensure copper networks are being maintained adequately. “Our goal should be to improve our copper retirement process to strengthen our core values, including competition.”

Cox Selling Gigabit in Phoenix: **Cox** is now selling Gigabit Internet service in Phoenix, with deployments in other markets to follow soon. Dubbed “G1GABLAST,” the service will first be available in parts of the Phoenix metro area and will be expanded to Las Vegas and Omaha and other parts of Cox markets nationwide. In all Cox locations, the company will start market-wide deployment of gigabit speeds to residential customers by the end of 2016. The offering costs \$69.99 a month when combined with Cox’s service bundles and it also includes the latest high-speed WiFi router, one terabyte of cloud storage, Cox Security Suite and family protection, and 10 email boxes each with 15 gigabytes of storage. The MSO will showcase the service at community events throughout Phoenix and at its retail stores.

Weather App for DISH: **DISH** launched a TV app from the **Weather Channel** for its subs, enabling access to hourly forecasts by zip code. Accessible from channel 213 on DISH’s set-tops, the app also features functionality that places the Weather Channel in the upper right corner of the TV screen. DISH Hopper subs can access the app by clicking a button on the remote control.

Programming: An 18-day free premiere of **NHL** Center Ice is available on several distributors, including **Comcast**, **Verizon FiOS** and **Charter**, Oct 8-25. The out-of-market subscription package from In Demand features more than 1K hockey games and retails for \$159.96 (4 payments of \$39.99). The package includes a multi-screen mosaic, same-day replays and dual-feed telecasts. -- **Africa Channel** will support Congo Week (Oct 20-26), which is de-

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signed to raise consciousness about the situation in the Congo and advocate for peace and justice. Africa Channel will debut a slate of Congolese movies, including "Congo: White King, Red Rubber, Black Death," about King Leopold II of Belgium.

-- **Hallmark Channel** original series "Signed, Sealed, Delivered" will move to sister net **Hallmark Movies & Mystery** as a movie franchise consisting of a series of 2-hour original films. The 1st film, "Signed, Sealed, Delivered For Christmas," debuts Nov 23, with 3 more films slated for 2015.

People: Rovi tapped former **Arris** exec *Sean Matthews* as evp, strategy and corporate development. He will report to pres/CEO *Tom Carson*.

On the Circuit: **A+E Networks** chmn *Abbe Raven* was elected to the board of **PENCIL**, a NY education nonprofit that bring the corporate world together with public schools. A+E Nets is also a part of **PENCIL Fellows**, a job readiness training program for public high school students that includes a six-week, paid summer internship at a local business.

Editor's Note: Live in L.A.? Like to eat breakfast? Worship the Golden Age of Television? Excellent. Drop whatever you're doing (it's boring anyway), and register for Cablefax's Program Awards/Top Ops breakfast on Oct 14 at the Loews Hollywood. More info at www.cablefax.com.

CableFAX Daily Stockwatch

Company	10/06 Close	1-Day Ch	Company	10/06 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DIRECTV:	87.89	0.19	CONCURRENT:	7.56	0.07
DISH:	64.65	(0.51)	CONVERGYS:	17.78	(0.05)
ENTRAVISION:	4.40	0.20	CSG SYSTEMS:	26.30	(0.06)
GRAY TELEVISION:	7.97	(0.29)	ECHOSTAR:	46.80	(0.11)
MEDIA GENERAL:	14.10	(0.72)	GOOGLE:	577.35	2.07
NEXSTAR:	40.42	(0.25)	HARMONIC:	6.22	(0.14)
SINCLAIR:	25.52	(0.33)	INTEL:	34.11	0.08
MSOS					
CABLEVISION:	17.45	(0.32)	INTERACTIVE CORP:	62.97	(0.19)
CHARTER:	153.53	0.86	JDSU:	12.98	(0.01)
COMCAST:	53.39	(0.26)	LEVEL 3:	43.88	0.27
COMCAST SPCL:	53.18	(0.26)	MICROSOFT:	46.09	UNCH
GCI:	10.92	(0.07)	NIELSEN:	42.92	(0.54)
GRAHAM HOLDING:	700.49	(1.63)	RENTRAK:	66.75	1.26
LIBERTY GLOBAL:	42.82	0.17	SEACHANGE:	7.00	(0.04)
LIBERTY INT:	29.92	1.79	SONY:	17.76	0.15
SHAW COMM:	24.70	0.21	SPRINT NEXTEL:	6.00	(0.25)
TIME WARNER CABLE:	143.62	(0.89)	TIVO:	12.73	(0.13)
PROGRAMMING					
21ST CENTURY FOX:	34.11	0.04	UNIVERSAL ELEC:	48.68	(0.72)
AMC NETWORKS:	56.71	(0.24)	VONAGE:	3.22	(0.1)
CBS:	52.77	(0.31)	YAHOO:	41.52	0.49
CROWN:	3.10	(0.11)	TELCOS		
DISCOVERY:	36.85	(0.15)	AT&T:	35.49	0.13
DISNEY:	88.56	0.11	CENTURYLINK:	40.68	(0.32)
GRUPO TELEVISIA:	34.42	0.18	TDS:	23.55	0.12
HSN:	62.63	0.13	VERIZON:	50.08	0.37
LIONSGATE:	32.50	(0.37)	MARKET INDICES		
MSG:	63.54	(0.92)	DOW:	16991.91	(17.78)
SCRIPPS INT:	78.24	(0.8)	NASDAQ:	4454.80	(20.82)
STARZ:	32.56	(0.18)	S&P 500:	1964.82	(3.08)
TIME WARNER:	73.82	(0.9)			
VALUEVISION:	5.03	0.04			
VIACOM:	74.76	(0.54)			
WWE:	13.83	(0.25)			
TECHNOLOGY					
ADDVANTAGE:	2.31	0.03			
AMDOCS:	45.87	(0.13)			
AMPHENOL:	99.00	(0.38)			
AOL:	44.04	0.37			
APPLE:	99.62	UNCH			
ARRIS GROUP:	27.56	(0.4)			
AVID TECH:	9.96	(0.04)			
BLNDER TONGUE:	1.22	(0.05)			
BROADCOM:	38.94	0.07			
CISCO:	25.01	(0.3)			
COMMScope:	24.73	0.14			



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Cablefax TECH by Joyce Wang

Cable WiFi: What Does DOCSIS 3.1 Means for WiFi?

DOCSIS 3.1 is coming faster than ever, with **CableLabs** execs predicting physical deployment by the end of 2015. Faster home broadband means higher consumer expectations for WiFi networks, said *Justin Colwell*, CableLabs' vp of access network technologies: "WiFi is really the way that cable customer experience high speed data services. Think of DOCSIS to the home. The majority of data usage happens over WiFi. DOCSIS and WiFi to me are tied. Neither one should become the bottleneck of the other." And as gigabit speeds become something that customers are more and more used to getting, "it's going to be important that customers can experience that through WiFi as well, both in and outside of home," Colwell said. Meanwhile, the FCC voted in March to free up 100 MHz of spectrum in the 5GHz band, providing more breathing room for devices using WiFi hotspots and wireless home local area networks. In addition to the 5GHz band, the 5.8 GHz spectrum block can also be used, a big opportunity to expand the 5 GHz band and make room for more 802.11 WiFi channels, Colwell said. The band has been allocated by the federal government for short-range communications. There's also the broadcast incentive auction in which the FCC wants to allocate some of the lower band spectrum to enable a robust unlicensed footprint. "We are excited about these two opportunities in the short-term," Colwell said. That said, spectrum allocation takes time. Before anything happens, cable can count on new WiFi standards like 802.11ac to improve WiFi performance. The standard aims to enable a faster and more scalable version of 802.11n and combines the freedom of wireless with the capabilities of Gigabit Ethernet. The standard is still gaining traction. Colwell noted the new iPhone 6 already supports 802.11ac. Meanwhile, as cable's WiFi strategy evolves, new opportunities to monetize the network such as "home-as-hot-spot" might open up. Colwell noted **Comcast's** roaming agreement with **Liberty Global**, which allows their respective subs to access millions of hotspots in the US and 7 countries in EU. The partnership features

hotspots, including those that are deployed in outdoor venues and business locations. It also features wireless gateways deployed in customer homes, which are also called "community hotspots" or "home-as-hotspot." In addition, MSOs have been expanding the use of CableWiFi SSID that can be accessed by HSI subs upon authentication.

End of Verizon Redbox: Less than 2 years since the launch of **Verizon Redbox**, the video streaming joint venture between the telco and Redbox, the companies announced the service was shut down on Tues. "The service is shutting down because it was not as successful as we hoped it would be. We apologize for any inconvenience and we thank you for giving us the opportunity to entertain you," the service's Webpage said. The **Netflix**-like offering provides access to a streaming library and offers credits for DVD/Blu-ray discs available at Redbox Kiosks. Verizon will offer a full month's subscription fee refund to subs who paid for, but only received a partial month of service. As for movies that subs bought and stored in their digital lockers, the telco said it's exploring options and will provide an update in 2 weeks. For subs with Redbox kiosk rental credits included in subscription, subs must use them before Tues. In addition, Verizon will refund all customers for streaming movie rentals that haven't been watched and are within the 30-day viewing window as of Tues. Verizon isn't alone. **Comcast** gave up on its Streampix service last month. In a filing with the **FCC**, the MSO said "though Comcast sought to create excitement around Streampix by offering the online version through a unique online site and app, and offered Streampix to a small number of Xfinity broadband-only customers in one region, these attracted minimal interest: both the site and the app are being decommissioned, and the standalone offer was discontinued. Going forward, Streampix will simply be part of the Xfinity TV app and website like other VOD offerings."

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

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