

Cable's 'VidiPath' to Retail

Comcast Demos X1 Platform Running on Smart TVs, Tablets 5/18/2015 8:00 AM Eastern

By: **Jeff Baumgartner**

The cable industry is eager to make a video connection to the blossoming retail market for gaming consoles, streaming players and smart TVs, and increasingly it appears that "VidiPath" will be the technology that will help it bridge that gap.

VidiPath is the consumer brand for CVP-2, guidelines developed by the Digital Living Network Alliance (DLNA) that will be used to identify devices, including set-tops, consoles and tablets sold at retail, that support subscription TV content from cable operators and other types of multichannel video programming distributors (MVPDs).

In addition to supporting an MVPD's full-freight video service (linear, video-on-demand and DVR recordings, for example) and securing those streams using DTCP-IP, VidiPath will also enable those providers to extend their user interfaces, via HTML-5, to retail devices that conform to the platform's technical guidelines.

The cable industry is one of VidiPath's biggest backers, touting support from Comcast, Cox Communications, Time Warner Cable and CableLabs, the industry's R&D organization. Verizon Communications is also a card-carrying member of the DLNA, as are CE and chipmakers such as Arris, Sony, LG Electronics and Broadcom.

Some of VidiPath's progress was on display at the INTX event in Chicago earlier this month. The most significant one showed X1, Comcast's new IP-capable platform, running via the MSO's production plant on several retail devices without the need for a separate set-top box. Those proof-of-concept integrations and demos ranged from smart TVs from Samsung and LG Electronics, which was running a Vidi Path client from JetHead Development, to IP set-top boxes and a tablet outfitted with VidiPath software from AwoX.

Stephen Palm, senior technical director at Broadcom, said the demo during INTX also marked the first time a bona fi de Emergency Alert System (EAS) message sourced from an MVPD — Comcast, in this case — was displayed on a tablet device.

The demo also featured a guide demo from Cox, which has already deployed VidiPath servers on set-tops and gateways that run the MSO's new "Contour" platform/user interface. Comcast also confirmed that it is in the process of deploying support for VidiPath on XG-class set-tops and gateways that run the MSO's X1 platform. Two industry sources said Comcast is expected to add VidiPath server capability across its X1 platform as early as June 2015.

DLNA launched the VidiPath certification program last fall, which is being used to stamp products that adhere to the CVP- 2 guidelines. At the time, DLNA said at least 15 companies were working on VidiPath-compatible products.

A DLNA official said operators are expected to launch VidiPath services during the second and third quarter of 2015, and that VidiPath product certifications and retail availability will follow "shortly thereafter."

VIDIPATH COULD CUT CPE CAPEX

For MVPDs, VidiPath is expected to generate some financial benefits. In addition to allowing them to deliver their full subscription TV service on retail devices, VidiPath should also help MVPDs cut down consumer premises equipment-related capital expenditures.

“Hardware cost has continued to be a pain-point for service providers over time,” Sam Rosen, practice director at ABI Research, said during a May 13 webinar that provided an update on VidiPath activities.

Using a three-TV home deployment as an example, Rosen suggested that matching a gateway with the VidiPath architecture could result in a 32% capex savings for the operator in part because the consumer, rather than the operator, would absorb some of the costs of the CPE (tablets or thin-client streaming players) because they would’ve been purchased at retail rather than leased through the MVPD.

VidiPath, he said, also helps out with scale, because its HTML- 5 framework enables MVPDs to unify the experience across a broad set of devices and operating systems without having to develop an app or otherwise go through the additional cost and engineering work to port the experience on a per-device basis.

“Technology fragmentation,” Rosen said, “is a real problem for service providers.”

Rosen is also bullish on how aggressively the pay TV industry will adopt VidiPath (see chart), expecting a “jump function” to occur in 2015 as MVPDs ramp up the deployment of VidiPath-capable gateways. He also expects adoption to increase as cable operators migrate video services to IP, reducing the need to rely on gateways to transcode and translate legacy MPEG/ QAM-based video signals to IP.

THE REGULATORY ENVIRONMENT

Several major cable operators are pushing ahead with plans to support the retail CPE ecosystem with VidiPath even as the Federal Communications Commission moves forward with its own plan to develop a successor to the CableCARD, the removable security module that failed to create a robust retail market for set-tops and integrated cable-ready TVs.

The plan is to work toward a downloadable form of removable security that could apply not just to cable, but to telcos, satellite TV service providers and other types of MVPDs. In January, the FCC appointed the Downloadable Security Advisory Committee (DSTAC), a group that includes individuals from companies such as Comcast, Charter Communications, Amazon, Google, Samsung and TiVo. The DLNA is not among those represented on the DSTAC.

The FCC, which did have members stop by the VidiPath demo at INTX, has yet to issue a notice of proposed rulemaking (NPRM) on the downloadable security matter, but the DSTAC is tasked with submitting its recommendations to the FCC by

- See more at: <http://www.multichannel.com/news/next-tv/cable-s-vidipath-retail/390677#sthash.RfKg5ojn.dpuf>

Multichannel News

Roku Tunes Up TV Play

Launches Seven Roku TV Models with TCL 5/18/2015 8:00 AM Eastern

By: **Jeff Baumgartner**

ROKU CONTINUES TO think outside the [set-top] box.

Roku, the maker of streaming players that support a variety of authenticated TV Everywhere apps as well as the Sling TV service, expanded further into the world of smart TVs last week with the launch of seven new models made by China-based TCL.

On the lower-end, TCL's 3800-series Roku TV line is capped off by a 50-inch model that sells for \$479, while the 55-inch, top-of-the-line model for its 3850-series fetches \$699.

Roku, which offers more than 2,000 apps and channels via its streaming platform, also has TV integration deals with Hisense, Haier America, Sharp and Insignia (Best Buy's house CE brand). It's been implementing that strategy in part to stave off competition from Google and its new Android TV platform.

Roku wouldn't say how many Roku TV models it has shipped so far. It has shipped more than 10 million standalone streaming devices in the U.S.

- See more at: <http://www.multichannel.com/roku-tunes-tv-play/390678#sthash.muB4ROyg.dpuf>

Multichannel News

Thuuz Pitches Personalized TV

Automated App Will Let Consumers Create Their Own
Highlight Reels 5/18/2015 8:00 AM Eastern

By: **Jeff Baumgartner**

WHILE SHOWS such as ESPN's *SportsCenter* offer a rapid-fire, capsulized review of sporting events for every fan, a new service being developed by Thuuz Sports aims to give consumers a way to create their own highlight reels based on their personal interests.

And thanks to the magic of metadata — that mountain of information that provides context and granular detail of the underlying video — the process of slicing and dicing segments of basketball and baseball games and other sporting events into personalized, curated video segments will be entirely automated.

The app under development, called Thuuz Highlights, will serve as a complement to Thuuz Sports' Ultimate Sports Guide, a service that also uses metadata and algorithms to keep viewers apprised of live games, while ranking them based on their "excitement value" level. A baseball game in which a pitcher is flirting with a no-hitter in the ninth inning, for example, would carry a much higher excitement value than a game that was just heading to the bottom of the third inning.

With Highlights, Thuuz hopes to take sports to a new, more personalized level by enabling fans to build highlight reels based on games recorded on a set-top DVR, in a pay TV provider's VOD library, or stored in the cloud for streaming.

In the baseball example, the app would provide the full recording, plus an assortment of options to cut the game into individual pieces, including a condensed version of the game, or showing only runs, strike outs, home runs or double- plays. There will also be an option to create segments that focus on a particular player. For a basketball game, the viewer could likewise break it down by all three-point baskets, dunks or only the offensive possessions of one team.

“Our video analysis understands what’s going on during every moment of the game,” Warren Packard, CEO of Thuuz Sports, said, noting that Thuuz uses play-by-play info from Stats Inc. and other sources to make those determinations and establish the narrative of a given sports matchup. “It’s like creating your own *SportsCenter*. It puts the consumer in control.”

Thuuz Sports, which sells its current app on a license- fee basis, sees some additional revenue-generating potential for Thuuz Highlights, envisioning the opportunity for sponsorships and the ability to insert ads.

“It’s a truly flexible platform,” Packard said. “There are a variety of business models that could be attached ... It’s about creating incremental views and delivering a better personalized experience.”

He said Thuuz Sports will continue to iron out the new Highlights feature over the summer, with an emphasis on baseball, in anticipation of a fall commercial rollout timed with the coming football season. The company, which has also developed Thuuz Highlights to work with hockey and soccer games, demonstrated the emerging app on May 6 during an Imagine Park session at the INTX show in Chicago.

Packard acknowledges that fine-tuning the technology behind Thuuz Highlights is only one part of the picture. The other, perhaps trickier, part will be obtaining the rights to do what it’s proposing.

“We’ll roll it out with our partners, and they’ll dictate how it will be delivered,” he said.

Thuuz Sports has not announced any partners for Highlights, though the company is looking to work with multichannel video programming distributors, programmers and individual sports leagues.

In the meantime, Thuuz's current flagship app, the Ultimate Sports Guide, is offered through several partners, including Dish Network, which has integrated it with its Hopper box, and Liberty Global, which has baked the app into its Horizon platform. Thuuz Sports is also working to bring its Ultimate Sports Guide to Comcast's IP-capable X1 platform.

TiVo, Fox Sports and Charter Communications have tied Thuuz's app to their respective mobile applications.

- See more at: <http://www.multichannel.com/thuuz-pitches-personalized-tv/390680#sthash.k8LKwSS9.dpuf>

Multichannel News

Three Things Charter Had in Mind for GreatLand

Spun-Off MSO Was to Adopt the 'Spectrum' Brand 5/13/2015 1:15 PM

Author: Jeff Baumgartner

As my colleague, Mike Farrell, noted, the collapse of the Comcast/Time Warner Cable deal **carried a human toll** for those who were poised to take on roles at GreatLand Connections, the would be MSO spin-off.

Although it's all moot now, there was also a technology piece woven in there. It turns out that Charter Communications, which was to own 33% of the GreatLand, had some big plans underway for the cable operator formerly known as "SpinCo."

Some of those plans factored in the use of Charter's Spectrum brand and other elements that would essentially make GreatLand look like Charter Jr.

According to a memo from Charter CEO Tom Rutledge distributed to Charter VPs on April 10, 2015 to provide some "high-level strategies" tied to the transactions, which all hinged on the Comcast/TWC deal, here are three results Charter was preparing for:

-GreatLand was to take on the Spectrum brand, "and change their market-facing name to Spectrum as they increasingly utilize the Charter product, pricing and packaging concepts."

-GreatLand wouldn't own any call centers at the proposed closing, but Charter would handle that, too, via a plan to purchase some call centers from Comcast

to provide inbound and outbound calling and call answering for GreatLand under a services agreement.

-Charter's service agreement was to last three years, during which the operator would provide a range of services to GreatLand "in substantially the same manner that these services are provided to Charter's own systems."

The dream of GreatLand Connections died when the Comcast/TWC deal was scuttled, but remnants of the MSO-that-never-was still live on (at least at the time of this writing) on **Facebook** (15 "likes" at last check), at **LinkedIn** (740 followers), and in this **trademark database**.

- See more at:

<http://www.multichannel.com/blog/bauminator/3thingscharter-had-mind-greatland/390591#sthash.SbAS4R3q.dpuf>

Multichannel News

FCC: Cable Is Competitive

Agency Likely To Buck Opposition, Dereg Local Markets [5/18/2015](#)
8:00 AM Eastern

By: [John Eggerton](#)

TakeAway

The FCC appears poised to (rebuttably) presume all cable operators now face local market competition.

Federal Communications Commission chairman Tom Wheeler's efforts to give cable operators a break in the form of reversing the presumption against effective competition in local markets are getting plenty of pushback.

At press time, it looked as though the chairman would be sticking to his guns in the face of opposition from broadcasters and some congressional Democrats.

Under the current regime, which dates back to the 1992 Cable Act, a local franchise authority can regulate basic rates unless a cable operator can demonstrate that it is subject to effective competition.

With the rise of nationwide direct-broadcast satellite TV providers, that demonstration has become something of a pro forma exercise.

STELAR ADVICE

In the STELA Reauthorization Act of 2014 (STELAR) — the satellite legislation that passed last December — Congress told the FCC to take steps to streamline the effective-competition process for smaller cable operators. Congress gave the agency a June 2 deadline for doing so.

In March, the FCC proposed easing the process for all cable operators, large and small, by presuming that cable operators did have local market

competition — primarily from Dish Network and DirecTV — unless a local franchising authority could prove otherwise.

The FCC pointed out that in the past two and a half years, it had not denied any effective competition petitions, granting all but four in their entirety and the other four in part. (*See box.*)

A cable lobbyist following the issue said there was no indication that the FCC was planning to back off from its proposal to give all cable operators a break, but pointed out the industry lives in “fluid” regulatory times.

The proposal was getting plenty of pushback last week as the deadline for circulating an item approached. But the item was expected by the end of the week, and expected to stick with reversing the presumption.

A dozen senators, including Democrats Ed Markey and Elizabeth Warren of Massachusetts and veteran cable rate critic Al Franken of Minnesota, tried to get chairman Wheeler to change course, saying that STELAR “was not intended, however, to relieve larger cable companies of any regulatory backstop against rising cable charges or failures to offer relevant local programming.”

Gordon Smith, president of the National Association of Broadcasters, told commissioner Michael O’Rielly the move would be illegal, exceeding Congress’s “limited” direction on the issue in STELAR.

The NAB also argued that the FCC’s granting all those petitions would not remove the responsibility to look at each market individually. “The success rate of self-selected cable operators who believed the facts of their franchise demonstrated effective competition says nothing about the state of competition in the thousands of other jurisdictions where the cable operator chose not to file such a petition,” the NAB said in comments to the FCC.

Some Hill Backing

Cable providers were getting some congressional support as well. Rep. Anna Eshoo (DCalif.) teamed with Republican Steve Scalise (La.) to say that reversing the presumption could save FCC time and resources, and thus taxpayer dollars, while actually allowing cable companies the flexibility to offer more consumer-friendly pricing.

One cable executive familiar with the FCC's thinking, or at least that of the bureau staffers that have to process the petitions, said the agency has wanted to make the change for years: given that the petitions are virtually all granted, it is a poor use of people power. Given budget constraints, Wheeler has vowed to focus on a more efficient use of FCC staffers.

"When you put out a video competition report that says that every person has access to three video providers, and do that the last few years, the policy is all there," the source said. "It has been a question of politics and broadcasters running up to the Hill."

Five Marketplace Changes Justifying New Look at Competition

- 1.** Given the 15% of subscribers threshold needed to establish competition in a market, Dish and DirecTV, at 26% of all multichannel subscribers nationally, alone have nearly double the requisite percentage.
- 2.** In 1992, cable had a 95% share of multichannel subscribers. Today, it has a little over 50%.
- 3.** In 1993, only a handful of markets had a choice of multichannel provider. Today, there is "dramatically increased competition," including from satellite providers and telcos.
- 4.** Since 2013, the Federal Communications Commission's Media Bureau has reviewed petitions affecting 1,433 communities, but has found a lack of that competition in only one-half of one percent.
- 5.** Number of effective competition petitions granted in part or in full since the beginning of 2013: 228. Number denied: 0.
- See more at: <http://www.multichannel.com/fcc-cable-competitive/390690#sthash.8HKaz2Ed.dpuf>

Multichannel News

Subscriber Losses Point to Cord Cutting

Shedding 31,000 Video Customers, Pay TV's Q1 Falters [5/18/2015](#)

8:00 AM Eastern

By: **Mike Farrell**

For the first time since analysts began paying attention, the usually seasonally strong first quarter wasn't quite strong or seasonal enough to beat back overall video subscriber losses in the pay TV sector, with the industry shedding a collective 31,000 video customers in the first three months of the year.

While a loss of 31,000 customers in a universe with more than 100 million pay TV households doesn't spell doom, it adds fuel to the growing debate that cord cutting isn't just a passing fad.

The first quarter is usually a strong one for pay TV — students are still tapping away on their computers in their dorm rooms and residential subscribers haven't yet packed up for their summer homes.

Coupled with a strong increase in occupied housing over the past 12 months, the stage was set for big gains by pay TV.

HOUSING WAS STRONG

According to the U.S. Census Bureau, occupied housing rose by about 1.7 million homes in 2014. Even with a decline of 407,000 occupied homes in the first quarter of 2015 (up slightly from the same period a year ago in a typically sluggish quarter for the housing market), overall housing growth was still strong at about 1.2 million.

While there may be other explanations for the declines, it is becoming harder to dispute a rise in homes cutting the pay TV cord or never getting wired to begin with.

MoffettNathanson principal and senior analyst Craig Moffett said in a note to clients that given the numbers, the question of whether or not selling content to over-the-top services such as Netflix, Hulu and Amazon Prime would harm overall pay TV distribution seems “painfully quaint.” Until recently, he noted, executives were able to maintain that any impact from cord cutting would be benign at best.

“The genie is out of the bottle now,” Moffett wrote. “Now, ratings are bad and pay TV subscriber trends are bad as well.”

And the Q1 results don’t include the impact of Dish Network’s Sling TV (unveiled in February), HBO Now (launched in April) and Sony’s PlayStation Vue (March). Verizon is also expected to launch a mobile OTT video service before the end of the year.

“It is only going to get worse. And, of course, we haven’t heard from Apple in all of this yet,” Moffett said.

Apple, which launched HBO Now in April in time for *Game of Thrones’* season five premiere, has hinted at its own OTT service in the past. Pivotal Research Group CEO and media and communications senior analyst Jeff Wlodarczak believes the sector is headed for a “slow bleed” of video subscribers the rest of the year.

Wlodarczak estimated that pay TV declines were flat in the quarter (down by about 9,000), missing widely his prediction of a gain of 170,000 customers in the quarter. He said the high price of pay TV service — particularly hard for low-income households — and the decline in new housing formation in the first quarter will lead to “materially higher” video losses in the second and third quarters.

Leichtman Research Group president and principal analyst Bruce Leichtman estimates pay TV was flat in the quarter (gaining about 7,700 customers).

BROADBAND STILL RISING

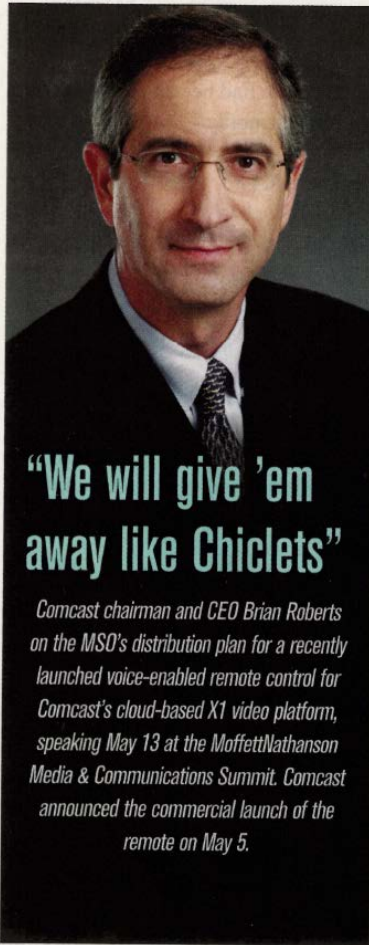
Wlodarczak was encouraged by broadband gains for cable and telcos. Overall, net new data subscribers rose about 2% to 1.1 million, with cable's share of the gain at 85%, compared to 81% in the same period in 2014.

Wlodarczak said cable companies added 1 million broadband subscribers in the period, similar to the prior year and ahead of his estimate of a gain of about 840,000. Telcos added about 170,000 broadband customers, according to Wlodarczak, down 25% year-over-year.

Data penetration of U.S. occupied homes was up nearly 1% to 79.8% and Wlodarczak expects those levels to rise to at least pay TV levels(86%).

- See more at: <http://www.multichannel.com/news/distribution/subscriber-losses-point-cord-cutting/390691#sthash.K3zQ2JUl.dpuf>

Multichannel News



“We will give ‘em away like Chiclets”

Comcast chairman and CEO Brian Roberts on the MSO's distribution plan for a recently launched voice-enabled remote control for Comcast's cloud-based X1 video platform, speaking May 13 at the MoffettNathanson Media & Communications Summit. Comcast announced the commercial launch of the remote on May 5.

STATISTICS

OTT RISING

In 2015, global shipments of over-the-top set-top boxes sold at retail, including Apple TV and Roku boxes and Chromecast adapters, will reach 31 million, overtaking shipments of 30 million IPTV set-tops

used for pay TV services, according to a new IHS forecast. However, total shipments of “connectable” pay TV set-tops – including IPTV boxes, cable set-tops and satellite boxes – still far outpace shipments of OTT set-tops. In 2018, connectable pay TV box shipments will grow to 169 million units, vs. 38 million retail OTT set-top shipments, IHS said.



Cable Asks Appeals Court For a Stay on Title II Rules

5/11/2015 8:00 AM Eastern

By: [John Eggerton](#)

TakeAway

Cable's two principal trade groups are teaming up to seek a stay of the FCC's new Title II-based network-neutrality regime.

WASHINGTON — Cable operators weren't waiting around for an answer from the Federal Communications Commission before planning their strategy to stop new Title II-based Internet rules in a federal court, where their odds are better.

That is a sound strategy, as the odds of an FCC majority deciding that the rules they just adopted are likely illegal is now moot. In fact, the cable firms did not have to file that initial FCC stay petition, but a veteran attorney said a U.S. Appeals Court generally wants parties to take that step first.

Last week, a pair of trade groups — the National Cable & Telecommunications Association and the American Cable Association — told the U.S. Court of Appeals for the D.C. Circuit that they would be asking it to stay the effective date of the new rules. That day is June 12, according to FCC chairman Tom Wheeler, until the court can decide on the host of legal challenges to the rules.

While the ACA, which represents small, independent cable operators, and the NCTA, which backs the industry's bigger players, filed suit separately, the trade groups signaled that they wanted to file a joint stay request and asked

that it be allowed to be 35 pages, rather than the 20-page limit. Late Friday, the court said the 35 pages would have to include all parties, cable and telco.

The FCC late last week denied the stay, as various parties had urged it to do. But parties on both sides of the issue suggested the stay could be granted by the court.

The NCTA, ACA and the telcos suing the FCC are not asking the court for a stay of the bright-line rules against blocking, throttling and paid prioritization. They are OK with those remaining in force.

They want the court to stay the Title II reclassification, as well as the creation of what they say is the vague general-conduct standard, as well as the inclusion of interconnection in the net-neutrality enforcement regime.

Cable operators have argued that the FCC can get all the protections it has been seeking without reclassification or a general standard that they, and others, see as a potential route to back-door rate regulation.

Scott Cleland, chairman of the ISP-backed group NETCompetition, said he thinks there is a good chance a stay will be granted even though it is usually a high legal bar.

“First, these broadband-provider requests for a partial stay are highly targeted exactly and only where the petitioners’ arguments are strongest and the FCC’s defenses are weakest and most vulnerable,” he said, adding, “Broadband providers only need one successful argument on the merits to win a partial stay.”

Even Harold Feld, senior vice president of Public Knowledge, which opposes the stay, thinks they have a shot, though he said it is tough to gauge.

“The ISPs have framed this as maintaining the status quo, including keeping the non-prioritization rule ... It’s very tempting for the court to say, ‘Well, what’s the harm in keeping things as they are while we sort this out?’

“On the other hand, the supposed harms identified by the ISPs as warranting a stay are fairly weak and speculative,” Feld added.

- See more at: <http://www.multichannel.com/cable-asks-appeals-court-stay-title-ii-rules/390505#sthash.SzyCcRQv.dpuf>

Multichannel News

5 Essentials From INTX

**Speed, OTT, 'Skinny Bundles,' Title II Generate Buzz in
Chicago**5/11/2015 8:00 AM Eastern

By: MCN Staff

CHICAGO — Even as the faithful began to filter into the McCormick Place Convention Center here there was a feeling that this show would be different, and not just by the change of name from now retired “The Cable Show” to the inclusive new INTX: Internet & Television Expo.

Cable TV companies, the original disruptors, are being disrupted.

New “over-the-top” competitors are forcing deep trepidation and profound business strategy shifts for multichannel-TV distributors, who are creating new “skinny” bundles of TV with Internet to respond to the threat. To draw — and retain — customers, cable’s biggest operators are accelerating upgrades to make broadband speeds top out at 1 Gigabit per second and more.

And they are spending furiously — hundreds of millions of dollars, in the case of giant Comcast — to fortify the issue that despite genuine advances, stands today as the Achilles’ Heel of the entire industry: customer service.

Cable networks are seeking new metrics to measure the millennial shift to viewing on new devices, and they’re fretting over a more Darwinian ecosystem that will surely kill off the weaker networks, a certain result if new “slimmer” bundles take hold. Upstart channels won’t have a chance on linear television, and it’ll be harder for entrenched networks to show growth. Welcome to the jungle.

On top of these challenges, there will be little help from Washington, as Federal Communications Commission chairman Tom Wheeler made clear to the flummoxed crowd in Chicago, who sat, literally and figuratively, in the dark on his intentions. Unlike the last few glory years of the industry, federal regulators' eyes will be trained hard on Internet distribution, with the ability — if not the intent — to control pricing.

Greater scrutiny was the point of the FCC's lengthy suffocation of the \$67 billion Comcast- Time Warner Cable merger, which was summed up by Comcast chairman and CEO Brian Roberts not with any verbal explanation, but by cutting his speech to a clip of an explosion from the movie *Fast & Furious 7* (released, of course, by Universal Studios).

But the convention's host — National Cable & Telecommunications Association president and CEO Michael Powell, cable's articulate and admired general — reassured the assembled troops that cable's long collective history of innovation wouldn't stop soon.

For readers who couldn't make to Chicago, following are five takeaways from the staff of *Multichannel News*.

1. A New Gold Standard for Broadband Speed: 1-Gig Is Here

Despite the specter of Title II hanging over the future of U.S. broadband, regulators aren't slowing cable's push to bring speeds of 1 Gigabit-per-second and more to residential customers.

Among MSOs, Cox Communications and Comcast last week trumpeted news of the new gold standard of Internet speed.

Cox said its 1-Gig "G1GABLAST" residential service has been launched in parts of four markets: Phoenix; Orange County, Calif.; Omaha, Neb.; and Las Vegas. Cox, which first launched G1GABLAST in Phoenix in October 2014, is also in the process of extending that fiber-based service to systems serving Arkansas, Louisiana, Rhode Island, Oklahoma and Virginia, and expects to light up service in those markets sometime this summer.

Comcast, meanwhile, said it had begun to roll out “Gigabit Pro,” a 2-Gbps residential service delivered via fiber-to-the-premises technology, in Nashville and other systems in middle Tennessee, as well as the greater Chicago region, including northwest Indiana. All told, Comcast expects to make Gigabit Pro available to 18 million homes that are within “close proximity” (about one-third of a mile) to its fiber network.

Much-smaller Mediacom Communications is preparing a 1-Gig trial in the university town of Columbia, Mo., using DOCSIS 3.0 technology.

While those services are being rolled out on a limited and targeted basis, cable operators aim to bring gigabit broadband to its more broadly deployed hybrid fiber/coax networks using DOCSIS 3.1, an emerging CableLabs-specified platform that will be capable of delivering up to 10 Gbps downstream and at least 1 Gbps in the upstream.

At INTX, Comcast offered a glimpse at its D3.1 strategy, showing off a fancy-looking “Gigabit Home Gateway” slated to go into production later this year and become available to customers in early 2016.

Although competition from Google Fiber and AT&T’s fiber-based “GigaPower” appears to be accelerating cable’s advances, it’s still not clear what apps and services will require such lofty capacities.

“I still think a Gigabit is overkill for some time,” Tony Werner, executive vice president and chief technology officer of Comcast, said on a panel last Tuesday (May 5) covering innovation and the future of media.

For now, it’s about future-proofing the network as apps and services develop that will require gigabit speeds.

“We think 1-Gig is about enabling the next generation of the Internet,” Philip Nutsugah, Cox’s vice president of access product development and management, said Thursday (May 7) on a panel dedicated to the gigabit topic. “As a service provider, we need to stay ahead of the demand curve.”

— *Jeff Baumgartner*

2. Cable Stops Worrying and Learns to Love OTT

INTX amplified the idea that 2015 will be the year cable learned to stop worrying and love over-the-top video. Instead of fearing OTT and considering it an enemy to the traditional pay TV ecosystem, operators are starting to embrace it.

That became increasingly apparent after a handful of cable operators, including Cablevision Systems and Mediacom Communications, struck distribution deals with Hulu, the OTT subscription video-on-demand service (see “Distribution: Hulu Antes Up” in Next TV).

Mediacom last week also became the latest in a growing group of pay TV providers to sign agreements that enable them to bring Netflix to MSO-leased set-top boxes. In Mediacom’s case, it will offer Netflix as an app on its TiVo-powered platform. But instead of signing on for Open Connect, Netflix’s private content delivery network, Mediacom and Netflix agreed to an interconnection deal under which the MSO will build fiber directly to Netflix’s facilities.

Comcast, meanwhile, is pushing hard on X1, a next-generation, Internet protocol-capable platform. So far, though, Comcast has not been nearly as aggressive with integrations of Internet-fed OTT video apps on the set-top. At this juncture, access has been largely limited to services such as Pandora, Instagram and Facebook. But Comcast’s platform is technically capable of supporting integrations with just about any OTT service.

TiVo has been preaching the value of TV-plus-OTT for years, and the message appears to be getting through, at least among its pay TV partners.

But Tom Rogers, TiVo’s president and CEO, said cable operators should be pushing even harder to blend their traditional TV service with increasingly popular over-the-top options.

“The cable guys can own that; they should own it,” Rogers said. “Instead, what is going on is programmers are creating individual streaming services. People are then thinking they can put together their own bundles, and that’s happening outside the integration and single experience that the cable operator can offer.”

The cable industry, he suggested, needs to be even more aggressive.

“It is amazing to me that they aren’t just putting their stamp on it,” Rogers said. “The best possible way to get it all and get it on a great interface ... is the integration of traditional and over-the-top TV the way that only cable can do it.”

— *Jeff Baumgartner*

3. Bundles Are Getting ‘Skinnier’

Could 2015 be “the Year of the Skinny Bundle?”

Big multichannel distributors operators are creating “skinny” TV packages with Internet service, an effort to attract millennials and retain subscribers.

Peter Chernin, the former top Fox executive turned producer and online video entrepreneur, told the INTX crowd on Tuesday (May 5) that rather than destroy traditional channel packages, skinny bundles would “rationalize” them. “We’re going to see a tremendous explosion of new alternatives, largely IP-delivered,” he said. “That will ultimately force the bundle to justify itself, which is not the worst thing in the world.”

Later that day, a trio of seasoned execs offered similar predictions that the bundle is officially going on a diet. “I think you’re going to see more experimentation around this from programmers as well as operators. It’s in all of our best interest not to lose customers,” said Kathy Payne, senior vice president and chief programming officer of Suddenlink, during the panel session “Thin to Win: Choice, Change & the Rise of Skinny Bundles.”

Citing company survey findings, she added that market forces, especially OTT offerings, are making “people say, ‘Gosh, why am I paying this much to my cable operator when I have other choices?’ So we have to be nimble.”

Conversation and open diplomatic channels are key, the panelists agreed. Verizon’s bold move was preceded by virtually “no conversation” with programmers, Tonia O’Connor, president of content development and corporate business development for Univision Communications, said. “That was a head-scratcher for us because we’re more than happy to work with our partners to understand what the best option is for the consumer.”

Given the expectation of more OTT services, including some from traditional players (a la CBS All Access or HBO Now), O’Connor added ominously, “The launch of new linear channels as we know them today, there’s probably not a real future there.”

Mike Biard, distribution president for Fox Networks, declined to address his company’s legal fight with Verizon over its skinny bundle when asked by panel moderator Mark Robichaux, editorial director of NewBay Media’s TV Group. Later, though, he took issue with Verizon’s “touting” of a Nielsen study that found pay TV subscribers watch no more than 10 channels. While that notion “gets repeated ad-nauseum,” Biard said, “our research doesn’t back it up. What we hear from third parties doesn’t back it up. The idea that people have different tastes is absolutely true. But those tastes can cross over to a lot of different channels.”

— *Dade Hayes*, Broadcasting & Cable

4. Cable Ops Spend Big, Will Keep Spending on Customer Service

Comcast made the biggest splash on the customer care front, unveiling plans to spend \$300 million on customer service, with several initiatives aimed at what Comcast Cable CEO Neil Smit called “productizing the customer experience.”

Chairman and CEO Brian Roberts unleashed a flurry of product and service announcements ranging from voice-activated remotes, 4K-enabled set-tops

and sleek high-speed routers to customer-facing initiatives like an “Always on Time” pledge that will take effect in the third quarter, launching modern updates to its retail stores and hiring 5,500 new customer service reps over the next three years to handle calls.

Roberts demonstrated the voice activated remote at the INTX opening session last Tuesday; it finds shows and information intuitively — he found *Forrest Gump* by merely speaking a line from the movie: “Life is like a box of chocolates.”

In a moment of levity, Roberts aid into the remote, “show me the Comcast-Time Warner Cable merger,” into the remote, which brought up a scene in Vin Diesel’s *Fast and Furious 7* featuring an exploding house.

A new home gateway router, capable of handling 9-Gigabit WiFi, IP video, phone and Xfinity Home is being trialed this year and will be available across Comcast’s footprint by the end of next year.

In Chicago, Roberts unveiled a prototype Studio Xfinity store complete with virtual-reality stations and video games for the kids alongside set-top boxes, modems and other equipment for subscribers. In introducing the store — which he said will be Comcast’s flagship retail operation and will officially open in June — Roberts said the intention was more toward education rather than the hard sell.

Comcast has had to weather several high-profile and embarrassing customer-care glitches in the past, and Roberts said that it has served as a “rallying cry” for employees to rethink how it does business.

He added that the initiatives have been more than two years in the making.

“We’re going to use that negative energy and turn it into positive energy,” Roberts said.

Leading the initiative is Comcast executive vice president of customer experience Charlie Herrin, who has a \$300 million budget to make Comcast’s

customer care vision a reality. He added that products and services aren't the only part of the plan — at some point, all of Comcast's 84,000 employees, from front-line workers to top executives, will go through hospitality training to improve the customer experience.

Comcast customers will soon be able to track technicians via their mobile phones with an Uber-like app that displays the tech's name, how far away he is and when he is expected to arrive. The app also has a ratings system for after the tech completes the job — anything less than a four-star rating will prompt a phone call from Comcast to find out how it can do better. With the "Always on Time" initiative, customer accounts will be automatically credited \$20 if a tech shows up one minute late.

— *Mike Farrell*

5. Cable Is a Regulated Industry — and the FCC Is Watching

Federal Communications Commission chairman Tom Wheeler received a frosty welcome from the congregation at INTX last week, who were stingy with applause for a man who had just branded them "gatekeepers" and rocked their world with new regulations that the NCTA has dubbed "a disaster."

The Title II regulations recently passed by the FCC will ensure there's no discrimination against competitors, but MVPDs are concerned that other restrictive parts of the new rules — including price regulation, which the FCC is "forebearing" — could come to life in this or future administrations.

"I thought we operate in a different environment than he [Wheeler] seems to live in," Time Warner Cable chairman and CEO Rob Marcus said at the start of the general session panel that immediately followed Wheeler's speech. "In my world, broadband is very competitive. Competition has, in fact, fueled a tremendous amount of investment, and it's investment we continue to make to make our broadband better. I wonder what the problem is."

Wheeler defended his recent decisions and assured the crowd Title II would be the law of the land. He said the broadband industry was not competitive enough, and the FCC would be working to change that.

“[It] is important to understand that the tipping point from cable to broadband came while the transaction was under review,” Wheeler said of the Comcast-Time Warner Cable deal the FCC helped quash. “We recognized that the industry had changed and we saw concrete evidence of the new competition and business models made possible by high-speed Internet access. You don’t have a lot of competition, especially at the higher speeds that are increasingly important to the consumer of online video,” he said.

“By bringing competitive alternatives to television viewers, this industry did just that — and the video business was changed forever. Then, your industry went on to upgrade, compete with the telcos, and dominate broadband. Now the question is whether consumers will have competitive alternatives for broadband.”

— *John Eggerton*

- See more at: <http://www.multichannel.com/5-essentials-intx/390506#sthash.QUrAO32U.dpuf>

Multichannel News

Streaming Goes Live, Mobile

Comcast Enters Controversial Field Led by Periscope, Meerkat 5/11/2015 8:00 AM Eastern

By: **Jeff Baumgartner**

MEERKAT AND PERISCOPE have nothing on Comcast.

Taking aim at a buzzing and increasingly controversial arena, Comcast entered the mobile live streaming game last week with Xfinity Share, an app that lets X1 customers send live video streams, recorded video and digital photos to the TV as well as to other smartphones.

It's a feature and product area that's going mainstream thanks to the popularity of two recently launched apps — Meerkat and Twitter's Periscope. Comcast, however, was a bit ahead of the game, as it began to test its app last year under a different label, "MyMedia."

Now ready for prime time, Xfinity Share allows X1 customers to serve up content (up to HD quality) to certain friends, family and other authorized users. X1 subscribers who take advantage of the app can send live streams or distribute recorded video and photos to their own X1 set-tops for display on the TV or to the TV of another X1 customer.

To use Xfinity Share, a free app initially offered on the iOS and Android mobile platforms, currently both the sender and receiver must be Xfinity Triple Play customers with X1 DVR-capable set-top boxes, Comcast said. However, Comcast plans to add functionality later this year that will allow those X1 triple-play subscribers to share content with virtually anyone — Comcast customer or not — by sending a URL via email.

To deliver a live stream to the TV, customers must first open the Xfinity Share app on their mobile device, select the “Stream Live” option and then accept the notification that appears on the TV screen on the other end.

Early on, Xfinity Share users will have access to 20 Gigabytes of cloud storage from Comcast (enough to hold about 200 minutes of video) where they can place photos and recorded videos. Comcast said it is also working on an update that will let customers store live streams as well.

The initial version of Xfinity Share will let customers share content on a one-to-one basis, but plans are underway to enable customers to send content to up to five people at the same time.

Comcast said it plans to offer several more features to Xfinity Share later this year, including the aforementioned ability to share content by sending a URL via email that can be viewed by WebRTC-enabled browsers and the ability to stop, pause and rewind live streams.

Xfinity Share shines the spotlight on WebRTC, an open Internet standard that supports real-time communication over Web browsers. Comcast is one of the first to apply WebRTC to the TV (via the MSO’s IPcapable X1 platform).

“WebRTC and X1 are a natural fit,” Franklyn Athias, senior vice president of Comcast IP Communications Services, said in a blog post about the new app. “This was important for us because while the technology underpinning WebRTC may be cutting edge, it has the potential to be useful to just about anyone, including people who may be more comfortable navigating their televisions than they are downloading Internet applications.”

COPYRIGHT CONCERNS

While apps like Xfinity Share, Meerkat and Periscope seem innocuous enough — they offer a great way to send video of a kid’s baseball game to grandma — they are also presenting some significant copyright concerns.

It bubbled up big time on May 2 as several Meerkat and Periscope users tapped the app to send out unauthorized live streams of the welterweight championship bout between Floyd Mayweather and Manny Pacquiao.

Twitter CEO Dick Costolo stirred it up a bit when he tweeted that night: “And the winner is...@periscopeco.” That resulted in some snark, as another Twitter user tweeted back, “...is copyright infringement the LT [long-term] go-to market strategy?”

It came up last week at the INTX event in Chicago . Speaking at a general session on Tuesday (May5), Chernin Group chairman and CEO and Twitter board member Peter Chernin tried to calm copyright fears. “There was certainly no intention on the part of the Periscope guys to serve as a piracy device,” he said.

Prior to the big fight, Periscope caught the attention of HBO when some Periscope users were using the app to live-stream the April 12 season five premiere of *Game of Thrones*. HBO tried to remedy it by sending take-down requests to Periscope, whose terms of service prohibit the distribution of copyrighted material.

Comcast’s Media Sharing terms and conditions also prohibit the distribution of unauthorized copyrighted material, but the whole app category could create a copyright problem that is difficult to enforce.

- See more at: <http://www.multichannel.com/streaming-goes-live-mobile/390512#sthash.M23YQud0.dpuf>

Multichannel News

It Was Personal, Not Business

5/11/2015 8:00 AM Eastern

By: Adonis Hoffman

As the dust now settles on the Comcast- Time Warner Cable deal, it is as good a time as any to unfold the layered reasoning behind Federal Communications Commission chairman Tom Wheeler's decision to oppose what was once thought to be a sure-thing merger.

Aside from the many legal and policy rationales put forth by experts, we need to look no further than the chairman's need to reclaim his legacy and assert his leadership over an independent federal agency.

With Comcast as the company everybody loves to hate, Wheeler saw no political downside to denying the merger. On the contrary, he found in it a convenient vehicle to reassert his dominion over an agency castigated by Congress as being too cozy and too compliant with President Obama's agenda. After all, who better to stand up to than a corporate giant whose leaders golf, dine and speak comfortably with the commander in chief.

A COMPLICATED MAN

Tom Wheeler is a complicated man. An avowed history buff, he can recite bygone tales from Albemarle to Appomattox in mind-numbing detail. But Wheeler is anything but mired in the past. His grasp of the inner workings and nitty nuance of the Internet is impressive for a non-engineer. As he tells it, if you are going to invest other people's money into something, you darn well better understand it better than anyone else. That is what he did as a venture capitalist, and that is what Wheeler has done as chairman of the FCC.

Sometimes wrong, but never in doubt, Wheeler is, by his own admission, not a humble man. And yet, like many of the mighty on the shores of the Potomac, he has been brought low by the ways of Washington. As a scion of two powerful industry trade associations, Wheeler is no stranger to working his will and getting his way. With an army of lawyers and publicists at his command, the erstwhile cable and wireless lobbyist influenced law, policy and regulation throughout the 1980s and 1990s.

Of course, his work back then was in the shadows — unseen and unknown by the public. To be sure, all the policy and political insiders knew Wheeler as a heavyweight. But for the 4 million or so Americans who ultimately weighed in on the FCC's net-neutrality vote, Tom Wheeler was an unknown quantity. His introduction to the real world came in June 2014, when comedian John Oliver parodied Wheeler's then-unpopular stance on net neutrality and mused whether Wheeler was a dingo in disguise.

FLIPPING ON NET NEUTRALITY

Like any leader with hindsight vision, Wheeler saw a popular parade and jumped out in front of it. He became a drum major for Internet justice and, as such, more Catholic than the pope in his liturgy on net neutrality. In fact, Wheeler's astute perception of the changing winds of public opinion arguably softened his policy shift following Obama's arm-twisting and public pronouncement.

But it was not without consequence or self-immolation. Whatever slings and arrows he had to face, Wheeler decided he would not go down on the wrong side of history — again. Thus, when Comcast came along, and the orchestrated opposition grew, Wheeler found a credible opportunity to erase the memory of what most saw as a forced “flip-flop” on net neutrality.

As a result, the decision — and Wheeler himself — will become larger than life, an outcome few would have predicted. To net-neutrality opponents, Wheeler is a free-market apostate, unworthy of the capitalist “C” he so proudly wears. But to many others, especially those in the American heartland, especially at

The Ohio State University, chairman Wheeler will be known forever as the man who saved the Internet.

Even if he cannot lay legitimate claim to such a mantle, it is nonetheless a lofty epitaph for a black-hat lobbyist, venture capitalist, and apocryphal dingo. And for a wealthy Washington insider no longer driven by the pursuit of money or his next job, legacy can be a powerful motivator. If we have learned anything about him during this saga, it is this: Tom Wheeler knows full well that history belongs to those who write it.

Thus, he is compelled to shape the public narrative, not only for politics but also for posterity. As the intrepid liberator who stormed the ramparts of Internet injustice, Wheeler stared down the ISPs and powerful interests he once championed. He emerged bloodied, but unbowed, and stands triumphantly on the summit of Internet freedom, justice and equality. Or so he says.

WHEELER'S LEGACY

Only time will tell whether this redemptive paean of regulatory prowess proves true. For Wheeler the historian, leading the battle for net neutrality will eclipse whatever else he has done in his long career — larger than startups, exits, IPOs, mergers, or the deals under his charge. It is a narrative he would like to wrest from the revanchists, revisionists and Republicans who are sure to spin a different story.

With characteristic baritone and bravado, Wheeler can now add to his legacy that he fought back a merger that was sure to hurt consumers in some (undefined) way or another. So for Comcast, it should come as small consolation that, unlike Michael Corleone, chairman Wheeler's decision was personal, not business.

Adonis Hoffman is founder and chairman of Business in the Public Interest. He is the former chief of staff and senior legal adviser to FCC commissioner Mignon Clyburn and an adjunct professor in Communication, Culture & Technology at Georgetown University.

- See more at: <http://www.multichannel.com/it-was-personal-not-business/390524#sthash.gKMW4Jmc.dpuf>

Multichannel News

GreatLand's Disconnection Also Disrupted Some Lives

Willner: 'People Aspect of This Is Just Breath-taking'^{5/11/2015 8:00}

AM Eastern

By: MCN Staff

TakeAway

Through the Wire, from the May 11 print edition

When **Comcast** abandoned its planned merger with **Time Warner Cable**, it also pulled the plug on the planned cable company called **GreatLand Connections**.

“When they said, ‘We’re done,’ we were done too,” GreatLand CEO **Michael Willner** told The Wire. “It’s all really kind of too bad.”

Some executives had already started working with GreatLand, while others were ready to join later. The company was to spin off as a separate, publicly traded MSO, with about 2.5 million subscribers in Minnesota, Indiana and Kentucky. Charter Communications was set to own 33% and provide various services, but Great- Land would have had its own management team and an independent board.

Willner had hired a chief financial officer — Time Warner Cable treasurer **Matt Siegel**, who has returned to that position — and identified another 15 to 20 senior vice president and VP candidates.

Willner paid visits to systems he thought were going to be under his purview, reassuring them the transition from jobs at Comcast to ones at GreatLand would not disrupt their lives.

“These employees loved working for Comcast,” he said. “I had to convince them that life would be OK with us. It took me a while.”

Some people couldn't go back to their previous jobs, while others had made efforts such as finding new schools for their children — plans that now have to change again.

“The people aspect of this is just breath-taking,” said Willner, who remains CEO of video software company **Penthera Partners**.

— *Mike Farrell*

Vonage Exec Eyes Immigrant TV Viewers Online With YipTV

Michael Tribolet, the former president of online phone service **Vonage America**, is targeting Spanish-speaking immigrants with a newly launched, live-streaming international offering dubbed **YipTV**.

Lessons learned from Vonage, Tribolet told *The Wire*, include the importance of customer care and being prepared to scale up service in a hurry. YipTV customer representatives will be calling early subscribers to find out what their experience was like and will keep a running list of suggested improvements, he said.

“I think the value proposition is customer savings,” via offering a variety of international channels in one package, Tribolet said. YipTV will make connections with bodegas and other retail points where people now buy pre-paid services such as mobile-phone minutes. And the service is willing to compete for its \$15 on a monthly basis.

“We believe if we've got the best quality, the best price point and consistently offer the product and support, that will be enough to keep the customer,” he said.

YipTV's app works on iOS and Android devices, and can stream to the TV via Airplay and Google Chromecast. Other than the **beIN Sports** English- and Spanish-language streams, popular services figure to be **TV Azteca** from Mexico, **TyC Sports** (Argentina) and **NTN24** (Colombia).

When additional channels come on board, programming to serve immigrants from Asia will be added to the mix, serving that fast-growing segment in the U.S., Tribolet said.

The “Yip” part of the name stands in for “your individualized, personalized” TV, just as the “Von” in Vonage evoked voice on the net.

— *Kent Gibbons*

Four Ways to Boost Hill's Networthiness, Via Senators, Reps.

For the [Hack4Congress](#) programming hackathon on Capitol Hill that ended May 1, legislators challenged the participants with their tech-tool wish lists, asking for apps that would help them use the 'Net more effectively.

Following are four suggestions from Congressfolk who are as social- media focused as the rest of the Webisphere.

Sen. Ron Wyden (D-Ore.): A daily digest of social media. “With the high volume of social media posts each day, it is hard for staff to view, sort and respond accordingly. Especially in smaller offices [that] don't have a designated digital staffer, this task is next to impossible. The daily wrap-up would include highly viewed and ‘engaged with’ tweets, FB posts, articles and blog posts.”

Sen. John Cornyn (R-Texas): A tool to track communications metrics. “The creation of a template to track relevant media metrics, ranging from social media and website analytics to traditional media mentions and measurements would help offices see how all of its communications work together as a whole.”

Sen. John Thune (R-S.D.), chairman of the Commerce

Committee: An app that auto-filters news and social media. “Design a tool that filters tweets/news on Twitter according to the user’s history and preferences. An auto-filter functionality would be helpful to get users started alongside the options for users to manually customize what they want to see (specific users’ content or subject matter areas, etc.). This way, staffers do not need to sort through 12 hours of missed tweets to find the gold. It’s a smart app that filters for you.”

Rep. Suzan DelBene (D-Wash.): Bring live politics to the people.

“Technology and data has transformed the way we watch sports, and I want that concept applied to politics. I want an app that allows me to see what’s happening on the floor and in each committee — streamed on-demand with access to witness testimony, member’s questions and votes, and bill and amendment text and analyses.”

— *John Eggerton*

- See more at: <http://www.multichannel.com/news/people/greatland-s-disconnection-also-disrupted-some-lives/390507#sthash.N0a4ZNXO.dpuf>

Multichannel News

Cord-cutting accelerates as business of TV adapts

By [John Ewoldt](#) Star Tribune

MAY 17, 2015 — 6:21AM

GLEN STUBBE • GSTUBBE@STARTRIBUNE.COM John Brillhart of Cable Alternatives, who calls himself a cord-cutting consultant, showed some of the devices he discusses with clients seeking to disconnect from cable television.

TV watching is bowing to the technology of the Internet.

Americans dropped cable and satellite TV subscriptions at the fastest rate ever during the first three months of the year, new data showed last week, as viewing habits get shaken up in a manner last seen during the emergence of cable four decades ago. Consumers are increasingly turning to video streaming services delivered via the Internet and grabbing some channels with antennas just as they did before cable. As a result, they're taking greater control over when they watch something and paying less for it.

Karen Kirchberg of Champlin is too busy taxiing her daughters around to school and other events to watch much TV. "Since 2009, I've been growing more irritated with cable and what I was getting for \$100 a month," she said.

Over the past five years, 3.8 million homes in the U.S. have canceled or refused cable. It's a decline brought on partly by young adults who watch video on tablets, phones and Internet TV instead of paying a monthly cable bill.

Some don't want to pay for hundreds of channels even though the average family watches only 17.

The change is reshaping the cable industry, with providers starting to count on the growth of broadband Internet service to offset the delivery of huge bundles of TV channels.

New Internet TV services such as Sling, HBO Plus and Sony Vue recently emerged to compete with Netflix and Hulu Plus in streaming video as it happens or on-demand to consumers.

And entrepreneurs in the Twin Cities and elsewhere are setting up businesses that assist people who want to break from cable and satellite without losing access to their favorite shows.

John Brillhart of Fridley started Cable Alternatives late last year and has helped more than 120 people so far with the change, including Kirchberg.

Brillhart asked Kirchberg, as he does all his customers, to identify which shows she and her daughters watch. Shows from HGTV, the Food Network, Disney, Own and the local 10 p.m. news were on the list.

Brillhart found all of the shows the Kirchberg family wanted through Netflix except those from Own, the Oprah Winfrey network that is only distributed via cable. "I told him that I couldn't lose Oprah, but I got over it," Kirchberg said.

Brillhart added a digital antenna for local stations and a TiVo box for recording and Netflix access. The result: The Kirchbergs' monthly TV bill fell by half.

Jeri Borgwarth of Andover saw even larger savings. She was paying about \$240 a month for a cable-Internet-phone package. After her husband died, she economized with Brillhart's help so that her bill fell to \$100 a month.

She still has phone and Internet through Comcast, but she added an antenna, a Roku streaming device, and Netflix, Hulu and Sling services for programming. "I'm saving about \$1,500 a year now," she said. "That's worth a vacation."

Catching the wave

Brillhart is among a handful of entrepreneurs capitalizing on the cord-cutting trend. Bob Ogus, a retired computer geek in Tucson, teaches classes, mostly to senior citizens, about how to cut the cord.

About 700 people took his classes in the last year, which he describes as "more of a hobby than a business."

In Toronto, Sean Whitehead last year started Kutko Canada to help people who no longer want cable for TV. He installs antennas, DVRs, streaming boxes and then adds services such as Sling, Netflix and Hulu Plus.

In the Twin Cities, Brillhart charges \$75 for a consultation in which he analyzes whether a customer needs only an antenna or an antenna plus a streaming device. The fee can be applied to the cost of the antenna installation, about \$320 to \$480.

Properly installed, the antennas will bring in about 25 to 50 free high-definition channels and produce a picture that is superior to cable's.

Streaming boxes such as Roku can add another one-time fee of \$50 to \$100, DVRs such as TiVo \$200 to \$300, and streaming services such as Netflix \$5 to \$20 per month. After the upfront costs, Brillhart estimates that he saves most customers about \$100 per month.

"I help them cut the cord if they don't have the time to research it or the technical know-how to install it," he said. "You can watch the TV you love for less."

A technology challenge

Complexity remains an obstacle. “Some customers don’t want to admit that they don’t have the technological expertise with streaming devices,” said Vlad Griskevicius, a professor of marketing and psychology at the University of Minnesota’s Carlson School.

In Tucson, Ogus said that only about 20 percent of people who take his class actually cut the cord.

“Cable TV is a security blanket,” he said. “You push a button and everything is there. It requires very little work and that’s hard for some people to give up.”

Brillhart said that sports fans are the ones most likely to stick with cable. “I tell them to find the games in a bar or at a friend’s house, but many don’t cut the cord, even to save \$150 a month,” he said.

Even that may change. ESPN joined Sling TV’s service earlier this year and major sports leagues are inching toward distribution that does not require cable or satellite subscriptions. The NFL, for example, will experiment with all-digital distribution of a game being played in London this fall.

Cable and satellite companies are fighting back with new, slimmer bundles and pricing. DirecTV’s Family package includes 63 channels for about \$35 per month.

Time Warner Cable offers a package for \$30 a month with 20 channels and HBO. Comcast offers packages with as few as 20 channels including limited basic (about \$15 a month), expanded limited basic (\$40 a month) and the family tier (\$32 a month).

Comcast is focusing seriously on young adults. “The greatest threat has come from the ‘cord-nevers,’ ” said Jason Blackwell, director of service provider strategies at Strategy Analytics, a global market research firm. “They have not subscribed to a pay TV service in their lifetime.”

Comcast has introduced an Internet-plus package that includes Limited Basic TV, HBO, and a 25 Mbps Internet connection for \$60 a month (\$70 after 12 months). Also new in a few markets, but not yet the Twin Cities, is Xfinity on Campus. “They’re designed to target millennials,” said John Demming, Comcast spokesman.

Ryan Motley, a Minneapolis Community and Technical College student, can’t see himself springing for cable anytime soon.

“It’s too expensive and there’s no need for it,” he said. “Netflix is better and it only costs about \$8 a month,” which he watches on his PlayStation 3 system, for the most part without any commercials.

Despite the inability of the cable and satellite companies to convert millennials as their next generation, few are predicting cable's downfall. The cable companies are still very profitable.

While they may be steadily, slowly losing video customers, they're gaining Internet customers. Comcast added 407,000 Internet customers in the first quarter. "There's more money in Internet than cable customers anyway," said Tom Lindner, former news director at KARE 11.

"Pay TV won't be going away," said Blackwell. "It's just turning into a different form."

<http://www.startribune.com/cord-cutting-accelerates-and-the-business-of-tv-adapts/304006461/>

Star Tribune

Comcast plans higher-speed Internet service in Twin Cities

Cable firm aims to leapfrog improvements by competitors.

By [Adam Belz](#) Star Tribune

MAY 21, 2015 — 8:43PM

ASSOCIATED PRESSFILE - This Feb. 11, 2011 file photo shows the Comcast logo on one of the company's vehicles, in Pittsburgh.

Comcast said Thursday it will roll out several higher-speed Internet options to more than 600,000 homes in the Twin Cities this year.

The cable and Internet service provider would not reveal its prices, but the announcement comes as [competition heats up](#) for Internet connections in the Twin Cities.

CenturyLink is rolling out 1-gigabit Internet service across the metropolitan area, and US Internet is expanding its fiber optic network in south Minneapolis.

Comcast, which leads the local Internet market, plans to offer 2-gigabit service to its customers, along with a new 250-megabit service.

“The Twin Cities is one of the most sophisticated technology markets in the country, and we’re excited about the opportunity to bring an entirely new level of broadband access to the region,” said Jeff Freyer, a local vice president for the company, in a statement.

Gigabit Pro, the 2-gigabit service, will be available to homes within proximity of Comcast’s fiber network and will require installation of professional-grade equipment.

The company said it has invested billions of dollars to extend optical fiber close to homes to facilitate the higher data speeds. The company has built more than 145,000 route miles of fiber across the country. In addition, Comcast is currently testing a multi-gigabit technology that may roll out next year.

The question of pricing for Comcast’s new services won’t be answered until later this year, when the services roll out to customers, a company spokeswoman said.

Last month, US Internet was offering 100-megabit service for \$48 per month in its [limited geographic footprint](#), less than half the \$115 price offered by Comcast. CenturyLink’s price for the same service was \$92. A pricing chart is available [here](#).

<http://www.startribune.com/comcast-plans-higher-speed-internet-service-in-twin-cities/304578141/>

Regulators Investigating Comcast for Possible NBCU Deal Violations

According to a report in the *New York Post*, the FCC and Justice Department are investigating possible violations by Comcast of mandates put forth in 2011 as conditions for regulatory approval of its NBCUniversal purchase. The allegations were made during the public comment period of the review of Comcast's now-defunct plan to acquire Time Warner Cable and officials at both the Federal Communications Commission and Justice Department have spent the past few weeks sifting through those claims.

Why This Matters: *According to the report, Comcast broke promises to regulators that it wouldn't tie negotiations for linear programming to those of digital content. Comcast is also being accused of interfering with the management of SVOD service Hulu, of which it is a part owner.*

3 Takes: [NY Post](#) | [Fierce Cable](#) | [Street Insider](#)

"Comcast's 2 Gigabit Service Launch Delayed" | [Broadband Reports](#)

Throughout the first half of this year Comcast announced that a number of markets would be seeing faster two gigabit speeds starting in May. May has come and gone, and users in some markets have been [told by Comcast in the official forums](#) that the launch of the service has been delayed with no replacement date.

Charter Deal: Game Changer

Five Ways the Time Warner Cable Buy Will Shape the Industry 6/01/2015 8:00 AM Eastern

By: **Mike Farrell**

TakeAway

Charter's acquisition of Time Warner Cable and Bright House Networks will reshape the industry in several ways.

What next? The question lingers in the minds of many after Charter Communications finally hammered out an agreement to acquire Time Warner Cable in a transaction valued at \$78.7 billion, while simultaneously inking a deal to bring 2 million-subscriber Bright House Networks into the fold for a cool \$10.4 billion.

The deals would give the combined companies 17.3 million video customers, solidly placing it into the second spot among U.S. cable companies and making it a close third among multichannel video service providers behind the combined DirecTV-AT&T (26 million if its merger is approved by regulators) and top cable MSO Comcast (22.4 million).

The transaction is a pricey one — at 9.1 times 2015 cash flow, the TWC deal has one of the richest multiples in years — but is expected to reap benefits for both Stamford, Conn.-based Charter and TWC shareholders.

According to some analysts, the union brings about \$150 million in annual programming costs savings for Charter as a result of the added scale (Charter currently has about 4.3 million video customers). And Charter has said that it will expand broadband services throughout its footprint — particularly in rural areas — as well as expand its WiFi presence, which should earn points with regulators.

The deal also returns to the U.S. cable scene one of its most legendary figures, Liberty Media chairman John Malone, whose vision that added scale could help turn the tide back towards distribution companies from programmers fueled the consolidation wave in the first place. Malone's \$4 billion investment in Charter in 2012 helped drive the former secondary-market cable operator into the big time.

Charter's initial pursuit of Time Warner Cable in 2013 was thwarted by Comcast, whose \$67 billion merger offer was accepted by TWC in February 2014. But resistance from Federal Communications Commission chairman Tom Wheeler and other regulators gave Charter another chance.

Charter still believes it can run operations better, by completing the all-digital upgrade started as part of TWC's three-year business plan and simply offering better products and better customer service. Charter CEO Tom Rutledge calls it taking transactions out of the business — basically extending the life of the customer and reducing churn — and he is basing a big chunk of the expected \$800 million in cost synergies expected from the deal on that exact premise.

The deal is a bonafide game changer for the cable industry, one that highlights the importance of broadband and video scale and could help shift the dominance enjoyed by programmers for years back to distributors.

Many analysts are split on the deal: Some believe Charter paid too much for TWC and will have difficulty in achieving the goals it has set for itself; others believe those goals are too conservative. But there are several undeniable truths that will result from one of the largest deals ever in the cable television industry. Here are five of them.

1 It will drive the deal market to new heights. Already one domino has fallen, albeit one week before the Charter deal was announced — midsized operator Suddenlink Communications was sold to European telecom giant Altice for \$9.1 billion. Altice, according to reports, was actively involved in the TWC bidding, but dropped out when the bidding got too rich, but not before

helping to drive up that price. Still, the telecom giant is hot for U.S. cable and has met with deal brokers and bankers to map out its strategy.

Whether that will include the usual suspects like Mediacom Communications and Cox Communications remains to be seen. At last month's INTX in Chicago, Cablevision Systems CEO James Dolan let his desire to be acquired or partnered with be known and reports have said that Altice hasn't ruled out a relationship with the Cablevision. And there are about 10 family-owned cable companies in the U.S. valued at \$500 million or more each, so the deal pool is chocked with potential. (Cox Communications said, in a statement attributed to president Pat Esser: "We've been clear that Cox is not for sale. We'll continue to aggressively invest and innovate within our product portfolio and explore other potential growth opportunities that align with our business objectives.")

Adding to the urgency to sell could be the potential that programmers will make up lost affiliate fees from the stronger Charter — analysts predicted the deal will cost programmers an annual \$150 million in license fees currently generated from the merging companies — by raising prices for smaller operators. That and the high multiples being paid for TWC and Suddenlink (estimated at 9.1 times and about 10 times cash flow) could be factors that lead smaller cable companies to the negotiating table. (As an aside, John Malone sold his Tele-Communications Inc. to AT&T in 1998 for an estimated 13 times cash flow).

In addition to Altice, other private-equity firms such as GTCR (which bought New- Wave Communications in 2013), telco TDS (which purchased Bend Broadband in 2014) and Canadian cable company Cogeco (which purchased Atlantic Broadband in 2012) could all re-enter the fray.

"Cable operators inevitably have to sell," Pivotal Research Group CEO and media & communications senior analyst Jeff Wlodarczak said. "Scale matters, and the bigger Charter and Altice get, the smaller the NCTC [National Cable Television Cooperative] gets and the less leverage the remaining players have, forcing more consolidation."

But many observers don't expect a flood of deals until after the Charter-TWC deal closes, expected by the end of the year. Then, all bets are off.

"There is going to be a lot of activity," said one member of the financial community who asked not to be named. "This is the time in a market when people start making these decisions; to get out now while the price is still good."

2 Content is no longer king ... The continued consolidation of the cable business could finally turn the tide of dominance from content companies, which have imposed sharp increases in affiliate fees as the popularity of their networks grew, to distributors, who continue to control the broadband pipe.

With nearly 66 million television homes locked up with three providers (DirecTV-AT&T, Comcast and Charter) and more than 41.8 million broadband customers controlled by the top two cable companies (Comcast and Charter), distributors would have their best chance in years to flex those muscles with programmers and refuse to carry networks, or at least pare down the bundle of networks they buy.

While that has already been done with with Cable One and Suddenlink's decision to drop Viacom's channels several months ago, the real test may be coming in the next few months when Discovery Communications' carriage deal with Comcast and Dish Network's Viacom deal expires.

Discovery's feet will be first to the fire — its current Comcast deal ends on June 30 — and some believe that unencumbered by intense regulatory scrutiny, Comcast may finally be emboldened to drop the company's networks or push for major concessions. Dish Network's current Viacom deal, which is estimated to expire at the end of the year, could be a major milestone — a drop could be the final blow for the home of MTV; a deal could bolster it in the eyes of other distributors.

Viacom's recent deal with midsized MSO Mediacom Communications resulted in a 3% lift in Viacom's stock price, so investors are watching. Dish chairman and CEO Charlie Ergen has thrown out mixed signals concerning Viacom, on

one hand praising the networks for their more than 20-year relationship with Dish, while noting that the media giant's negotiating leverage has waned in the wake of falling ratings and a talent exodus at key shows.

Wlodarczak wasn't ready to call for content's demise, but warned that exorbitant programming price increases could lead to "an acceleration away from pay TV to entertainment alternatives and they will go from analog dollars to digital pennies."

3 ... but broadband is. The combined Charter-TWC-Bright House will control about 19.4 million broadband customers and, perhaps more importantly to federal regulators, about 30% of homes with access to Internet service speeds of 25 Megabits per second or greater. That is still below the 34.6% of 25 Mbps homes controlled by Comcast, but it is a substantial rise and is expected to get even bigger. TWC had targeted adding 500,000 broadband subscribers from digital subscriber line services over three years and Charter's markets are rife with DSL customers.

Even with the added bulk of DirecTVAT&T, which will have about 26 million video customers if that deal is approved, Charter will far surpass it on the broadband front and has the two-way infrastructure that DirecTV lacks.

"That's a huge disadvantage," MoffettNathanson principal and senior analyst Craig Moffett said. Over time, the additional scale could allow Charter and Comcast to compete more aggressively with telcos, and to launch major initiatives on the large-business and wireless markets.

Broadband pricing could be a major issue going forward. While some cable operators are experimenting with usage-based pricing, the new Charter could implement its own take on the concept. Rutledge has said in the past that Charter does not impose usage caps nor does it rely on usage-based pricing and will continue that practice. But that view also could change after the regulatory process ends.

4 Cable operators cooperate more, pushing TV Everywhere service. Malone has always been a big proponent of cooperation between cable

operators, believing that the industry dropped the ball early on by not creating a Netflix-like streaming service well before Netflix did. He has also been critical of the way the industry has dragged its feet on the rollout of TV Everywhere service, which while improving is nowhere near its original vision of content anytime, anywhere. Charter CEO Rutledge has said a national service is a “possibility” but left the speculation at that.

Malone has complained in the past that companies like Netflix have to share in the cost of the bandwidth they are using. Netflix did sign a peering agreement with Comcast in 2014, but CEO Reed Hastings immediately criticized the practice of charging more for better access, calling it an “arbitrary tax” for content providers.

A perceived lack of leadership also has nagged at Malone for years. In October 2013 at Liberty Media’s Investor Day, he told *Multichannel News* that the previously announced desire by Comcast chairman and CEO Brian Roberts to license its X1 operating system to other operators was a good start toward filling that void.

“It would be magnanimous of Brian to be that kind of a leader and offer his technology to everybody,” Malone said at the time, conceding that some operators may be reluctant to entrust something as important as their technology platform to an outside company, but adding that the industry needs to get past that kind of thinking.

“If the industry is in a situation where nobody trusts anybody, then there is no leadership and nothing is going to happen,” Malone said at the time. Now Rutledge and Malone may be the ones to take the mantle.

5 Programmers will be forced to fight scale with scale. Stronger distribution companies will beget stronger content providers, according to some analysts. And it wouldn’t be unprecedented.

Rupert Murdoch’s 21st Century Fox made an unsolicited \$80 billion bid for Time Warner Inc., which was rejected back in June 2014, just months after the Comcast-TWC deal was first announced. While that consolidation wave never

came to be, it could be reborn if content providers suspect that burgeoning scale threatens to encroach on their core business.

While Time Warner has proven it can survive on its own — its stock price is now well above Fox's June offering price — other smaller players may see an advantage in joining forces. Companies like Discovery Communications, Scripps Networks, AMC Networks and Crown Media Family Networks have all been singled out as consolidation candidates in the past several months. And despite denials from both sides, a reuniting of Viacom and CBS also could be a way to counteract distribution scale.

As one cable executive who asked not to be named said, any content provider who doesn't have sports rights is probably seriously considering what the future will hold, and whether it may be time to consider joining forces with a larger company.

- See more at:

<http://www.multichannel.com/news/cable-operators/charter-deal-game-changer/390962#sthash.41MtHOQK.dpuf>

Multichannel News

Will Charter-TWC Pass the Smell Test?

Sizing Up the Merger's Chances With D.C. Regulators 6/01/2015 8:00 AM Eastern

By: John Eggerton

WASHINGTON — Charter and Time Warner Cable are not looking to be test cases, but their proposed deal could help the industry figure out how big is too big in the nation's capital these days.

Traditional video is a competitive industry, or at least that is what the Federal Communications Commission has presumed in its effective competition order. So it's likely the fate of the \$77.8 billion merger (see cover story) is broadband, as it is with most communications issues in Washington these days, from cybersecurity to privacy to equality of digital opportunity.

With a more than 50% market share of Internet subscribers at 25 Megabits per second or faster, Comcast-TWC was clearly too big for both the FCC and the Justice Department. Both agencies have called Internet-service providers gatekeepers that hold the keys to the broadband kingdom and have the incentive and opportunity to block access to competitors.

A combined Charter-TWC would have just under a 30% share of the U.S. high-speed Internet market, the companies said last week. The merger partners will be looking to convince regulators and antitrust vetters that their combination will bring a culture of unlimited plans and blazing speeds.

They already face pushback from suspicious anti-consolidation groups for whom bigger is usually badder, period.

The deal — which also involves Bright House Networks, and will result in an MSO with some 17.3 million subscribers — was made possible when Comcast

ended its more than year-long pursuit of Time Warner Cable in April. The FCC had signaled that the combination would put too many broadband subscribers into the hands of one company.

Technically, the FCC said nothing official, since the deal was scrapped before it had to weigh in. Nonetheless, the message was made clear when FCC chairman Tom Wheeler said scuttling the merger was the right call.

What isn't clear is which combination of ISP "gatekeepers" would be OK.

Charter and TWC wouldn't come right out and saying the deal would create a stronger competitor to top cable operator Comcast, particularly in broadband, but that was clearly part of the argument that will be made in D.C.

Here are some of the points Charter will be pressing in Washington as it tries to succeed where Comcast failed.

Broadband price break: Charter's baseline speed is 60 Mbps, more than double what the FCC has set as an aspirational target for advanced telecom. According to one source familiar with the argument, Charter can point to its \$40 promotional rate for that 60 Mbps service and compare it to TWC's \$64.95 for 50 Mbps. Then there is the fact that Charter does not charge a separate per-modem lease fee — TWC's is \$8. Charter has made clear last week it would be bringing that model of faster, cheaper Internet to Time Warner Cable.

Look ma, no caps: Another big selling point will be the fact that Charter has no data caps, usage-based pricing or early termination fees, all things the FCC has been eyeing for their impact on consumers and net neutrality.

Jobs, jobs, and did we say jobs? Charter will talk about the fact that it has added 7,000 jobs over the past three years, most in customer service. Critics of "Big Cable" have hammered operators over customer service — and were doing so last week — but Charter will point out that it in-sources its customer service, and it will bring TWC's customer service in-house and in-country.

Net neutrality: It is unclear whether the company would agree to network neutrality as a condition of the deal, but Charter has said it would not block, throttle or engage in paid prioritization regardless of what the courts decide.

“The cable platform is quickly becoming America’s local monopoly broadband infrastructure,” Free Press, a Washington, D.C.-based progressive media advocacy group, said. “Charter will have a tough time making a credible argument that consolidating local monopoly power on a nationwide basis will benefit consumers.”

It was short of pushback, but Wheeler released a statement soon after the deal was announced saying Charter and TWC would need to show public-interest benefits, not just the absence of antitrust issues.

In one sense, that was just stating the obvious, which is that the FCC has a public-interest standard test that goes beyond antitrust. But Wheeler might have also used the statement to clarify his position to anti-consolidation activists, after he reportedly phoned cable executives two weeks ago to say that Comcast-TWC’s failure didn’t mean all deals will face a chilly climate.

Regulators may find a combination of TWC, the second- largest U.S. MSO, and No. 4 Charter to be more palatable to Comcast-TWC, IBISWorld analyst Will McKitterick said, but concentrating “the vast majority of the nation’s landline high-speed broadband connections in the hands of two companies” could still get the regulatory hook.

Bernstein analyst Paul de Sa says he expected there will be a net neutrality condition on the deal, as well as conditions on interconnection.

An interconnection condition is also likely on the pending merger of telco AT&T and satellite-TV provider DirecTV deal, if it is approved. Approval of that deal would provide some guidance on the prospects for Charter- TWC, de Sa said, including the rationale for decisions and how concerns were addressed — answers Comcast’s early exit from the TWC deal left unanswered.

The deal already has a fan in Charles Herring, president of One America News Network and A Wealth of Entertainment (formerly WealthTV), who told *Multichannel News* he did not see any significant regulatory challenges.

“Over the last several years, Charter has demonstrated that it has a pattern and practice of extending fair carriage consideration to independent programming services,” Herring said. “Numerous independent programming networks have received carriage from Charter Communications, including AWE.

“We speak with nearly all the other independent networks, and I’ve never heard of any informal or formal complaint against Charter,” he said.

Charter may want to forward that comment on to the FCC’s deal vetters.

- See more at: <http://www.multichannel.com/will-charter-twc-pass-smell-test/390964#sthash.OQcMTsL4.dpuf>

Multichannel News

Honing In on How TV Shows Build Brands

6/01/2015 8:00 AM Eastern

By: Alex Petrilli

There has been a recent outpouring from advertisers and networks expressing their dissatisfaction with the current age-sex metrics. Alternate measures are being sought to assist in the evaluation of TV-program performance as it relates to sponsors and their brands.

With single-source matching of viewing data and purchasing data, TiVo Research & Analytics has developed a means to target viewers based on their shopping behavior, matching the DVR provider's 2.3 million set-top boxes to purchasing data from 40 million households across the U.S., compiled by market-research firm 84.51°. The combination of this data allows advertisers to target the actual consumers who purchase their products.

The accompanying infographic illustrates various consumer packaged goods (CPG) categories, pharmaceutical brands and automotive brands that are more likely to be purchased by viewers of each network or new TV series identified.

Compiled and Written by Alex Petrilli, TiVo Research and Analytics
- See more at: <http://www.multichannel.com/honing-how-tv-shows-build-brands/390966#sthash.eXN6Uni7.dpuf>

Multichannel News

‘All TV Is Going to Be Streamed’

Roku CEO Anthony Wood Discusses Online Video Revolution 6/01/2015 8:00 AM Eastern



By: **Jeff Baumgartner**

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Roku has been at the forefront of the video-streaming movement. Founded in 2002, the maker of a popular line of streaming-media players and adapters and a software platform that powers an expanding variety of smart TVs hardly qualifies as a startup anymore.

Amid fierce competition from Apple, Google and Amazon, Roku has managed to ship more than 10 million devices in the U.S. alone while pulling down more than \$250 million in revenue last year. Through the third quarter of 2014, Roku represented 29% of sales in the OTT device market, followed by Google Chrome-cast (20%), Apple TV (17%) and the Amazon Fire TV box (10%), according to Parks Associates.

Roku's platform was also responsible for about 3 billion hours of streamed content last year, up from 1.7 billion hours in 2013. Adding to its legitimacy as a TV-consumption platform, Roku is also coming off a new audience measurement deal with Nielsen.

Heading it all up is CEO Anthony Wood, who previously founded and ran ReplayTV, the digital video recorder pioneer that is now part of DirecTV. *Next TV* editor Jeff Baumgartner recently caught up with Wood to discuss what's on Roku's agenda, what's (still) wrong with TV Everywhere, the virtual MVPD

trend and whether Roku plans to develop its own content. An edited transcript follows.

Next TV: What are your top priorities?

Anthony Wood: Our biggest priority is always focusing on building the scale of our business, so it's distributing our platform more widely. There are three areas that we focus on: We sell our players and sticks; we have our Roku TV reference design that we license to global OEMs [original equipment manufacturers]; and then we have our Roku Powered program that we license to operators and telcos.

We also put a lot of focus in making sure that we have the best platform for consumers, but also a great platform for partners.

And then making money — we generate revenue through hardware sales and we've also got a growing advertising business.

NTV: How important is advertising to your business now?

AW: We have an advertising business, and it's growing. We're putting a lot of effort into growing it and expanding both the sales team and the technology underpinnings for the inventory. The basic thesis is pretty simple, which is that I believe that all TV is going to be streamed and that we're in the middle of that transition.

That also means all TV advertising is going to be streamed. I believe we are today and will remain the largest TV streaming platform for connected TVs. That means we're going to be a big ad platform.

We have content partners that need to make money. We need to make sure we're a great ad platform for them. So everything is sent from performance on streaming and switching ads without interruptions to working with whatever ad server they want to use. We also have the Nielsen deal to credit their ads. We also do a lot of work for ourselves for our own ad business.

NTV: Roku now has a handful of Roku TV partners (Sharp, TCL, Hisense, Haier and Insignia, Best Buy's house brand). How has that part of your business performed in the early phases?

AW: That business will definitely be a big contributor to our growth. We've got five OEMs we've announced. There will be 20 different Roku TV models available at major retailers in the U.S. by the middle of the summer. Sales are good; we haven't released numbers.

It's been great for partners. It's a relatively low-cost solution, compared to their other options. This year is the first year that 50% of TV sales in the U.S. are Internet-connected TVs. There are all of these homegrown solutions and I expect that to change. I really do believe that almost all TV manufacturers, except for maybe one or two exceptions like Samsung, will over the next handful of years switch to a licensed solution.

NTV: TV Everywhere is still struggling, to a degree, with adoption and awareness. How have TVE apps been performing on your platform?

AW: They definitely get used. Some of them get used a fair amount. WatchESPN and HBO Go are very popular. But I would say, to be honest, they would be used a lot more if the industry would make the authentication process easier.

You have to individually authenticate each app. It's a long, arduous process. There are things that can be done to simplify that and if the industry decides to do that, they would get used a lot more.

NTV: With the launch of Sling TV, which has an app for Roku, and PlayStation Vue, the virtual MVPD era is well underway. What does this say about the condition of the traditional pay TV market?

AW: I believe that all TV is going to be streamed, and this is just a natural step in that direction. The main benefit of streaming is it gives consumers more choice. They get choice of what they want to pay for, and they have a lot

more content to choose from. I think TV Everywhere is just another stepping stone, just like Sling TV, where everything is streamed. Someday, you'll probably be able to buy your local pay TV service as IP as well.

NTV: There have been some rumors that a new Roku player model will support 4K. Can you talk a bit about your product roadmap and how 4K will factor in beyond the initial work that's underway with your TV OEM partners?

AW: We don't talk about future products before they're announced. But I will say this — we are believers in 4K. We think that it's going to be a very popular format — both 4K resolution and also higher dynamic range. Content companies are starting to support it, but there's not a huge amount of content support yet.

I do think that streaming will be the way 4K is delivered, primarily. I don't think DVD-standard changes to deliver 4K are going to be particularly popular. You see companies like Netflix and Amazon all announcing that they're doing their originals in 4K. So we think it's coming. The retailers are behind it. We've announced our 4K reference design for TVs.

NTV: Last fall, you launched the Roku Powered program, whereby you essentially become the set-top box platform — from the software to the hardware — for pay TV partners. Have you had any interest from U.S. MVPDs?

AW: There's a lot of interest worldwide for that program. We've announced three partners (Sky UK, Sky Italia and Sky Deutschland) so far. There are others we haven't announced yet, but there's a big pipeline of deals.

It is definitely the case that there's more interest from international operators, especially satellite [service providers] and telcos. There's some interest in the U.S., but nothing we're ready to announce.

NTV: The U.S. pay TV market has always been tough.

AW: One factor is that in many markets throughout the world, the biggest competitor is actually free, over-the-air television. In the U.K., Sky's biggest competitor is not a company like Comcast or DirecTV, it's the BBC and free-over-the-air TV. That's one of the reasons that, internationally, there's a lot less angst about launching IPbased services.

NTV: What are your thoughts about this seeming resurgence of interest in over-the-air TV in the U.S.? It's like what's old is new again as we see products integrate over-the-top with over-the-air. Might we see a product like that from Roku?

AW: We do make Roku TV, which does have a [digital over-the-air] tuner in it, so we do have software solutions for over-the-air today. And we are seeing fairly high usage of this tuner on our Roku TV platform, higher than the average TV usage of tuners.

We've said before that roughly half of our customers don't have pay TV. We do overindex on cord-cutters and cord-nevers, or whatever you want to call them. Our basic philosophy is that we make TVs, and that's where we're putting our effort on tuners.

There are third-party products that work with Roku, like Simple.tv and Tablo, that have over-the-air tuners with built-in DVR features, so we have an ecosystem that supports this.

NTV: Is there any interest in developing your own content service, maybe even your own virtual MVPD?

AW: It's not something we've seriously considered. That could change someday, but today our business model is to be a content distributor for others to aggregate content. Whereas all of our competitors, like Apple and Amazon Fire TV and Google Chromecast, they do have their own services and they preference that content over a third party's. And you can't get Amazon content on an Apple TV, for example.

We're the only one that has Amazon Video and Google Play and all of the other movie stores. When you [produce] new content, you naturally want it distributed as widely as possible. For those reasons, we don't have any current plans to do it, but who knows what will happen in the future.

NTV: Rumors that Roku might pursue an IPO continue to bubble up from time to time. What can you say about Roku's financial plans?

AW: We don't talk about future financing plans. But we're well capitalized. We have plenty of cash.

NTV: A couple of years ago, I came across an old Replay TV box in someone's house that was still operational. Do you still have one kicking around?

AW: No, mine broke. And when it broke it was roughly the same time when Roku started getting a lot of content. In my house, we watch all our TV on Roku. We don't have a DVR. We do have a cable subscription, but we don't use it very much.

- See more at: <http://www.multichannel.com/news/next-tv/all-tv-going-be-streamed/390971#sthash.eeUK6TZH.dpuf>

Multichannel News

Video Is Eating the Internet: Cisco

Streaming to Comprise 80% of Global IP Traffic by 2019^{6/01/2015}
8:00 AM Eastern

By: **Jeff Baumgartner**

Cisco Systems has released its annual *Visual Networking Index Forecast*, and it calls for video — lots and lots of video.

The big takeaway: Cisco predicted IP video would make up 80% of global Internet-protocol traffic by 2019, up from 67% in 2014.

On a regional basis, North America is expected to lead the way with 84% of traffic coming from video, as the Middle East and Africa see a leading 55% compound annual growth rate.

Driven by the proliferation of wireless access on a device basis, smartphones will dominate video consumption, well ahead of TVs, computers and tablets.

By 2019, Cisco also expects global IP traffic to eclipse 168 Exabytes per month by 2019 (1 Exabyte equals 1 billion Gigabytes), up from the 59.9 EB per month generated in 2014.

- See more at: <http://www.multichannel.com/news/next-tv/video-eating-internet-cisco/390975#sthash.CqguS7y8.dpuf>

Multichannel News

Cord-Bundlers Are the True Disruptors

Cord-Cutters, Nevers Having Negligible Impact on Ads 6/01/2015

8:00 AM Eastern

By: Randy Cooke, SpotXchange

TakeAway

Viewpoint, from the June 1 print edition of 'Multichannel News'

The cord-cutter is frequently singled out as a culprit behind the rapidly shifting video ad market; the nemesis of TV's established order.

Insights teased in the trades by Nielsen last month, however, suggest the assumption that cord-cutters are siphoning subscribers (and by extension, audience) away from MVPDs may be overstated. For TV ad sellers though, would confirmation that cord-cutters are having a negligible impact on total audience availability be worthy of celebration?

The cutters and the cord-nevers (linear TV's lost generation) are not the centers of influence in accelerating audience fragmentation. It's the cord-bundlers — the households stitching together a host of subscription VOD services (like iTunes, Netflix or Hulu), in addition to their cable subscriptions — that are proving the most disruptive.

The ever-expanding number of devices powering the delivery of this content only serves to increase the relative value of OTT services versus linear TV, with a majority of Americans now preferring streaming content to live TV, according to Deloitte's latest *Digital Democracy Survey*.

This all seemed to happen overnight. Nielsen's 2013 quarterly *Total Audience Reports* didn't even feature usage metrics for multimedia devices such as AppleTV or Roku. Eighteen months later, we find nearly one in five U.S. households has at least one such device. When you add connected smart TVs,

desktops, smartphones, tablets and gaming consoles to the mix, nine out of 10 Americans now have the ability to consume video content outside the living room.

Just 10 years ago, there was a single currency for television; a “holistic” viewing stream with no consideration for time-shifting audiences. That may have been the last point in time TV was purely linear. Today it’s spatial, with content consumption available any time, in any place. It’s the multi device cord-bundlers who are having a material impact on TV, and you need to look no further than the iPad to see the effects.

Nielsen has noted that adult 25-54 persons using television (PUT) levels across all day-parts decrease dramatically in households with tablets — by more than 20% in some local markets. Roughly translated, this means that for every five tablets purchased, one impression is permanently displaced from every traditional TV day-part. According to Statista, more than 57 million tablets will be sold in the U.S. alone in 2015, meaning audience shifts will continue happening in increments of millions of impressions.

To counter the proliferation of screens and streams, many media owners are turning toward programmatic technologies as a mechanism to fully monetize audience splintering across time and device. The transactional automation that accompanies programmatic implementations is a secondary feature, dwarfed by the need for a holistic suite of supply-side tools supporting linear and multidevice ad monetization.

Indeed, cross-stream inventory management, yield optimization and campaign fulfillment are mission-critical core competencies for media owners seeking to reconstitute the value of cord-bundlers. It’s here that the promise of programmatic TV looms large.

Randy Cooke is vice president of programmatic TV at video ad inventory marketplace *SpotXchange*.

- See more at: <http://www.multichannel.com/news/technology/cord-bundlers-are-true-disruptors/390961#sthash.AJnLiV9a.dpuf>

Multichannel News

Cable vs. inflation

Every year since 1993, the Federal Communications Commission has published data on the average price of expanded basic cable television packages in the U.S. (Expanded basic cable is a step up from the entry-level package offered by most providers.) We took the FCC's pricing data from 1998 through 2012, then compared that with what cable would have cost if it had been pegged to the standard rate of inflation as defined by the Consumer Price Index. We found that over the course of those 15 years, the average American cable-watching household had forked over about \$1,760 more than it would have if the price of cable had matched inflation. That's enough to have purchased almost six iPad Minis for each household.

https://apps.fcc.gov/edocs_public/attachmatch/FCC-15-62A1.pdf

Trade Journal Links

[A sneak peek at CenturyLink's Prism TV](#)

"North Carolina sues FCC for right to block municipal broadband; Residents stuck with slow Internet while state fights on behalf of private ISPs." | [Ars Technica](#)

"Why Dial-Up Internet Isn't Dead Yet:" Dial-up subscribers cite lack of options, prices, and preferences as reasons for maintaining dial-up connections | [Time](#)

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