

TOP HEADLINES

WWE's Global Internet TV Channel Has 1.3m Subs
page 9

Disney and ESPN Media Networks Coming to PlayStation Vue
page 12

Verizon and NBA Announce Content Partnership
page 13

Periscope Now Available on Living Room's Silver Screen
page 14

Sckipio Gets Investment from Intel
page 15

ASSIA's CloudCheck a Very High 95% Accuracy at Wi-Fi Testing
page 18

Eero Claims Its Mesh-based Wi-Fi Routers Solve Homes' Wi-Fi Problems
page 19

The US Pay TV Business Is a Sinking Ship

-All the Major TV Networks Are Going Direct-to-Consumer OTT

-Linear TV Is Gasping Its Last Breaths

-It's a Broadband Future for Cablecos and Telcos

The latest quarterly earnings should prove beyond any doubt that traditional linear TV is dead, and the pay TV business as we know it is undergoing a dramatic transformation.

Pay TV companies, who are all also broadband companies (save for satcos) in the US, have collectively reported a better-than-expected Q3, but the trends already in motion won't be reversed. All the major TV networks know this, and are now signaling openly their plans to aggressively pursue viewers directly through Internet-delivered subscription services.

Meanwhile, the collective broadband subscriber base continues to grow. Broadband/

pay TV providers in the States are busy testing out new types of skinny bundles and streaming bundles in order to grow their shrinking pay TV subscriber bases, and leverage their broadband networks. These efforts will accelerate in 2016, as we see pay TV providers introduce more and more flexibility and multi-platform innovation for their bundle-based TV offerings.

And in the coming year, the economics of linear TV are poised to begin shifting dramatically away from overnight and real-time ratings towards total, multi-platform audience measurements over longer time frames, to compensate for viewers' insistence on watching TV when they want, not according to a programming schedule.

The shake-up in linear ratings will come as TV networks begin pushing their own data more seriously to advertisers, as **Nielsen** finally

continued on page two

Marvell's G.hn Beats Extollo's HomePlug AV2 in Lab & Field Tests

- Won in All Scenarios and in the Worst Case Environments

In June 2015, *CNET* said the **Extollo** LANSocket 1500 power-line adapters, which are based on HomePlug AV2, had the "best power-line performance to date." At the end of last month, October 2015, the test lab Network FX, a subsidiary of **CableLabs**, said that, after conducting tests, G.hn adapters using **Marvell's** chips "performed better than the Extollo [HomePlug AV2] devices in the lab and in the field under a variety of test conditions in a single network and in multiple networks."

The main chipmakers promoting G.hn (**Marvell** and **Sigma Designs**) and HP AV2 (**Broadcom** and **Qualcomm**) are members of CableLabs, which owns Network FX, as are MoCA chip and equipment makers.

Background

- Marvell contracted for Network FX to perform both the Lab Repeatable Power-line Testing and the Field Home Testing.

- Marvell purchased the Extollo adapters from **Amazon** on August 20, 2015. No firmware upgrade was available on Extollo's Web site. Extollo's adapters have **Broadcom's** HPAV2 MIMO power-line chipset.

- Marvell provided Marvell-branded adapters that are based on its reference design and which it makes available to equipment makers. They are not available at retail but the exact same chips are in **Comtrend's** G.hn adapters that are available at retail. Consumers can and should download the latest firmware from Comtrend's Web site. **Amazon** sells a pair

continued on page four

“Every day it becomes clearer that the trends we anticipated are happening even faster than we expected.”

“Live viewing of television is contracting as a percentage of total viewing.”

The US: *continued from page ONE*

rolls out its more robust multi-platform measurements and as competitors such as **comScore** begin to more aggressively challenge Nielsen in the TV currency market – ie in viewership data.

Time Warner CEO Jeff Bewkes summed it up nicely during his company’s quarterly earnings call this week. “Every day it becomes clearer that the trends we anticipated are happening, and in some ways, they’re happening even faster than we expected,” he said. “For many consumers, the television viewing experience is stuck in the Bronze Age.”

For TV Networks, It’s OTT or Die

There was no mincing of words during this latest round of quarterly earnings calls: the TV networks were eager to discuss their future plans outside the traditional TV ecosystem as indicators of their companies’ strength heading into the Internet TV future.

“We believe that the opportunities [of OTT] outweigh the challenges,” Chris Albrecht, CEO of **Starz** said this week. “We’re now looking at what’s clearly numerous opportunities for Starz to be distributed in ways other than MVPDs.” Starz has decided it will launch a direct-to-consumer offering next year. [See “Starz Gives in to Its Inevitable Internet TV Future,” pg 8].

21st Century Fox’s CEO James Murdoch said this week his company is considering a direct-to-consumer launch too, though he didn’t say for certain that the company will do so. “IP streaming video construction, this is something that we’re very excited about,” Murdoch said. “I think over time, the streaming entertainment business and streaming television business is much more attractive [than in the past].”

Discovery Communication’s CEO David Zaslav made similar comments about launching an OTT service in the States sometime in the future. Discovery already operates an SVoD service across Europe, called Dplay. [See “Discovery Eyes Internet TV Launch in US,” pg 10]

And **CBS**’ Les Moonves seemed eager to embrace the chaos, as his company is the only over-the-air broadcast network to launch a direct-to-consumer Internet TV service, and its pay TV network Showtime was the second premium network to launch such a service, behind HBO.

“No matter how rapidly the world continues to change, we have positioned ourselves to benefit,” Moonves said this week. The future looks bright for CBS, which announced this week it has begun creating programming exclusively for its OTT service [See: CBS Is Now Creating Original Content for its Internet TV Service, pg 9].

CBS’ chief financial officer, Joseph Ianniello, echoed his confidences and added: “As we continue to grow our direct-to-consumer initiatives, we expect CBS All Access and Showtime over-the-top to be contributors to our operating income growth next year.”

Time Warner expects HBO Now, the stand along OTT service, to begin contributing meaningfully to its income growth next year, too. These early movers will have the advantage in new Internet TV ecosystem.

On-Demand Audiences Now Outpace Live Linear Audiences

Meanwhile, the industry is getting ready to shed live audience measurements, in favor of a broader perspective that will be better able to measure a show’s multi-platform and time-shifted audience.

“Our viewers are increasingly choosing when and how they experience our programming,” said Lachlan Murdoch, chairman of 21st Century Fox, speaking at the company’s quarterly earnings call. “Live viewing of television is contracting as a percentage of total viewing, especially in the younger demographics coveted by advertisers.”

There’s no question linear TV is on its way out. Consumers have made clear they much more prefer to watch TV shows and movies according to their own personal schedules, not the TV program schedule. Murdoch pointed to Fox’s show “Empire.” Its second season premier garnered a total of 12 million viewers across its live broadcast and same-day time-shifted viewing. But the audience for that episode more than doubled across a 30-day span and across multiple platforms. That means more viewers watched the premiere episode time-shifted than live.

James Murdoch added that over half of the company’s ad revenue is sold in the C7 window now. The same trends can be found across its other shows: the audience for “Scream Queens” grows 130% when multiple-viewing is included. That means, once again,

The US: *continued on page THREE*

The US: *continued from page TWO*

more viewers watch that show time-shifted than live.

CBS reported similar trends in audience for some of its shows. The season premiere of “Limitless” in September drew 10 million viewers; the audience for that episode grew to 17.5 million time-shifted in the following two weeks, “and that number continues to rise as we speak,” Moonves said. “This phenomenon is happening across our schedule.”

Fox’s nonlinear audience is growing by a third year-over-year; and 10 of CBS’ shows experience audience increases of 3 million or more when nonlinear viewing is counted.

“It’s a testament to the fact that premium broadcast content is in more demand than ever, but it also illustrates the needs for the industry to move to modern ratings currencies,” Lachlan Murdoch said.

That move will occur in 2016, whether from Nielsen, other third party measurement firms, or the content owners themselves. Nielsen is getting ready to launch its Total Audience Management system next month, which will track viewing across DVRs, VoD platforms, net-top boxes, game consoles, smartphones, tablets and PCs. comScore, specializing in digital measurement, is looking to challenge Nielsen in this area, and it recently acquired **Rentrak** in order to better do so.

Broadband Is the Future of Pay TV

The collective pay TV industry lost subs overall in the last quarter, but it did better than anyone expected, particularly **Comcast**. Still, the broadband business is the future for these companies, as demand for faster speeds and more bandwidth continues to skyrocket among consumers.

Collectively, broadband subscribers will outpace pay TV subscribers by as many as 10 million by the end of 2016, according to **Moody’s**. For many broadband/pay TV companies in the States, broadband subscriptions have already surpassed pay TV subs. Moody predicts there will be 57 million broadband customers by the end of 2016, and 47 million pay TV subscribers.

“This change in subscriber demand represents

a fundamental shift in consumer appetite and the economics of the cable business model,” said Jason Cuomo, VP and senior analyst at Moody’s. In fact, Cuomo believes the growth in broadband will be the only thing to save those companies whose main money-maker has been pay TV. “The loss of video subscribers is a fundamental weakness, but broadband demand and pricing actions are more than fully offsetting the negative video trends,” Cuomo said.

Broadband will become even more important to service providers as consumers watch more and more video online.

The Internet TV Space Continues to Grow

Whether it be more networks launched direct-to-consumer OTT services, more Web services added video to their offerings, or more broadband/pay TV providers releasing streaming skinny bundles, it’s clear the Internet TV space will continue to see significant growth in the coming year.

Internet TV Video Services	
(already available)	(coming soon)
CBS and Showtime	Starz
A&E Networks	Disney
AMC	NBCUniversal
HBO	ESPN
Viacom	Comcast’s “Stream” and “Watchable”
Verizon’s Go90	TWC
Dish Network’s Sling TV	Charter – who just acquired TWC
Sony PlayStation Vue	CenturyLink
	Apple TV

The broadband/pay TV providers will continue to launch new streaming video products next year, which will compete with the other imminent Internet TV products from **Apple**, and perhaps **Amazon**, **Roku** or **Google**. 2015 was the first year of the Internet TV era, and it’s clear that 2016 will see even more significant changes in the traditional TV and pay TV industries.

As CBS’ Moonves told shareholders this week: “There’s no question that there’s going to be a change from the 180-channel universe.”

“This phenomenon is happening across our schedule.”

“There’s no question that there’s going to be a change from the 180-channel universe.”

“ARRIS is expected to launch a G.hn powerline adapter that will have the same Marvell G.hn chips.”

“Network FX found the same results that Rider Research did in two homes in terms of packet size.”

Marvell: *continued from page ONE*

for less than \$80:

<http://www.amazon.com/Comtrend-G-hn-Powerline-Adapter-Kit/dp/B00X3GX99C>

ARRIS is expected to launch a G.hn powerline adapter that will have the same Marvell G.hn chips. Comtrend and ARRIS adapters both have Marvell's 1 Gbps powerline G.hn chipset, not its new 2 Gbps chips, which are not due out until 2016.

- The IPTV field tests were conducted in a house in Colorado with 4,850 square feet, two living floors plus a basement. The source for the video streams was located on the first floor. UDP IPerf commands were used to simulate HD or 4K streaming to each IPTV client. The 4K video had 30Mb per stream. By comparison, Ericsson's Mediaroom IPTV 4K HD, which many telcos use for their pay TV technology, only streams at 12MB per stream.

Test Results:

Network FX found the same results that Rider Research did in two homes in terms of packet size. At higher packet sizes, the throughput of Marvell's G.hn and Extollo's are about the same at 70dB of attenuation. At 80dB and 90dB of attenuation, Marvell results were better than Extollo's. At lower packet size (82 bytes), the throughput of Marvell at all attenuation levels was higher than Extollo's.

When testing for TCP throughput in neighboring networks at 40dB attenuation, the results showed that Marvell devices can provide higher throughput and lower latency than Extollo for all packet sizes. The term neighboring networks refers to residences in MDUs, a prime target for telcos that are prospects for selling G.hn adapters.

- The G.hn products did not have any packet errors or drops, which Marvell said is the “ideal technology for video delivery in the worst tested environments.”
- Marvell performed better in neighboring networks' test setup for all test parameters (ie lowest/average/higher packet size).
- In testing network stability under “bursty” traffic conditions, Network FX said Marvell devices completed the test without dropping a single packet at a throughput rate of 80 Mbps. The Extollo product showed a 7-8% packet loss. Network FX

said, “This indicates that Marvell devices are more stable under bursty traffic conditions.”

Network FX said Marvell won in all scenarios and in the worst case environments in both the Lab Testing and Home Field Testing.

Facebook Now Gets 8b Video Views Each Day

“We have a chance to build the best place to watch and share video.” – Mark Zuckerberg, Facebook CEO, during the company's quarterly earnings release where he revealed the social media platform attracts 8 billion video views each day from over 1 billion users worldwide.

We're Watching the Pay TV Bundle Evolve

“What we're all talking about, including all of your questions, is how to take the obviously successful history of bundles which have very high penetration, not just in the United States but everywhere, and have a significant amount of ad support and how to evolve all of them into more VoD, better guide and interface. I think what you're seeing now in the evolution of streamlined bundles and new distributors, is more opportunity on a global basis to make all this program production and network branding more engaged and more relevant.” – Jeff Bewkes, Time Warner CEO, speaking during the company's quarterly earnings call.

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4K/UHD (ULTRA HIGH DEFINITION)

Satco Hispasat Holds Festival for Short 4K Films

Satellite TV companies are beginning to push the advantages that have in broadcasting 4K compared to the wireline-bound cablecos and telcos.

Spain-based **Hispasat** has announced 13 short films that have been filmed and post-produced in 4K, which will compete to win the first 4K international film festival:

Breaking Rules	Por Esto No Tengo
Clarke's Third Law	Hermanos
Femme	Delincuente
José Alfredo	Modernidad
Last Memory	Nos Primavera Sound
Marina	2014 4K Experience
Martes y Sombras	The Dress
Oscillation	

72 films that were shorter than 20 minutes were submitted from 11 countries.

Hispasat partners include **Samsung**, **RTVE**, **Canon** and **Dolby**.

The winners in five categories will be announced on November 12.

Hispasat Group, which operates on the Iberian Peninsula and in Latin America, says it is the world's fourth largest satco. It distributes more than 1,250 television and radio channels.

Fujifilm Launches 4K Lenses for Professional Use

When was the last time you heard someone dismiss 4K as just another gimmick like 3D? One reason you haven't is that 4K has permeated the entire industries of content production and distribution – everything from cameras to smartphones.

Fujifilm's Fujinon's Optical Devices division will soon show off its new 4K series of lenses for broadcasting applications. Its 25-300mm Cabrio zoom lens has a detachable drive unit that remotely controls zoom, focus and iris adjustment. It provides quick and smooth zooms, reframing, focus and iris controls. They are compatible with 4K 2/3-inch broadcast cameras and come standard

with a 16-bit encoder capable of high-resolution output of lens data.

Vizio Puts 4K TVs on Sale

Is now the time to buy a next-generation 4K TV set? **Vizio** is offering five of its six 4K TVs for less than \$2,000:

70-inch	\$1,900
65-inch	\$1,500
60-inch	\$1,200
49-inch	\$530
43-inch	\$550

It is not clear why the 49-inch set at \$530 sells for less than the 43-inch set at \$550.

Shipping is free.

Only the 75-inch, at \$2,600, sells for more than our arbitrary \$2,000 mass market price.

See:

http://www.vizio.com/bigcreensale.html/?utm_source=AllList&utm_medium=email&utm_content=mail1&utm_campaign=BigScreen151104&dm_i=286K,H9GG,3X6XUD,14EJJ,1

Prices are likely to be somewhat less at aggressive retailers such as **Amazon** and **Walmart** as well as during the upcoming holiday shopping season, which starts in only three weeks.

It's too bad for Europe that Vizio sets are not sold there because Vizio's prices help drive lower the prices of other brands of 4K sets in the States.

Walmart's Vudu Goes 4K, Finally

- Can Apple's iTunes Be Far Behind?
- Offers Dolby Vision (HDR) & Dolby Atmos Immersive Surround Sound
- But Limited Availability on 4K TV Sets

The mighty **Walmart** has decided that 4K is here to stay and so its Vudu online service will begin offering 4K content – just like **M-Go** and **UltraFlix** before it. That leaves only **Apple's** iTunes as the one major purchase/rental OTT service not offering 4K. The monthly subscription services **Netflix** and **Amazon** offer 4K streams.

Vudu's 4K service has a leg up on other such

Walmart: *continued on page SIX*

“13 short films that have been filmed and post-produced in 4K.”

“It's too bad for Europe that Vizio sets are not sold there”

4K/UHD (ULTRA HIGH DEFINITION)

Walmart: *continued from page FIVE*

services because it offers movies that are encoded for enhanced video and audio by **Dolby Vision** (HDR) and **Dolby Atmos** immersive surround sound.

Vudu said the Vudu UHD service will be available now on the **Vizio** Reference Series TVs and the **Roku 4 NTB** – if the 4K TV the Roku is connected to has HDMI 2.0a and HDCP 2.2 – and soon on **Samsung's** SUHD TVs. **LG** and **Sony** were noticeably missing from the announcement. We don't expect that Apple will put the iTunes competitor on its Apple TV – but who knows? Apple has become very aggressive with its moves on the new Apple TV.

We expect that Vudu's move to 4K will spur Apple to follow.

To play the full Dolby Atmos, the home needs a surround sound system that has a Dolby Atmos-enabled home theater receiver and the required Dolby Atmos speaker setup.

To view without buffering or having the 4K resolution downgraded to 1080p or lower, Vudu recommends that homes have broadband with at least 11 Mbps. That is less than the 15 to 25 Mbps that Netflix recommends – although it did not provide details on its compression scheme.

Wi-Fi performance is more erratic moment-to-moment than broadband. Depending on how near the TV is to the Wi-Fi router, we recommend that the TV and router be connected with a wire – Ethernet, coax or powerline.

A list of shows that are currently available from Vudu in 4K is at:

<http://www.watchvudu.com/uhd/#lp-pom-block-84>

Subject to change, the current rental price for each

4K movie is \$10 and purchase prices range from \$25 to \$30.

Telefonica's Moviestar+ Testing 4K TV Channel

Some subscribers have used social networks and user forums to report that **Telefonica's** pay TV service **Moviestar+** is testing a 4K channel, according to *Rapid TV News*. It is evidently available only to the company's FTTH subscribers, which probably means **Moviestar+** is not delivering the 4K channel over its traditional pay TV service. Additionally, **Moviestar+** STBs don't have 4K. The 4K channel, called **Pruebas UHDTV**, is showing videos from the football network **Canal+Liga** and the motor channel **Moto GP**. **Movistar+** isn't talking about the 4K service. At this point only **Netflix** offers 4K content in Spain.

4K Broadcasting Demonstrated at Spain's 4K World Summit

Yes, Virginia, there really is 4K broadcasting.

RTVE, **Cellnex Telecom**, **Hispasat**, **Dolby** and **SAPEC** showed the latest in 4K broadcasting at the 4K World Summit Sevilla in Spain this week. **Cellnex Telecom** did a live broadcast at 34 Mbps on DTT networks using the **DVB-T2** standard with high dynamic range (HDR) content from Valencia to Seville. The broadcast included **Dolby Vision HDR**, **Wider Color Gamut (WCG)** and **Dolby AC-4** audio.

RTVE, **Hispasat** and **Cellnex** also presented a simultaneous 4K broadcast through an **HbbTV** service using two different standards – **DVB-T2** and **DVB-S2**. The signal were **HVEC** codified at 25p (frames per second) and at 50p.

DISRUPTIONS

Intel Invests in FreedomPop's WiFi-First Service

- Aim Is to Develop a Low-cost Wi-Fi First Mobile Phone Using Intel Chips
- Designed to Quickly Switch between Wi-Fi and Cellular

This article appeared in *Faultline*.

Intel continues to explore every angle to win itself a significant role in the wireless market. With Wi-Fi first

phone services proving to be an effective disruptor, **Intel** is investing in the US MVNO **FreedomPop**, one of the pioneers of the approach.

The funding, of undisclosed size, is mainly targeted at the development of **FreedomPop's** own handset, which will run on **Intel's** **SoFIA** system-on-chip and will be optimized for Wi-Fi first usage (in which the handset defaults to Wi-Fi, only transferring to cellular when there is no good Wi-Fi signal, in order to reduce

Intel: continued on page SEVEN

“Vudu recommends that homes have broadband with at least 11 Mbps.”

“probably means **Moviestar+** is not delivering the 4K channel over its traditional pay TV service”

DISRUPTIONS

Intel: *continued from page SIX*

consumer tariffs and operator costs).

The FreedomPop Android-based handset will launch next year and be built by an unnamed manufacturer, with the FreedomPop's brand. It will be Wi-Fi-centric with "sophisticated switching" for the times when the Wi-Fi signal is poor or absent and the user is transferred seamlessly to cellular.

The device will be the vehicle to take the company to the next level, with aims to launch the phone, and associated services, in many countries. Intel's "global" ambitions mean the MVNO will work with a different host network for the SoFIA offerings, since its current partner, **Sprint**, is CDMA-based, which causes roaming problems. This may see the firm moving towards a dual-MNO strategy, with flexible network selection, reminiscent of **Google Fi**. It will also see it move beyond its current US and UK territories "in Europe and beyond Europe".

CEO Stephen Sokols said in an interview with *FierceWireless* that his firm would take the "Xiaomi approach" and price its handset between \$99 and \$199 on an unsubsidized basis. SoFIA, which is being targeted heavily at China through Intel's alliances with **Spreadtrum** and **Rockchip**, is designed for low end smartphones and in this case, will come with the capability to sense network degradation and switch connections between WiFi and cellular as required.

The connection speed can be controlled at device level too, enabling FreedomPop to offer "speed boosts" to customers willing to pay extra. Sokols also said the SoFIA platform will allow it to white-list selected applications at device level, which means it could pursue sponsored data or toll-free arrangements with apps providers, without having to access the network owner's server.

This is potentially important on several fronts. For Intel, any new category of wireless devices is a chance to steal a march on **Qualcomm**. Wi-Fi first services will be powerful tools for cablecos and telcos to launch mobile services while minimizing their fees to MNOs. Even some mobile operators are adopting them to reduce the cost of delivering some data-heavy but low-ARPU services.

It makes sense that these offerings will benefit from their own handsets, designed to make the Wi-Fi first experience as smooth as possible, and these could be virgin territory for SoFIA – which has come very late to the market – as well as furthering an age-old Intel goal of strengthening the open web model at the expense of the entrenched 3GPP one.

The deal also indicates how the MVNO model is expanding. These virtual operators are no longer mainly focused on undercutting the MNOs with low cost devices and tariffs. Some are focused on specific vertical markets or consumer applications, and these are becoming more interested in differentiating themselves with good quality of service and devices which are optimized for their particular services. Some are even becoming 'fat MVNOs' which own some of their own infrastructure, such as small cells or WiFi networks.

Republic Wireless, another early MVNO on the Wi-Fi first scene, recently announced that it would offer devices optimized for this approach, in partnership with **Motorola**.



Multiple Sclerosis Society

Rider Research supports the work of the National Multiple Sclerosis Society.

Multiple Sclerosis (MS) is the leading neurological disability of young to middle-aged adults.

Please visit the Society's Web site and consider a donation.

<http://www.nationalmssociety.org>

or call 1-800-fightMS

"It will be Wi-Fi-centric with 'sophisticated switching'"

"Take the 'Xiaomi approach' and price its handset between \$99 and \$199 on an unsubsidized basis"



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“If our large customers are losing customers, then it’s pretty hard for us to not lose customers.”

“I don’t really see a downside to this strategy for us at all.”

OTT

Starz Gives in to Its Inevitable Internet TV Future

-Loses 200k Subs in Q3

-Will Now Pursue ‘Digital Distribution’ Partners

Premium pay TV network **Starz** is working on a direct-to-consumer subscription OTT service. Starz CEO Chris Albrecht has officially reversed his stance on the future of Internet TV and Starz’s place within it.

The company reported its Starz TV network lost around 200,000 subscribers over the last quarter, and its sister channel, Encore, lost 800,000 subscribers. It said that, on a year-over-year basis, Starz subscriptions are still up 1 million.

Albrecht placed blame for its subscriber losses squarely on its pay TV partners. “The sequential subscriber decreases are related to industry-wide issues that our distributors are facing, including merger-related distractions and increases in basic package and premium services pricing,” Albrecht said during the quarterly earnings call. “If our large customers are going to lose customers, then it’s pretty hard for us to not lose customers.” He added that other premium pay TV channels have also experienced subscriber losses. “We’ve been told that this is not a Starz-specific issue, and that this has affected other premium channels as well,” he said.

That seems to be the impetus for Starz to begin developing a standalone OTT service. It’s ready to break out of the cable bundle and find new subscribers in the *a la carte* space. “It has become clear to us the importance of Starz unlocking opportunities to distribute our content beyond the traditional cable bundle,” Albrecht said.

“We believe that the opportunities [of OTT] outweigh the challenges,” he said. Starz will also begin pursuing deals with “new distribution partners,” he said – referring to new Internet TV distribution partners. “We’re at the beginning of the evolution of this new distribution area,” he said. “We’re now looking at what are clearly numerous opportunities for Starz to be distributed in ways other than MVPDs.”

In doing so, Starz hopes to tap into the “unmet demand we are seeing for our content,” Albrecht said.

Starz has grown its pool of original series over the past five years or so, but it has received more recognition for its more recent slate of originals, including “Outlander,” “Power,” and others. Albrecht noted that the second season of “Power” was “the most highly watched season ever” for a Starz original series. He said the show garnered 7 million multiplatform viewers per episode.

Having a strong library of original and exclusive content is critical to the success of an SVoD OTT venture. Starz’ OC is “creating significant opportunities for us to further develop our brand through traditional partners and new distribution platforms,” Albrecht said.

The company is also dabbling in the binge-viewing release model pioneered by **Netflix**. Albrecht called such releases an experiment. “We’ll give it a couple of more shots to continue to investigate what the benefits of it are,” he said. “And I think there are benefits. I don’t really see a downside to this strategy for us at all.”

Starz will also want to be included in the new streaming, skinny TV bundles that the broadband/pay TV providers such as **Verizon**, **Comcast**, **Charter** and **Time Warner Cable** are now launching. “The nice thing about the digital distribution arena is that it can be accessed through our current MVPD distributors who have decided to innovate,” Albrecht said. “We’d like to see those experiments accelerate and the innovation part of that accelerate, because that we think it’s great for Starz.”

“Whether it’s skinny-bundles, whether it’s broadband delivery, whatever people are calling it, we certainly see that as creating a potential opportunity for the [premium channels],” he said.

And Albrecht echoed arguments made by HBO’s Richard Plepler that a direct-to-consumer offering won’t take business away from pay TV. “There now is evidence that digital distribution can co-exist with MVP distribution, when appropriately priced,” he said.

OTT

CBS Is Now Creating Original Content for its Internet TV Service

CBS is creating a new original series that it will distribute exclusively to viewers on the Web, through its Internet TV service All Access. CBS is planning to reboot its classic Sci-Fi series “Star Trek,” and will Web-air the show in January 2017.

CBS will hold a special “preview broadcast” of the series’ first episode on its linear TV network. The entire season of the show will be made available to its OTT subscribers to stream, with new episodes appearing each week. Only subscribers of its \$5.99 per month Internet TV service will be able to watch the series in the US. All Access also offers all the episodes of the original “Star Trek” series. The new series is being produced by Alex Kurtzman, who was a co-writer of the recent “Star Trek” franchise films.

“We’ve experienced terrific growth for CBS All Access, expanding the service across affiliates and devices in a very short time,” Marc DeBevoise, EVP and general manager of CBS Digital Media. “We now have an incredible opportunity to accelerate this growth with the iconic ‘Star Trek,’ and its devoted and passionate fan base, as our first original series.”

CBS isn’t the first TV network to release a full season of a series online ahead of, or even in lieu of a traditional linear weekly airing. **Starz** has done this with a few of its series, as has **Comcast’s** NBCUniversal. But CBS is the first major TV network to release a new TV show that completely eschews linear TV.

By broadcasting the first episode on linear TV, CBS is casting a wide net and hopes to drive more of its linear TV viewers to subscribe to its Internet TV service.

WWE’s Global Internet TV Channel Has 1.3m Subs

World Wrestling Entertainment’s (WWE) pioneering Internet TV channel now has 1.3 million subscribers, nearly two years after it launched its streaming subscription TV service.

“The growth of WWE Network demonstrates our ability to transform our legacy pay-per-view business

into a global subscription business with high growth potential,” said George Barrios, chief strategy and financial officer, at the company’s recent earnings call. The online network has grown 79% over the last year.

WWE made its international debut last year. It has launched in 170 territories around the world, including the US, UK and Ireland. In the last quarter WWE launched in two new markets, Italy and Malaysia. It now has 243,000 non-domestic subscribers. This week, it launched in India and plans to launch in Germany and Japan in January 2016.

“The global distribution of our network is about to take a pretty good leap here,” said Vince McMahon, CEO of WWE.

WWE has said in the past that it estimates its possible subscriber base to be between 2.5 million and 3.8 million globally, which is looking more and more attainable for the niche Internet TV service.

McMahon was reluctant to offer projections for its subscriber growth heading into 2016, but said the company is hoping to experience around 20% growth year over year, which McMahon likened to Netflix’s subscriber growth in its early days. WWE experienced 7% sub growth in Q3, ahead of its projections of 3-4%.

Despite initial fears that its primarily PPV fan base wouldn’t convert well to a monthly subscription model, McMahon said internal data indicates its subs are quite happy with the service. “Viewer data shows that 90% of subscribers access WWE Network at least once per month, while consumer research indicates that 91% of subscribers are satisfied with the experience of WWE Network,” he said.

As with all niche SVoD Internet TV services, original content is the name of the game. WWE said it Web-aired 85 hours of original content during the last quarter, and is planning to release another 90 hours of original content on the streaming channel in the next quarter. “Subscriber growth was driven by the appeal of our original programming, including ‘WrestleMania’ and ‘SummerSlam,’” McMahon said. Its on-demand library now contains more than 3,700 hours of programming. The online channels offers 24/7 live streaming programming and access to a wide library of on-demand matches, including

WWE: continued on page TEN

“Only subscribers of its \$5.99 per month Internet TV service will be able to watch the series.”

“It estimates its possible subscriber base to be between 2.5 million and 3.8 million globally.”

“We viewed YouTube as a phenomenal asset globally.”

“We could generate close to \$100 million in revenue, which I think gets our whole company’s attention.”

OTT

WWE: *continued from page NINE*

original series, reality shows, documentaries, archive footage and pre- and post-match shows.

WWE has keenly leveraged a truly multi-platform strategy to support its Web-based business. In addition to its own Internet TV channel, WWE also operates a large YouTube network, licenses programming to linear TV channels, and distributes videos on social platforms such as **Facebook**.

McMahon said its YouTube channel was the most viewed platform in August, beating out the likes of other sports networks, BuzzFeed and even Taylor Swift on the video site. McMahon also said the company received over 660 million social media engagements during that period and which McMahon said outranked other sport leagues in social media engagement, “to give you some idea of the flavor of our expansion and how we’re capitalizing on all of that.”

That engagement on social media is particularly important to WWE’s subscriber growth, McMahon. The network will leverage its social video prowess to drive viewers and fans to subscribe to its Internet TV channel. McMahon pointed to the recent release of “Breaking Ground,” a new original series which WWE premiered on Facebook and YouTube. In doing so, McMahon said the network was able to bring the series to a wider audience. “We’ll continue to utilize our sizable social media and digital assets,” he said.

“We viewed YouTube as a phenomenal asset globally,” Barrios said. “That’s the way we viewed social media including YouTube: it’s a place where people go who consume content, especially Millennial and trailing Millennial. So we’re going to win there, we’re going to get our unfair share of that viewership.”

But WWE hasn’t given up entirely on traditional pay TV. Two of its classic programs – “Raw” and “SmackDown” – are still airing weekly episodes on traditional TV, “because we think that’s the best place for it globally,” Barrios said. “All of that [social media, online video platforms and linear TV] creates what we think as the virtuous circle,” he said. “So, I think the real question is that balancing act of which content goes where, as opposed to saying, I’m not going to put content out there.”

Discovery Eyes Internet TV Launch in US

-Sees ‘Dramatic’ Uptick in Views across Web Video Sites

Discovery Communications is planning its strategic move into Internet TV in the US. The company is already in the direct-to-consumer OTT space in Europe, where it launched earlier this year a sports and entertainment subscription Web channel Dplay.

“The direct-to-consumer business is something we’re just getting started with,” Discovery CEO David Zaslav said during the company’s quarterly earnings call. “We have invested over the last year and a half primarily through our Eurosport partnership and in Northern Europe with the Eurosport app and with Dplay. We’re learning a lot. Both of those platforms are growing meaningfully.”

Dplay, which offers sports and entertainment programming, first launched last year in Norway. The service is available in Denmark, Sweden and Italy, and Discovery plans to bring the service to the UK by the end of 2015 and Belgium, the Netherlands, and Luxembourg in 2016.

Zaslav said the OTT service has “a couple hundred thousand” subscribers now. He said the company is aiming to reach 1 million. “We do have a target in place, which we’re calling ‘march to 1 million,’” he said. “If we can get to 1 million at the \$6 to \$8 a month, we could generate close to \$100 million in revenue, which I think gets our whole company’s attention in terms of culture.”

And Zaslav said the Internet TV ventures aren’t hurting its pay TV business. “We’re finding that it’s additive,” he said.

As for launching an Internet TV channel in the US, Zaslav said the company is in a strong position to do so because it owns all the content that appears on its pay TV channels: “We’ve really focused more on being on-brand with stronger, bigger content. So we have a lot of optionality.”

“It’s early days, but we do have a lot of flexibility here in the US to make a move if we want to,” he said. “We’re looking at it.”

Discovery: *continued on page ELEVEN*

OTT

Discovery: *continued from page TEN*

Web Video Networks Gaining Eyeballs and Ad Dollars

Meanwhile, Discovery reported its online video networks are now attracting over 200 million views per month. Discovery has launched a handful of destination video sites since its acquisition of online video network Revision3. Discovery's Web video sites include TestTube, Seeker, SourceFed and Animalist, and it operates 90 YouTube channels. It is also now using **Facebook** to distribute its Web video programming. Zaslav said Discovery Digital Networks is generating 50 million video views per month on Facebook alone.

And the company is benefitting monetarily from that uptick in Web views. "We are seeing a ramp of our nonlinear ad sales," said Andy Warren, SEVP and the company's CFO. Still, the majority of its advertising revenue comes from linear sources.

Zaslav said the company will now seek new and better ways to monetize its online video programming. "We see a lot of players like **Vice** who have done, candidly, an extraordinarily good job of monetizing their streams," he said. "We've been, I think, best-of-class with linear and over the next two to three years, if we could really build up our capability and our expertise in digital, I think that will be a significant upside. Because we haven't been great at it."

Amid Cable Losses, TDC Shifts TV Focus to On-Demand

Denmark-based pay TV provider TDC is looking at ways to hold onto its pay TV subs. It reported it lost 3,000 subs during the last quarter and has lost around 23,000 pay TV subs during 2015. Its cable pay TV business YouSee now has around 1.1 million subs, down from 1.156 million at the year-ago quarter.

TDC said it will tailor its pay TV offerings to more fully reflect shifts in subscriber viewing behaviors toward streaming video and watching TV on-demand.

"YouSee is in the midst of revitalizing its TV offering to meet the increasing popularity of on-demand services," said TDC CEO Pernille Erenbjerg. "This includes upgrading broadband customers to

higher speeds as an enabler for on-demand services, as well as introducing an entertainment universe through an app featuring increased flexibility and on-demand availability."

Liberty Global Touts Success of Web Apps on Pay TV's STB

Arpad Jordan, **Liberty Global's** CTO for central and eastern Europe, touted UPC Hungary's success of adding Web video apps such as YouTube to its pay TV set-top boxes (STBs), UPC Hungary first introduced the YouTube app to some of its pay TV subscribers in 2014, using **ActiveVideo's** CloudTV technology. Over half of UPC Hungary subscribers now access more than two million minutes of YouTube content per day on their STBs, and Liberty Global considers the experiment a success. Jordan said the company is now determining where it can introduce the new features. ActiveVideo's technology enables most legacy set-top boxes to run Web apps.

Netflix Will Take Over Middle East Next

Netflix has selected a new region to invade, in its continued global expansion. Its most recent international launches were Italy and Spain and now as a part of the company's global expansion it will expand in the Middle East, according to Joris Evers Netflix VP and head of communications for Europe, Middle East and Africa.

Netflix is looking to international subscribers in order to grow its subscriber base further and has been adding content aimed towards international viewers in order to draw in subscribers outside of the US.

The region has estimated population of 370 million, and a large population of young, Internet-savvy consumers, the perfect OTT demographic. Currently Netflix can be viewed in some parts of the region including the United Arab Emirates but only with a virtual private network (VPN).

Netflix will be met with competitors in the regions. In April, **Starz** launched its Starz Play Arabia OTT subscription service across 17 territories in the Middle East and North Africa. Netflix will also compete

Netflix: *continued on page TWELVE*

"We are seeing a ramp of our nonlinear ad sales."

"Subscribers now access more than two million minutes of YouTube content per day on their STBs."

“Rovi will focus on selling Fan TV’s guide to operators.”

“We have critical mass of content on iOS, Android mobile, Android TV and web.”

OTT

Netflix: *continued from page ELEVEN*

against local OTT services **IcFlix**, **Telly** and **OSN Play**. **IcFlix** and **Starz Arabia Play** dominate the OTT market in the region.

The presence of these competing OTT services is an indicator that the market is ripe, ready for new competitors like **Netflix**, just as **Netflix** is ready for new subscribers.

Rovi and Fan TV Are Shifting Strategies

Rovi-owned **Fan TV** seems to be shifting strategies. **Rovi** is getting out of the hardware business and will no longer offer the **Fan TV** net-top boxes. It’s also winding down **Fan TV**’s partnership with **Time Warner Cable (TWC)**.

Anyone who bought the \$150 **Fan TV** **NTB** is being offered a free **Nexus** player streaming box which runs **Fan TV**’s **Android TV** app. **Fan TV** founder **Gilles BianRosa** said in a statement that customers will be transitioning to the recently launched **Android TV** app in the coming weeks but the app will function like **Fan TV**’s mobile app, just on the big screen and will not offer access to **TWC**’s linear programming anymore.

The changing business model can be attributed to a few things: First, the partnership with **TWC** turned out to be a bit of a bust. **Fan TV** started shipping its device to **TWC** pay TV subscribers in July of 2014 but by the end of September it had only booked a total of \$7,000 in revenue for the first three quarters of 2014. During those early months **Fan TV** only sold a few dozen streaming boxes when it expected to sell thousands and as a result the company had to take a write-down for \$1.1 million for unsold inventory. **TWC** was at the time in the process of its merger with **Comcast** that was eventually killed but it led to more complications and put the brakes on plans to promote **Fan TV** to its customer base during the fourth quarter of 2014.

In October of 2014, **Fan TV** was acquired by **Rovi** for \$12 million and the acquisition led to strategic changes for **Fan TV**. According to **BianRosa** the deal, “shifted our focus towards expanding our software offering globally.” While **Fan TV** planned to introduce a second generation of its **NTB** featuring

an integrated **DVR** in early 2015, the plans were abandoned. Its failure blamed on a lack of streaming services on the box.

“While consumers love the fan TV experience, it obviously depends on critical mass of content on each platform it launches on,” **BianRosa** said. “We have critical mass of content on **iOS**, **Android** mobile, **Android TV** and web. We didn’t have it in this instance.” What he might have included but didn’t is that **Netflix**, one of the most key services was missing and possibly was a big cause for the death of the second generation **Fan TV** **NTB**.

As it turns out, **Rovi** has new plans for **Fan TV**. The partnership with **TWC** was, “really more of a marketing tool,” said **Rovi**’s CFO **Peter Halt**. The goal was to market **Fan TV**’s technology which integrates content from across traditional TV, time-shifted TV and OTT sources into one interface, improving upon content discovery for users.

Now, **Rovi** is trying to get out of the business of selling boxes to focus on selling **Fan TV**’s guide to operators. **Halt** said, “We are not in, and don’t want to be in, a business that’s dependent upon any relationship with the hardware provider.”

Rovi is continuing to invest into the **Fan TV** team which has recently released apps for **Android** mobile devices and **Android TV**, employing over 50 people for the task. “**Fan TV** is increasingly being developed and marketed alongside **Rovi**’s other next generation products like **Rovi Search**, **Recommendations** and **Conversation**,” **BianRosa** said. “Global service providers can either take the full **Fan TV** solution, or buy modular features (delivered via APIs) to incorporate into their own in-house offerings.”

Disney and ESPN Media Networks Coming to PlayStation Vue

An agreement between **Disney**, **ESPN Media Networks** and **Sony Network Entertainment International** marks the first time that all **Disney/ABC** and **ESPN** channels will be available on a multi-stream pay TV service over the Internet, that service being **PlayStation Vue**.

Disney: continued on page THIRTEEN

OTT

Disney: *continued from page TWELVE*

PlayStation Vue will have an extensive library of video on-demand content from Disney and ESPN. Included will be the ability to catch up on content within the past three days, no recording necessary. ABC primetime programming will be offered on-demand anywhere PlayStation Vue multi-channel packages are available. Included in this is the ability to watch multiple streams from one account and local ABC affiliate stations will have the opportunity to opt-in to the PlayStation Vue service with their live linear programming.

Disney and ESPN Media Networks' EVP of affiliate sales and marketing, Justin Connolly said, "PlayStation Vue provides a unique way to engage with our content and an opportunity to reach a segment of viewers who want a different kind of television experience. The addition of our content to the PlayStation Vue platform will make the offering more compelling as consumers navigate their video options."

Verizon and NBA Announce Content Partnership

- More Live Sports

The **National Basketball Association** (NBA) and **Verizon** have signed a multiyear content and marketing partnership. Under the deal, Verizon's mobile video service and social entertainment platform Go90 will feature extensive NBA content spanning from daily highlights, live out-of-market games through NBA League Pass and original content.

The NBA and Go90 will be collaborating on a number of original exclusive series for the Go90 platform. In addition, Go90 users will have access to exclusive NBA content and will have the ability to cut and share clips and highlights via text, **Facebook** and **Twitter**. Verizon will be integrated into NBA TV, NBA.com, the NBA app along with other NBA digital assets.

"We are always looking for new ways to add value for our customers, and this partnership creates great opportunities to do just that," Verizon CMO Diego Scotti said. "We're thrilled to bring exclusive and awesome content to Go90 and to offer unprecedented access to unique experiences."

Zattoo Fights Back with Live Streaming for Apple TV

Apple's fourth generation Apple TV has only been on the market for a matter of days, but already there has been a wave of app announcements from services looking to challenge the cable and satellite industry.

The latest being Swiss Internet TV provider **Zattoo**, which says it is developing an app for the latest Apple TV set top, focusing on live TV streaming.

The **University of Michigan** offshoot joined the market for legal peer-to-peer TV downloading in 2006, where it kicked off by streaming live World Cup games in Switzerland. The following year, Zattoo launched ten channels in Denmark and began a UK pilot – reaching one million registered users in Europe.

The Zattoo app has already proved popular on iOS and the transition to the new Apple TV is in full swing according to the company's statements. After the soon to be released first version, more features such as time shifting and EPG will follow. The entrance of Zattoo into the app store of Apple's newest toy seems to be hotly anticipated – with the potential to make the Apple TV a seriously interesting alternative to cable and satellite, both inside and outside the US.

It now has over 15 million registered users, 34 million monthly video views per month, on over 130 channels – primarily German language but also offers many of the main free-to-air UK channels, as well as Bloomberg Television, Al Jazeera English, France 24, Sky News, and many more.

The free ad-supported version allows up to a maximum of 20 programs to be recorded, lasting for 20 days, in comparison to 250 from the subscription service, which last as long as you remain subscribed. Zattoo says it has also developed apps for platforms including Android TV, **Amazon** Fire TV and **Google** Chromecast.

The Swiss service follows in the footsteps of other recent Apple TV app launches from companies such as German broadcaster **ZDF**, OTT channel **The Weather Network**, and media platform **Plex** TV.

This is an excerpt from a piece that appeared in *Faultline*.

"It's the first time that all Disney & ESPN channels will be available in an Internet TV service."

"The NBA and Go90 will be collaborating on a number of original series for the Go90 platform."

ORIGINAL ONLINE VIDEOS

An Original Disney Series in the Works for Verizon's Go90

Disney-owned multi-channel network (MCN) Maker Studios has just signed a deal with Verizon's Go90 mobile-video service to produce at least eight original series alongside live events for the mobile Internet TV service.

The original content from Maker Studios will span genres including comedy, dance and tech and include content based on Marvel comics and Disney's "Star Wars" franchise. In addition, Go90 will carry thousands of short-form videos from Maker's library and the catalog will be refreshed monthly, keeping in mind the mobile-oriented Millennial users toward whom the service is targeted. And eventually over 100 hours of live Maker event coverage from fan events worldwide will be added to the service.

"Maker is committed to expanding our premium programming offering and finding audiences wherever they consume content," said Sam Wick, Maker Studios' EVP of business development and operations. "With the wide range of programming being shared on the Go90 platform, there's something for everyone to enjoy."

Some of the original programming from Maker Studios slated for Go90 includes: "Marvel's Off The Rack" featuring celebrities and digital stars exploring the world of Marvel comics, "In a Galaxy" which is a collaboration exploring the lives of 22 "Star Wars" super fans, "Fantasy Quest" based on the Minecraft video game, and "Prank School" starring a YouTube prankster-magician.

Periscope Now Available on Living Room's Silver Screen

Twitter-owned Periscope has released an app on the new Apple TV, which means consumers will have one more social video platform to watch on the TV set instead of traditional TV.

In announcing the new app, the company emphasized the merits of watching live video as part of a wider audience. "Periscope lets you experience the world through someone else's eyes," the company said in a Medium post. "We use live video as a medium because when you watch events unfold live,

it's a more authentic experience."

Apple TV viewers don't need an account to watch live streams. "Periscope on your TV lets you instantly experience live broadcasts," the company said. "Open the app, and you'll see a collection of live broadcasts from around the world (no account signup needed)."

Viewers will be able to send hearts to show their enjoyment of the content they're watching, just as users can do in the mobile app. Viewers will also be able to skip broadcasts, hide or engage with the comments, and browse through live broadcasts to discover new accounts to follow. When a broadcast ends, Periscope will automatically take the viewer to another broadcast, helping to ensure the living room experience remains a lean-back experience.

"You, your friends and family, can share what's happening in the world *right now*, together," it said, in a pitch that sounds similar to Snapchat's Live feature of its own platform.

And perhaps comedically, Periscope threw in a slight jab at traditional TV: "In our living rooms today, broadcast television is the closest thing we have to this. However, as live television becomes more and more produced, it can also become less genuine."

Twitch Gets into Programming

-Hosts Marathon of 'Bob Ross' Painting Sessions

Twitch, the live-streaming gaming platform now owned by Amazon, held an impressive marathon of beloved Bob Ross' "The Joy of Painting" instructional videos, which have developed something of a cult following in the US over the years. It's an interesting and significant step into the world of programming for Twitch, a platform that, like YouTube, has achieved massive audience scale through user-generated live streams.

The marathon is being held to promote Twitch Creative, a new endeavor for the live streaming platform. Twitch is looking for artist-types to begin using the platform to live stream tutorials, DIY videos and other artistic sessions on the platforms, perhaps in order to attract something of a non-gamer audience to the platform.

"Go90 will carry thousands of short-form videos from Maker's library."

"Twitch has achieved massive audience scale through user-generated live streams."



November 6-12, 2015

BROADBAND BEAT

Skipio Gets Investment from Intel

Intel, through its Intel Capital investment arm, has become the first chipmaker to invest in **Skipio Technologies**, which has quickly become a leader, perhaps the leader, in producing G.fast chips. Skipio was founded in 2012 to develop high-speed broadband over telcos' existing twisted pair copper telephone wires and coax. G.fast is an ITU-T standard. Telcos, the primary market for G.fast, are particularly fond of ITU standards.

The VP and general manager of Intel's connected home division Dan Artusi said, "Skipio and Intel have been working closely together since the beginning of the G.fast market and jointly announced the first G.fast residential gateway reference design in the fall of 2014. This strategic investment is another milestone for the Intel Connected Home Division and Skipio to deliver fiber-like speeds to the people on existing copper infrastructure." Artusi knew and worked with Skipio when he headed up **Lantiq**, which Intel acquired.

David Baum, co-founder and CEO of Skipio Technologies said the Intel investment will help Skipio increase its investments in technology and accelerate the company's innovations in the broadband access market.

Skipio already claims as firsts:

- The first 16-port Distribution Point Unit
- The first to run UHDTV content across G.fast
- The first to demonstrate SDN running over G.fast – in partnership with **AT&T**
- The first to deliver 1 Gbps at 300 meters, which makes telcos competitive in broadband with cablecos

Skipio's prior investments - \$27 million – were from venture capital outfits.

So, What's Next?

With the Intel money in its bank account and with money beginning to come in from its orders, Skipio has the financial freedom to continue its rapid growth to where it has become one of two leaders, along with **Broadcom**, in actually producing G.fast chips. Perhaps

just as importantly, the Intel investment and name will make telcos secure in making their multi-million dollar purchases of G.fast gear with Skipio's chips.

Without a competitive broadband network, what is a wireline telco? Nothing - because outside of acquiring a satellite TV service, as AT&T did, telcos will never catch up with cablecos in the shrinking pay TV market. The future is broadband delivered video entertainment, not linear pay TV. Telcos are betting their wireline future on their G.fast deployments, having recognized that FTTH is very, very costly and time consuming to install. They don't want to wager their wireline future on a start-up chipmaker that suddenly runs out of money – even if that startup has far and away the very best technology.

The investment gives Intel a seat at the telco table just as Intel's Puma 6 SoC DOCSIS products gave it a seat at the cablecos' table. Who knows whether Intel got a right-of-first-refusal, even a "wink, wink, nod, nod" one, when it comes to Skipio being acquired. But Intel has once again made clear that it plans to be a factor in delivering broadband to the home, if not Wi-Fi within the home.

There are three big companies involved in G.fast that are likely to become the major suppliers of G.fast chips. **Qualcomm** plans to become a factor in G.fast chips as shown by its acquisition of Ikanos. Then there is **Broadcom**, probably the only other company besides Skipio that is actually shipping G.fast chips, and which is being acquired by the Asian giant **Avago**. **Huawei**, the silent man of G.fast so far, owns **Hi-Silicon**, which makes G.fast chips. Huawei is involved in the lab and field tests that **BT** is conducting – although some of the gear BT showed at a recent trade show had Skipio chips.

The sizes of Avago, Qualcomm and Huawei plus the fast and massive growth in the marketplace may force Skipio to seek permanent financing by being acquired or by going public. Every telco in the world needs G.fast, and if they all decided to deploy it at once, it would make financial demands on a small

Skipio: continued on page SIXTEEN

"Artusi knew and worked with Skipio when he headed up Lantiq, which Intel acquired."

"Without a competitive broadband network, what is a wireline telco? Nothing."

BROADBAND BEAT

Skipio: *continued from page FIFTEEN*

company like Skipio.

For its part, Intel, with its Puma 6 SoC products, is already heavily into the cablecos' DOCSIS broadband technology. It may well want to be fully involved in telcos' broadband technology beyond merely an investment in Skipio.

Cox Keeps Rolling out 1 Gbps Broadband

Who needs Google Fiber? And copperwire-based telcos better hurry or they'll find the cable TV company firmly established with millions of happy 1 Gbps subscribers.

Cox Communications, the US' largest privately owned cellco, is quietly but with certainty upgrading its residential footprint to gigabyte speeds. This week Cox started offering its Gigablast service to several residential MDUs in downtown Providence, Rhode Island and promised that more in the area to come.

Cox says it has launched Gigablast in parts of 10 states and will offer gigabit speeds in its entire footprint by the end of 2016.

Gigablast is \$99 a month for residences that only want the broadband service and \$35 additional per month for most current subscribers. Subscription includes Cox's newest router, one terabyte of cloud storage, Cox Security Suite and Family Protection and 10 email boxes each with 15 gigabytes of storage.

Cox's Gigablast price seems very reasonable for those that need those speeds. However, for the next few years at least, 100 Mbps would seem to be sufficient for homes that have one 4K TV, a couple of 4K mobile devices and several HD TV sets and mobile devices. However, consumers seem entranced by the thought of having a gigabyte broadband service – even though they may be throttled by sub-par Wi-Fi in many parts of their residences.

The speed and prices for Gigablast will be hard for copperwire-based telcos to match. For starters copperwire-based telcos will have to install fiber all the way into the home – no easy or inexpensive feat – or deploy fiber to within 300 meters of the home and use the new G.fast broadband technology over

the existing copperwire that connects the fiber to the residence – also no easy or inexpensive feat but more doable. However, it's mandatory for telcos to make major upgrades to their copperwire networks if they want to be a factor in the booming and highly profitable broadband market, which will bring service providers more in revenue than pay TV with none of the costs spent on content.

Google's Broadband Balloons May Float over India

- Loon Balloons for All

Some broadband is better than none. At one end are services like Cox's 1 Gbps broadband and at the other end are much slower speeds that will soon be available in areas where no wireline broadband currently exists.

It'll be balloons *versus* drones as **Google** and **Facebook** strive to make broadband accessible by every one of the world's homes.

Google is reportedly collaborating with India's government on a project that will use moving balloons floating at 20 km (12 miles) to provide broadband to remote areas of India, according to the *Press Trust of India* (PTI).

Google estimates that about two-thirds of the globe's population does not have Internet access – and of course can't use Google's search and other services.

Called Project Loon and using solar power, it will offer high-speed broadband service via cellcos' LTE to provide broadband "to rural and remote areas, help fill coverage gaps and bring people back online after disasters." Because it uses common, everyday LTE, every device with LTE can use it including most cellphones. The service works by having the balloons connect stations on the ground to the Net. Users will connect to balloons via a LTE antenna on their home.

Google is gearing up to produce thousands of balloons, which it says can stay afloat for up to 100 days, after which they are recovered. Google said it can now launch "dozens" of balloons per day from each launch cranes. Steering is done by moving the balloon up and down to be in currents that are moving in different directions. Google monitors every single

Google: *continued on page SEVENTEEN*

"The speed and prices for Gigablast will be hard for copperwire-based telcos to match."

"About two-thirds of the globe's population does not have Internet access – and of course can't use Google's search and other services."

BROADBAND BEAT

Google: *continued from page SIXTEEN*

balloon and plots its projected trajectory.

Google has tested the concept in New Zealand (with **Vodafone**), Brazil and the United States plus will test next year in Indonesia. See:

https://www.youtube.com/watch?feature=player_embedded&v=HOndhtfIXSY

Google is said to be teaming up with India's **Bharat Sanchar Nigam Limited**, which the Indian government owns. Google has not commented on the matter.

For its part in bringing broadband to all, Facebook is experimenting with drones.

Tiny Telco Eatel to Offer 1 Gbps in Rural Louisiana Parish

- Thanks to ADTRAN's All-Fiber Gear

All broadband is local.

The tiny telco **Eatel**, which operates in parts of the rural-becoming-suburban eastern portion of Ascension Parish, is upgrading its existing fiber network with **ADTRAN** fiber gear, which will allow it to offer gigabit broadband. The far-seeing Eatel has had an all-fiber network for over a decade and had previously installed gear from **Alcatel-Lucent** that, because of its age, operates at slower speeds.

Harris Miller, EVP of technology for Eatel, said, "A new generation growing up with multiple Internet devices in the home expects ultra-fast, broadband speed."

Mitch Fleming, ADTRAN's VP of sales to service providers, said, "Gigabit broadband is changing the way we live, work and play. Eatel is providing a real benefit to the communities they support with innovative one Gigabit residential and business services today, and they are laying the groundwork for faster speeds up to 10G in the future," said "ADTRAN believes that regardless of their location or city population, all communities can benefit from Gigabit broadband."

Eatel, founded in 1935, offers broadband, pay TV and phone service in the part of Ascension Parish that is east of the Mississippi river and in a small, very rural portion of Livingston Parish that is adjacent to Ascension Parish. Eatel had the first all-fiber network

in Louisiana. It competes against Cox in triple play services and of course, **AT&T**'s DirecTV and **Dish** in pay TV.

See: https://en.wikipedia.org/wiki/Ascension_Parish,_Louisiana

ADTRAN said Eatel "will be able to provide residents in Louisiana's Ascension and Livingston Parishes with one of the nation's fastest broadband speeds with 1 Gigabit Ethernet Internet connections – 10 times faster than the typical Internet connection offered."

All Broadband Is Local

By Charles Hall

When I moved from New York back to my home state of Louisiana in 2003 I purposely moved to Baton Rouge, which is in the parish just north of Ascension where I had attended high school. I selected Baton Rouge rather than Ascension because I wanted the faster broadband available and I assumed, wrongly as it turned out, that Eatel wouldn't have the fastest. Little did I know that Ascension residences and businesses, many on stilts, on the banks of Bayou Manchac, the Amite River and the Diversion Canal in the still rural parts of the parish, could get 10 times faster broadband that I could at that time in Baton Rouge.

Since then **Cox** has upgraded my residential broadband in Baton Rouge to 100 Mbps but the dinosaur **AT&T** still only offers a maximum of 18 Mbps at my home in a somewhat upscale residential area. Cox already offers speeds up to 200 Mbps and has promised to upgrade its service throughout its footprint to 1 Gbps by the end of 2016. The archaic **AT&T** is not even talking. **AT&T** appears to be the least technologically capable telco, at least when it comes to broadband.

AT&T never operated in East Ascension, which is why the founder of Eatel decided to start the company 85 years ago.

There is an all-fiber network in at least one other Louisiana parish – **Lafayette Utility Service (LUS)** in Lafayette, the center of Acadiana (the Cajuns). Because it was the local taxpayer-owned utility when it decided to build an all-fiber network, **AT&T** and **Cox** used all their political and financial clout to

Tiny: *continued on page EIGHTEEN*

"A new generation growing up with multiple Internet devices in the home expects ultra-fast, broadband speed."

"AT&T still only offers a maximum of 18 Mbps"

BROADBAND BEAT

Tiny: *continued from page SEVENTEEN*

fight LUS. Fortunately for consumers and businesses, AT&T and Cox did not win.

Suddenlink Quietly Rolls out Gigabit Broadband

The Missouri-based cableco **Suddenlink**, soon to be acquired by France's **Altice**, has been rolling out

gigabit broadband service without much fanfare. A Suddenlink spokesman told *Telecompetitor* that it has made gigabit service available in about two dozen markets and plans to do several more by year-end. Suddenlink and other cablecos are using the existing 3.0 version of DOCSIS to deploy gigabit service. Altice has said that it backs Suddenlink's gigabit plans.

HOME NETWORKING

ASSIA's CloudCheck a Very High 95% Accurate at Wi-Fi Testing

What good is it to have a gigabyte broadband service that stops at the router and becomes a 10 Mbps Wi-Fi service inside the residence?

Wi-Fi adapters that are available to consumers at retail are severely limited in both speed and coverage, much more limited than makers of Wi-Fi gear and chips would have you believe. Studies have shown that upwards of 50% of consumers feel that their Wi-Fi network underperforms - and that's before the coming of 4K in millions of TVs, tablets and smartphones. See "**Actiontec's MoCA 2.0 to 11ac Wi-Fi Adapter Delivers the Goods**" in TOR952.

Rider Research has been using **ASSIA's** CloudCheck to determine the speed and coverage of these devices but we have some questions about CloudCheck so we contacted ASSIA with these questions and received these responses:

Q: Are the speed numbers that CloudCheck shows 100% accurate for both broadband and home networking?

A: We use the industry standard IPerf tool for validating our Wi-Fi speed measures. We are about 95% accurate in Wi-Fi measurement, which is a very high accuracy rate. It's important for users to be aware that Wi-Fi link speed is dependent not only on the Wi-Fi access point [the router], but also on the device that is connecting. Older Android and iPhone devices may underperform to what the access point can deliver. CloudCheck will uncover this for you.

Q: Is a broadband connection necessary to measure Wi-Fi speed?

A: No, it is not necessary. Offline mode testing is possible as of version 2.7 of the CloudCheck app. Older versions do not support offline testing.

Q: Does the broadband speed influence the numbers it shows for Wi-Fi?

A: No it does not. The Wi-Fi link speed is measured completely independent of the broadband speed. The converse is not always true. If you're measuring the broadband speed through the app, then the Wi-Fi speed will influence the result when Wi-Fi is the bottleneck. However the broadband speed measured by the CloudCheck agent (if you have the CloudCheck agent running in your access point) is independent of the Wi-Fi link speed. This is the broadband speed that is shown in the Smartifi screens of the app.

Rider Research thinks that CloudCheck's importance will increase for consumers who wonder about the broadband speeds they are actually getting - and then find out all too often that it is Wi-Fi that's the bottleneck.

Note: Seattle-based Ookla says it is "the global leader in broadband testing and Web-based network diagnostic applications" and its software and methodologies have been adopted by nearly every Internet Service Provider in the world. Over three million people a day use it. However, Ookla does not measure the home's Wi-Fi speeds.

UK Libraries Get Money to Install Wi-Fi

By installing Wi-Fi networks, libraries are hopeful that they won't go the way of encyclopedias. However, less than half of all libraries in England

UK: *continued on page NINETEEN*

"Wi-Fi link speed is dependent not only on the Wi-Fi access point [the router], but also on the device that is connecting."

"The Wi-Fi link speed is measured completely independent of the broadband speed."

HOME NETWORKING

UK: *continued from page EIGHTEEN*

have public Wi-Fi access, according to the **Chartered Institute of Public Finance and Accountancy** (CIPFA). The government has made available £7.1 million (\$11 million) for installing Wi-Fi in libraries.

“Not everyone is fortunate enough to have Internet access or even a suitable study environment at home,” according to Dean Moody, the chief commercial officer of **WiFi SPARK**, which provides Wi-Fi for many libraries including Birmingham, Liverpool and Southwark.

Moody said “Libraries have redeveloped over the past decade to become vibrant community focal points for information and education. It’s inconceivable that WiFi doesn’t play a part in this – yet we know that libraries are strapped for cash, having suffered massive cuts from the Councils that run them over the last five years. Library WiFi isn’t just about Internet access for people bringing in their devices. It is used to search and reserve books, to join the library, study, use social media, research family and local history and get information about events and news in the area. With the WiFi SPARK system all the access is filtered, to protect the library and young users.”

About 5,000 people per month log into the Wi-Fi network at the Library of Birmingham.

Free Wi-Fi Widely Available on Trip to Mexico

By Charles Hall

My particular mobile phone plan does not allow me to connect to any of the cellular services in Mexico. That did not cause any problems on a recent trip to the tiny Mexican town of Alamos – population 12,000. Every public place in which we stopped - from restaurants to roadside service spots - except for the mandatory visa office – offered free Wi-Fi. It was also available in the hacienda where we stayed and in the coffee shop, cafes and restaurants we visited in Alamos. By using **MagicJack**’s Wi-Fi-based iPhone app we could make an unlimited number of free phones calls from an iPhone to the US and Canada wherever there was a public Wi-Fi service. Alas, Wi-Fi was not available in

the cemetery where we observed Día de Muertos (the day of the dead).

Eero Claims Its Mesh-based Wi-Fi Routers Solve Homes’ Wi-Fi Problems

- But It Delays Product Shipment for Third Time so It Can Continue Beta Testing

With few exceptions, existing residential Wi-Fi products that are available at retail are woefully incapable of keeping up with the growing demand for Wi-Fi bandwidth: more and more Wi-Fi devices that are used to stream more SD and HD videos streams – and that’s not including the coming avalanche of 4K TV, smartphones and tablets. 4K streams require a minimum of twice as much bandwidth as HD streams, even compressed to the maximum by the new HEVC compression technology. And consumers now want high speed Wi-Fi in every nook and cranny of their home, even on the porch, patio and storage/work rooms.

Until now there have been two ways to spread high speed Wi-Fi throughout every home:

- Wireline-to-Wi-Fi technology over the existing coax or powerlines or the use of Ethernet cabling, which required an often costly and messy installation.
- Wi-Fi to Wi-Fi repeaters

The startup **Eero** has developed a new router that uses Wi-Fi mesh networking to spread Wi-Fi coverage plus provide other benefits. Consumers will be able to buy one Eero router for \$199 or for \$499 get a three pack of units that are connected by a mesh network and placed at different deadspots. The resulting network is managed through the cloud to optimize speeds.

See: <https://www.eero.com/details#>

When the user connects the first Eero router to the broadband modem, Bluetooth on a smartphone is used connect to the Eero and configure it with a network name and password. Eero’s smartphone app shows broadband speed and sends notifications when there is a network problem.

The Eero products use **Qualcomm**’s Wi-Fi and

Eero: *continued on page TWENTY*

“Not everyone is fortunate enough to have Internet access or even a suitable study environment at home”

“The resulting network is managed through the cloud to optimize speeds.”

HOME NETWORKING

Eero: *continued from page NINETEEN*

radio chips and have 1 GB of flash memory. Eero developed its own software. The devices continuously communicate with each other to find the fastest data and best radio frequencies available. They automatically coordinate with nearby Eero devices to avoid interference that occurs when Wi-Fi devices use the same radio channels.

The company said that for median home sizes between 2,200 and 2,500 square feet, three devices are perfect.

Eero first announced in February and even took orders but the Wi-Fi problem has been more difficult to fix than it expected. But demand was there as shown by sales (but not shipments) of \$2.5 million in only two weeks. The company is still not shipping and has grown to 50 employees so this week it said it had raised another \$40 million to finish the product and get manufacturing revved up in China.

In announcing the new \$40 million investment, Eero also said it is for the third time, this time until early 2016. Eero CEO Nick Weaver said, “If we had less stringent standards, we’d be able to get the product out the door and into your homes this month. But we don’t want to deliver a beta product. We want to deliver the future of home WiFi.” The company also said it is still in beta testing in several hundred homes.

The problem that Eero faces is probably the same one that consumers face with Wi-Fi – every residence is totally different and the variables that block or slow Wi-Fi are countless. How a Wi-Fi technology can work flawlessly in every home may be a question for the ages. Based on what we have seen at **Rider Research**, only a wire can efficiently spread Wi-Fi. The best we have seen so far is **Actiontec**’s MoCA-to-Wi-Fi router, which we have tested with good results in a single-level home of 2,400 square feet and in an adobe style apartment with thick walls and solid wooden doors.

As a back-door-in-the-Alamo, the Eero router has an Ethernet port that can be used to connect to devices with an “old-fashioned” Ethernet cable.

We question the capabilities of the Wi-Fi chips in

the Eero routers. If they are any less capable than the **Quantenna** Wi-Fi chips that Actiontec uses, Eero may come up short – unless it expects consumers to buy an Eero for every room.

Wi-Fi’s problem is that its 2.4GHz band has great coverage but not enough speed and its 5.0GHz band has great speed but not enough coverage.

Weaver said, “Every home is slightly different. Somebody might have a really odd home geography that requires a little more handholding.” Tell me! And tell that to millions of Wi-Fi users who are equally frustrated at Wi-Fi’s shortcomings.

Singtel’s Optus Offers 50GB Plan for \$50

Singtel’s Australian-based Optus has a 4G powered residential broadband service - a wireless LTE 50Gb data plan on a 24 month contract for AUD\$70 (US\$50) per month. 4G mobile broadband plans usually peak at 20GB. The plan is also available on a month-to-month or 12 month contract. Month-to-month subscribers pay AUD\$240 as an upfront fee and 12-month customers pay an additional AUD\$10 per month.

Once they exceed the 50GB of data will pay an additional AUD\$10 for an additional 10GB. When they exceed 60GB of data, service is capped at 256Kps for the remainder of their monthly period. See:

<http://www.optus.com.au/shop/broadband/home-wireless-broadband/plans>

Optus managing director of marketing and product Vicki Brady said, “Aussie renters, who move home frequently, find it particularly frustrating to disconnect and reconnect each time, often waiting several days or weeks before they can access the Internet. Optus’ Home Wireless Broadband offers a simple plug-and-play solution so customers wait minutes, not weeks, to log onto the World Wide Web once a SIM is activated.”

“For median home sizes between 2,200 and 2,500 square feet, three devices are perfect.”

“Every home is slightly different. Somebody might have a really odd home geography that requires a little more handholding.”

LIES, DAMN LIES AND STATISTICS

5 Companies Will Soon Control 46.9% of Pay TV Revenue

Once its acquisition of **Cablevision** is completed, **Altice** will become one of five companies that together control over almost 50% of the world's pay TV revenue – John Malone's companies, Rupert Murdoch's companies, **Comcast** and **AT&T** with its newly acquired **DirecTV** being the other four, according to an **Ampere Analysis** report.

Ampere Analysis said AT&T and its DirecTV have 18% of the market and Altice has a bit more than 3%.

AT&T/DirecTV	18%
John Malone's companies	9.5%
Comcast	9.3%
Rupert Murdoch companies	7.0%
Altice with Cablevision	3.1%
Total of Big Five	46.9%

Ampere Research director Guy Bisson has doubts about Altice's strategy. He said, "Unlike the four largest players, what's missing in Altice's current strategy is a focus – by region or platform. One option for Altice in the US would be to merge the services of fixed line cable with Internet services and wireless communications, as it did in Europe with Numericable-SFR. But to do this Altice would need to purchase a mobile operator to provide quad-play services - an offering not as developed in the US as it is Europe. This would not be cheap. **Vodafone** sold its [45%] stake in US-based **Verizon Wireless** for \$130 billion in 2014. Altice's \$50 billion shopping bill looks similar to the early days of Liberty Global, which having bought numerous operations only later began to divest non-core assets and create a geographically co-joined footprint."

Bisson also warned that having five entities control half of the pay TV market means tough negotiations for the content owners. The "but" is that consumers are increasingly looking away from pay TV to OTT services for video entertainment.

Broadband up 5m Subscribers & Pay TV Down 5m by Year-End 2016

- Blame New Apple TV & Other NTBs

Services providers would like to keep all of their pay TV subscribers and at the same time add all the

new broadband subscribers but that is not going to happen. However, they are going to lose the less profitable pay TV subscribers as they add the more profitable broadband subscribers.

Because of the impact of the new **Apple TV** and other streaming net-top boxes, US service providers will have ten million more broadband subscribers than pay TV subscribers by the end of 2016, according to a report by **Moody's Investors Service**. It predicts that those companies will have 57 million broadband customers at the end of 2016, up from 52 million in late 2014, as pay TV subscribers fall to 47 million from 49 million over the same period. It said the new Apple TV will be the primary driver.

"Even if Apple launches a new streaming-TV service with original programming, that is potentially good news for cable companies [service providers] compelled to provide even more indispensable broadband, for which they can charge more," according to a Moody analyst Jason Cuomo.

He said service providers are raising the average monthly revenue per pay TV subscriber at the same time they are losing pay TV subscribers while at the same time adding broadband subscribers.

Cuomo said, "The industry has consistently raised prices, passing through rising programming costs and charging more for broadband services. Broadband generates much lower revenues than residential TV (roughly half, on average), but much higher margins and EBITDA per customer. In addition, the business is growing much faster than the rate of loss in video subscribers."

TV Content Sources are Changing but the TV Screen Will Remain

As of right now, the most popular non-linear method of consuming TV programs or movies on a monthly basis is by disc or DVR, according to new research from **GfK's** "Over the Top TV 2015: A Complete Video Landscape." And for now and the foreseeable future it looks like the TV set will continue to serve as the hub for video entertainment.

Although it might seem like DVD viewing is a

TV: continued on page TWENTY-TWO

"Having five entities control half of the pay TV market means tough negotiations for the content owners."

"TV set will continue to serve as the hub for video entertainment."

LIES, DAMN LIES AND STATISTICS

TV: continued from page TWENTY-ONE

thing of the past, that is not the case and surprisingly Millennials aged 13 to 35 are driving DVD rental kiosk usage. According to the report, 61% of Millennials are using rental kiosks. In the past five years, rental kiosk usage has been highest in 2015, according to the research, with 55% of consumers having rented a DVD from a kiosk at least once.

The statistics are rather surprising but they are also constantly changing. DVD and DVR viewing are still popular as non-linear viewing methods, but they are declining. Between 2010 and 2015 the DVD player went from a 62% share to a 36% share of content viewing device usage, GfK said. In the DVD market, consumers are shifting to Blu-ray and Blu-ray players which experienced an increase in usage from 8% to 20% in the past five years.

Content Sources Are Changing

The TV set may be safe for now as the most popular viewing screen but viewing habits are shifting. Monthly usage of a tablet to view TV programs and movies has increased by 20% between 2010 and 2015, according to GfK; usage of net-top boxes (NTBs) to stream TV or movies has increased from 2% in 2010 to 19% in 2015 among 18 to 54 year olds; and smart TVs have seen the same growth in streaming over the past five years as NTBs; while viewing on smart phones has increased from 2% to 18% in the past five years and viewing via videogame consoles has increased from 6% in 2010 to 18% in 2015.

What all of the numbers boil down to is that viewing strategies are changing. One out of 10 people watch TV programs and movies on a smart phone or tablet, today. Five years ago only a fraction of those people used smart phones to consume video content and virtually no one was viewing on a tablet. OTT services are to blame or thank, depending on how you look at it, for the changing landscape of video consumption.

Netflix Is a 'TV Ecosystem Unto Itself'

The report shows that regular Netflix users are growing more dependent on the service to view TV programs. GfK research indicates they watch 10

shows per week on Netflix as well as four movies weekly. Three years ago the going rate was five shows per week via Netflix for regular users – meaning TV content viewing has doubled for regular Netflix users just in the past three years.

OTT viewing on mobile devices has seen a major increase in the past three years as well. Twenty-four percent of regular Netflix users reported viewing in the past month using one or more mobile platforms, more than doubling the rate from three years ago. Among regular Netflix users, 47% reported watching Netflix on a TV screen at least on a monthly basis, up from 36% three years ago. So while TV screens are still ahead in viewing TV programs and movies through OTT services, mobile device viewing is rapidly gaining its share of the pie.

What is true at the moment is that content delivery is becoming increasingly complex. Old methods are slowly phasing out and newer methods are gaining traction. Viewers, particularly from the younger demographics, are contributing to a changing video landscape. Content producers are trying to create different delivery avenues that will benefit it, releasing TV Everywhere options and avoiding the release of content to OTT players, but is it enough now that many OTT players are becoming content producers as well?

“Netflix is a TV ecosystem unto itself, and now an established force in the total TV marketplace,” said GfK’s SVP of media and entertainment, David Tice. “OTT has now gone mainstream, and consumer expectations of control over their viewing experience continue to rise. When today’s teens become breadwinners, they may bypass traditional distribution channels in ways we cannot even imagine now – challenging all of today’s content players to stay up to speed and continue to experiment with delivery innovations.”

IHS: Chromecast to Outsell Apple TVs by 2019

Google’s net-top box Chromecast will surpass Apple’s Apple TV in terms of units sold by 2019, according to projections from IHS. It predicts

IHS: continued on page TWENTY-THREE

“OTT viewing on mobile devices has seen a major increase.”

“Netflix is an established force in the total TV marketplace.”

LIES, DAMN LIES AND STATISTICS

IHS: *continued from page TWENTY-TWO*

Google's Chromecast will have sold 74.8 million devices by 2019. It predicts Apple will have sold 63.6 million Apple TVs by then. **Roku** NTBs sold will reach 51.5 million, and **Amazon** will have sold 27.9 million Amazon Fire TVs. These figures appeared in an infographic in *USA Today*.

1/3 of Con Hem Pay TV Subs Have Access to Netflix on STB

Swedish pay TV provider **Con Hem** said this week 34% of its subscribers now have **TiVo** DVR/STBs, which means that one third of its pay TV subscribers can now access **Netflix's** library alongside their TV recordings. Con Hem also said it's seeing growth in uptake of its recently revamped TV Everywhere service, Con Hem Play, which replaced the "TiVoToGo" service. It said reach of Con Hem Play grew 58% compared to TiVoToGo, and that total streaming volume has increased over 200% compared to the month preceding its launch.

Entertainment Media Beats Sleeping and School in Time Spent Among US Youth

Research from **Common Sense Media's** "Common Sense Census: Media Use by Tweens and Teens" found that teenagers aged 13-18 use an average of nine hours of entertainment media per day while tweens aged 8-12 spend an average of six hours per day using entertainment media, and these figures do not include time spent using media for school or homework.

They are staggering numbers symbolic of a generation overtaken by media, but despite the significant amount of time teens and tweens spend using media young people use media in many different ways. The study found that race, class and gender all play a role in how tweens and teens are likely to consume media.

Of the total time spent on digital screen media, 39% is devoted to passively consuming (watching, listening and reading), 25% to interactive content (playing games, browsing the Web), 26% to communication (social media and video-chatting)

and 3% to content creation (writing, coding and making digital art or music).

On average, tweens spend 4.5 hours daily with screen media and teens spend 6.5 hours daily.

Despite the many newer formats of entertainment media such as online video, social media and mobile gaming, watching TV and listening to music continue to be the media activities tweens and teens enjoy and do most. TV is the most popular form of media among tweens with 62% reportedly watching every day. Teens listen to music most often with 66% reportedly listening to music every day. What is changing is the way teens and tweens consume media. Mobile devices now account for 41% of all screen time among tweens and 46% of all screen time among teens.

"The diversity of media use patterns among youth is astounding, but it's interesting to see that through it all TV and music continue to be the media of choice," said Common Sense Media's senior consultant, Vicky Rideout.

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"Mobile devices now account for 46% of all screen time among teens."

"Tweens spend an average of six hours per day using entertainment media."

Netflix: We Have Lots of Content

“Some studios will choose to license content to SVoD services like **Hulu**, **Amazon Prime Instant Video** and **Netflix**. Others may not. We have a lot of content to select from.” – Netflix in its quarterly investor letter warning that content owners will become more difficult about licensing their content to Netflix but reassuring stockholders that it has lots of content, including its own.

The ‘Next Generation’ of TV Giants

“The truth is, the world’s largest companies are doubling down on online video syndication because they’re getting ready to push aside one of the largest industries out there: television. These online video platforms are essentially over the top (OTT) TV networks, and **Google**, **Facebook**, **Verizon** and the like are fashioning themselves into the next generation of TV giants. The battle is just beginning.” See: <http://techcrunch.com/2015/10/30/google-facebook-yahoo-verizon-and-comcast-att-and-twitter-have-chosen-their-new-battleground/#.vci4qr:Su5b>

Netflix Will Push Geographic Boundaries for Good Content

“We have a lot of choice, but I think if you do great content, you’re going to find viewers. The bar is definitely rising, there’s no question about it. We need to go beyond the normal spectrum to get quality. I’m hopeful that over time we can make a great Bollywood show, that we can make a great anime show.” – Reed Hastings, **Netflix** CEO, speaking at a conference in New York. See: <http://techcrunch.com/2015/11/03/moar-tv/>

Screens Threaten Traditional TV, Not OTT

“For traditional TV providers, the threat comes not so much from on-demand services – traditional channels generate a lot of content which can itself be additionally monetized on-demand, for a start. No, the real threat comes from non-TV devices. It’s possible to watch traditional linear TV channels on-demand on these devices (tablets and smartphones), but it’s much less likely than it is when families are gathered together in front of a TV set. So stand-alone screen devices are a big threat to traditional channels.” See: <http://www.forbes.com/sites/neilmidgley/2015/10/30/actually-apple-tv-ensures-that-tvs-future-is-not-just-apps-for-one-really-obvious-reason/>

Sling TV Milking Chromecast for All It’s Worth

Dish Network’s Sling TV, the live streaming service, is now available on the \$35 **Google Chromecast** and is appropriately using the announcement to promote itself, by offering a two month free trial for new Sling TV customers using Chromecast, as well as a free Chromecast device with a three month prepay of its ‘Best of Live TV’ product, *Faultline* reports.

Millennials Won’t Watch a Baseball Game on Their Phones

“Are they really going to watch three hours on a phone? The answer is no. They don’t do anything for three hours. But baseball is a perfect snacking commodity for this new generation. Obviously in October outcomes matter, but in June the score of the game is rarely the narrative. Something happened during the game,

that’s the narrative. They’re interested in the narrative as much as the score. I think we all are.” – Bob Bowman, president and CEO of **MLB Advanced Media**, speaking with *The Hollywood Reporter*. See: <http://www.hollywoodreporter.com/news/how-baseballs-digital-arm-generates-833159>

Airlines’ Wi-Fi Underperforms Expectations

“Connectivity is indeed getting better on flights, but it’s a very slow process, which is frustrating to business travelers who increasingly rely on the service. The thing that they must realize is that in-flight Wi-Fi is still a very new product, and the expectation that you’ll get a good, strong signal like you do at home or office needs to be reined in. Airlines are partially to blame for inflating expectations.” - Chris McGinnis, founder of *TravelSkills*, a blog for business passengers – although his message applies equally to consumers that want to stream a movie – and heck, everyone in the Wi-Fi business has inflated expectations.

CBS’ Streaming News Channel Draws Younger Viewers, Higher CPMs

“CBS News is capitalizing on this momentum by building our new online platform CBSN. As we do this, we’re attracting a whole new set of younger viewers. The average CBSN viewer is under 40-years-old, so not only are we bypassing the cost of cable news by going digital, but we’re also bypassing the demos as well. And our CPMs at CBSN are twice what they are on air.” – Les Moonves, **CBS**’ CEO, speaking during the company’s quarterly earnings call.

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