

# Multichannel **NEWS**

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## Calculating Profits

Commisso's discipline, drive fuel 20 years of Mediacom success

Mediacom founder, chairman and CEO Rocco Commisso outside the company's headquarters near Blooming Grove, N.Y.

MARK REINERTSON

▶ plus

*GigaMonster Ready  
To Attack MDU Business*

*FCC Wades Into  
Customer Privacy*

*Seen and Heard at  
Wonder Women 2016*



The logo for Vibrant TV Network features a stylized 'V' composed of three vertical bars in pink, blue, and green. To the right, the word 'vibrant' is written in a lowercase, rounded font with a rainbow gradient. Below it, 'TV NETWORK' is written in a white, uppercase, sans-serif font.

# vibrant TV NETWORK



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TLARSON@VIBRANT.TV 813.600.8986

# agenda

## ONLINE VIDEO

### SPOTLIGHT ON SPORTS

With the New York Mets about to raise the National League pennant, SNY president Steve Raab talks about the team co-owned RSN's 10th anniversary in our new original video series at [multichannel.com/March14](http://multichannel.com/March14).



## MULTICHANNEL PLANNER

As we head inexorably toward spring — underscored by seriously unseasonal weather on the East Coast — here's a look at dates that are circled on the calendars of *Multichannel News* editors for the next several days.

► Commissioners on the **Federal Communications Commission** will be doing their homework next week in preparation for a March 22 oversight hearing in the **House Energy & Commerce Committee**. All five are scheduled to testify and should get questions about the FCC's new set-top box proposal, broadband privacy, network neutrality, Lifeline reform, spectrum auctions and a lot more.

On Thursday (March 17) the **House Energy & Commerce Committee** will hold a hearing kicking the tires on the **Internet Corporation for Assigned Names and Numbers (ICANN)** plan to transition stewardship of the **Internet Assigned Numbers Authority (IANA)**, which oversees domain-naming conventions, from the U.S. to oversight by a multi-stakeholder model. Committee members, particularly Republicans, have expressed concern about the U.S. relinquishing control and have pointed out there will not be a second chance to get the handoff right.

Before that, on Wednesday (March 16), the **Senate Commerce Committee** will mark up the FCC Reauthorization Act of 2016, a bill that would allow Congress to modify the terms under which the FCC operates and how funds may be spent.

— John Eggerton

► Investors will get to see firsthand what **CBS** chairman and CEO **Les Moonves** and the rest of his management team really think at the broadcaster's Investor Day, scheduled for Tuesday (March 15) in New York. Presentations, video of which is also accessible via the Web (see [multichannel.com/March14](http://multichannel.com/March14)), begin at 2 p.m.

— Mike Farrell



CBS chairman and CEO Les Moonves will make his Investor Day presentation on Tuesday.

► **National Geographic Channel** will warm up the cable-network upfront season with a presentation to ad buyers and media Tuesday (March 15) at The Park Hyatt Hotel in New York City.

Wednesday (March 16) will mark the return of **FX**'s espionage-themed drama series *The Americans* for a third season and of **Pop Network**'s comedy series *Schitt's Creek* for a second go-round.

**Netflix** will have a busy week of premieres. On Wednesday (March 16), the streaming programmer will release the second season of British cop drama *Happy Valley*, while Friday (March 18) will see the debut of Netflix original film *Pee-wee's Big Holiday* as well as the sophomore season its **Marvel Comics** series *Daredevil*.

— R. Thomas Umstead

## Charter-Time Warner Cable: Toward the Finish

NEW YORK — Charter Communications' pending merger with Time Warner Cable continues to move toward the finish line, securing franchise transfer approval from the New York City Franchise and Concession Review Committee early last week (March 7) even as programmers lined up to criticize the deal.

Programmers are concerned about the combined company's attitude toward online video — CEO Tom Rutledge has repeatedly said "New Charter" would be OVD's "friend" — and companies like HBO have met with the Federal Communications Commission for reassurance the larger MSO won't throttle back data speeds or favor certain providers.

Despite the noise, most analysts believe the

deal will receive the necessary approvals with some conditions, and the FCC could circulate its decision by the end of the month.

Rutledge has said publicly the deal could close in May, around the time the California Public Utilities Commission should issue its preliminary decision, one of the last remaining hurdles the merger faces.

The stocks stayed relatively stable for the week, generally reflecting the overall confidence the deal will move to completion. Charter shares were up about 1.5% (\$2.83 each) for the week to \$187.61 while TWC share rose slightly (0.3%, or 54 cents) to \$195.87 per share.

— Mike Farrell

## 10 STORIES THAT MATTER

### 1 Mediacom Turns 20

The story of Rocco Commisso, an immigrant who became an entrepreneur, and the cable company he's grown over two decades (see [cover story, page 6](#)).

### 2 Rocco's Sense ..... Of Timing

When others were selling out of cable, Rocco Commisso bought in, and that has made all the difference (see [page 49](#)).

### 3 Behold the 'GigaMonster'

A new player in the broadband-by-fiber game is planning a coming-out party in Denver (see [page 4](#)).

### 4 A 'Younger' Approach

TV Land programmer Keith Cox's dramatic comedies are key to reaching beyond the 25-54 age bracket (see [page 34](#)).

### 5 Netflix Raises HDR Bar

The streaming service's embrace of high-dynamic range technology could help settle standards for the key element of 4K television (see [Next TV, page 36](#)).

### 6 Programmatic Push

AT&T wants advertisers to know it is jumping into the programmatic-buying game with both feet (see [page 38](#)).

### 7 Pursuit of Privacy

The FCC has begun a conversation about how Internet service providers should protect their customers' privacy (see [page 43](#)).

### 8 385K Subs Lost in 2015

The 13 top U.S. pay TV providers lost 385,000 net video subs last year, up from a loss of 150,000 in 2014, per a Leichtman Research Group analysis (see [multichannel.com/March14](#)).

### 9 Wonder Women in Pictures

MCN's 2016 class of top women industry execs was honored at the Hilton New York last Thursday, and we captured the moment (see [pages 46, 47](#)).

### 10 Wonder Women Wisdom

Choosing the right co-workers, being nice to them and being brave enough to listen are some lessons from the 2016 Wonder Women class (see [page 50](#)).



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# GigaMonster Takes a Bite Out of ISPs

New player targeting Gigabit services at MDUs in more than 10 markets

BY JEFF BAUMGARTNER

Fiber-fed buildouts underway by AT&T and Google represent competitive threats to cable's broadband business, but additional pressure is starting to be applied by a relatively new player that is setting its sights on multiple-dwelling units and apartment buildings in several U.S. markets.

That company, called GigaMonster, is in full attack mode, with a plan to expand in Denver, this spring, following up on its initial forays into cities such as Atlanta; Charlotte, N.C.; Houston and Dallas, Texas; Los Angeles; Memphis and Nashville, Tenn.; Phoenix, Ariz.; and San Francisco.

GigaMonster has been quietly constructing fiber networks in those cities, but the Denver launch announcement "is the coming-out party for our company," Bill Dodd, GigaMonster's CEO, said.

The company's game plan is to connect MDUs to its metro fiber rings (via a mix of its own dark fiber and fiber acquired from others) with dedicated capacity starting at 10 Gigabits per second that can be ramped up from there.

"All we have to do is change the optics," Dodd said. "We



Startup GigaMonster is offering speeds of up to 10 Gbps to subs in big-city MDUs.

## TAKEAWAY

GigaMonster is gunning for ISPs' broadband business in apartment buildings and other multiple dwelling units.

build a massive freeway of bandwidth to each community that we serve."

Depending on the arrangement, GigaMonster inks retail deals in which it's the exclusive provider or competing with an incumbent, while others are bulk deals in which GigaMonster sells service to the community partner and the service is built into the residents' rent.

About 99% of GigaMonster's deployments are in the multifamily high-rise and mid-rise category, with a small number of deployments in gated and private-land areas that aren't saddled with rights-of-way issues. In Denver, Dodd said, GigaMonster has some deals at "various stages in negotiation." Sky House Developments, which

operates in several markets, has already signed on with GigaMonster for its Denver expansion.

GigaMonster hasn't set pricing for Denver yet, but in other markets its service ranges from 30 Megabits per second to 1 Gbps for \$39 to \$109 per month.

GigaMonster's emergence will be met with some resistance from incumbent providers. Comcast, the primary MSO in Denver, announced last November that Xfinity Communities, its service tailored for MDUs launched in 2014, serves more than 1 million multi-family residences in 37 states.

That program delivers broadband, X1 video service, WiFi, and home security and automation services using fiber-to-the-building and fiber-to-the-unit architectures. Charter Communications, meanwhile, is applying more resources toward the MDU segment via its recently re-branded Spectrum Community Solutions service.

Early on, GigaMonster's offering centers on broadband; Dodd said the company will soon announce some video partnerships, but did not elaborate on who might be involved.

In the meantime, GigaMonster has been focused on delivering a solid connection to over-the-top (OTT) services with "direct routing" to the servers of some of those providers.

"We have dozens of peering relationships; we're working on caching relationships," Dodd said.

Per the company's Denver launch announcement, it has peering deals with Netflix, YouTube and Amazon.

Founded in 2013, San Francisco-based GigaMonster has about 200 employees. **Q**

## Despite Losses, UFC Confident of Future Ratings

BY R. THOMAS UMSTEAD

The Ultimate Fighting Championship remains confident of future ratings and pay-per-view wins despite having its highest-profile fighters hit the canvas with recent losses.

The mixed martial arts franchise's March 5 UFC 196 pay-per-view event saw two of the UFC's biggest draws — Conor McGregor and Holly Holm — suffer surprising defeats in the main and co-main events.

Those followed Holm's November upset win over Ronda Rousey, arguably the organization's most popular fighter.

UFC would not disclose PPV buys for UFC 196's McGregor-Nate Diaz and Holm-Miesha Tate event. But the brash McGregor, who was on the Feb. 29 cover of *Sports Illustrated*, and Holm, who had been lined up for a lucrative rematch with Rousey, were big draws for FS1 content surrounding the event.

FS1's March 5 live telecast of UFC 196 preliminary fights drew 1.8 million viewers, a network record for UFC PPV preliminary fight telecasts. And the early evening UFC 196 pre-fight show, with undercard bouts prior to the main PPV fights, drew 767,000 viewers, a record for that category.

Fox Sports head of business operations David Nathanson said the unpredictability of UFC bouts help build awareness for future live fights, regardless of

whether or not the biggest stars win.

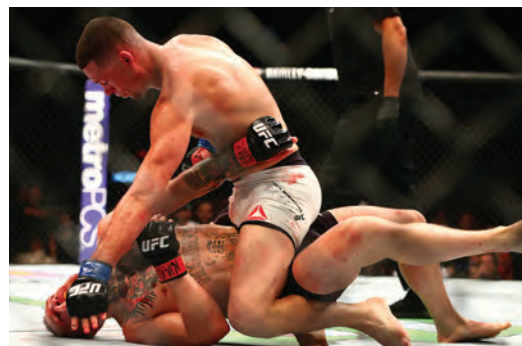
"The recent losses of Rousey, McGregor and Holm actually create more interesting storylines and prove that no one is infallible, and more than ever people will want to tune in to see how these stars pick themselves up and respond to their loss," Nathanson said.

"The proof will be in the octagon," he said, "and the UFC and FS1 will benefit as these narratives evolve."

UFC president Dana White told ESPN Radio that McGregor could fight next in July on the UFC 200 card. White also said Rousey's comeback fight could be against Tate instead of Holm, although it's unclear when that event would take place.

Bas Rutten, co-host of AXS TV's weekly mixed-martial-arts news show *Inside MMA*, said that unlike boxing, where a loss could devalue the box-office appeal of a fighter, mixed martial arts fighters — because of the various ways to stop an opponent — can better absorb losses and still retain their appeal to fans.

"There are way more ways to lose in mixed martial arts, which is why [fighter] records are much different in MMA,"



MARKU REBEL/ASUS/TODAYSPORTS

UFC officials say high-profile losses, like Conor McGregor's to Nate Diaz in UFC 196, don't have the same negative impact on a fighter's appeal as a boxing loss.

Rutten said. "I think people want to see these guys come back, particularly Conor McGregor."

UFC officials have said that 2015 was one of its best years ever in terms of PPV buys and revenue.

In Demand senior vice president of programming and business development

Mark Boccardi said he thinks UFC can continue to deliver strong PPV buys despite the losses by Rousey and now McGregor and Holm.

"It's a fight sport, and people lose," Boccardi said. "What people respond to in this genre are the people who take on the biggest and best matchups. There's no doubt that Conor McGregor and Ronda Rousey are the two most marketable stars right now for the UFC, so there's no doubt that whomever their opponents are, their next fights will still be a very big PPV event."

The UFC's next PPV event comes on April 23 and features a rematch between UFC light heavyweight champion Daniel Cormier and former champion Jon Jones. **Q**



A photograph of a modern, multi-story office building with a prominent glass facade. A large, vertical black sign with the word "Mediacom" in white is positioned in front of the building. The image is partially overlaid with a blue diagonal graphic element.

Mediacom

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# Mediacom: 20 Years of Growth

**Company founder Rocco Commisso looks back at two decades — and predicts what's ahead**



For Mediacom Communications chairman and CEO Rocco Commisso, the cable industry has been so much like the game of soccer that the onetime Olympic hopeful once excelled at: The good ones are fast on their feet, but the great ones can see down the field.

Commisso's talent for seeing things others don't has permeated his business life. He bought his first cable system — a small property in Ridgecrest, Calif. — on March 12, 1996, just as others were jumping out. He was an early critic of rising programming costs, sports rights and retransmission-consent fees. And he's relied on a strong financial prowess to ground the risks he's taken to build the company from scratch.

Today, Mediacom is the eighth-largest cable operator, serving 855,000 video subscribers.

Commisso's story is right out of a movie: a tale of a young immigrant, brought here by his family from Calabria, Italy, at the tender age of 12, who one day takes the business world by storm. Commisso credits his father with seeing something in his son.

He recounted a story about his second day in the U.S., in 1962, when his father took him to school and told the teachers about his smart son, who was then promoted on the spot from fifth grade to seventh without knowing a word of English. Three months later, he was promoted to the eighth grade.

"Three years in three months. That was the biggest break of my life," Commisso said in a recent interview.

Commisso went on to graduate from Mount Saint Michael Academy in the Bronx, N.Y., and then Columbia University with a bachelor's degree in industrial engineering and an MBA. He joined the cable business first through banking — at Chase Manhattan Bank and later Royal Bank of Canada — lending to the still nascent industry. In 1986, he was named chief financial officer of CableVision Industries and for almost a decade, he helped founder and CEO Alan Gerry grow that company into one of the top 10 operators in the business.

Commisso left CVI in 1995, the year Gerry sold the operation to Time Warner Inc., to start Mediacom. By March of the next year, Commisso had purchased the Ridgecrest system.

It was a risky move. The passage of the Cable Act of 1992 meant that real rate regulation was being implemented on the industry for the first time, forcing many cable entrepreneurs to sell out. For Commisso, it was the absolute right time to buy.

"He's one of the last of the true entrepreneurs," MoffettNathanson principal and senior analyst Craig Moffett, a longtime Commisso watcher, said. "He's left a really remarkable legacy. And like every good entrepreneur, he did it the hard way, by betting on cable at exactly the time when everyone else was nervous."

Mediacom went on an acquisitions tear soon after, buying Cablevision Systems's US Cable operations



Mediacom founder, chairman and CEO Rocco Commisso at the company's Mediacom Park, N.Y., headquarters.

MARK REINERTSON



with 265,000 customers in 1997 and doubling in size with the purchase of 358,000 customers from Triax Midwest Associates and Zylstra Communications in 1999 for \$760 million.

Mediacom doubled in size again in 2001 with its biggest buy of them all, the \$2.1 billion deal to acquire 840,000 subscribers in Georgia, Illinois, Iowa and Missouri from AT&T Broadband. The deal made Commisso the defacto king of Iowa cable — about 500,000 of those subscribers were based in the state — with systems in Des Moines, Cedar Rapids and Waterloo, among other localities.

While Commisso could have continued to ride the acquisitions wave toward greater scale, he instead focused on repaying debt, taking Mediacom's leverage ratio down from 8.9 times cash flow at the time of the AT&T deal to about 4.3 times today.

Mediacom went public in 2000, raising about \$380 million, and went private in 2011 in a series of deals that have helped Commisso and Mediacom create more wealth than practically anyone else in the cable business.

Commisso and Mediacom achieved that by focusing on fundamentals. Mediacom has grown revenue every quarter and every year since its inception, and has grown cash flow every year except one, 2005, when it declined 1% in the wake of three hurricanes — Dennis, Ivan and Katrina — that devastated the cable company's southern markets.

"The recipe for getting rich in any business has been the same as the days of Ancient Greece — buy low and sell high," Moffett said. "Rocco has demonstrated a remarkable ability to focus on the true value of the business."

Commisso and Mediacom senior vice president of government and public relations Thomas Larsen met with *Multichannel News*, *B&C* and *Next TV* editorial director Mark Robichaux and *Multichannel News* senior finance editor Mike Farrell at the aptly named Rocco's Steakhouse in New York earlier this month to talk about Mediacom's past, present and future and the state of the cable business. Here are edited highlights of that conversation.

**MCN: It's hard to believe it's been 20 years.**

**Rocco Commisso:** I was supposed to get out in five, seven years. Remember those days? I think the reason why we're still around is my penchant for retaining control and always raising capital. I'm never going to permit anyone to decide when I should stay in and when I should get out.

**MCN: What's been your secret to the business?**

**RC:** There is an acquisition strategy, there is an operating strategy and there is a financing strategy. And I think it's absolutely critical to the way that I look at the world. We bought extremely well. When [others] were going out and buying [systems] at \$4,300 per subscriber, my biggest deals were the US Cable assets that I bought from Cablevision [Systems] at \$1,100 per subscriber. Before that we had the lower Delaware system that we bought from Tele-Communications Inc. at \$1,400 per sub, in terms of critical assets that we bought.

Then, right at the end of 1999, we made the Triax acquisition. I bought those assets at \$2,100 per sub. Comcast was paying \$5,000 per sub. And then the AT&T acquisition; while everybody was circling around I end up with the prize. We paid \$2,700 per sub for the AT&T acquisition, which was higher than what I paid on anything else, but the market was trading cable assets at way, way higher.

So those are the three big [ones] on the acquisition front. The three or four major fundamental deals that took us to where we are. On the operating front, it's amazing that our margins have been so consistent in the last five years.



Mediacom's executive team (top, l. to r.): John Pascarelli, Joseph Commisso, Catherine Commisso, Rocco Commisso, Italia Commisso-Weinand, Joseph Young, Mark Stephan and Brian Walsh. At bottom (l. to r.): David McNaughton, Daniel Templin, Thomas Larsen, JR Walden, Tapan Dandnaik and Peter Lyons.

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**MCN: How has Mediacom survived while most other smaller companies have sold out?**

**RC:** Control in terms of longevity is one part of it. We have never had a year of no revenue growth. We had one year of a 1% decline in cash flow, the result of three hurricanes down south between 2004-2005.

**MCN: You've borrowed quite a bit. Did being leveraged that much make you nervous?**

**RC:** Yeah, it made me nervous. When we were doing the AT&T deal, AT&T forced me in four months to go out and raise \$2.4 billion.

Look, it's all relative. Some people that have \$100,000 in debt are probably more nervous than me with \$3 billion. But what reduced the nervousness, if you will, it all has to do with the financing side of the equation. Always, always — not today, not yesterday, but always — I overfinanced myself and put myself in a situation where I didn't have to do the next deal to survive.

**MCN: The mantra throughout the industry has been scale, scale, scale. Why haven't you gone out and bought more cable systems?**

**RC:** Because I didn't have to. I did not ever say that I wanted to be the biggest guy in town. Never did, never will.

No. 2, we made a decision, and rightly so, that when my stock was trading at \$5 to \$7 [per share], beginning in 2002, we began buying the stock. We bought 24 million shares in the open markets from 2002 to 2008. In the same week that Lehman Bros. goes bankrupt, I commit to help [Morris Communications chief William Morris] and buy his 28 million shares.

[Commisso explained that left 68 million shares of Mediacom outstanding, of which he owned 28 million. The other 41 million was purchased in the going-private transaction in 2011 at a multiple of seven times cash flow.]

I could have quadrupled the size of the company and still not generated the kind of equity returns I generated in the last five years.

**Thomas Larsen:** There were deals that came to the market and he looked at them and they just didn't make sense.



**MCN:** Because they were too expensive?

**RC:** Or the risk that I was willing to assume was not commensurate with the returns that I saw in the deal.

**MCN:** Let's switch gears. How is the business today — voice, video, data? How are you doing?

**RC:** Video stinks still for us. But I can't give up on video. The good part about what's happened to us indirectly is that by having had all these losses, we are a more diversified company and we're a better company in certain respects. Because video is only 50% of my business today, where it was 95% 15 years ago.

**MCN:** And that's true of a lot of small operators.

**RC:** Right.

**MCN:** So why be in video?

**RC:** You can't let it go. It's 50% of my revenue. I can't get rid of 50% of my revenue and have the same company that I have. Unfortunately the government has forced me to charge prices on video that I would have never had, if it wasn't for programming costs going up from \$4.50 [per subscriber] back in 1992 to \$50 [per subscriber] today. I would've never done that. We don't do rate increases anymore; we just do pass-throughs. So I have to stay in business, I have to get a return on my investment and prices do go up for the consumer, which is unfortunate, and the government could have fixed that.

**MCN:** Are you losing subs?

**RC:** Yeah. We lost subs last year, we lost more subs the year before, and more subs the year before. I think there's a little bit of a turnaround. We may be losing, but not where we used to lose.

**MCN:** What about data?

**RC:** If it wasn't for data, we wouldn't be around.

**MCN:** But the margins are so good on the broadband product.

**RC:** Well, let's be careful how you describe margins. The margins are very good, but what is missing in the equation is the cost on the capex front that we spend in order to keep those margins.



Rocco Comisso with his wife, Catherine — also a Mediacom executive — at the company's headquarters.

MARK REINERTSON

**MCN:** And what is that?

**RC:** Well, it's huge. I mean we spent \$287 million last year.

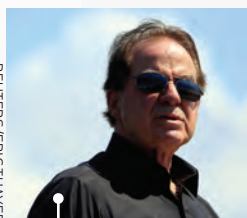
Our price for our 50 [Mbps] service is the same today as our 1.5 [Mbps] service was 15 years ago. And why is that? Because we grow in units, we have great margins and we don't have something called programming costs that causes the price of the other product to go up as much as it has.

On the broadband side I was able to retain the same price that I have for the 1.5 [Mbps] service from 15 years ago, even though the speed has gone up by 30 times.

**MCN:** Who is your biggest competitor in the market? The telcos, satellite?

**RC:** For video, for sure, it's satellite. Then there is AT&T, a little bit of Verizon [Communications], municipal overbuilds and WOW [WideOpenWest].

**TL:** Then there is CenturyLink, Windstream, a little bit of Frontier [Communications].



REUTERS/ERIC THAYER

## Mediacom

### A 20-Year Timeline

Key highlights of the MSO's two decades in operation:

**1995:** Rocco B. Comisso leaves CableVision Industries after nearly 10 years as CFO under founder and chairman Alan Gerry (pictured) to start a new company, Mediacom Communications. It is established on the basis of a proposal titled "A Window of Opportunity in the U.S. Cable Industry."

**1996:** Mediacom acquires its first cable system from Benchmark Cablevision in Ridgecrest, Calif.



**1996-2001:** Comisso and his management team lead Mediacom through a series of acquisitions, totaling more than \$3.4 billion.



**1998:** Mediacom hits Top 25 MSO list with 360,000 customers in 14 states after acquiring MSO US Cable from Cablevision Systems.

**1999:** Mediacom expands footprint to 21 states and doubles in size to over 700,000 customers by purchasing Triax Communications and Zylstra Communications.

**2000:** Mediacom completes \$380 million initial public offering and is listed on the NASDAQ Stock Market as MCCC.





# REASONS

## WHY I'M PROUDER THAN EVER

Since we acquired our first cable system in 1996, the men and women of Mediacom never failed to meet the ongoing challenges of bridging the digital divide in America's smaller cities and towns.

We started in Ridgecrest, CA and, in less than 6 years, grew into the 8<sup>th</sup> largest cable company in the United States. Our success has been driven by our focus on delivering the best customer experience and the latest broadband and video products to residents and businesses in our markets.

My heartfelt thanks go to all 4,600 members of the Mediacom family. It has been an honor to work alongside you. Mediacom could not have come this far without your loyalty and dedication. Together, we make a true difference in the lives of our customers and the communities we serve.



**Rocco B. Comisso**  
Founder, Chairman & CEO  
Mediacom Communications Corp.

**Mediacom**<sup>®</sup>

Celebrating **20 years**



**MCN: What is the competitive outlook for Mediacom, particularly against the telcos?**

**TL:** I think we're winning. We're definitely winning broadband share back.

**RC:** Look, the happiest result and surprise in many respects of our company performance is all related to the worst performance of our company, meaning on the video side. Just think about it. I lost 45% of our video customers in the last 15 years and I never had a down year of revenue; and, except for that hurricane season, I only had one year of down cash flow. That's a pretty strong statement for anyone to be able to make.

**MCN: Are you growing business customers?**

**RC:** Big time. Like everybody else.

**MCN: What keeps you up at night? What worries you most in the industry right now?**

**RC:** The government.

**MCN: You've had a particularly loud voice when it comes to speaking up for independent, smaller cable operators. What are the two or three biggest issues right now that concern you most about the government?**

**RC:** First of all, you've got retrans, sports rights, volume discounts, bundling, unbundling that I've been speaking about for the last 13 years. You want to call me the loudest voice in the business? I'd be proud to be called that. It's fact. I have fought my battles.

And I suffered a lot, but you would have thought that if the government aspires to be what they think they are for the people, they would have done something about it.

**MCN: What do you want them to do?**

**RC:** Back in 1992, they regulated our business, but they didn't regulate the supplier side. And I wrote a big paper then that basically said, in a nutshell, [that] in a capital-intensive business ... if you have to spend the same money to have the same wire but the demand or the potential subscriber base is reduced by half, at the end of the day it's going to cost you more as opposed to less. Boy, have I been right.

What I forecasted then actually happened in the last 20 years in that, if you want to regulate us, you've got to regulate the cost. So why don't you deal with the programming side? And the reason why they don't deal with the programming side is because frankly there are too many interests with enough power in Washington to take care of their interests. It's the sports leagues, it's the universities, it's Hollywood and that's it.

**MCN: What about ESPN?**

**RC:** We took them on and we lost. Now they're suffering the consequences.



Mediacom opened its \$35 million corporate headquarters near Blooming Grove, N.Y., in 2013.

**MCN: Because you were saying publicly that ESPN was going to price themselves out of the business.**

**RC:** Right.

**MCN: Do you think the market is taking care of this now?**

**RC:** No. I think \$50 a month for programming costs, that's average. Some are more and some are less. Me and you, we don't watch everything. Why should we be forced to buy the whole package? I don't know how it's going to get fixed but it's \$50 today, it's going to be \$55 tomorrow, it's going to be \$60.

**MCN: Are you offering skinny bundles?**

**RC:** Not yet. We want to but we have to deal with the contracts that we have on hand.

**MCN: How will programmers handle skinny bundles?**

**RC:** I don't know. But I think Verizon has broken the ice. I think [Dish Network's over-the-top subscription service] Sling [TV] has broken the ice.

**MCN: So you think distributors will say no, that it will be a market resolution, not a government resolution to this?**

**RC:** Unfortunately, yes. Just like retrans. We're probably going to get better.

**TL:** I think they will be slightly improved. I was at the FCC on Tuesday



**2001:** Mediacom acquires over 800,000 customers from AT&T Broadband for \$2.1 billion, making it the eighth-largest cable company in the United States with 1.5 million customers.

**December 2002:** Rocco Commisso offers to freeze Mediacom's rates for analog video for one year if basic-cable networks will do the same. Not a single programmer takes him up on the offer.

**2003:** Mediacom petitions the FCC for permission to put ESPN on a separate sports tier in an effort to offset the 20% annual rate increase the sports network was forcing every operator to pay. That touched off a battle that later drew in Cox Communications and led to ESPN reducing rates.

**2005:** Mediacom launches phone service and introduces the triple-play package with its monthly cost savings to customers.

**Jan. 8, 2007:** Sinclair Broadcast Group stations go dark to Mediacom customers in 12 states after the cable operator refuses to pay cash for retransmission consent. The monthlong battle is resolved on Feb. 2, when the two reach an undisclosed agreement. Mediacom later said the blackout cost it about 7,000 video customers.

**2007:** Trade publication *Broadcasting & Cable* names Rocco Commisso to its Hall of Fame.



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on your 20<sup>th</sup> anniversary

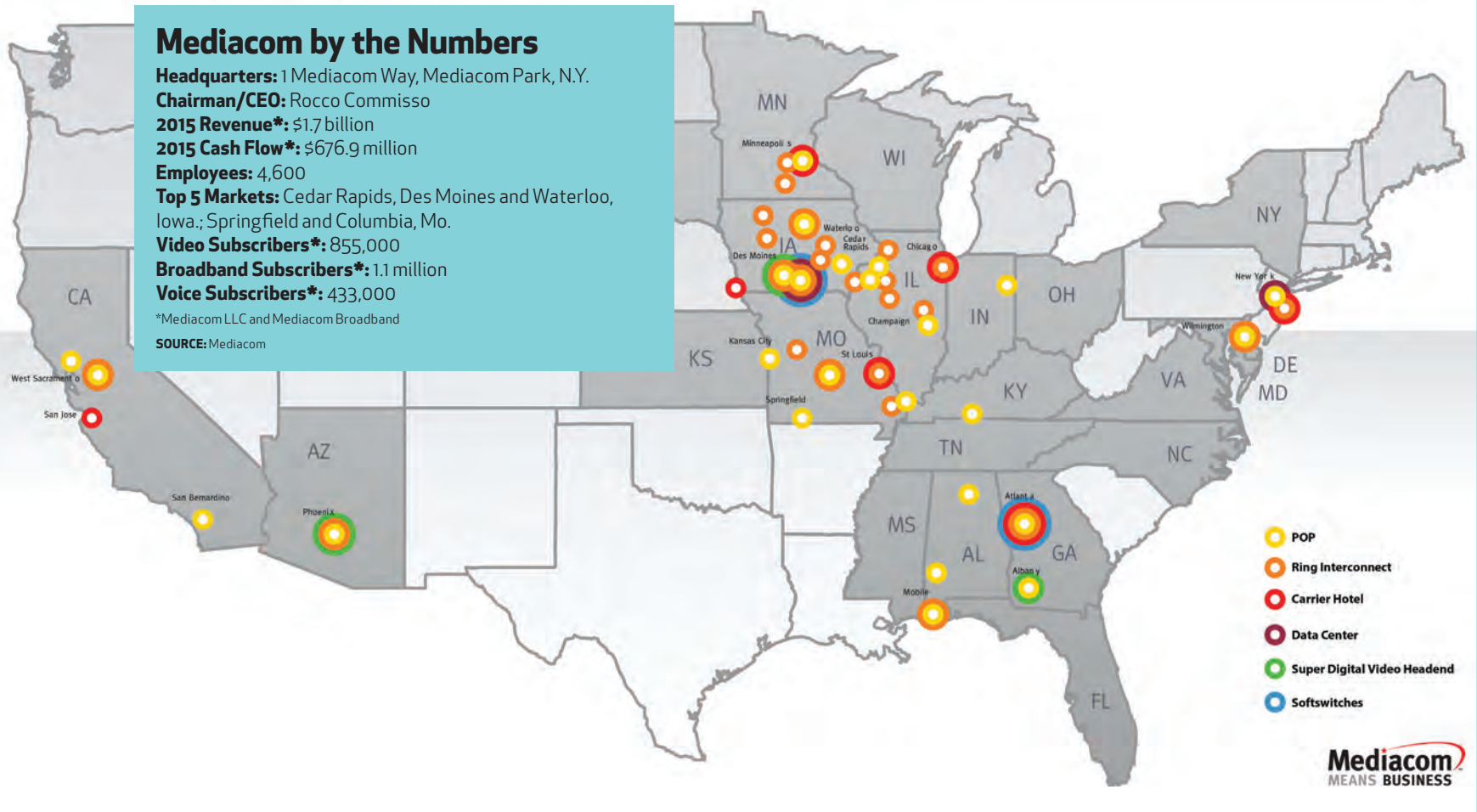
**HBO**<sup>®</sup>



## National Interconnect Points

### Mediacom by the Numbers

**Headquarters:** 1 Mediacom Way, Mediacom Park, N.Y.  
**Chairman/CEO:** Rocco Comisso  
**2015 Revenue\*:** \$1.7 billion  
**2015 Cash Flow\*:** \$676.9 million  
**Employees:** 4,600  
**Top 5 Markets:** Cedar Rapids, Des Moines and Waterloo, Iowa.; Springfield and Columbia, Mo.  
**Video Subscribers\*:** 855,000  
**Broadband Subscribers\*:** 1.1 million  
**Voice Subscribers\*:** 433,000  
\*Mediacom LLC and Mediacom Broadband  
**SOURCE:** Mediacom



[March 1] and my impression is they want to do some fixes at the surface, but they don't want to get to the fundamental issue, which is how do we strike better deals, how do we get more reasonable deals done? They want to fix things like online blocking and maybe ceding negotiation rights to other parties and things like that but those don't fundamentally get you to getting deals done [at] a market rate.

**MCN: What are you looking for from the government?**

**TL:** One of the things we've proposed is a cooling-off period where you get to an impasse, like in a labor negotiation. Both parties say you can't get any further ... Then, they have to go to mediation and an objective third party takes a look at both sides' offers and says, "Hey, either one of you is being unreasonable or you're both being reasonable and you're just being stubborn, whatever it is." But then that report gets published and the public can figure out who the good guy and the bad guy is.

**RC:** For programmers, unless you have differentiated programming, better programming and so on, you can't put a rate increase in excess of X. Two, unbundle everything. Have a price for ESPN, and so on.

Three, no volume discounts. Why should my customers and I pay more than the customers of Comcast? Four --

**TL:** Well, in that one, no cost-based volume discounts. The littlest guys pay a huge premium to get the same signal.

**RC:** If somebody wants to shut me down in Des Moines, a CBS station, I should be able to import that CBS station.

**TL:** A couple of other ideas we've kicked around are, one, an expiration date so that every contract has to expire on the same



**2009:** Mediacom is the first U.S. cable company to launch "ultra high-speed Internet" at 105 Megabits per second, the fastest service at the time.

**2010:** Company launches Mediacom Business, providing TV, Internet and phone service for small, medium and enterprise-level businesses.

**2011:** Mediacom founder and CEO Rocco Comisso takes the company private.

**2011:** Mediacom breaks ground for corporate headquarters in Orange County, N.Y., with the capacity to expand its local workforce in the coming years.

**2016:** Mediacom provides nearly 1.3 million customers with TV, Internet and phone services in 1,500 communities across 22 states. Today, Mediacom's fiber optic network extends over 568,000 miles — enough to stretch all the way to the moon and back.



FOX NETWORKS CELEBRATES  
**MEDIACOM'S**  
**20<sup>TH</sup> ANNIVERSARY**  
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MEDIACOM FAMILY





date, so that you can't play the market against each other. You can't do the, "I'm going to black out Dish on Tuesday, Mediacom on Wednesday, DirecTV on Thursday," to jack up the price. That we think would help tremendously.

The other [is] setting a market rate — just have one rate for the market. If you elect retrans, you wanted \$1, you wanted \$10, you elect that rate — it's for everybody in the market. And they get to decide whether to pay that.

**MCN:** What else upsets you?

**TL:** Set-tops.

**MCN:** The FCC's recent decision to open up the box to third-party vendors?

**TL:** Google hasn't really grown their video business. So this to me is a backdoor way into the video business, right? Google gets those streams, they can take those streams, they can overlay their ads, they can spy on our customers, know what they are watching. Those ads become significantly more valuable because you know what the person cares about. So those are all things we've paid for.

**MCN:** Why are you and others so concerned about this current set-top box proposal?

**TL:** We're getting ready to announce a major capital plan for the next three years. Rocco has made significant strides in reducing the debt. So now we've got money to invest back in the business. If we have an expense, a huge expense that we can't recoup any money for, guess where our money is going to go? It's going to go to pay down those boxes, it's not going to go to build a better product. And that's what the government is miss-



In the Mediacom boardroom (back row, l. to r.): Peter Lyons, SVP, IT; Brian Walsh, SVP and controller; David McNaughton, SVP, marketing; Daniel Templin, SVP, business services; JR Walden, SVP & CTO; Joseph Young, SVP, general counsel; Tapan Dandnaik, SVP, customer service and financial operations; and Thomas Larsen, SVP, government & public relations. Front (l. to r.): Mark Stephan, EVP and CFO; Italia Commisso-Weinand, EVP, programming and human resources; Joseph Commisso, group VP, corporate finance; Rocco Commisso, chairman & CEO; Catherine Commisso, group VP, administration; and John Pascarelli, EVP, operations.

ing. It's discouraging companies from investing in broadband because they're going to be protecting their investment.

**RC:** That's No. 1, Tom. And when they think of cable, they think of Comcast, they don't think of Rocco and all the smaller guys, am I right?

I don't have the resources that Comcast has. They want to go and destroy or decrease the market power of Comcast, but whatever rules are applicable should not be the same rules applicable to me. I'm not Comcast, I'm not hedged with the programming assets. I only make money from being a distributor, whereas Comcast makes money from being in Hollywood and so on. We are a totally different animal. And that's the mistake that's been made, unfortunately.

**TL:** But the thing that blows up this whole set top [issue] is the Roku box. So, this little tiny Roku box is going to have a DVR functionality to it that completely replaces the set-top. So what is the government after? What are you trying to regulate the market into if that box exists today?

**MCN:** What about OTT. Are you going to offer an OTT product?

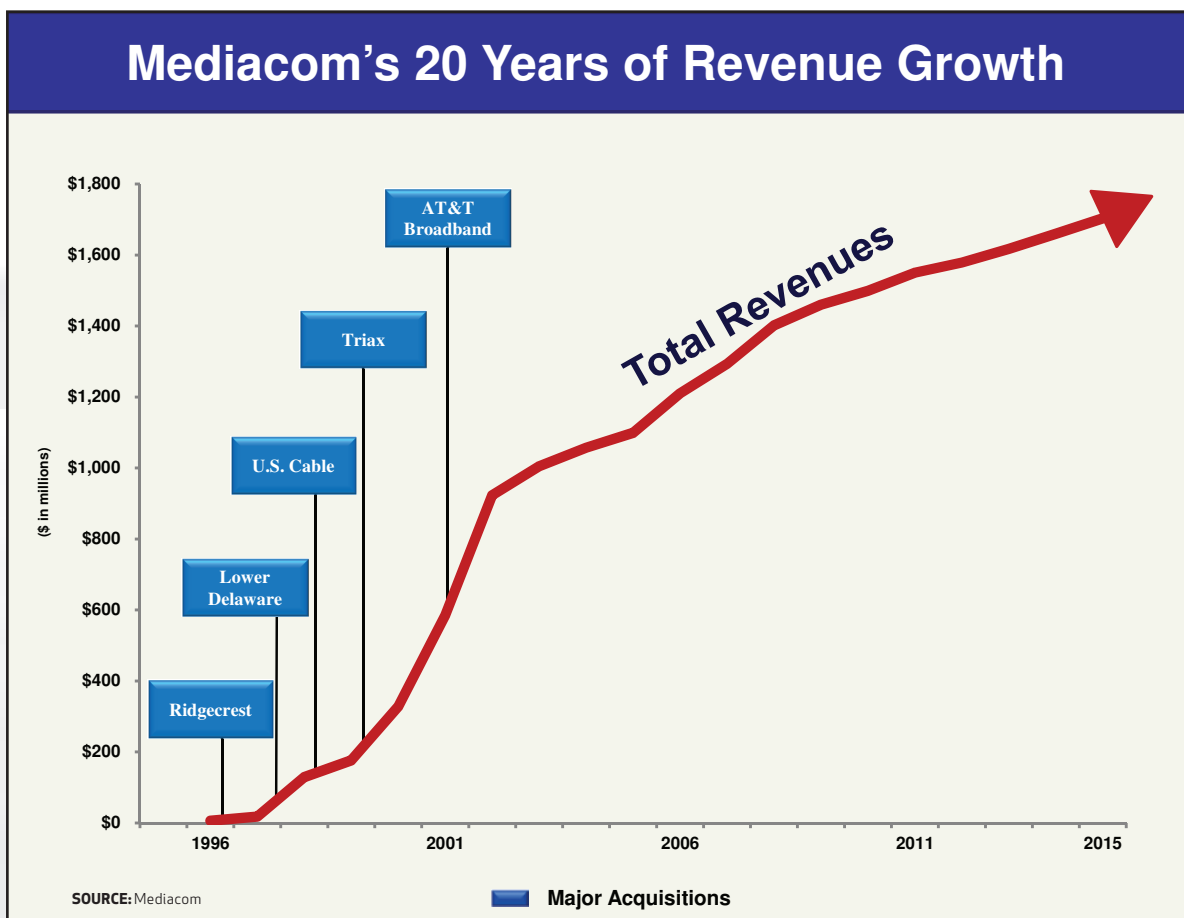
**RC:** In our markets or in the U.S.A.?

**MCN:** That's a bigger question. You tell me.

**RC:** If a cable company tries to do that to me, I will do it to them.

**MCN:** Is that day coming?

**RC:** No, I don't think so.





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ON CELEBRATING  
20 YEARS OF SUCCESS!

NBCUniversal

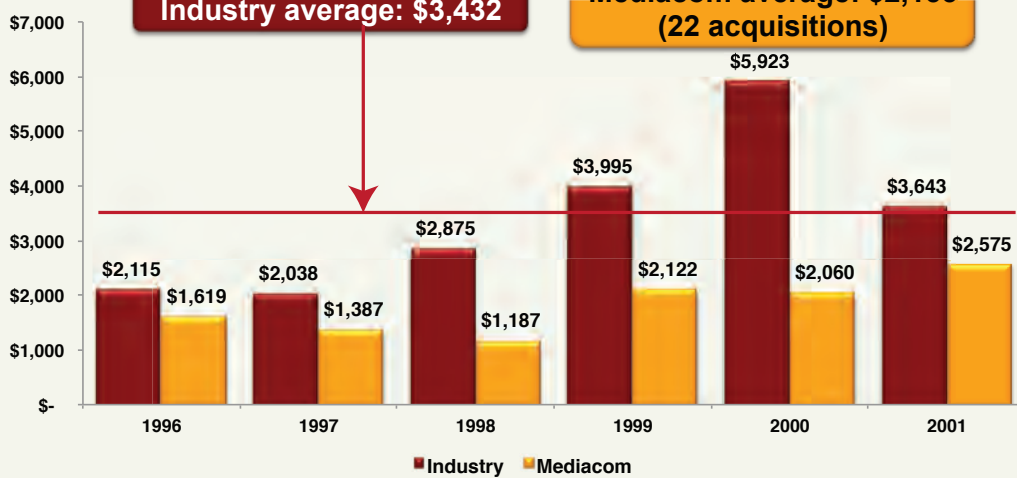


# Acquisitions at the 'Right' Price

## Acquisition Price Per Video Customer

Industry average: \$3,432

Mediacom average: \$2,155 (22 acquisitions)



Targeted underperforming systems in non-metropolitan markets

SOURCE: Mediacom

**MCN:** Would you ever offer an OTT product in your market?

**RC:** Yeah.

**MCN:** Are you guys planning that?

**RC:** We're doing some TV everywhere. I mean, that's just a standard evolution.

**TL:** It's really hard for us to be a leader in that space. You have to be a follower, because it takes the big companies to create the contract provisions that we could jump onto, you know what I'm saying? It's hard. But you could do it.

The problem with OTT, if you talked to an engineer, is that if everything moved that way it puts a tremendous strain on the network. I mean like when they showed that football game at 10 a.m. on Yahoo!, network congestion shot up. So there is an advantage to having a linear stream that handles the video traffic.

**MCN:** A lot of people talk about cord-cutting. What's your outlook for the cable industry?

**RC:** It could come to an end. I don't see it. But look at your own businesses, right guys? Without wanting to pick on your business, right? Or the business that I used to lend money to. Take the newspaper industry, you know a little bit about this.

Do you know that the equity value of this company [Mediacom] is greater than the *The New York Times*, the *Chicago Tribune*, the *L.A. Times*?

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**MCN:** That doesn't surprise me.

**RC:** It surprises me because 30 years ago, I wasn't allowed to call some of these companies because they were too good for me. Does it surprise you to let you know that *The New York Times*, Gannett, McClatchy, Knight Ridder, *The Washington Post* — all were in the cable business?

And they decided to stay in the newspaper business and get rid of the cable business. That's pretty smart. How is it possible? Who was running those companies that made those decisions to get rid of the cable business and stay in the newspaper business? How come they didn't see the future?

**MCN:** Believe me, it's a question I ask myself every single day.

**RC:** Broadcasting. The only reason why broadcasting is still alive is because of the giveaways from the government. First the spectrum and two is retrans.

**MCN:** Do you have any regrets about going private?

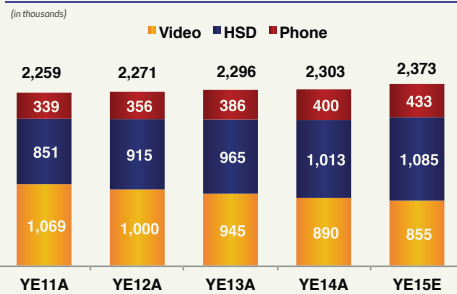
**RC:** No, and I might still go public. You never know. If someone wants to give me ...

**MCN:** Come on.

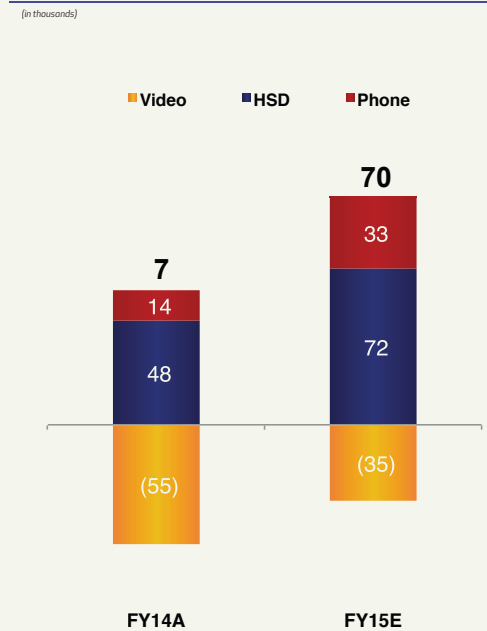
**RC:** No, seriously. We went public at 18 times cash flow. If there's another crazy market, come to me baby, I'll sell you. [Laughter.]

## Best PSU Growth Since 2008

Primary Service Units (PSUs)



PSU Net Change



- Rebound in connect / sales activity
- Historically low churn levels
- Reduction in video losses
- Accelerating growth in HSD and phone customers
- Solid 2.0% ARPU / PSU increase

NOTE: Data for the year ended December 31, 2015 reflects preliminary results and remains subject to audit and other adjustments.

SOURCE: Mediacom



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# TiVo extends a big two-antenna salute.

Congratulations to  
**Mediacom**  
*and*  
**Rocco Commisso**  
on their 20th anniversary.

We're proud to have you as a partner.



**MCN:** We talked about you not being a buyer. Are you going to be a seller? What's your plan? What's your exit strategy?

**RC:** One month, one day, one year at a time.

[Commisso then starts making a series of calculations, one that estimates what would happen if he lost 25% of his cash flow in one year.]

**MCN:** Why are we making that assumption?

**RC:** I want you to think the way I think.

**MCN:** You're thinking worst-case scenario.

**RC:** I don't think how much money, I think about how am I going to screw this up. All right?

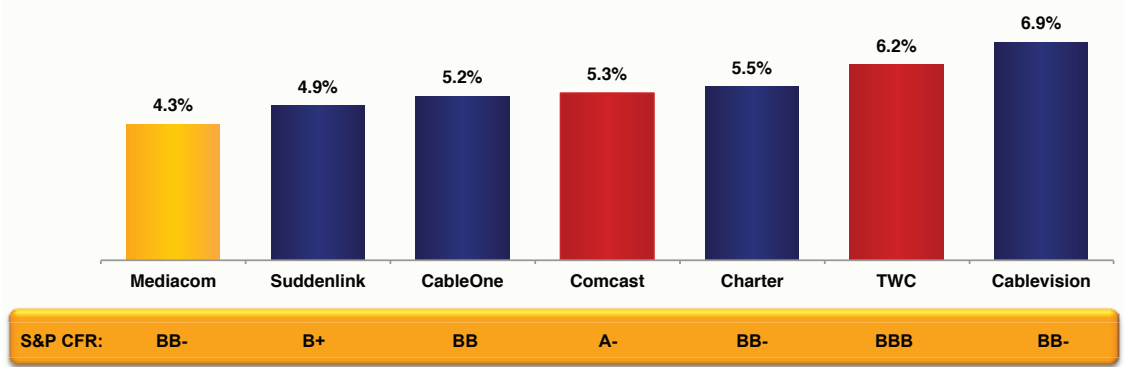
**MCN:** What would your dad say about all of this?

**RC:** I think my dad would say, because I know what he went through. He's an immigrant, he was a prisoner of war for five years in Africa under the British, came to this country, got his citizenship papers, brought us all over in 1962. He would say ... my father would probably say I expect that of my son.

If I have anything good to say in my entire history as to who I am and why I am who I am it's because of the financial community. It's not the programming community, it's not my peers. It's not the newspapers. It's the financial community and my employees.

## Financing Update

- \$555 million of 2H15 financing transactions extend maturities and lowers cost of debt
  - \$250 million of incremental revolving credit commitments, expiring in 2019
  - \$305 million of Term Loan A borrowings, maturing in 2021 (L+250, no floor)
- New \$1 billion 3-year swaps at 1.5% replaced existing \$1 billion of swaps at 2.7%
  - \$12 million annual interest expense reduction, effective December 2015
  - At least 60% of total debt hedged/fixed until December 2018
- 4.3% cost of debt at YE 2015: lowest in cable industry – even investment grade issuers
  - Interest coverage at all-time high – expect >5x in FY 2016



SOURCE: Mediacom

## Congratulations, Rocco Commisso!

Chairman and CEO, Mediacom

C-SPAN Board Member Since 2000  
C-SPAN Executive Committee Member

*C-SPAN Salutes Rocco and His Mediacom Team  
on Their 20th Anniversary*

**C-SPAN**® Created by Cable



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***Congratulations, Rocco, on this incredible milestone!***

*We're proud to say that we were there with you at the beginning, and look forward to being there with you in the future. Thank you for your wonderful partnership.*

Pat Kehoe and the PK Network Team | Aaron Kennedy and the Flynn Wright Team

**PK NETWORK**

**FLYNN  
WRIGHT**



And if I had one area that I think I'm OK at, better than average, it's finance. Finance is my area of strength.

**MCN:** Wow.

**RC:** He knew something about me that I didn't even realize. He's the one that instilled that in me and said, "You are the one that's got to go to school, you're the one that could get into any school, you're the one." He sent money when we were poor, poor, poor, poor, poor that I don't even want to talk about. He told my mother, "You make sure you send that kid to music school." That's why I play the accordion and the piano.

**MCN:** Do you have a number, an age or a price that you want to get out?

**RC:** Absolutely not.

**MCN:** How old are you now, Rocco?

**RC:** I'm 66.



Rocco Comisso and his son, executive VP of corporate finance Joseph Comisso, at last year's INTX conference in Chicago.

**MCN:** Will you still be doing this at 70?

**RC:** Probably. I don't know.

**MCN:** What do you think drives you?

**RC:** I think the No. 1 driver is the fact that I don't have a second gig and — oh my God, you have to see all the analysis that I did in my own head, on a piece of paper and a projection model to see how am I going to screw this up, how do I protect myself from screwing up? When you deal with a financing and all the loan agreements that we used to do, you have to think about all the things that could go wrong five years down the road and make sure that, if things do go wrong, you've got wiggle room to get out of the mess.

Never in a million years did I say I'm going to be around for 20 years.

When I left Alan [Gerry] and started this company, I had an overwhelming objective to show the world that this is not the end of the cable business, even though I didn't know at that time that the Internet was going to come around. We were talking about maybe offering phone then, but not the Internet. ☐

# CONGRATULATIONS TO MEDIACOM ON THEIR 20<sup>TH</sup> ANNIVERSARY





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For over 30 years, CSG International has been a trusted business partner to cable providers across the globe. We help companies maximize revenue, enhance customer interactions, and manage digital content delivery. Our solutions streamline business operations, enabling our clients to do more business, faster. That is why we are proud to see our long time client Mediacom celebrating two decades of great service.

Congratulations Mediacom on 20 years of business, with many more to come!



# Standing Up for Small Cable's Interests

Commisso, Mediacom have been outspoken leaders in corporate and government policy fights

BY MIKE FARRELL

Despite its size, Mediacom Communications has picked some pretty hefty battles in the past 20 years, taking the lead on what still are hot-button issues in the cable industry — rising sports programming costs and retransmission consent — as well as more recent issues like the Title II reclassification of broadband and the unbundling of the set-top box business.

Mediacom made its biggest splash in 2003, when the eighth-largest cable operator in the country took on ESPN, petitioning the Federal Communications Commission for permission to place the sports network on a separate tier. Mediacom's move was to offset what was then ESPN's regular 20% annual rate increase, a boost that chairman and CEO Rocco Commisso said was a direct result of the network's overpayment for sports rights.

Mediacom didn't win that fight — the FCC didn't rule on the sports-tiering issue, and Mediacom's later carriage



Mediacom chairman and CEO Rocco Commisso made his case against Title II in a 2015 episode of C-SPAN's *The Communicators*.

deal with the network didn't pare down the increases. But it did set the stage for a later fight between ESPN and Cox Communications CEO Jim Robbins.

Robbins accused The Walt Disney Co.'s ESPN of "goofy

cable operator also has been involved in some high-profile disputes — most notably its three-month standoff with Sinclair Broadcast Group stations in Iowa, Mediacom's largest cluster of markets, in 2007.

economics" and threatened to drop the network. The battle, which lasted for almost a year, ended when Cox signed a 10-year agreement for ESPN, with an average rate increase of 7% annually.

The 7% increase became an industry benchmark and Commisso was one of the few cable CEOs who publicly supported Robbins and Cox through the battle.

But the ESPN battle was just the beginning. Commisso and Mediacom took up the retransmission-consent gauntlet early, asking the FCC to halt programming blackouts during negotiations with TV stations and to curb rate increases. The

FROM ONE INDEPENDENT VOICE TO ANOTHER

CONGRATULATIONS, ROCCO,  
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FOR 20 YEARS OF SUCCESS



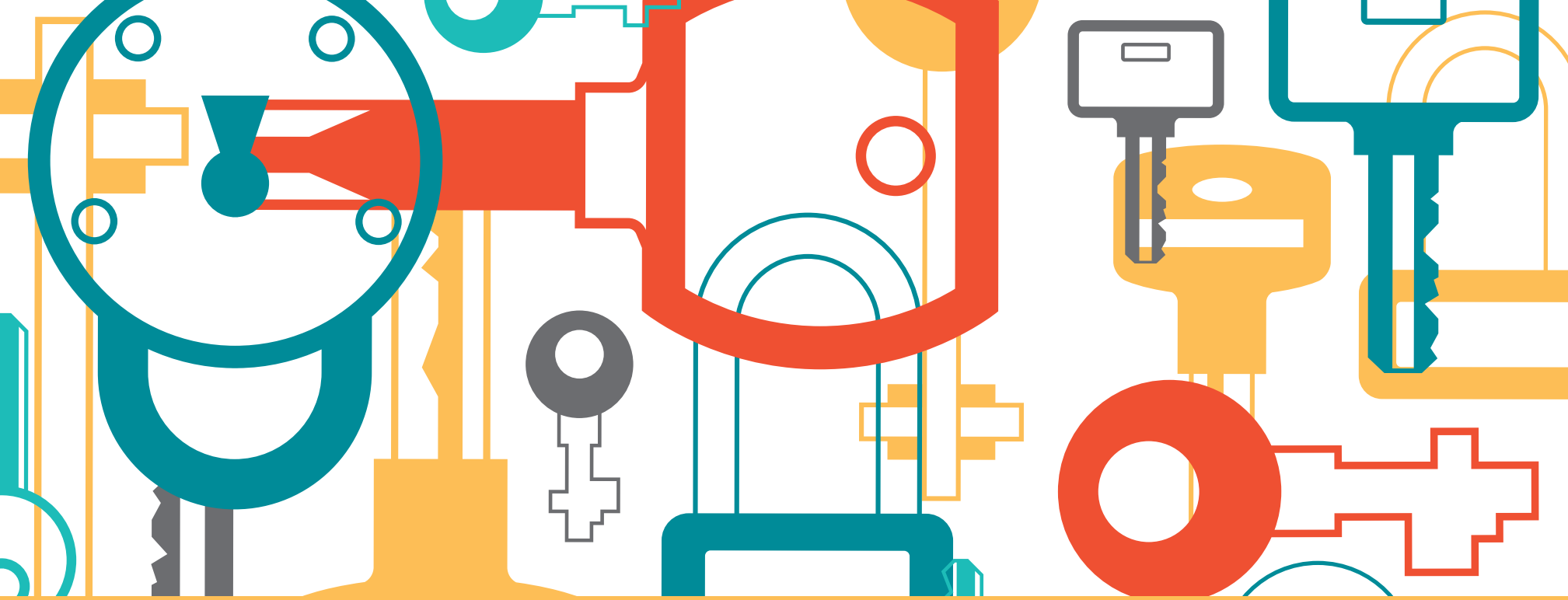
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The American Cable Association congratulates  
Mediacom Communications Corporation on two decades of success.



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.....  
*Connecting Hometown America*

Other fights followed with LIN Broadcasting in 2011, Granite in 2015 and Media General in 2015.

Mediacom was one of the founding members of the American Television Alliance (ATVA), a group of distributors targeting retrans reform. The company has also been active in the FCC's most recent retransmission-consent moves, asking the agency to condition broadcast license renewals on certification that a station will not black out its signal during a retrans dispute if the station is not accessible to 90% of its market either over-the-air or on the Web.

"He has definitely been willing to be the face of some pretty controversial issues, more than any other," MoffettNathanson principal and senior analyst Craig Moffett said of

Commisso. "He has championed the small cable operator and the intrinsic disadvantage they face in retrans disputes and programming negotiations."

More recently, Mediacom has taken up the Title II mantle, with Commisso publicly calling out President Obama during his visit to Iowa last year. The president, who has championed the FCC's Title II reclassification of broadband, had visited Cedar Falls (Iowa) Municipal Communications Utility, a Mediacom competitor, in the



MCTV president Bob Gessner (l.) and Mediacom CEO Rocco Commisso talk small-cable issues at the ACA Summit in Washington, D.C., earlier this month.

run-up to his 2015 State of the Union Address.

Interviewed by C-SPAN on the day of the Title II vote, Commisso challenged Obama's choice to visit a monopoly — the municipal broadband provider was also the water, gas and electric utility — to talk about how Mediacom was a monopoly, and called Title II a "monstrous regulatory scheme."

"How fair is it for the president to pick and choose what side he wants to appease?" Commisso told

C-SPAN that day, adding that his employees were upset they didn't even get a mention when the president came to Cedar Falls to talk about the importance of broadband.

More recently, Mediacom has come out publicly against the FCC's plan to unbundle the set-top box market — a move Mediacom said will stifle investment in the broadband network. And the company has also criticized the government's treatment of Google, subsidizing its Google Fiber buildouts in several municipalities. In one instance, Huntsville Utilities, the city of Huntsville, Ala.'s own municipal utility, is building a \$60 million fiber network that it plans to lease back to the Internet service provider.

Commisso and Mediacom believe it is strange that the richest Internet company in the world needs help in terms of municipal tax dollars, while cable operators, which have created jobs and built networks out of their own pockets in their communities, get nothing.

Moffett said Commisso has never been afraid to take a principled stand and has spoken out against what he believes are policies that are discouraging investment in infrastructure and the business. And his words have more weight because they are backed up with decades of action.

"He can speak to those issues with a level of moral authority that his peers can't because he is a true entrepreneur," Moffett said. "He's been willing to put his money where his mouth is.

"He's invested, and when he talks about what it takes to create jobs, he talks about it from the perspective of someone who has actually created jobs," Moffett said. ◻

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## CELEBRATING 20 YEARS!



The Cable Center extends warmest congratulations to Rocco B. Commisso, our 2011 Cable Hall of Fame inductee as well as all of the men and women of Mediacom.

Rocco, your inspiration and achievements over the past two decades have contributed to the growth and progress of our industry. We look forward to Mediacom's ongoing success.

Jana L. Henthorn, President & CEO  
And The Cable Center Staff

**THE CABLECENTER**



# Mediacom: What They're Saying

Top industry executives weigh in on the company's and Rocco Comisso's 20th anniversary

"Mediacom and Rocco are true leaders in our industry. Born out of risk-taking and entrepreneurship, Mediacom has grown into one of our finest multiple-system operators, providing to Americans in mid- and smaller-size markets an unsurpassed level of excellence in broadband, video, voice and business services. Rocco has been a passionate and stalwart advocate for cable, demanding that customers should come first, and that public policy should provide the incentives and the means for cable operators to innovate and serve their customers with high value offerings. On a personal note, there is no better friend to have than Rocco, with his warm and gregarious demeanor and his undying support."



— MICHAEL POWELL, PRESIDENT AND CEO,  
NATIONAL CABLE & TELECOMMUNICATIONS ASSOCIATION



"I have known Rocco for many years. He is a good friend and someone whose personal story would make for must see programming on many networks ... not just CNBC. He is also the best thing besides money to come from the banking industry. Rocco has more belief in himself and the cable industry than anybody and his sheer will and guts created Mediacom, a great American success story."

— TOM RUTLEDGE, CEO, CHARTER COMMUNICATIONS

"Rocco is a true entrepreneur and has really lived the 'American Dream' after arriving in America as a kid. He worked hard to earn everything he has built at Mediacom. He has been a strong partner to me for the past two decades and one of the champions who has made this industry what it is today. He is a tough and respected operator with terrific financial acumen, a fighter who believes in his company, a company that 20 years later, he still runs with the passion he had the day he founded it."

— DAVID ZASLAV, PRESIDENT AND CEO, DISCOVERY COMMUNICATIONS



# Congrats to Mediacom on celebrating 20 years!

From all of us at CBS Corporation





***Congratulations!***

***Congratulations to Rocco B. Commisso and everyone at Mediacom on 20 years of entrepreneurial success. Cisco is honored to be your partner and celebrate with you!***





"Rocco is one of the true entrepreneurs in the modern distribution landscape — tenacious, engaged and passionate about his system and the smaller markets it serves. He's also a quintessential New Yorker, with a well-earned reputation for being a straight talker. Viacom and Mediacom have had great success working together to grow our businesses over the years, and I have a lot of respect for Rocco and his accomplishments."

— PHILIPPE DAUMAN, EXECUTIVE CHAIRMAN AND CEO, VIACOM.



"Rocco is not only a friend, he is a hero to the industry. There has been no champion for midsized and smaller operators more relentless or passionate than him. I count myself fortunate to have served as a cable entrepreneur alongside him."

— JERRY KENT, FORMER CEO, SUDDENLINK COMMUNICATIONS



"Mediacom is a great example of the American Dream coming to life and the broadband cable industry it helped build will continue to create opportunities for future entrepreneurs and innovators. Congratulations to Rocco and his team."

— PAT ESSER, PRESIDENT, COX COMMUNICATIONS

"Rocco embodies the best of what is entrepreneurial and original, qualities that have contributed to the fabric and success of cable TV. His iconoclastic nature and his path less well traveled embody the spirit that makes Mediacom a great company and makes cable a great industry."

— JOSH SAPAN, CEO, AMC NETWORKS



"Congrats to Rocco Commisso on two decades at the Mediacom helm. In exchange for modest carriage fees, broadcasters are proud to provide Mediacom customers with marquee primetime entertainment, the most popular televised sporting events, local news and emergency weather warnings that save lives. We wish Mediacom continued success."

— DENNIS WHARTON, EXECUTIVE VICE PRESIDENT MEDIA RELATIONS, NATIONAL ASSOCIATION OF BROADCASTERS



*From Our Family to Yours,  
Congratulations*

*Rocco Commisso and the Entire Mediacom Team  
on 20 Successful Years!*

**CrownMedia**

FAMILY NETWORKS





CELEBRATING

20

YEARS

CONGRATULATIONS  
TO OUR MEMBER

**MEDIACOM**

ON BEHALF OF ALL  
INDEPENDENT OPERATORS



# From Calabria to a Cable Chairmanship

Immigrant learned the language of entrepreneurship and made a home in cable

BY MIKE FARRELL

**M**ediacom Communications chairman and CEO Rocco Comisso's life story is a classic tale of an immigrant who made it.

Comisso's roots are in his birthplace of Calabria, Italy, where he was born in 1949, coming to the United States in 1962 with his parents, his older brother, Nick, and a younger sister, Italia. In an interview, Comisso said when he came to this country at 12 years old, he didn't speak a word of English.

That changed quickly. Comisso had a knack for numbers early on and vaulted through elementary school — he said he was promoted from fifth grade to eighth grade in his first three months in the U.S. — attending high school at the prestigious Mount Saint Michael Academy in the Bronx and receiving a full scholarship to Columbia University. While at Columbia, Comisso worked nights as a supervisor at a Brooklyn Pfizer plant, going to school during the day. He also was a star soccer player at the college — he was co-captain and was invited to try out for the 1972 Olympic team. Comisso got his MBA at Columbia Business School in 1975.

## FROM COLLEGE TO BANKING

Comisso's first job after Columbia was with Chase Manhattan Bank in 1976. In 1978, he began working under Thomas Riefenheiser (later a Mediacom director), lending to the communications and entertainment sector — including the cable industry, which Comisso called his biggest break at the time.

Comisso was no stranger to hard work. He delivered pizzas as a teenager for his brother's pizza business and in the mid-1970s, while still in graduate school, helped that

### TAKEAWAY

A student with a knack for numbers, Rocco Comisso started from humble roots to found a top U.S. cable MSO.



A soccer star at Columbia University, Rocco Comisso was asked to try out for the 1972 U.S. Olympic Team.

same brother open a successful disco in the Bronx. Both endeavors gave him early hands-on experience in business.

Comisso helped run the disco even as he worked as a banker, but in 1981 he decided to sell his portion of the nightclub to his brother and focus on his day job. It was a good decision.

That same year, Comisso left Chase for Royal Bank of Canada, where he stayed for five years before joining Alan

Gerry's CableVision Industries in 1986 as chief financial officer. Comisso helped Gerry — who he still calls his mentor and friend — build CVI into the eighth-largest cable operator in the country before Gerry sold the business in 1995 to Time Warner Inc. for a then-record \$2.8 billion.

## MAPPED OUT A CABLE FUTURE

Comisso could have followed the rest of the cable herd and exited the business — the threat of impending regulation had forced several cable pioneers to sell their companies. But instead of heading for the beach, Comisso mapped out a plan to start his own cable company, Mediacom Communications. People said he was crazy (see Viewpoint, page 49), but in an eight-page business plan entitled "A Window of Opportunity," Comisso believed the time was ripe to take advantage of attractive purchase multiples (8 to 10 times cash flow) by focusing on markets in which the larger companies had no presence or interest.

In hindsight, Comisso rightly predicted that the rate regulation of the 1992 Cable Act would "be eliminated or radically revised," and pledged that Mediacom would have: a deliberate market focus; a flexible capital structure; would form strategic alliances for services like phone; and would have a defined exit strategy. The company adhered to those promises almost to the letter except for one: Comisso originally

expected to be out of the business in five to seven years.

About 20 years later, Mediacom has grown into a powerhouse among small operators — while video subscribers have declined by about 740,000 customers since 2001, its primary service units (or PSUs, a combination of subscribers to all three of its services) have grown from 1.7 million to 2.4 million today. Mediacom's employees, who Comisso credits for much of the company's success, have risen from 3,200 in 2001 to 4,600 today. The company prides itself on having no major layoffs during the period, even in depressed economic times after the 2008 market crash.

## A TEAM PLAYER

Comisso also has fostered loyalty among his top managers, who have been with the company for an average of 18.5 years. The longest tenured next to Comisso himself are chief financial officer Mark Stephan (20 years), executive vice president of programming and HR (and Rocco's sister) Italia Comisso-Weinand (20 years) and senior vice president and controller Brian Walsh. The youngsters of the team: EVP of operations John Pascarella (18 years); SVP and chief technology officer JR Walden (18 years); and SVP and general counsel Joe Young (15 years).

Comisso and Mediacom have also proudly stuck to their guns on the financing and acquisitions side. Although the company has not made a major purchase since it bought AT&T Broadband's systems in Iowa, Georgia, Illinois and Missouri in 2001, its average acquisition cost between 1996 and 2001 was \$2,155 per subscriber, compared to the industry average of \$3,432 per subscriber.

## EYE ON DEBT

Mediacom instead has re-invested capital in the business — including about \$4.2 billion in the broadband network — and up until its successful go-private transaction in 2011, bought back its own

highly undervalued stock. In that going-private transaction, Comisso bought out his longtime backer, Morris Communications.

Comisso and his team also have shown their savvy in the financing markets. Mediacom's cost of debt at year-end 2015 was about 4.3%, the lowest in the industry.

"That's very impressive," Moffett Nathanson principal and senior analyst Craig Moffett said. **Q**



Rocco Comisso in his office at one of his early business ventures — a disco he operated with his brother in the Bronx, N.Y. in the 1970s.



Young Rocco Comisso showed a talent for music from a young age and was encouraged to learn the piano and the accordion.





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# TV Land Goes for 'Younger' Viewers

Programming chief Keith Cox still seeks 25-54s, but is aiming squarely at Generation X



Amid overall ratings struggles for its parent company Viacom's portfolio of cable networks, TV Land is looking to build its ratings fortunes by repositioning itself as a comedy-centric network focusing on a 25-54 audience, which is a departure from its previous target audience of 50-plus baby boomers. The network has traded earlier, older-skewing original shows like *Hot in Cleveland* for new comedies slash dramas like *Younger*, starring Sutton Foster as a 40-year-old mother trying to pass herself off as 26 to land her dream job, and the upcoming *The Lopez Show*, in which comedian George Lopez plays himself as a Latino comedian who tries to balance the spoils of his success with his humble beginnings. Leading the network's programming charge is Keith Cox, TV Land's executive vice president of development and original programming. *Multichannel News* programming editor R. Thomas Umstead and Cox spoke after the network's upfront presentation in New York about the network's repositioning, as well as some of the challenges it faces in a crowded programming environment. Here are some edited highlights.

**MCN: How would you define the TV Land brand?**

**Keith Cox:** The DNA for the channel has always been great comedies. Even with our acquisitions, we curated the best comedies that the broadcast net-

works offered. At the time, my role to augment that was to make multicam comedies like *Hot in Cleveland* that featured great casts and fun concepts. But now the TV landscape has become so crowded, with 400-plus shows. For comedies, it's especially hard to get traction, unlike the great dramas that people are driven toward mostly because of serialized storytelling. Big things can happen in dramas — the killing off of main characters and other big surprises — that aren't really done in comedy.

So where we mutated a bit is staying in comedy, but adding more dramatic elements; nobody's really doing that in a half-hour sitcom. Our first foray into that was [producer] Darren Star's *Younger*, and then we launched [dark comedy] *Impastor*,

which has a big mystery element built in into it. So yes it's an evolution, but it's not a total rebrand because we're still in the comedy space.



"We do like people with life experience ... we sell adults 25-54, but we're leaning more 18-49."

KEITH COX, TV LAND

**MCN: So if the brand has evolved, has your target audience changed as well from baby boomers over 50 to a younger audience?**

**KC:** It was boomers, but they have aged, so now we're looking at Gen X. We do like people with life experience ... we sell adults 25-54, but we're leaning more 18-49. We wanted to do something real and less fabricated, which is a risk, but it stands out for the audience.

**MCN: How do you appeal to a younger audience while serving your core viewers?**

**KC:** Through shows like *Younger*, which was our first soap and is working for us — we've just picked up our third season. With *The Lopez Show*, I've always been a George Lopez fan



Sutton Foster stars as a 40-year-old trying to pass for 26 to succeed career-wise in TV Land's *Younger*.

and he knows how to push buttons but there is a lot of likeability there. He's basically playing himself and he has a distinct voice. He really goes into some dark places, but it's really funny. It's a nice balance and it's really a different genre and I'm excited about that.

**MCN: What are the challenges you face as a programmer within a very crowded multichannel environment?**

**KC:** There is a lot of TV in the marketplace and it's hard to create urgency with the comedy genre. With *Game of Thrones* crazy stuff happens and people talk about it; *The Walking Dead* is eye-popping. Comedies are harder: they are there but you can catch them almost anytime, there isn't as much urgency. People want spectacular television, so we need figure out how to add that drama into our comedies. You want to tell stories that invest the audience — we need to develop superfans. If you try to build it for everybody, it loses its voice.

There's also a need for more diverse writers. That's a challenge, but it's an exciting challenge for us. **O**

## TBS Tops February in 25-54

TBS was the most-watched cable network among adults 25-54 during the month of February (Feb. 1-29), a period in which nine of the top 10 networks — including TBS — posted year-to-year declines.

Network	2015	2016	% Change
TBS	912,000	772,000	-15%
USA Network	850,000	772,000	-9%
Discovery	896,000	685,000	-24%
HGTV	636,000	678,000	.7%
FX	721,000	673,000	-7%
TNT	696,000	637,000	-8%
ESPN	571,000	542,000	-5%
History	707,000	501,000	-29%
CNN	173,000	487,000	.182%
Lifetime	508,000	474,000	-7%
Bravo	518,000	460,000	-11%

SOURCE: Nielsen



New late-night series *Full Frontal With Samantha Bee* helped TBS finish in first place among adults 25-54.



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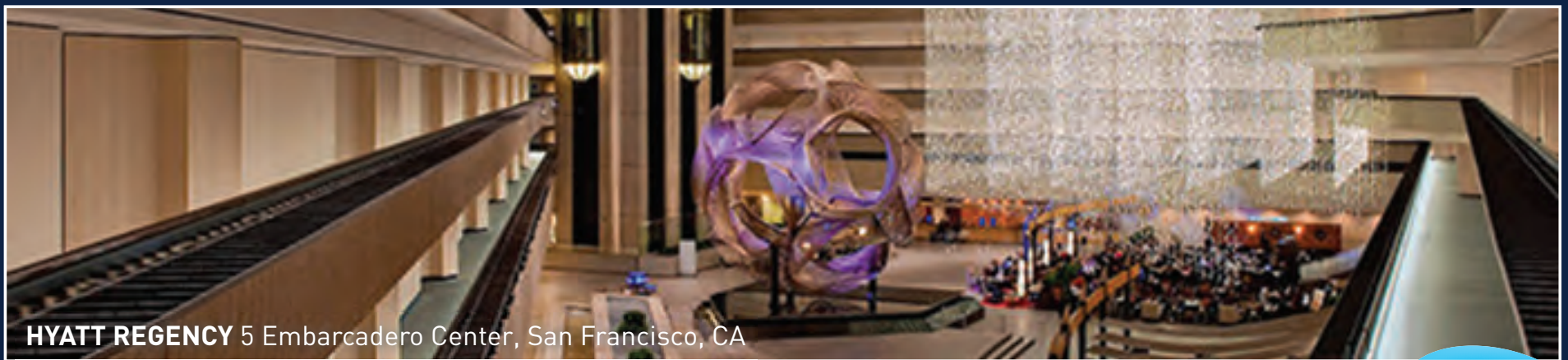
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# Netflix Push Boosts Prospects for HDR

## Standards fall into place as programmers keep filling pipeline

By Chris Tribbey

Netflix will offer season 2 of *Daredevil* in HDR.



**O**N THE HEELS OF endless buzz about high-dynamic range at CES in January, Netflix moved the market in late February, announcing at the Mobile World Congress in Barcelona that it plans to back HDR in a big way in 2016.

In the view of a lot of industry observers, the imprimatur of the streaming giant represents a breakthrough moment for one of the top features of 4K Ultra HD (UHD) TVs and services. HDR technology offers higher contrast between light and dark images—i.e. darker darks and brighter brights on the screen—and has already seen adoption by numerous consumer electronics companies, content creators

and content distributors.

But a big push by Netflix (with its original series *Marco Polo* and the second season of *Daredevil* the service's first to include HDR) may help transform the technology from something most consumers may not have heard of into a mainstream must-have, according to Vincent Moy, director of entertainment industry analysis for research firm The NPD Group.

"Netflix is the undisputed leader in the streaming space, and their endorsement of HDR is significant," Moy said. "Although they weren't the first to publicly adopt HDR, Netflix has essentially raised the bar for new players looking to enter the marketplace. Netflix—and the others—could use HDR to segment their customer base and tailor marketing efforts depending on viewers' appetites for HDR video."

Paul Gagnon, director of TV research for research firm IHS Technology in San Diego, said to this point HDR has suffered from a "chicken and egg" problem: There has been little in the way of a consumer install base with the necessary hardware to support HDR content (though at this year's CES, every major consumer electronics company—including Panasonic, Sony Electronics, Samsung, Sharp, Hisense, Philips and LG—announced HDR support for their 2016 lineups of TVs).

But that hasn't stopped a number of content companies—including Hollywood studios Fox, Universal, Sony, Warner and MGM—from promising HDR content, and digital content services—including Amazon,

M-Go, Vudu and more—from already offering it, ahead of mass adoption of the hardware.

"What Netflix and others are doing is trying to get in at the beginning of it to try and reinforce the adoption, instead of waiting organically for adoption to grow, which frankly hasn't worked in the past with technologies like 3D," Gagnon said. And unlike 3D, which saw a huge amount of hype among TV manufacturers, but slow content available to match at the outset, with HDR "there's been a more coordinated effort, with the hardware and content announcements both coming quickly in almost equal measure," he added.

Jim Freeman, VP of digital video for Amazon, said that when the company debuted shows with HDR in May 2015 on its Amazon Prime Video service—with little in the way of HDR-enabled hardware—it was an acknowledgement that HDR provides something new for the home viewing experience.

"We think that offering movies and TV series in premium and enhanced quality not only raises the bar on innovation that customers have come to expect from Amazon, but fulfills customers' desire to have a truly cinematic experience right on their TVs," Freeman said. "We'll continue to work with Hollywood studios, technology leaders and consumer electronics companies to expand our HDR and 4K offering."

### SEEKING UNIVERSAL STANDARDS

A baseline HDR system (HDR 10, a combination of standards from the Society of Motion Picture & Television Engineers, MPEG HEVC and others) has seen pretty widespread usage and adoption among CE and content companies. And yet, the industry has also seen competing proprietary HDR standards emerge from the likes of Technicolor, Phillips and Dolby.

Netflix has announced that its HDR content would be supported with HDR 10 and Dolby's standard, Dolby Vision, which could help sway CE companies and other digital services to go in Dolby's direction, according to Roland Vlaicu, VP of consumer imaging for Dolby Labs.

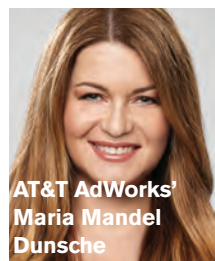
"From our perspective it's a very big deal, and it's a realization on the Netflix side that the pairing of their original content, which is of the highest quality, teamed up with the highest-quality HDR format, is a very good idea," Vlaicu said. "While the Netflix partnership announcement is a global one, we've also announced the partnership with [Walmart-owned] Vudu here in the U.S."

Warner Bros. was the first to offer 4K titles with Dolby Vision HDR for Vudu, available for playback on the Vizio Reference Series 4K TVs. Universal Pictures Home Entertainment (USHE), Metro-Goldwyn-Mayer Studios (MGM) and Sony Pictures Home Entertainment (SPHE) have all agreed to support Dolby Vision HDR in their home entertainment releases. Combined with close to 70 home entertainment hard-

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AT&T AdWorks' Maria Mandel Dunsche





With *Mozart in the Jungle*, Amazon last year became the first video service to offer titles in HDR,

cause you can play all these different flavors of HDR.”

However, Technicolor has been busy making its own HDR waves. The company has worked with LG Electronics to deliver HDR content that meets the standards of the UHD Alliance, a consortium of consumer electronics manufacturers, major Hollywood studios, tech companies and content distributors. It also announced a partnership with Royal Philips that sees the two combining their resources on HDR encoding and decoding software and content creation tools. Technicolor also has made agreements with set-top box and system-on-chip manufacturers (including Marvell, MSTAR, Sigma and STMicroelectronics) to adopt its HDR technology.

“Combining the HDR research from two of the most prominent and trusted names in imaging is a significant step in the maturity of HDR technologies,” Manuele Wahl, senior VP of technology and trademark licensing at Technicolor, said when the Philips partnership was announced.

#### DOLBY'S ADVANTAGE

Along with the UHD Alliance, the Society of Motion Picture & Television Engineers, the International Telecommunication Union, the Advanced Television

Systems Committee, the Blu-ray Disc Association and others have all weighed in on the standards needed for HDR. But according to NPD's Moy, it looks as if the market is already making a choice in that regard.

“Universal standards—which have stymied previous format launches—appear to be easier to come by for HDR,” he said. “The major TV manufacturers—including Samsung, LG, Sony and Panasonic—have already lined up in support of Dolby Vision and HDR 10. There is less industry friction this time around.

“Also, since it's SVOD players who are leading the HDR charge, there are fewer delivery barriers than would exist for a new physical media format (e.g., disc replication and players),” Moy continued. “The HDR bandwidth requirement is obviously higher than for non-HDR content, but it's incrementally greater than 4K UHD, not exponentially greater.”

IHS's Gagnon said that while the differing HDR technologies may present a “minefield” for consumers in that what plays on one TV may not be able to play on another, already the home entertainment industry is learning from mistakes it made in the past.

“With HDR you've got groups of companies coming together to develop a standard at the outset of a technology, instead of after the horse has already left the barn,” Gagnon said. “That's what the Ultra HD Alliance did at the beginning of the year, bringing together movie studios, TV companies and distributors to give the industry certainty around what the standards are.”

Or as Amazon's Freeman put it: “It's still early days. We'll continue to work together to bring more titles to our customers in HDR this year.” ♦

ware products that have been announced or released that include Dolby Vision, Vlaicu said Dolby Vision has the support needed to make it a front-runner for HDR content.

“It's a great selection of content already out there... but what we're seeing today being released is just the tip of the iceberg,” Vlaicu said. “We're close to a point of critical mass where people will look to purchase a TV with Dolby Vision. Dolby Vision, on the playback side, is the superset that supports both generic HDR playback as well as Dolby Vision content. You're on the safe side when you buy a Dolby Vision set, be-

## Pumping Up the Programming

A look at digital services offering or planning to offer HDR-enabled content

**Amazon Prime Video:** Amazon was the first video service to offer titles in HDR starting in May 2015 with its original series *Mozart in the Jungle*. It offers HDR-enabled titles on Amazon Prime (free for the company's Prime members) and on Amazon Video (titles that anyone can purchase or rent with no membership required). On March 11, the second season of the Amazon original series *Bosch* will be available in HDR.

**Comcast:** First available for Samsung UHD TVs in 2014, Comcast's Xfinity in UHD app offers hundreds of 4K titles, some with HDR. Matt Strauss, executive VP and GM of video services for Comcast Cable, said when the service launched that Xfinity in UHD would provide “our customers with UHD and HDR programming on the biggest screen in the home.”

**Kaleidescape:** High-end movie server company Kaleidescape, based in Sunnyvale, Calif., launched a third-generation version of its Kaleidescape Movie Store earlier this year, offering more than 100

4K Ultra HD titles, some with HDR. The HDR titles available can be downloaded and played at bit rates of up to 100 Mbps and are available for the company's line of Encore and Strato players and servers.

**M-GO:** M-GO, the transactional VOD digital service purchased from Technicolor and DreamWorks Animation by online movie ticket seller Fandango in late January, offers HDR-enabled titles for download to devices that support Vidity, the consumer brand name for the 4K download and playback technology from the studio-supported Secure Content Storage Association (SCSA).

**Netflix:** Netflix has announced HDR support for its original series *Marco Polo* as well as the second season of *Daredevil* and has plans to offer more of its 4K content this year with HDR. Netflix has announced support for Dolby Vision's HDR technology.

**Sony:** At the 2016 CES, Sony Electronics announced it will launch a 4K streaming service,

dubbed Ultra, with HDR this year for owners of its 4K TVs. More details on the launch are expected to be announced March 29 when several Sony executives gather in San Francisco for a press event, according to a Sony Pictures Home Entertainment spokesman.

**UltraFlix:** San Jose, Calif.-based NanoTech Entertainment in late 2015 updated its UltraFlix 4K streaming channel to carry HDR-enabled titles, announcing at the time that “viewers not only feel the difference, but significantly notice the fine details” when viewing HDR.

**Vudu:** Walmart-owned streaming service Vudu late last year began offering titles that include Dolby Vision HDR technology, specifically for viewing via Vizio's reference series of UHD TVs as well as the Roku 4.

**YouTube:** YouTube announced at CES that it will begin supporting HDR later this year. A YouTube spokeswoman said no additional details were available at this time. —CT



# AT&T Preps Big Programmatic-TV Play

Linear TV is initial focus, though VOD, OTT could eventually join mix

By Jeff Baumgartner

**C**ONVINCED THE TECHNOLOGY is ready for primetime, AT&T is jumping into the programmatic TV game with both feet using a platform developed in partnership with Videology.

That automated, self-service private marketplace, christened as the Video Inventory Platform (VIP), will enter the beta phase in the second quarter of this year, and expand to a broader, commercial launch sometime in the second half of 2016.

AT&T unveiled VIP at Videology's recent "Full Frontal" event, and AT&T, which acquired DirecTV last summer, wanted to get the word out about its new programmatic TV play ahead of the ad-planning season.

"We've been working on this for a number of months with Videology," Maria Mandel Dunsche, vice president and head of marketing at AT&T AdWorks, said. "We wanted to be sure that advertisers were aware that this is happening this year and that they should keep us in mind as they go into upfront season planning."

VIP will help advertisers and their agencies build campaigns off of the AT&T AdWorks data-driven national TV ad inventory (TV Blueprint), which includes national networks spanning all dayparts and 26 million homes in all 210 DMAs (designated market areas).

AT&T believes its approach to programmatic TV will be groundbreaking in the sense that it's offering access to a large pool of transparent, data-driven premium linear-TV ad inventory.

"Programmatic is a hot topic right now in the TV space," Mandel Dunsche said. "But there really wasn't a platform that automated the buying of premium, high-quality inventory that was national and scaled, and where there was any meaningful volume associated with it. It's been primarily remnant inventory, VOD, and digital-type inventory."

Still, AT&T's new initiative joins other programmatic TV efforts that are well underway. Dish Net-

**"There really wasn't a platform that automated the buying of premium, high-quality inventory that was national and scaled, and where there was any meaningful volume associated with it."**

*— Maria Mandel Dunsche, AT&T AdWorks*



work's media-sales unit introduced an impression-focused platform last fall that relies on real-time bidding technology and ties in three demand-side partners – DataXu, Rocket Fuel and TubeMogul. Among examples involving major programmers, NBCUniversal is adding linear broadcast and cable ad inventory to its programmatic ad sales offering starting this fall, and will make that part of its upfront sales.

As for AT&T AdWorks, the plan is to soon announce its initial beta clients, which could either involve one client or one agency that will use the new platform across several campaigns. AT&T will use those learnings before rolling VIP out wider later this year.

The expectation is to offer access to AT&T's full data-driven linear TV inventory, selling from the same pool that's sold by its direct sales force.

VIP also adds targeting to the mix by tapping into the 250 or so attributes that are supported by AT&T

AdWorks's TV Blueprint product, which extend well beyond age and gender. Though not part of the initial VIP beta, the new platform will also eventually allow advertisers to ingest their own data in addition to AT&T's first-party and third-party data.

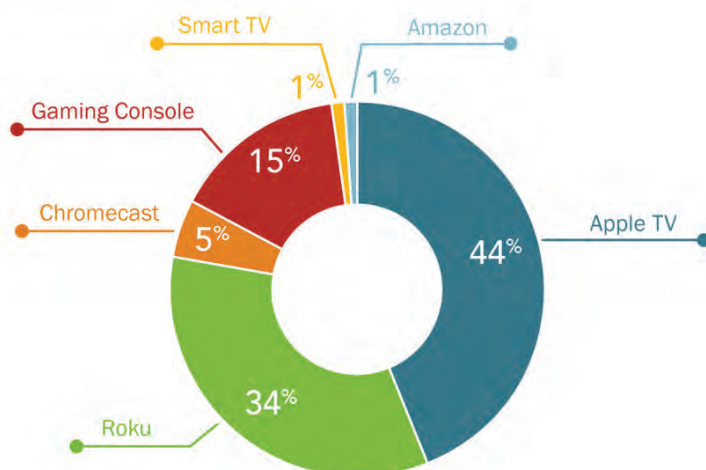
Over time, that will enable those partners to learn and determine which targets are working better for them than others, while also enabling them to refine and tune their overall media plans as they go along, Mandel Dunsche explained.

Also post-beta, there is the potential to the hope is to expand VIP beyond linear TV, and reach into other sources of inventory, including addressable inventory and digital inventory. On the digital end, AT&T is preparing to launch three DirecTV-branded over-the-top video services in the fourth quarter of 2016.

"Our goal is eventually roll in all of the ad inventory that we have access to," Mandel Dunsche said. ♦



OTT Ad View Share by Device | Q4 2015



## Apple TV's Ad-Vantage

THE MARKET FOR OVER-THE-TOP video devices remains a tight one, but Apple TV holds a clear lead with respect to ad-supported views of premium digital video.

Apple TV represented 44% share of OTT ad views among the group in Q4 2015, followed by Roku, game consoles, Google's Chromecast adapter, smart TVs and Amazon's Fire TV box and streaming sticks (see chart), according to the latest *Video Monetization Report* from FreeWheel, the ad-tech company acquired by Comcast in 2014.

With respect to ad views by device type, desktops/laptops still led all categories with 40% share but grew a

mere 0.1% on a year-over-year basis. OTT devices, meanwhile, scored a 22% share (up 76%), followed by smartphones (19%, up 92%), set-top VOD (10%) and tablets (9%, up 40%).

Browsers, FreeWheel predicted, will never again be the "first stop for digital video content."

On the TV-everywhere front, authenticated viewing for long-form and live content accounted for 65% of monetization in Q4 2015, up from 56% in the year-ago period. Entertainment content was the top category for TVE with respect to video ad views, followed by sports, news and kids' fare.

— Jeff Baumgartner



**“Just between May [2015] and today, we’ve put 5 million voice remotes in customers’ homes. That’s the fastest ramp of any product we’ve ever done.”**

*Brian Roberts, chairman and CEO of Comcast, speaking at the recent Morgan Stanley Technology, Media & Telecom conference in San Francisco. He said heaviest users use the X1 voice remote “a couple hundred times a week.”*



**BLOG: THE BAUMINATOR**

**Study: 49M U.S. Homes Connect TVs to Internet**



**Jeff Baumgartner**

ABOUT 49 MILLION U.S. Internet homes now own some type of connected-TV or connected-TV streaming device, an increase of about 6 million homes (or 14%) over the past year, according to a new report from NPD Group.

The study, based on a survey of more than 5,000 U.S. consumers conducted in Q4 2015, found that the latest numbers mean more than half (52%) of all U.S. Internet homes have at least one device in the growing category.

Broadband-fueled gaming consoles still represent the highest penetration among device types, followed by the growing streaming-media player market, connected TVs and Blu-ray Disc players, per NPD’s study, the *Connected Intelligence Connected Home Entertainment Report*.

The research firm also estimates that the average connected TV home had installed nearly three (2.9) devices that could stream video programming from apps directly to the television screen.

“Ownership of connected televisions and streaming media players is accelerating while the availability of streaming content is simultaneously expanding,” John Buffone, executive director of Connected Intelligence at NPD Group, said in a statement.

*For more of this blog, please visit [multichannel.com/March14](http://multichannel.com/March14).*

**TECH TWEETS**



**“Will @Comcast Allow @DirecTV to Become the Bring-Your-Own Box vMVPD Leader? <http://www.btigresearch.com/2016/03/04/will-comcast-allow-directv-to-become-the-bring-your-own-box-vmvpd-leader/> ... \$T \$CMCSA”**

*BTIG analyst Rich Greenfield (@RichBTIG), linking to a blog post wondering if Comcast will respond to AT&T’s over-the-top moves by becoming a “virtual” multichannel video programming distributor and launching a national OTT video service. AT&T has said it plans to launch three DirecTV-branded OTT offerings in the fourth quarter of 2016.*

**VIDEOPHILE**

**CONSUMERS WILL PAY FOR PERKS**

ABOUT 76% of consumers are willing to pay an additional \$3.99 per month for a subscription that gives them access to premium content or other members-only benefits, according to a new survey of 1,000 adult U.S. consumers commissioned by subscription billing specialist Vindicia.

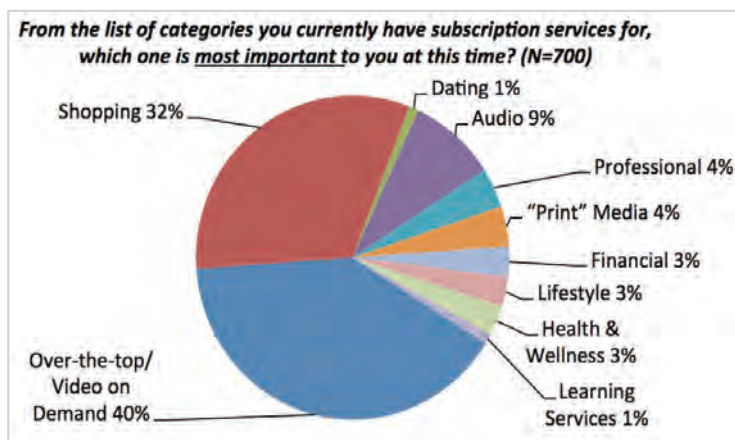
That figure jumps to 84% if that price is set at an extra \$1.99 per month.

The study also found that 90% of consumers are interested in upgrading from a basic subscription to one with valuable privileges such as discounts, exclusives and access to events or activities that involve other subscribers.

Surveyed consumers with multiple subscriptions said products with over-the-top video or video-on-demand services were most important to them (40%), followed by ones with shopping (32%) and audio (9%).

OTT/VOD was also the most frequently used subscription service (42%), followed by shopping (28%), audio (13%) and print media (5%). About 45% said OTT services such as HBO Now, Netflix and Hulu were the most important to them, while 30% cited shopping services such as Amazon Prime and Google Express, and just 8% identified audio services such as Apple Music, Pandora, Spotify and Audible.

Vindicia’s study also shed light on why some consumers cancel their subscriptions. The biggest part of the group (39%) said it was because they didn’t see the value in the subscription, followed by 36% who no longer wanted the financial obligation.



**NUMBER**

**\$1.1 billion**

The investment plowed into augmented and virtual reality companies so far in 2016 – a record set just two months into the year – according to a report and study from Digi-Capital. About \$800 million of that was invested just in one company, augmented reality startup Magic Leap.

BIG DATA

# Beyond the Demo

For decades, “the demo” has ruled the TV ad biz. Now Big Data targets viewers not for how they look alike but for how they act alike.

By Dennis Kneale

I am stunned. Thirty years after I started covering the broadcast networks as a young *Wall Street Journal* reporter, the demo still forms the foundation of the \$80 billion a year in TV advertising in the U.S. and billions of dollars more overseas. Michael Jackson, Ronald Regan, Nirvana, Pets.com, Bear Stearns—all gone. Yet advertisers and programmers still think that the most important information to have about the audience is their age, sex, and race. It’s time to go beyond the demo, beyond look-alikes. It’s time for act-alikes: to apply what we know about the science of what people do, how they behave, the interests they share.

The approach, which is called advanced behavioral targeting (ABT), goes far beyond the demo that has defined American audiences since the early days of broadcast television. Where the casual observer sees a melting pot of viewers, ABT classifies viewers based on shared interests, minute-by-minute TV-watching habits, buying behavior (both online and off), social media engagement, and more.

“We’ve been using act-alike model-

ing for promos, not just look-alike,” says John Curran, director of media analytics at RSG Media, a New York-based software and consulting firm. “Moving beyond age-and-sex demo targeting is essential to growing ratings in this ever-shrinking linear landscape.” RSG Media, the company that sponsored this series, helps content companies harness Big Data and sift through dozens of data feeds to unearth customer insights.

## Welcome to the Club

With act-alike modeling, networks that want to attract viewers build “reciprocal affinity” groups—communities of viewers who watch the same networks, the same shows. “It’s like love for each other. You like me and I like you, so let’s find other people who like both of us,” explains Curran, “only the love is for what our group thinks is great television.”

Earlier this year, RSG Media launched a breakthrough platform, Media Mantra, and already several major cable networks are seeing audience growth using 10–30% fewer promos. Powered by proprietary, machine-learning algorithms, Media Mantra is a “campaign optimizer.” It uses proprietary algorithms to constantly analyze incoming viewership data from Nielsen AMRLD (All-Minute Respondent Level Data), the underlying linchpin of television. Media Mantra uses AMRLD’s insights to recommend promo schedules for new shows, allowing programmers to reach more of their target viewers with fewer spots.

RSG Media’s clients keep many of their real-life examples secret. So here is a fabricated example that illustrates the capabilities of Media Mantra:

Viewers of HBO’s *Game of Thrones* are of



Dennis Kneale

a particular stripe (probably covered in animal fur), a community of some eight million who watched the season five finale last year. Now let’s say 30 percent of them also are fans of *The Walking Dead* on AMC, whose season five finale last year garnered 15.8 million viewers. By inference, given that 2.4 million viewers of *The Walking Dead* are also fans of *Game of Thrones*, the other 13.4 million zombie-watchers on AMC might be ripe for converting over to *Thrones*.

“Our machine-learning algorithm learns from past successes, but more importantly, past failures, and automatically adjusts to those successes and failures when moving forward,” says RSG Media’s Curran. “What’s particularly beautiful about it is, Media Mantra takes all this knowledge and does the work for you.”

## Machine Magic

Media Mantra is working its machine-learning magic for various networks, and it has delivered sometimes surprising increases in reach and conversion rates, getting high percentages of viewers to tune in to a show whose promos they saw on other networks.

One factor driving these advances is the surge in TV viewing on handheld devices. Suddenly programmers can know far more about viewer behavior, about how much they watch and where, about which shows hold their interest the longest and which shows they stop watching after a few minutes, and about which viewers tune in to a program after watching a promo.

The aim, in this era of fragmenting audiences and the rise of millions of separate Internet video streams, is not as focused on trying to reach *more* total viewers as it is on targeting more precisely the *right* viewers on linear TV—those who are most likely to watch a promo for a new show and later “convert” and tune in. Remember, not all GRPs are created equal.

The RSG Media platform can also break up these audiences into quadrants delineated by viewing behavior, an approach proffered by Nielsen itself. “Gold” viewers are those who tune in to your network often and stay tuned in for a long time; “Silver Sliders” are those who visit your network often but flit about and don’t stay tuned in for very long; “Occasionals” are people who don’t visit your network often, but when they do they stay tuned in for a long time; and “Lights” are viewers who don’t watch your network much at all and leave quickly when they do deign to pay a visit. Using these quadrants, networks know not only to whom they should promote their shows, but they also know on whom they should stop wasting time.

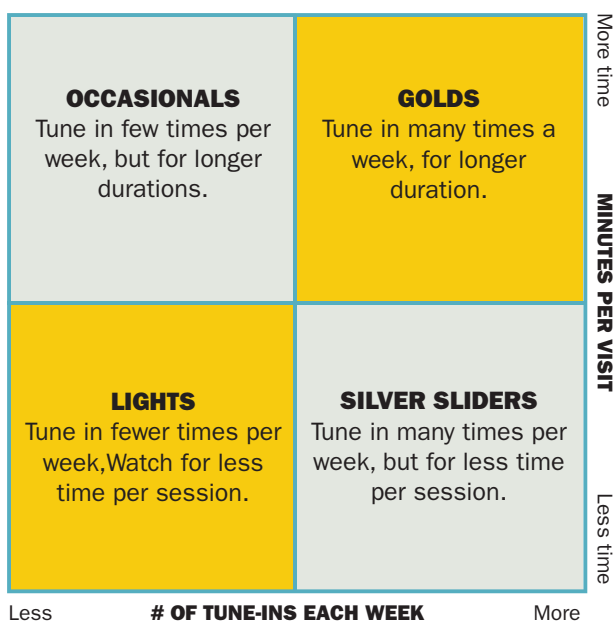
So when Media Mantra runs its machine-learning calculations to schedule a network’s promo spots, it knows to target the middle two groups: the Silver Sliders and the Occasionals. What makes the system extra clever is that it realizes that one network’s Lights are another network’s Golds. The system tracks these lighter viewers to learn where they land, because this information can be useful for other shows or other channels.

The optimizer machine’s ultimate objective is to transform your Occasionals into Golds by identifying and targeting Occasionals who are Gold on other networks, and then using the power of data science to entice them to your outlet. And, as soon as they have turned to Gold on your network, Media Mantra adapts, ignoring these newly converted Golds as it starts to search out still more fans elsewhere.

People tend to like what they know; it’s comfortable. This is often the case with new technology. What we’re seeing now is a few select networks, sprinting to the profit line, turbo-charged with data-fueled insights. ■

## FOUR-PART HARMONY

In targeting the “right” viewers most likely to see a promo and tune in later, the Media Mantra optimizer ignores a network’s lightest and heaviest viewers to aim at the in-between: Silver Sliders and Occasionals. The trick is to reach out to them on other nets.



SOURCE: Nielsen, RSG Media





**ALTICAST**

Broomfield, Colo.-based Alticast has named **Nara Won** as vice president, business development and strategy. He comes from Humax Americas, where he was VP, business development.

**CHARTER**

**Rob Klippel** has joined Charter Communications in Stamford, Conn., as senior vice president, advanced advertising products and strategy. He comes from Comcast, where he most recently served as vice president of advanced platforms.



**WON** Alticast

**DID YOU KNOW?**

As VP, engineering and operations at Comcast Spotlight, Rob Klippel led its transition to full digital ad insertion on linear TV.

**COMCAST**

Comcast Cable has tapped **Noopur Davis** as Philadelphia-based senior vice president, product security and privacy for its technology and product team. She comes from Intel, where she was VP, global quality, Intel ISecG.



**KLIPPEL** Charter

**DELUXE**

**Brett Belinsky** has joined Deluxe Entertainment Services Group in Burbank, Calif., as president, Deluxe Delivery Operations. He comes from Encompass Digital Media, where he was managing director.



**TODD** HLN

**ERICSSON**

**Shiva Patibanda** has joined Ericsson as vice president and chief technology officer of TV and Media. He is a former SeaChange International executive, having served as chief technology officer and GM of in-home products.

**LEGENDARY**

Burbank, Calif.-based studio Legendary has named **Mary Parent** as its vice chairman, worldwide production, a new post. She is the founder and CEO of Disruption Entertainment.

**RR MEDIA**

**David Treadway** has been named managing director for Europe at London-based RR Media. He comes from WRN Broadcast, where he was CEO.

**SAM**

**Paul Horton** has joined Snell Advanced Media (SAM) as chief financial officer, based in London.

**SEACHANGE**

**Tony Dolph** has joined SeaChange International as senior vice president of marketing. He had been president and CEO of software-as-a-service firm Hubcast.

**SOURCEAUDIO**

**Douglas Reed** has joined B2B music platform SourceAudio as executive vice president, business development, radio and library services. He was VP, creative director at Premiere Networks.



**DAVIS** Comcast

**SIDLEY AUSTIN**

**Jonathan Nuechterlein** has joined Washington, D.C., law firm Sidley Austin as partner and co-head of its regulatory practice, and as a member of its antitrust/competition practice. He was general counsel of the Federal Trade Commission.

**STARRY**

**Kristen Morrissey Thiede** has joined fixed-wireless broadband provider Starry as senior vice president of business development and corporate strategy. She had been an adviser at venture-capital firm Metamorphic Ventures.

**DID YOU KNOW?**

Kristen Morrissey Thiede spent 14 years at Google, and led business development and content licensing for Google Fiber.



**HORTON** SAM

**GO2MOBI**

**Jake Dolce** has been named vice president, national brand sales, at mobile advertising platform Go2Mobi. He comes from multiscreen ad-tech company Collective, where he was senior director, media sales, East.

**HLN**

**Stephanie Todd** was promoted to vice president, programming, at HLN, responsible for daytime news programming. She had been senior director, planning and programming.



**REED** SourceAudio

**UNIVISION**

**Margaret Lazo** has joined Univision Communications as New York-based chief human resources officer. She was global human resources leader for the Commercial Real Estate and Americas Lending and Leasing at GE Capital.

**CALENDAR**

**MARCH 23**

T. Howard Foundation, 23rd Diversity Awards Dinner, Cipriani Wall Street, 55 Wall Street, New York. For more information, please visit: [www.t-howard.org](http://www.t-howard.org).

**MARCH 31**

NAMIC Mid-Atlantic General Membership Mixer, Sirius XM, 1500 Eckington Place NE, Washington, D.C. Free admission for members and non-members. To register, please visit [www.NAMIC.com/events](http://www.NAMIC.com/events).

**APRIL 5-6**

Cable Telecommunications Human Resources Association, CTHRA Think Tank: "Power & Politics in the C-Suite," NBCUniversal Talent Lab, New York. Contact: Colleen Gorniak, [cgorniak@ctra.com](mailto:cgorniak@ctra.com) or (630) 599-7121.

**APRIL 5**

Multichannel News and Broadcasting & Cable, Advanced Advertising, Convene, 730 3rd Ave., New York. Contact: Rebecca Shottland, (917) 281-4782 or [rshottland@nbmedia.com](mailto:rshottland@nbmedia.com).

**APRIL 6**

Television and Video Marketers Conference, Convene, 730 3rd Ave., New York. For more information, visit: [tvmconference.com](http://tvmconference.com).

**APRIL 7-10**

Adaptive Spirit 2016, Vail Cascade Resort and Spa, 1300 Westhaven Dr., Vail, Colo. Contact: (303) 797-9507 or [contactus@adaptivespirit.com](mailto:contactus@adaptivespirit.com).

**APRIL 11-16**

National Association of Broadcasters, 2015 NAB Show, Las Vegas Convention Center, Las Vegas. Visit: [www.nabshow.com](http://www.nabshow.com).

For more Multichannel News events, visit [multichannel.com/events](http://multichannel.com/events).

**SUBMISSIONS:** Send people and calendar items to Michael Demenchuk, [Multichannel News](http://Multichannel News), 28 E. 28th Street, 12th Floor, New York, N.Y. 10016 or via email to [MCNPeople@nbmedia.com](mailto:MCNPeople@nbmedia.com).



# FCC Wades Into Privacy Stream

Opens several fronts on policing care and handling of customer information

BY JOHN EGGERTON

WASHINGTON — The FCC has become focused on private parts.

No, the Federal Communications Commission is not cracking down on indecency as it did a decade ago. The private parts in question are the parts of its regulatory purview, or its interpretation of that authority, dealing with broadband privacy, including its new authority over broadband customer privacy, its extension of privacy protections to programming streams on set-tops, and only its second enforcement action under enhanced transparency rules.

FCC chairman Tom Wheeler last week circulated his proposal for how an Internet-service provider should treat customers' information, such as which websites they visit or how their information is being used, and it includes an opt-in regime for most targeted advertising. ISPs already are required to protect CPNI (customer proprietary network information) — like VOD records — for traditional video service.

Cable operators and other ISPs had offered up a proposal to the FCC.

## FAVORING FTC MODEL

The framework is based in the National Cable & Telecommunications Association's argument that rather than come up with new rules and regulations, the FCC should "[pursue] reasonable enforcement actions against telecommunications service providers that have clearly violated these principles." That is the Federal Trade Commission model. The FTC has enforcement authority, but very limited authority to promulgate new regulations.

ISPs do not concede the FCC even has the authority to regulate broadband CPNI, which is tied to the Open Internet order they are challenging. But they had wanted the FCC to steer clear of new rules and that doesn't look like it is happening. (ISPs have argued that targeting them ignores the power of edge providers like Google and Facebook, which are not covered by the FCC's proposal).

Cable ISPs have an ally in Republican FCC commissioner Michael O'Rielly. In a speech last week, O'Rielly said he had "deep concerns" about the "direction the commission may be headed on the use and analysis of data by broadband companies." In the name of privacy, the FCC seemed "intent on doing great damage to

the interworking of the Internet," he said.

"Beyond the deeply flawed authority for privacy regulation generated from last year's net-neutrality decision, which is still being challenged in the courts, the commission doesn't understand how its new burdens will impose unnecessary and costly compliance on broadband providers," he said.

Privacy groups, which were celebrating last week, argued that there need to be tough new rules. The FTC has limited enforcement authority, relying on the threat of lawsuits, while the FCC does not. Those groups, which include ACLU, Center for Digital Democracy, Free Press and Public Knowledge, want the FCC to use that regulatory authority.

"Fundamentally, the FTC is not a data-protection agency," the privacy groups said. "Without regulatory authority, the FTC is limited to reactive, after-the-fact enforcement actions that largely focus on whether companies honored their own privacy promises."

The FCC essentially deeded itself new authority over broadband CPNI when it reclassified Internet-access service as a telecommunications service, but said it would not simply graft the phone CPNI regulations onto broadband, and forbore from applying the Section 222 rules while it came up with a new approach.

Section 222 of the Communications Act "imposes a duty on every telecommunications carrier to protect the confidentiality of its customers' information and imposes restrictions on carriers' ability to use, disclose, or permit access to customers' individually identifiable customer proprietary network information (CPNI) without their approval."

The FCC agreed in the meantime to team with the FTC on oversight, and

advised ISPs that while it was working on what the new privacy regime will be, they should be taking "reasonable, good-faith steps" to comply with the spirit of Section 222, rather than the "technical details" of the phone-centric rules.

## BITING INTO 'SUPERCOOKIES'

In a related move last week, in only the second enforcement action for the FCC's new enhanced transparency rules under the Open Internet order, Verizon agreed to pay \$1.35 million and get its customers' permission to in-



Verizon's Karen Zacharia says the FCC settlement does not change her view that the agency should adopt guidelines, not rules, for privacy.

sert "supercookies" called unique identifier headers (UIDH) into their mobile Internet streams. Those headers allow Verizon and third parties to deliver targeted ads.

"As a result of the investigation and settlement, Verizon Wireless is notifying consumers about its targeted advertising programs, will obtain customers' opt-in consent before sharing UIDH with third parties, and will obtain customers' opt-in or opt-out consent before sharing UIDH internally within the Verizon corporate family," the FCC's Enforcement Bureau said in announcing the settlement.

Referencing the settlement, Karen Zacharia, Verizon's chief privacy officer, took issue with the FCC's use of "supercookie" to describe the UIDH, saying in a blog

post that it was not a cookie, which is placed and stored on computers, but a "a piece of data included in the header of certain Internet traffic." In any event, Zacharia said, the fact that the company settled does not change its view about the FCC broadband privacy rulemaking and its support for the ISP proposal.

"Any broadband privacy framework adopted by the FCC should be flexible enough to permit carriers to innovate and compete while providing customers the information they need to make privacy-related decisions," she said.

## PROTECTING THE STREAM

Also on the FCC's agenda is how to protect cable customer information when it makes those programming streams available to third-party set tops, as it plans to do in a proposal adopted last month.

The agency's proposal requires third parties to certify that they will protect the privacy of cable subscribers' CPNI since, as edge providers and app developers, they are not subject to Section 222.

The FCC promises that it will not allow an MVPD to pass through its information streams to a third party without that certification. ISPs have argued that since the FCC does not trust them to self-certify they are not engaging in paid blocking, degrading or prioritizing, why would it assume edge providers can be trusted to comply with the privacy regulations. **O**

## \* MORE ONLINE

To check out the FCC's new privacy proposal, visit [multichannel.com/March14](http://multichannel.com/March14).

**TAKEAWAY**  
How the FCC regulates privacy will affect how ISPs can use and monetize customer information.



# Multichannel News Index (MNI)

1,113.99

0.74%  
8.16  
(WEEKLY)

	Price 3/9	Price 3/2	Weekly % Change	Month Ago	Year Ago	52-Week High	52-Week Low
<b>PROGRAMMERS</b>							
21st Century Fox	27.70	27.59	0.40%	24.14	34.72	35.85	22.66
AMC Networks	65.97	64.14	2.85%	63.86	72.78	87.18	60.84
CBS	52.10	50.15	3.89%	42.65	60.51	63.95	38.51
Crown Media Holdings	5.10	4.62	10.39%	4.28	3.64	6.16	3.53
Discovery	27.67	26.78	3.32%	24.72	32.81	34.94	23.74
Disney	97.66	97.00	0.68%	92.32	105.26	122.08	87.00
Evine Live	0.89	0.56	58.93%	0.57	6.14	6.96	0.41
HSN	53.31	54.23	-1.70%	42.06	66.18	75.43	40.83
Liberty Media	37.99	37.11	2.37%	32.15	39.52	42.22	31.18
MSG Networks	18.10	17.00	6.47%	15.99	21.19	87.27	15.30
Netflix	98.00	97.61	0.40%	86.13	63.66	133.27	58.46
QVC Group	25.10	25.83	-2.83%	22.68	29.13	31.62	22.51
Scripps Networks Interactive	64.12	60.97	5.17%	55.00	73.47	73.67	47.62
Starz	27.98	26.48	5.66%	22.04	33.73	46.59	20.33
Time Warner Inc.	68.65	66.76	2.83%	63.21	85.20	91.34	59.52
Viacom	38.88	37.48	3.74%	32.86	71.28	73.46	30.11
WWE	17.85	17.31	3.12%	16.47	16.89	23.63	13.01
<b>TOTAL</b>	<b>1,441.66</b>	<b>1,420.56</b>	<b>1.49%</b>	<b>1,314.16</b>	<b>1,688.41</b>	<b>1,794.73</b>	<b>1,249.71</b>
<b>TELCOS</b>							
AT&T (H)	37.98	37.69	0.77%	36.65	33.35	38.42	30.97
Sprint	3.96	3.75	5.60%	2.65	5.34	5.39	2.18
Verizon (H)	52.34	52.12	0.42%	50.15	48.23	52.96	38.06
<b>TOTAL</b>	<b>705.84</b>	<b>701.72</b>	<b>0.59%</b>	<b>678.60</b>	<b>635.83</b>	<b>713.23</b>	<b>542.93</b>
<b>SATELLITE TV</b>							
Dish Network	48.95	48.84	0.23%	40.68	76.08	76.49	38.85
<b>TOTAL</b>	<b>1,853.56</b>	<b>1,849.39</b>	<b>0.23%</b>	<b>1,540.40</b>	<b>2,421.27</b>	<b>2,643.83</b>	<b>1,470.94</b>

## MSOs

	Price 3/9	Price 3/2	Weekly % Change	Month Ago	Year Ago	52-Week High	52-Week Low
Cable One	412.23	419.41	5.44%	412.27	N/A	492.81	365.00
Cablevision (H)	33.28	32.91	1.12%	31.62	18.41	33.45	17.66
Charter	186.55	181.88	2.57%	165.04	184.03	199.00	156.18
Comcast	58.78	59.37	-0.99%	58.21	60.57	64.98	50.01
Liberty Broadband	53.05	51.61	2.79%	45.86	53.76	58.13	42.03
Liberty Global	35.91	37.80	-5.00%	31.19	54.20	58.66	30.65
Rogers	38.64	37.58	2.82%	34.11	34.13	41.38	32.50
Shaw	18.04	17.27	4.46%	16.81	22.85	23.50	15.66
Time Warner Cable (H)	195.48	193.41	1.07%	180.59	159.73	195.74	145.44
<b>TOTAL</b>	<b>2,494.78</b>	<b>2,487.69</b>	<b>0.29%</b>	<b>2,382.48</b>	<b>2,399.62</b>	<b>2,621.32</b>	<b>2,146.34</b>

## TECHNOLOGY

	Price 3/9	Price 3/2	Weekly % Change	Month Ago	Year Ago	52-Week High	52-Week Low
Arris Group	23.48	24.05	-2.37%	23.10	28.70	37.50	20.27
Broadcom	141.96	136.97	3.64%	119.71	127.12	150.50	100.00
Cisco	27.61	26.90	2.64%	22.65	29.36	29.90	22.46
comScore	27.34	40.00	-31.65%	34.29	50.94	65.00	26.21
Concurrent Computer	6.04	5.85	3.25%	4.98	7.13	7.13	4.54
EchoStar	45.08	44.83	0.56%	33.50	52.96	53.75	30.86
Harmonic	3.28	3.44	-4.65%	3.12	7.59	7.80	2.92
Intel	30.87	30.54	1.06%	28.81	32.72	35.59	24.87
LM Ericsson Telephone	9.25	9.30	-0.54%	8.56	12.49	13.14	8.43
Microsoft	52.84	52.95	-0.21%	49.28	42.85	56.85	39.72
Rovi	22.01	21.38	2.95%	17.79	22.17	23.70	21.75
SeaChange International	5.59	5.96	-6.21%	5.63	7.50	8.55	5.25
Technicolor	6.00	6.22	-3.54%	6.79	6.21	8.43	5.85
TiVo	8.02	8.00	0.25%	7.50	10.73	11.40	7.29
<b>TOTAL</b>	<b>1,713.70</b>	<b>1,704.30</b>	<b>0.55%</b>	<b>1,561.50</b>	<b>1,583.12</b>	<b>1,840.19</b>	<b>1,350.66</b>

**SOURCE:** Financial Content **NOTE:** The Multichannel Multimedia Index measures the combined prices of stocks listed on this page, weighted by market capitalization. S&P tracks the Standard & Poor's 500 stock index.

### TOP 5 PERCENTAGE GAINERS

Evine Live	58.93%
Crown Media	10.39%
Starz	5.66%
Sprint	5.60%
Cable One	5.44%

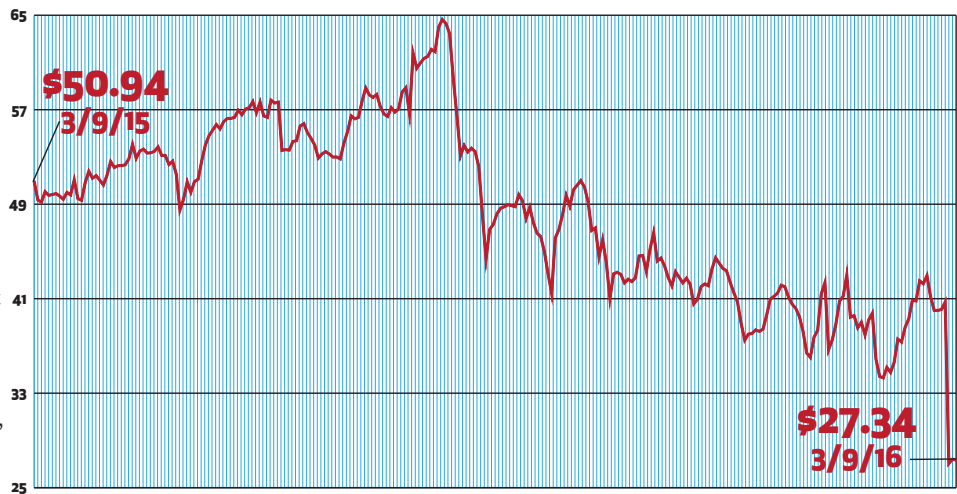
### TOP 5 PERCENTAGE LOSERS

comScore	-31.65%
SeaChange	-6.21%
Harmonic	-4.65%
QVC	-2.83%
Arris	-2.37%

### COMSCORE (SCOR — NASDAQ)

Shares in comScore plunged last week after the measurement company said it would be late in filing its 10-K annual report with the Securities and Exchange Commission. In an SEC filing, comScore said its board had received a message concerning some "potential accounting matters" — it did not elaborate — on March 7, which sent the stock into a tailspin, down 34% for the day. The stock seemed to limp slowly back in later trading. It was priced at 27.34 each on March 9, down 46% over the past 12 months.

**SOURCE:** NASDAQ website



### MARKET INDEX COMPARISON

	Price 3/9	Price 3/2	% Change	Month Ago	Year Ago
MNI	1,113.99	1,105.83	0.74% ↑	1,031.98	1,089.38
S&P 500	1,989.26	1,986.45	0.14% ↑	1,852.21	2,079.43
DJIA	17,000.36	16,899.32	0.60% ↑	16,014.38	17,995.72
NASDAQ	4,674.38	4,703.42	-0.62% ↓	4,268.76	4,942.44

### TIP SHEET

#### ANALYST RAISES DISCOVERY AD FORECAST

UBS Securities media analyst Doug Mitchelson raised his ad-sales growth estimates for Discovery Communications to 7% from 5%, based on what he sees as a strengthening national ad market. In a client note, Mitchelson said the revision was due to Discovery estimates of mid- to high-single-digit percentage Q1 ad growth, coupled with favorable viewership trends and signs of strong Q2 scatter buying. That growth would slow to about 5.2% by Q2, though, he estimated, due to uncertainty around ratings and Olympics trends.

#### DISH COULD PRESS FOR SKINNY VIACOM DEAL











Telsey Advisory Group media analyst Tom Eagan lowered his fiscal 2016 revenue and cash-flow targets for Viacom, driven by expectations in its upcoming carriage talks with Dish Network. Eagan said in a client note that he expects FY2016 Media Networks revenue of \$10.4 billion instead of \$10.7 billion, largely due to lower affiliate fees. With AT&T's U-verse TV already paying less to the programmer, Eagan expects Dish to push for lower fees for a "skinny bundle" of Viacom channels.



# Stickiest Shows

## RANKING PROGRAMS BY VIEWING ENGAGEMENT

The comScore Stickiness Index rating reveals which basic-cable shows have the highest viewing-engagement levels based on several factors. A higher Stickiness Index number indicates more of the audience is tuned in for the duration of the telecast. Please note that this data is not based on finalized ratings, so some slight differences may emerge when ratings are final.

STICKINESS RANK	RATING RANK	TELECAST (Week Ending Feb. 28)	NETWORK	STICKINESS INDEX*
1	2	<b>The Walking Dead</b>		151
2	69	<b>Major Crimes</b>		141
3	1	<b>CNN Republican Presidential Debate</b>		139
4	15	<b>Gold Rush</b>		135
5	123	<b>Love &amp; Hip Hop</b>		127
6	107	<b>Rizzoli &amp; Isles</b>		126
7	98	<b>The Real Housewives of Beverly Hills</b>		126
8	495	<b>Tamar &amp; Vince</b>		124
9	91	<b>Kids Baking Championship</b>		122
10	537	<b>Pit Bulls and Parolees</b>		122

\*TV Engagement ratings powered by comScore's TV Essentials. (Sorted by social media activity.)

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2016  
WONDER  
WOMEN

Snapshots from the *Multichannel News*/New York WICT luncheon honoring the 2016 class of Wonder Women, held March 10 at the Hilton New York. For more from the event, visit [multichannel.com/March14](http://multichannel.com/March14).

A class portrait of 2016 Wonder Women presenters and honorees (back row, l. to r.): co-host **Shelley Smith**, ESPN; honorees **Patricia Betron**, ESPN; **Cindi Hook**, Comcast; **Sa-  
valle Sims**, Discovery; **Pam Kaufman**, Nickelodeon; **Karen Grinthal**, Scripps Networks  
Interactive; **Megan Clarken**, Nielsen; **Stephanie McMahon**, WWE; **Holly Jacobs**, Sony  
Pictures Television; and co-host **Egypt Sherrod** of HGTV's *Property Virgins*. Front row  
(l. to r.): honorees **Nicole Buie**, Cox Media; **Arlene Manos**, AMC Networks; **Michelle  
Rice**, TV One; **Jill Ratner**, Fox Group; and **Ellen Stone**, Bravo and Oxygen Media.



Wonder Women honoree **Stephanie McMahon**, chief brand officer at WWE, with her husband, **Paul "Triple H" Levesque** (l.), WWE's EVP of talent, live events and creative and a longtime WWE Superstar.

Honoree **Ellen Stone**, EVP of marketing at Bravo and Oxygen Media, takes the podium.



(From l.): **Abbe Raven**, chairman emeritus, A+E Networks; Wonder Women honoree **Arlene Manos**, president of national advertising sales, AMC Networks; and **Ron Schneier**, a former A+E Television Networks ad-sales executive.



Honoree **Michelle Rice** (c.), EVP of content distribution and marketing, TV One, with her parents, **Bertha** and **Warren W. Williams**.





# 2016 WONDER WOMEN

## freeze frame



The Buie family (l. to r.): **Brad**, **Kaitlyn**, **Will** and **Nicole Buie**, VP, marketing at Cox Media.

Wonder Women honoree **Holly Jacobs** (l.), executive VP, U.S. reality and syndicated programming at Sony Pictures Television, with presenter **Lori Greiner**, co-host of the SPT-produced *Shark Tank*.



**Cindi Hook**, SVP, general risk auditor and global risk officer for Comcast, accepts Wonder Women honors.

Honoree **Jill Ratner**, EVP of litigation at Fox Group, with daughters **Michaela Schachter** (l.) and **Talia Schachter**.

**Patricia Betron** (l.), SVP of multimedia sales at ESPN, accepts her Wonder Women award from presenter and ESPN colleague **Shelley Smith**.



**SUBMISSIONS:** Send your most recent press photos, with an ID, contact name and telephone number, to: **Michael Demenchuk**, **Multichannel News**, 28 E. 28th Street, 12th Floor, New York, N.Y. 10016. Send electronic images (4" X 6" at 300 dpi) via email to: [mcnart@nbmedia.com](mailto:mcnart@nbmedia.com)

PHOTOS BY DOUG GOODMAN



## VOICES

### PICTURE THIS R. THOMAS UMSTEAD

URBAN MILLENNIALS NOT DROPPING CABLE LIKE IT'S HOT March 9

Young multicultural viewers are still subscribing to and watching traditional television as both broadcast and cable networks have offered shows that reflect their images and experiences, like *Black-ish*, *Empire* and *Fresh Off the Boat*.

But that hasn't stopped them from increasing their consumption of OTT streaming services like Netflix, Amazon and Hulu, according to a report presented March 9 during the 16th annual Horowitz Associates Cultural Insights Forum.

In general, urban viewers — defined as multicultural TV watchers in heavily populated markets — spend 51% of their weekly viewing with live TV, while streaming represents 30% of their viewing, according to Horowitz's *Multicultural Matters* audience report. Black viewers (58%) are the biggest consumers of live programming, ahead of Spanish-language dominant Hispanic (53%), Asian (48%) and white viewers (47%).

But for urban millennials the reverse is true, with 51% of the surveyed 18-34 year-olds' weekly viewing coming from streaming services like Hulu and Netflix.

Further, Netflix serves as the first "go to" service for 39% of millennials compared with just 22% of millennials who say live TV is their first choice.

For more of this blog, visit [multichannel.com/March14](http://multichannel.com/March14).



## MCN'S MOST READ

TOP STORIES ON MULTICHANNEL.COM, MARCH 4-11

1. Google Fiber TV Subs 'Astonishingly Low': Analyst
2. Reaction to FCC Broadband Lifeline Piles Up
3. Univision, U-verse Face Blackout Deadline
4. What's Next If Charter-TWC Implodes
5. Sling TV Expands Reach of 'Local Now'

To read these stories, visit [multichannel.com/March14](http://multichannel.com/March14).

## NUMBERS

# 1 M

The subscriber milestone now within reach for standalone OTT service HBO Now, which launched April 7, 2015, Time Warner Inc. CEO Jeff Bewkes said at last week's Deutsche Bank investor conference in Palm Beach, Fla. HBO Now ended last year with 800,000 subscribers and could see subs spike as the April 24 premiere of season six of *Game of Thrones* approaches.

SOURCE: Multichannel News research

## MVPDs to FCC: Save That Tree!

WASHINGTON — The American Cable Association and the National Cable & Telecommunications Association are looking to save some trees — and themselves some green in the process.

In a request for declaratory ruling from the Media Bureau last week, the associations asked the FCC to declare that emails to subscribers for whom operators have a working email address can replace the "hundreds of millions of pages of paper" required annually to fulfill the FCC requirement for routine customer notifications both at the time of a service's purchase and at any other time upon request.

Those would include individual notices of how much a customer pays in rental fees for leased set-tops, prices and programming tier options, installation and maintenance policies, and more.

Most operators still provide a snail mail hard copy of information that MVPDs say "few subscribers read and virtually none retain."

Making the requirement electronic, the organizations said, would help the environment, while modernizing the rules and speeding notices and updates. They also argued it would allow their members "greater flexibility to match the electronic operations of their online and other competitors."

As precedent for the move away from paper, they pointed to the FCC's decision to require TV stations and MVPD public files to be made available online in an FCC database rather than mandating them to keep hard copies at their main studios.

The Sierra Club has estimated that one tree translates to 10,000-20,000 pages, so let's just say that if the trees could talk, after advising Clint Eastwood to take singing lessons, thousands of them would be saying thank you to the FCC and cable operators.

— John Eggerton



MORE ONLINE: To uncover the Clint Eastwood movie reference, visit [multichannel.com/March14](http://multichannel.com/March14).

## QUOTABLE

"We don't have Wonder Women where I come from. We have sheep ... We have hobbits."

— New Zealander Megan Clarcken, president of global product leadership at Nielsen and member of the *Multichannel News* Wonder Women Class of 2016, accepting her statuette at the March 10 Wonder Women luncheon at the New York Hilton



## TALKBACK

[www.multichannel.com](http://www.multichannel.com)

### Missing What Really Doesn't Make Sense

(Re: "CBS Eyes Showtime-All Access Skinny Package," March 9): "What also doesn't make sense anymore is the local-channel requirement when buying cable channel tiers, but there [CBS chairman and CEO] Leslie [Moonves] is, with his hand in the pockets of millions of consumers, grabbing \$1-\$2/month for CBS, a channel they can get for free with an antenna."

"FrankM"

### 'Great' Is in the Eye Of the Beholder

(Re: "Urban Millennials Not Dropping Cable Like Its Hot," March 10): "Viewers aren't watching less TV, they're just watching less TV that is ad-supported. Great if you're a producer; not so great if you're a large-scale bundler or ad exec."

"DF"

## TWITTERATI

"Having studied how 2 work w ppl who suffer fr delusional thinking 2 narcissism was perfect training 4 this business -Holly Jacobs #MCNWW2016" @VickiLins, Vicki Lins, CTAM CEO Vicki Lins and a member of the Wonder Women class of 2009, from the March 10 Multichannel News-WICT New York Wonder Women luncheon in New York, during Sony Pictures Television EVP and honoree Jacobs's speech

"So proud to be the first mother/ daughter @MCNWonderWomen!! @Linda\_McMahon #MCNWW2016" @StephMcMahon, Stephanie McMahon, WWE chief brand officer, tweeting a photo of herself with her mom, WWE cofounder Linda McMahon, a member of the 2007 Wonder Women class

"#MCNWW2016 is trending on Twitter in #philly" @uniquelyphilly, the Twitter feed for Uniquely Philly, which tracks social media trends in Philadelphia, the hometown of Wonder Women co-host Egypt Sherrod

"#MCNWW2016 awesome day- I loved meeting my fellow honorees and I'm so inspired by your stories" @pam\_kaufman12, Pam Kaufman, Nickelodeon chief marketing officer and Wonder Women 2016 honoree, tweeting after the luncheon at the New York Hilton

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## Timing Was Right for Rocco

“That man,” I thought to myself, “is crazy.”

Not crazy in a lunatic way, but instead, crazy like my brother’s eyes the day he leapt off a ramp with a 6-foot drop from a warehouse dock pedaling his bright red Schwinn when I dared him in the sixth grade.

Crazy with confidence when it came to proving wrong anyone who said he couldn’t do something.

I sat thinking about this in my cramped cubicle at *The Wall Street Journal*, in the shadow of the old World Trade Center, where I followed the cable-TV industry as a staff reporter. I was dumbstruck by the news about Rocco Commisso starting Mediacom Communications.

The year was 1996. Telephone companies, flush with cash, were moving in to buy smaller cable operators. The Internet was a fantasy at the time, and untested. And the greatest promise of interactive-TV, as far as I could tell based on all the latest tests, was the ability to order a pizza with a remote control. The future, as they say, is unpredictable.

And Rocco Commisso, the loyal lieutenant and chief financial officer of cable kingpin Alan Gerry, was about to make a multimillion-dollar mistake. Doesn’t he know ... timing is everything?

I had briefly met Rocco in meetings with the affable and inimitable Gerry, a hometown-boy-made-billionaire from Liberty, N.Y., who is himself the son of immigrants and today funds, among other things, a performance arts center in Bethel at the original Woodstock site. Gerry, with a handful of other original cable cowboys, hung the wire, quite literally, that would become the beginnings of the modern cable industry.

Indeed, the really smart cable guys, or so I thought, were getting out at that point. The telcos were coming in to compete. And scale economics was about to change the dynamics of an industry the original pole-climbers couldn’t yet fathom. Gus Hauser had sold his storied Hauser Communications systems to Southwestern Bell for \$650 million. And Gerry himself was selling his MSO, CableVision Industries, to Time Warner Inc. Other companies like McLean Hunter, Houston Industries, Times Mirror, Wometco, Sutton Capital and Multimedia had all decided to exit the business.

How could one man start a minnow of a company among the circling sharks? In another round of cable consolidation, he’d be eaten alive, I predicted. Already by the end of 1995, 70% of the subscribers would



COLUMN

MARK ROBICHAUX  
EDITORIAL DIRECTOR

rest in the hands of 10 companies.

What was Rocco thinking?

And yet, I was wrong on many counts. Yes the cable industry got bigger, but it was only after many interactive missteps (Time Warner Cable’s Full Service Network) and messy mergers (AOL-Time Warner Inc.).

The Internet — and interactive TV, for that matter — would unfold so much more differently and quickly than anyone imagined. Tablets and smartphones — not set-top boxes — would make TV interactive, and these devices themselves would begin capturing more eyeballs — and attention.

Yes, scale mattered. But over 20 years, I realize now that scale is relative. Commisso wanted to build a big cable operator, but he didn’t have to be the biggest. Indeed, Mediacom became an anomaly: the largest “small cable operator” in the business.

And Commisso has proven to be one of the smartest — and richest — cable CEOs in the business. He is legendary in the financial community and blessed with a gift of numbers. Big dollar signs don’t scare him. Risk isn’t risk if it’s properly calculated.



Rocco Commisso’s founding of Mediacom in 1996 was a counterintuitive move.

Mediacom went public in March of 2000 with a well-timed IPO at 18 times operating cash flow. In 2001, it doubled its size by taking on AT&T, increasing its leverage to 8.9 times cash flow, but paring that down to 4.3 times today. The company has never defaulted on a single loan — not even — in 20 years.

Commisso never wanted an outside equity investor to control Mediacom’s destiny. Weary of the short-sighted pressure on quarterly performance, Mediacom went private in 2011. By 2015, Mediacom finished the year with revenue of \$1.7 billion, cash flow of \$676.9 million and 2.4 million primary service units, a combination of voice, video and data customers. He’s done it all with virtually the same team of executive talent — a half-dozen loyal executives that have been there since the beginning.

Twenty years ago, Rocco jumped into the business in part because of his desire to compete — he was an Olympic soccer hopeful back in the day — and to him, you’re not living if you are not out playing to win.

But the young numbers whiz from southern Italy was also delivering on a dream, and a promise he made to himself as an ambitious son of a poor family pursuing a better life.

Timing isn’t everything.

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# Wonder Women Career Advice: Be Loyal and Carry a Big Stick

NEW YORK — “Stick with the people, always go with the people,” AMC Networks president of national advertising sales **Arlene Manos** said when it was her turn to share life lessons, career advice and a funny story or two as a *Multi-channel News Wonder Woman*.

Manos, one of 13 executives in the current class of Wonder Women (as chosen by the editors of this magazine), followed her own advice 25 years ago in accepting a job offer as an account executive at **A&E Network**. She turned down a higher-paying position at a magazine she discreetly didn't identify during her remarks at the celebratory luncheon last Thursday (March 10).

Manos got a promotion to management a year later. And she didn't need to threaten violence, as fellow Wonder Woman **Karen Grinthal**, the Scripps Networks Interactive senior vice president of national ad sales, said she did in the late 1980s.

Grinthal told 700-plus attendees at the Hilton New York that she had been passed over for promotion to management three times when she started out at “male bastion” **Turner Broadcasting System**. When a fourth opportunity arose, she put aside the presentation she had prepared and got a baseball bat from the sports department. She held it over her boss's head and told him, “This effing job is mine — give it to me.”

“And that's how I became a manager in the cable industry,” Grinthal said, in one of the day's better punchlines.

**Megan Clarken**, president of global product leadership at **Nielsen**, and **Cindi Hook**, senior vice president, general auditor and global risk officer at **Comcast**, became business leaders after injuries short-circuited planned careers as, respectively, a track-and-field athlete and a dancer.

Clarken — who had left school at 16 and became “a broken-down athlete” in her late 20s — found in herself “a determination to be the very best there was at something, a resilience to never give up, a curiosity to listen, ask and learn — and an acknowledgement that you cannot do it on your own.”

Hook said that when it came time to choose a new path “shockingly, ‘general auditor’ and ‘global risk officer’ wasn't on the menu of career choices.”

But it turns out the jobs require similar skills, she said. A mantra for ballerinas is, “If it doesn't hurt, you're not doing it right,” she said, adding, “When we are doing our work as auditors and risk evaluators, if getting to the right answer doesn't sometimes hurt a bit, you're not doing it right.”

Fox Group executive vice president of litigation **Jill Ratner** was a skilled soccer player whose love of sports led to a career in the law. While on the **University of California at Los Angeles** soccer team, she helped found a group that threatened to sue the school over failure to provide equal opportunities for men and women athletes. She learned



The 2016 Wonder Women class (top row, l to r): Patricia Betron, Cindi Hook, Savalle Sims, Pam Kaufman, Karen Grinthal, Megan Clarken, Stephanie McMahon and Holly Jacobs. (Seated, l to r): Nicole Buie, Arlene Manos, Michelle Rice, Jill Ratner and Ellen Stone.

DOUG GOODMAN

about “teamwork, standing up for what I believe in, perseverance and the power of the law.”

**Stephanie McMahon**, chief brand officer of **WWE** and daughter of the wrestling entertainment firm's chairman, **Vince McMahon**, and former, CEO **Linda McMahon**, told a story about learning that women shouldn't feel they have to “do it all” all the time, and “it's OK to let go a little bit and rely on our support systems to help care for our children.”

Her daughter, **Murphy**, was sad that McMahon was unable to be at school to see Murphy's second-grade project about endangered sea turtles because of the Wonder Women luncheon. McMahon's husband, wrestler **Paul “Triple H” Levesque**, filled in admirably, and father and daughter had a great bond-

ing experience. “And now I get to go home and show them proof that Mommy really is a Wonder Woman.”

“All working women, mothers or not, are going to have to make personal sacrifices,” McMahon said. “It will never be an even balance. You do the best you can to prioritize and make it work.”

**Pam Kaufman**, the chief marketing officer and president of consumer products at **Nickelodeon Group**, recalled starting at **Nick** 18 years ago when she was “a young, naive executive” who was eight months' pregnant with her daughter, **Amanda**. She questioned whether or not she could handle a new job, a new company, leading a new team and still have “something left” for her family. It all worked out — and along the way she learned it's important to always be nice to everyone, to stay curious and “don't be afraid of what you don't know.”



Pam Kaufman: “Don't be afraid of what you don't know.”

DOUG GOODMAN



Arlene Manos: “Stick with the people.”

DOUG GOODMAN

**ESPN** senior vice president of multimedia sales **Patricia Betron** said her mom, who returned to being a nurse to support her family after divorce, relied on babysitters, friends and relatives to help look after her four young kids. That was stressful on everyone, especially Betron and her siblings.

Then, in 2005, Betron served on an **ESPN** task force studying work-life balance issues — which, with support from key executives, led the company to build an on-site childcare center.

“I share this story with you today because, as we celebrate these Wonder Women, we celebrate how having women in high-ranking positions changes the conversation in our companies,” she said.

More of these stories — and those of fellow Wonder Women **Nicole Buie**, vice president of marketing at **Cox Media**; **Holly Jacobs**, EVP of U.S. reality and syndicated programming at **Sony Pictures Television**; **Michelle Rice**, EVP of content distribution and marketing at **TV One**; **Savalle Sims**, EVP and deputy general counsel at **Discovery Communications**; and **Ellen Stone**, EVP of marketing at **Bravo** and **Oxygen Media** — will be available as videos soon on [mcnwonderwomen.com](http://mcnwonderwomen.com). For more photos from the luncheon, see pages 46 and 47.

— Kent Gibbons



# CONGRATULATIONS FROM OUR FAMILY TO YOURS



“The Commisso family have been trailblazers in the cable industry, and it’s no surprise to anyone at RFD-TV that they have reached the 20-year milestone with Mediacom. Both Rocco and Italia are leaders that think outside the box, which in our case was giving this rural, independent channel its first cable affiliation agreement and launch in September of 2002. Since then, it’s been a great 14-year partnership which expanded this past fall with our joint effort to produce a new series, RURAL TOWN HALL, which featured each presidential candidate addressing only rural & agricultural issues for one hour “live” from Iowa. Mediacom is launching RFD HD system-wide in the coming month. Thank you for your continued support.”

– The Gottsch Family





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PROGRAMMING**

1. Nielsen, NHI, Npower, C3, P2+ (000), Measurement Period 3Q13-4Q15 vs. Prior Year, Dayparts: M-F 9a-2a + Sa/Su 11a-2a, M-Su 7p-12a.

2. Nielsen, NHI, Explorer, L+SD, W25-54 (000), 4Q15 vs. 4Q14, Total Day = M-F 9a-2a+Sa/Su 11a-2a, Primetime = M-Su 7p-12a, Strict Daypart.