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The last time I wrote about the traditional cable bundle — which has been so lucrative to networks like CBS and HBO — I warned that change comes very slowly, but then happens all at once. This is the all-at-once part. Last week was pretty big for television, one in which not just a cable channel, but a broadcast one as well, jumped onto the streaming bandwagon with both feet. We all knew it was coming, but not this fast. The future, as it always does, sets its own schedule.

And Netflix is the necessary figure in what will come to be seen as the year that television staged a jailbreak. Yes, Netflix, which was supposed to lay waste to traditional media companies, may have saved them instead. True, Netflix's earnings took a beating last week, partly because it missed estimates and partly because, well, it now has company. But its bet on streaming has never looked smarter. Netflix pointed a way forward by not only establishing that programming could be reliably delivered over the web, but showing that consumers were more than ready to make the leap. The reaction of the incumbents has been fascinating to behold.

As a reporter, I watched as newspapers, books and music all got hammered after refusing to acknowledge new competition and new consumption habits. They fortified their defenses, doubled down on legacy approaches and covered their eyes, hoping the barbarians would recede. That didn't end up being a good idea. Television, partly because its files are so much larger and tougher to download, was insulated for a time, and had the benefit of having seen what happens when you sit still — you get run over.

Instead, traditional television is morphing in nontraditional ways. Last week, Richard Plepler of HBO and Leslie Moonves of CBS both announced streaming services that would bypass established distribution systems. Suddenly, two fairly traditional media executives, sitting on top of lucrative companies, were adopting the tools of the insurgency and augmenting their current business models with ones that leave the bundle behind. For any legacy business under threat of disruption, the challenge is to get from one room — the one with the tried and true profitable approach — to another, where consumers are headed and innovators are setting up shop. To get there, you have to enter a long, dark hallway, a scary place.

I had always thought that HBO would hold hands in the hallway with existing cable providers and offer an over-the-web product that they would jointly sell on broadband. There will be some of that, but HBO's programming will also show up on Xboxes and as a part of stand-alone offerings. HBO's move is motivated partly by global considerations. Right now, HBO has licensing deals all over the world and a complicated set of arrangements with an array of cable systems. An Internet product will be lower priced while also letting HBO develop a direct relationship with consumers. And in sidestepping

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cable in some instances, HBO — likewise CBS — will have its hands on precious viewer data, an asset Netflix has used to lucrative ends.

The strategy has its risks. In 2012, HBO announced that it would offer a streaming-only service in Denmark, Finland, Norway and Sweden, partly to complicate Netflix's entry into the market. But the product was delayed, then disappointed customers when it started. And here in the United States, those of us who piled online to watch the finale of "True Detective" on HBO Go received a "fatal error" message instead. Delivering high-definition video online is complicated — a different skill set than making must-see programming.

But those early kinks seemed to have been ironed out, and Mr. Plepler of HBO surprised many, including me, when he announced Wednesday morning during an investor meeting for its parent company, Time Warner, that sometime in 2015, the network would christen a stand-alone Internet-based service. "It is time to remove all barriers to those who want HBO," he said. Just in case people didn't get the message, he later added, "This is the most exciting inflection point in the history of HBO."

Reed Hastings, the chief executive of Netflix, who in the past has delighted in tweaking the network, responded in unexpectedly respectful fashion, another sign that the dividing line between insurgent and incumbents is increasingly becoming meaningless. "The competition will drive us both to be better," he wrote in a letter to investors. "It was inevitable and sensible that they would eventually offer their service as a stand-alone application."

Consider the advantages. In addition to meeting a cohort of young consumers in the place and manner in which they watch, programmers will gain leverage in negotiations with distributors. With more than one route to the ocean (of consumers), HBO and CBS will be less exposed should Comcast manage to consolidate much of the video ecosystem. And the next time CBS fights with a cable system, it can do more than take out full-page ads to complain — it can tell consumers to use its cheap, \$6-a-month service to get its must-see shows.

If another service like Aereo comes along offering recorded broadcast programming over the web, CBS can say, by the way, we are already in that business. (It's worth pointing out that HBO announced its streaming service with few specifics — the details, of which there are many, remained to be worked out — while CBS has a product you can buy right now.) Mr. Plepler was plain-spoken about how going beyond cable strengthened his company's hand: Just the threat "gives us added leverage," he told investors. He was mostly addressing the broader international market, but HBO's increased independence will also prove valuable in negotiations over revenue splits or efforts to wrangle better bundling arrangements. As Peter Kafka of Recode pointed out, ESPN is seeking a similar advantage by making its programming available with a low-cost online service from Dish Network. (Of course, most cable channels lack the profile to live outside the bundle, and the moves by HBO and ESPN might hurt them in the long run.)

Comcast, always a step ahead, has been working for years to decrease its reliance on a strictly cable model and forge a big footprint in the broadband services that will carry the new unbundled initiatives. That's part of the theory of scale and ubiquity: Everywhere you turn, there we are. Given Comcast's ambitions, no media company will completely outrun it, but it's now apparent that there are other ways to reach audiences.

If, in a few years, cable and broadcast programmers — many will follow the examples of CBS and HBO — are still thriving in a vastly changed entertainment landscape, they may have to send Netflix a thank-you note. In addition to funneling cash to legacy media providers by paying close to \$3 billion for their programming, Netflix has schooled them on the way forward by challenging their business model without tipping it over.

It makes sense; after all, Netflix famously disrupted itself by moving away from DVD rentals and tackling streaming with a vengeance. There's an upside for Netflix as well. As older media companies invest in streaming, they may begin to see net neutrality and better

Internet infrastructure as more than just something Netflix should worry about. It will be a while before the smoke clears from the current upheaval, with mergers, new players and the diversification of platforms. But with each passing day, it is becoming clear that content is not just a commodity — it is precious and valuable — and distribution is up for grabs. — David Carr's media column in the ***New York Times***

Ever curious about what the next chapter holds for Apple, some in the tech world are predicting a breakthrough with Apple TV.

Some analysts and developers say Apple seems close to cracking the code for TV, a device that has long stumped the company. Investors and Apple fans have been awaiting a visionary TV offering from the company ever since Steve Jobs told his biographer, Walter Isaacson, that he had finally figured out the right approach. In the years since Jobs' death, the hockey-puck-shaped gadget, released in 2007, has had few meaningful hardware updates and remained mainly an accessory to other Apple devices. But Apple chief executive Tim Cook told talk-show host Charlie Rose last month that the company has "great interest" in TV, reigniting hopes among analysts that the company is close to a more transformative product.

The Wall Street Journal reported this year that Apple was negotiating with Comcast to deliver Apple's TV service over a dedicated part of Comcast's wires, in addition to haggling with media companies for TV programming rights. The talks have been slow to bear fruit. Fighting to win back young viewers who question the need for cable, pay-TV providers and media companies might be inclined to hear what Apple has to offer. But the companies are loath to give Apple a cut, said Mike Paxton, an analyst at SNL Kagan. What's more, pay-TV providers are comfortable with Apple TV as an accessory to their set-top boxes, but not something that displaces them, Paxton said. "That set-top box is their piece of real estate in today's digital home," he said.

As Apple plots its next move in TV, other companies have rushed in. Roku has been a player in TV streaming since 2008, and Google and Amazon have entered the field with Chromecast and Fire TV, respectively. That's made for a crowded field for the \$99-and-under devices, said Joel Espelien, a senior adviser at Diffusion Group, which studies the future of TV and video. "The competition has gotten quite a bit more robust in this space," he said. "Apple is going to have to bring its real strengths to bear."

Even if it can't break the logjam with pay-TV providers and media companies, Apple can spruce up its product with some simple fixes, such as improving the Wi-Fi connection and offering more apps, particularly for gaming, analysts say. Original content could also set Apple apart, Espelien said. Pointing to Netflix's announcement last month that it will release a sequel to the martial-arts film *Crouching Tiger, Hidden Dragon*, he said Apple should seek similar deals for iTunes. "Without something really compelling on iTunes, Apple TV is never going to reach its potential," he said.

Hollywood aside, some analysts see Apple TV as a device of key strategic importance for Apple. In many households, the TV is the only gadget that is always in the same place, plugged in, connected to broadband and turned on — making it the perfect hub for a smart home, Espelien said. But with only about 20 million gadgets sold at last count, Apple still has some work to do. — ***San Jose (CA) Mercury News***



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