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In his first days as President Trump's pick to lead the Federal Communications Commission, Ajit Pai has aggressively moved to roll back consumer protection regulations created during the Obama presidency. Mr. Pai took a first swipe at net neutrality rules designed to ensure equal access to content on the internet. He stopped nine companies from providing discounted high-speed internet service to low-income individuals. He withdrew an effort to keep prison phone rates down.

In total, the chairman of the F.C.C. released about a dozen actions in the last week, many buried in the agency website and not publicly announced, stunning consumer advocacy groups and telecom analysts. They said Mr. Pai's message is clear: The F.C.C., an independent agency, will mirror the Trump administration's rapid unwinding of government regulations that businesses fought against during the Obama years. "With these strong-arm tactics, Chairman Pai is showing his true stripes," said Matt Wood, policy director at the consumer group Free Press. "The public wants an F.C.C. that helps people. Instead, it got one that does favors for the powerful corporations that its chairman used to work for."

Mr. Pai, a former lawyer for Verizon, was elevated by Mr. Trump to the position of chairman after serving as a minority Republican member for the past three years. Known for being a stickler on conservative interpretations of telecom law and the limits of the F.C.C.'s authority, Mr. Pai said he was trying to wipe the slate clean.

He noted that his predecessor, Tom Wheeler, rammed through a series of actions right after the presidential election. Many of those efforts, Mr. Pai argued, went beyond the agency's legal authority. "These last-minute actions, which did not enjoy the support of the majority of commissioners at the time they were taken, should not bind us going forward," Mr. Pai said in a statement released Friday. "Accordingly, they are being revoked."

The efforts portend great changes at the federal agency at the center of the convergence of media, telecom and the internet. The biggest target will be net neutrality, a rule created in 2015 that prevents internet service providers from blocking or discriminating against internet traffic. The rules,

providers over this controversial practice

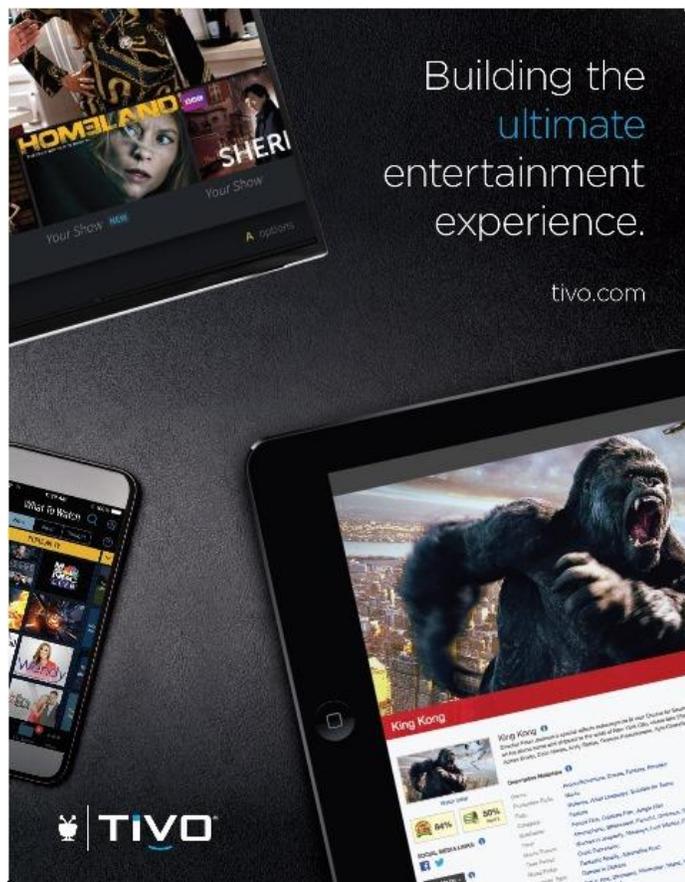
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which were created along with a decision to categorize broadband like a utility, was the tech centerpiece of the Obama administration.



On Friday, the F.C.C. took its first steps to unrolling those rules, analysts said. Mr. Pai closed an investigation into zero-rating practices of the wireless providers T-Mobile, AT&T and Verizon. Zero-rating is the offering of free streaming and other downloads that do not count against limits on the amount of data a consumer can download.

But if a provider like AT&T provides free streaming of its DirecTV programs, does that violate net neutrality rules because it could put competing video services at a disadvantage? The previous F.C.C. said in a report it saw some evidence of concern. But Mr. Pai said after closing the investigations into wireless carriers that zero rating was popular among consumers, particularly low-income households. "The speed of the ruling and chairman's tone are very encouraging for internet service providers," said Paul Gallant, an analyst at Cowen. "I think it's a down payment on net neutrality, with much more to follow."

Last week, Mr. Pai said he disagreed with a decision two years ago to declare broadband a utility. The reclassification

of broadband into a utilitylike service akin to telephones and electricity provided the legal foundation of net neutrality rules. Mr. Pai said he had not decided how he would approach the overhaul of broadband classification and net neutrality rules, but he faces legal hurdles. A federal court upheld the rules last year and the commission could end up in a lengthy legal battle if he tried to scrap the rules.

Mr. Pai will have the help of powerful members of Congress, who have promised to attack the classification of broadband as a utilitylike service. And he is popular among Republican leaders, including the Senate's majority leader, Mitch McConnell, who with other members viewed Mr. Pai as a loyal voice of dissent during the Obama years. At 44 and the child of immigrants from India who settled in Kansas, Mr. Pai is a fresh face for the Republican Party.

Congress could introduce legislation that limits the agency's ability to regulate broadband providers and enforce net neutrality rules. Also under attack are privacy rules for broadband providers. In his first days, Mr. Pai scrapped a proposal to break open the cable box market. "The agency has strayed from its core mission," said Marsha Blackburn, a Republican representative from Tennessee who oversees a telecommunications and tech subcommittee. She has called for hearing within two weeks of F.C.C. leaders on the agency's agenda in the new administration.

Democrats in Congress said they would fight legislation that will water down net neutrality rules. They said Mr. Pai, described as a straight-A student of telecom law, will be a tough adversary. They face great opposition by Republicans who have promised to prioritize the overturn of net neutrality. "The key here is that its already been tested in the courts and the court upheld this," said Anna G. Eshoo, a Democratic representative from California. "Ajit Pai is intelligent and genial, but he is not on the side of consumers and the public interest."

Most troubling to consumer advocates was the secrecy around Mr. Pai's early actions. The F.C.C. chairman criticized his predecessor for passing "midnight" rules without consulting other commissioners. That includes a decision to rescind the permissions of nine broadband providers to participate in a federal subsidy plan for low-income consumers. None of the providers currently serve low-income consumers, but Mr. Pai's comments could portend a shake-up of the Lifeline low-income subsidy program.

On Monday, the F.C.C. is scheduled to appear before a federal court to defend its push to put a lid on extraordinarily expensive phone call prices from prison. But it told a judge a few days ago that Mr. Pai did not believe in the case. It's lawyer will be there, but the F.C.C. gave up much of its time in court to an outside public advocacy lawyer, Andrew Schwartzman, who has pushed for the price caps. [Mignon Clyburn](#), the sole Democrat on the F.C.C., warned that the actions would directly harm consumers. "Rather than working to close the digital divide, this action widens the gap," Ms. Clyburn said. — *New York Times*

In the registration filing for its initial public stock offering, Snapchat parent Snap Inc. said its competitors range from Google, Apple and Facebook to popular Asian messaging apps such as Kakao and Line. But it didn't list any traditional media companies like Fox or Viacom.

That's odd, because Los Angeles-based Snap is, fundamentally, a burgeoning media company. Snapchat may be a messaging app, but in many ways, it's also a new kind of television. The parallels with TV start with how people use Snapchat. In the filing, made Thursday, Snap reported its users view [10 billion videos a day](#), more than the [8 billion video views a day](#) last claimed by Facebook in late 2015. It's important to note that on Snapchat, "videos" are clips that are never longer than 10 seconds. They're usually strung together into "stories" that often stretch several minutes.

It's hard for people who aren't teens with a million Snapchat friends to grasp, but once your network is sufficiently big, viewing stories can feel like the "[lean back](#)" experience of watching television, as opposed to the "lean forward" experience of engaging on social media. Snapchat's swipe-based interface makes it easy to mindlessly cruise through the barrage of friends' stories and messages, and it even has a mode where you can play through all the stories you like [without interruption](#). It's reality TV, starring people you know.

Since there's no social feedback, the way there is on Facebook and Instagram, the pressure to judge and possibly share everything you see is off. "People are using Snapchat as their down time," says Mike Germano, chief digital officer of millennial-focused media company Vice and chief executive of Carrot Creative, [a Vice-owned agency](#) that creates ads for major social platforms. "In an age when if you look at your Twitter and Facebook feed and it's depressing as all hell, Snapchat is this fun place where it's a little bit of escapism."

Snap uses [actual humans](#) to curate snaps from across the site into stories on anything of interest, ranging from scenes from the [Coachella music festival](#) to funny things grandmothers say. Content also comes from partnerships with celebrities and production studios that may split revenue with Snap, more like a traditional studio than a platform such as Facebook. Comedy Central was a launch partner on the very first version of Snapchat's Discover section, which allows media brands, from magazines like Cosmo and Complex to news outlets like CNN and, yes, The Wall Street Journal, to create curated stories of their own. Each ever-refreshing collection of highly produced, video- and animation-rich stories feels like its own TV channel. "I kept referring to it as the millennial skinny bundle," says David Bernath, general manager of Comedy Central. A "skinny bundle" is the growing trend in cable toward selling consumers a handful of channels for less than they'd typically pay for cable TV service. "Twenty years ago you would create MTV2 or VH1 Classic," says Mr. Bernath, but now that content goes to Snapchat.

Snapchat is also a great deal like television in its business model. Video ads that appear in the app are more like TV commercials than the pre-roll advertising that has [failed to generate profit at YouTube](#). One reason is sheer quantity. While YouTube limits itself to 15- or 30-second pre-roll ads in front of every third video or so, Snapchat can cram three under-10-second ads into every one-and-a-half to two-minute story—without annoying viewers.

How does Snapchat achieve such density without serious backlash? The brief ads are often actually fun to watch. They have to be, since all Snapchat's ads can be instantly skipped. Snap charges less for skipped ads than ones that are viewed, and full payment only comes when a user swipes up to see the ad in its entirety. Those features make them perfect for the kind of advertising that aims to increase brand awareness—in other words, TV ads. Taco Bell, an early advertiser, knew from the beginning that "this level of engagement was a total game changer," a spokesman says, adding that it plans to continue to advertise on Snapchat. In a new form of product placement, advertisers can even customize Snapchat's augmented-reality selfie "lenses." Taco Bell says it worked with Snapchat on its Cinco de Mayo taco head lens for nearly six weeks; the feature garnered 224 million views.

When Twentieth Century Fox used superpowered lenses to promote the movie "X-Men: Apocalypse" last year, the campaign yielded 298 million views, according to Snap. As advertisers take notice of

Snapchat's 160 million or so daily users, Snap has the opportunity to capture a portion of the \$71 billion a year that goes to television commercials. Nielsen reported a 37% decline in the amount of time spent viewing television among 18- to 24-year-olds, Snapchat's core demographic, between 2010 and 2016. And IDC projects that by 2020, advertisers will spend more money on mobile than they will on TV. Snapchat reported \$404 million in revenue in 2016, and aims to hit \$1 billion in 2017. But that growth must be built primarily atop better ad targeting and deeper engagement from users, since it isn't at all clear Snapchat will grow its user base the way Facebook did. Snapchat's user growth actually slowed in the fourth quarter of 2016.

Snapchat is the most important social network for teens and people in their early 20s, according to a survey by Piper Jaffray. But investing in Snap means weighing its attraction against a litany of unknowns. Robust competition from Facebook is foremost among them. The company has been rapidly copying Snapchat's features in both Instagram and Messenger. Facebook also wants to be the next TV, and is spending some of its massive (mobile) ad revenues on original programming and new apps for set-top boxes.

Then there's the concern that the Snapchat app is unlikely to ever capture a critical mass of users over 30. Even loyalists could age out of the app as they reach a point when social display and fear of missing out—two key drivers of Snapchat engagement—are no longer motivating forces. And Snapchat could be disrupted by whatever hip new app or service captures the attention of the next generation.

Of course, that hip new app could come from Snap Inc., which has maintained a furious pace of innovation in its core product, rolling out new features—and even hardware—at a rapid rate. “Unlike Twitter, Snapchat is continuing to advance and deepen what you can do on mobile, and that's attracting users and brands,” says Catherine Boyle, an analyst at eMarketer. An IPO adds more fuel to that fire. – **Wall Street Journal**

Google used the Super Bowl to plug its Google Home connectivity service, but the TV commercial apparently confused the systems in homes of those who already have it. For them, Google Home went whacko. Those who already have Google Home took to Twitter to complain that it interfered with their units. Apparently, the home systems heard the TV broadcasts calling its name, and it became befuddled. "The Google commercial had my Google Home going haywire," complained a Twitter user with the handle CheezusPrice.

Another user, Scott Foster, wrote, "Our Google Home just went a little bonkers with the Google Home commercial." Google Home is the search engine's answer to Amazon's Echo system, in which users get it to respond by asking questions or giving orders starting with the name "Alexa." Both are home systems that are dormant until a user calls out their name. Then they perform any number of functions -- from playing a musical selection to turning on or off the lights. Google is a unit of Alphabet. It had no immediate response to the reports. – **USA Today**



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