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Layer3 TV quietly launched its high-end cable service in Chicago this week with national aspirations and a modest retail kiosk in Northbrook Court. The Denver-based company is bucking cord-cutting trends and looking to lure disgruntled cable subscribers with cutting-edge technology and what it says is a focus on customer service.



The advertisement features the Alianza logo at the top left, with the tagline "Enrich Your Voice with Our Cloud" in large white text. To the right, a hand is shown holding a white cloud against a blue sky background. Below the tagline, a list of benefits is provided: "Block robocalls with Nomorobo", "Deliver new state-of-the-art business VoIP services", "Integrate with your back-office systems including GLDS", "Prevent fraud", and "Extend voice to PCs, tablets and smart phones". Three blue buttons on the right side highlight key benefits: "Reduce TCO by up to 50%", "Streamline operations", and "Drive revenue growth". At the bottom, contact information is listed: "www.alianza.com", "info@alianza.com", and "801-802-6400 x1".

It's a well-funded bet that customers will pay full price for a better cable experience, one whose basic package includes more than 200 high-definition channels, a racy set-top box designed

by BMW, a high-capacity DVR, social media and streaming integration, and free installation. "You're not going to sign up for us because you're going to save money," said Jeff Binder, co-founder and CEO of Layer3 TV. "You're going to sign up for us because you're going to get a lot more value for the same price."

It may nonetheless be a hard sell in an era of cord cutting, as the cable industry struggles with the disruption of its pay-TV model and an eroding subscriber base. Cable companies lost about 1.4 million video subscribers in 2014, nearly 600,000 last year and are projected to lose another 535,000 this year, according to Evercore ISI Research.

The cable industry increasingly has staked its future on other services, with broadband subscriptions projected to reach 71 million over the next 10 years, or more than 1.6 times the number of video subscriptions, according to research firm SNL Kagan. Providers have been building out their high-speed broadband networks, and Comcast chairman and CEO Brian Roberts said Tuesday the cable giant is planning to launch a wireless service next year to further diversify beyond video.

Separately, AT&T on Tuesday announced a new technology, Project AirGig, with the potential to deliver high-speed wireless internet using existing power lines. Field trials are set to begin next year. The pay TV industry also is challenged by its reputation for bad customer service. Customer satisfaction has improved slightly this year but it remains one of the lowest-ranked industries covered by the American Customer Satisfaction Index, according to a recent report.

Binder sees opportunity for Layer3's new offering amid the industry's declining video subscriptions and lingering bad reputation. "The reality is that cable operators are among the most hated companies in America," Binder said. "It doesn't surprise you that

Wall Street Journal Facebook Plans to Expand Program to Fight Against Online Hate-Speech

TechCrunch Twitter to live stream U.S. Presidential debates via Bloomberg partnership

Philadelphia Daily News Editorial: State Rep. Acosta drags bar down even lower

customers would be complaining about price and value, given the experiences that have existed over the last decade or so."

Layer3's core package costs \$120 per month, but the company is offering a promotional price of \$79 per month for the first year. Add-ons include wireless boxes and premium channels such as HBO and Showtime, with a fully loaded package running more than \$150 per month, Binder said. There are no "skinny bundles" offered. "Our target is customers that want the majority of channels," Binder said. "If you're somebody that wants a handful of channels, we may not be the right solution today."

The other catch: You'll need a broadband connection to link with Layer3's proprietary fiber network. Initially, only Chicago-area Comcast customers can hook up, but most other broadband services will be compatible in the near future, Binder said. RCN customers in Chicago probably won't have to wait long. TPG, the Texas-based private equity firm that last month agreed to buy RCN Telecom Services for \$1.6 billion, is Layer3 TV's primary investor. Binder said initial response to the Chicago rollout has been so strong that Layer3 can't keep up with the installation orders. "We've had a few days where we've exceeded our capacity to install — we're obviously scaling that up," Binder said.

Founded in 2013, Layer3's leadership team includes cable veterans from Comcast, Time Warner and Cablevision. Binder, 50, a Northbrook native and former Motorola executive, chose Chicago as the first full major market rollout for Layer3 TV, calling it a "pretty good microcosm" of the pay-TV demographic. The company expects to launch in two more markets this year and a "handful" next year, Binder said, with Layer3's home base of Denver among the likely targets. The rollout is deliberate by design, Binder said. "We built a proprietary network," Binder said. "The upside of that is enhanced quality and performance. The downside is you can't be everywhere."

The Northbrook Mall kiosk opened last weekend, with similar displays set to pop up at the Woodfield Mall in Schaumburg and Fashion Outlets in Rosemont in October, Binder said. In Northbrook, the simple display features a big screen TV, set-top boxes, remotes and a guide to the many features offered with a Layer3 TV subscription. Missing Monday night was an actual live picture, which was pending a visit from the cable guy. — **Chicago Tribune**

ESPN owner Disney is discussing ways to let fans buy individual sports or events through an online service. Disney is considering charging customers to access sports on a per-season basis and perhaps even a specific date, according to Chief Executive Bob Iger. He noted that in the UK, Fox-backed Sky is already doing that.

ESPN is sitting on "treasure trove of rights that for 99 percent of sports it isn't exploiting on new platforms," Iger said at the Goldman Sachs Communacopia conference in Manhattan. "This is a monetization goldmine." Iger said the media giant's \$1 billion investment in MLB's Bantech, which distributes streaming sports content, has helped Disney figure out "what works and what doesn't work" in streaming. ESPN is planning a new branded streaming service in 2017. "The one thing we've been talking about is that it shouldn't be one size fits all," Iger said. In response to a question, Iger added that ESPN wouldn't be spun out of the company because it is already very much in the spotlight, he said. — **New York Post**

Even in this era of streamers, zines and social media postings, the public-interest C-SPAN cable channels can still aggregate a pretty big audience with live video of Washington hearings, particularly when they capture testy exchanges between corporate titans and federal lawmakers. Just such a thing happened on Tuesday when about 3 million people watched on C-SPAN's Facebook page the barbed back-and-forth between Wells Fargo CEO John Stumpf and members of Senate Banking Committee over the

bank's alleged deceit of its customers, C-SPAN spokesman Peter Kiley said on Wednesday.

Formed as cooperative by the cable companies to air Washington hearings and speeches, C-SPAN is run as a non-profit with a board comprising top cable executives who rotate on and off an executive committee. Comcast Corp.'s Neil Smit now heads the executive committee as his appointment was announced on Tuesday, the same day as Stumpf testified to the banking committee.

C-SPAN spokesman Peter Kiley said the public-interest media organization is excited to have an executive from the nation's largest cable-TV operator in such an important position. "We are looking at what [Comcast is] doing with X1 and seeing what content we can make available to our viewers," he said. Based on the organization's bylaws, the C-SPAN board has no say in editorial decisions on what content to air on C-SPAN, C-SPAN2 and C-SPAN3, Kiley said. Smit has agreed to a one-year term but he could serve longer, he added. – *philly.com*



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