



TECHFLASH BY SHAWN SHINNEMAN

✉ SSSHINNEMAN@BIZJOURNALS.COM

☎ 214-706-7129

🐦 @DBJSHINNEMAN

► NEWS TICKER

TEXAS INSTRUMENTS' RICH TEMPLETON LECTURES AT UTD

The CEO of the Dallas semiconductor company spoke as a part of a Founders Day event to mark the 52-year-long link between the company and UTD. He gave an overview on the outlook of the semiconductor business and answered questions from students and faculty. Above all, Templeton told the room, he values curiosity. "People that are curious about how the world works and how to make it work better, they tend to be the most successful ones," Templeton said. "That curiosity will take you across applications, across technologies."

DALLAS ARCHITECTURE FIRM VENTURES INTO VR

At a time when many companies are experimenting with virtual reality for the sake of virtual reality, Merriman/Anderson Architects says the high tech option is providing actual, significant business advantages. The comprehensive view of the 3D technology streamlines communication between architect and client. It's turning out that virtually placing someone in a room might sell the company's designs better than any of the more traditional methods. "I would say that a year from now, it's probably going to take the place of all of our video," said John Carruth, the firm's director of visualization.

AT&T

Streaming product could be a play for the future

AT&T's minimal price point for DirecTV Now will produce razor thin margins – estimated as low as \$1 to \$2 a month per subscription. But the aggressive pricing could signal that the company likes the streaming TV product less for its immediate ability to drive revenue than for its long-term benefits as a feeding mechanism for other areas, analysts say.

The product could help the company move aggressively into targeted advertising, a potent market that pay TV has struggled to tap into, and drive growth in wireless.

"AT&T has said that it will not charge its wireless customers for data consumed viewing DirecTV Now," Goldman Sachs Analysts Drew Borst and Brett Feldman wrote. "This may drive more bundling, and lower churn, thereby boosting wireless margins."

Opinions have spilled out on the price point since AT&T CEO Randall Stephenson announced last week that the product will

cost \$35 a month, considerably lower than analyst predictions. The announcement came in the face of criticism from both sides of the political aisle on what a combined AT&T and Time Warner Inc. would mean for consumers: Fewer choices and higher prices, some said.

Borst and Feldman say the cost of reported content for the platform comes in at about \$33 a month per subscription, leaving just a \$2 profit for AT&T. MoffettNathanson says the cost of content adds up to \$34 a month per subscription.

Those costs, however, are based on traditional TV negotiations. AT&T's position in the TV and wireless markets could help drive down the costs, analysts say.

"I think that having the scale of AT&T certainly helps them be able to do that," Brett Sappington, senior director of research at Dallas-based Parks Associates, told me.

MoffettNathanson took a less sunny view. The OTT platform's ability to deliver content outside of the home

– to smartphones and elsewhere – would rationally mean the content should cost more. The low price point could also be a nod to regulators, MoffettNathanson said.

AT&T made the announcement as "a clever demonstration aimed at reassuring anti-trust regulators that the combination of AT&T and Time Warner has no such base motivation as, say, making money," the firm said.

Stephenson has pointed to other financial motivations for the product. AT&T wireless customers who use it won't be penalized on their bills for the data used on DirecTV Now, which could bring customers to wireless.

He said during AT&T's quarterly earnings call last week that the massive data DirecTV Now would produce could help fuel a targeted advertising business to compete with Google and Facebook, the giants in the space.

"Addressable/targeted advertising fees could help improve the gross margin," Borst and Feldman wrote.



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