

CableFAX Daily™

Thursday — January 12, 2012

What the Industry Reads First

Volume 23 / No. 007

Getting Personal: CES Panelists See Opportunity in Fragmentation

Data—and distributors' ability to lasso and use it to deliver personalized content—is the next frontier as cloud architecture comes to the fore and applications flow across devices. This theme emerged across several CES panels today. "The premise for personalization are service providers who can collect all that data and deliver it," said *Brian Miller*, dir of business development at storage/drive developer **Western Digital**. "Now that we see content providers going directly to a device—**Paramount, Starz, HBO**—we're seeing how they start sharing that metadata. There are going to be new types of fragmentation, and we're going to see some competing factors in the market." *Sandip H. Mandera*, senior software manager at **Intel's** software and services group, suggested that with its new Connected Ultrabook and other services, "The challenge is how to curate the content and deliver best possible content to audience rather than a one size fits all." He also noted the need for standards to help push momentum forward. *Phil Wiser*, co-founder/president of **Sezmi Corp**, emphasized the importance of the user experience. "The service providers need to get smarter about using this newfound data to deliver a better consumer experience," he said. But legal and contractual hurdles linger. "Comcast just announced a multiscreen solution, but you can only use it in the home, which is ultimately silly. If I'm purchasing content from Comcast I want to get it wherever I want." Noting **Amazon** makes 300-plus dynamic calls to generate a personal home page, *Ashwin Navin*, Co-founder/CEO of software company **Flingo**, said, "The reason we went OTT as a starting point is we didn't want to deal with the operators being hamstrung. They sit on data they would love to be able to use, but they are hamstrung trying to regulate how that comes to be." Flingo is following in the footsteps of companies like **Netflix** and **Spotify** to users can let friends know what they're watching, can post to **Facebook** and tweet from their remote. At **Yahoo TV**, which in April purchased **IntoNow** to help facilitate automatic content recognition on iPad, iPhone and Android devices, the context of delivering personalized content is key. "Another layer of all this is having a service provider push content to you the way you want to see it," he said. "How do you put all that data together in a recommendation engine that works? There are a lot of recommendation engines that don't work. Once we have that end-all, be-all recommendation engine, then we can start pushing content, and there's a huge business opportunity for getting that right. Netflix hasn't figured it out just right." Said *Edgar Villalpando*, svp, marketing and content relations, for **ActiveVideo Networks**: "Cable providers are really realizing in order to have a com-

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Questions: Mary Lou French
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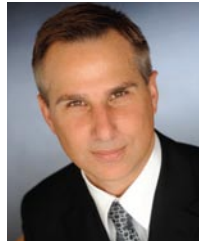
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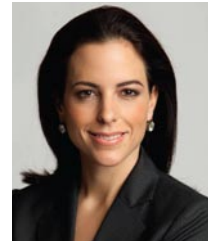
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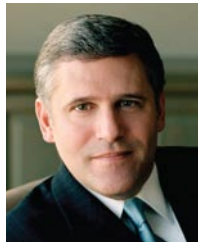
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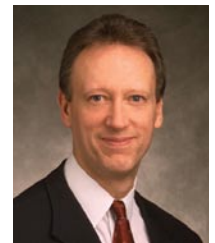
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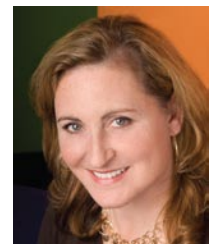
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petitive stance with new entrants in the market—whether its Apple or Roku or someone else—they need to have a strong navigation experience.” They are not currently prepared to offer great search and discovery, intuitive search, portability. They are not prepared necessarily to make that one-to-one communication experience with the use. They are focusing on making navigation king now, discovery king.” With its focus on the multiscreen experience, at Motorola Broadband Communications “the overarching theme for our service provider customers is the shift to IP in the home,” said David Grubb, vp, consumer solutions. No matter how deep the data or savvy the technology, execs across a variety of industries pointed out that television remains a “lean-back experience.” Why do Google TV, Apple TV and other similar services continue to suffer low penetration rates? “The really big players in this space made a strategic error,” said Navin, citing Nielsen research that consumers watch 5.5 hours of TV per day. “Those of us in Silicon Valley tend to treat broadcast TV as an app, like Netflix and Hulu. Turns out all evidence suggests broadcast TV is the platform, and smart TV apps should build on that.”

Dodging the Competition: Fox Sports’ courtroom scratching and clawing with the L.A. Dodgers finally paid off, and the outcome may leave Time Warner Cable feeling Dodger blue. Fox agreed to withdraw all litigation against the team in return for abandoning the team’s proposed sale of its TV rights currently held by Fox’s Prime Ticket through ’13. Fox also retained the right to challenge a sale of any portion of the club to Time Warner Cable, which is interested in an ownership stake to bolster its SoCal sports presence that includes an L.A. Lakers-led RSN launching later this year and involvement with Pac-12 Nets. HDNet boss and Dallas Mavericks owner Mark Cuban and Magic Johnson are among the parties also interested in owning the Dodgers. The Fox-Dodgers settlement also upheld a provision in the current rights deal that would make it very difficult for TWC, ESPN or Comcast specifically to own a share of a potential Dodgers cable channel.

CES Notebook: If Justin Timberlake can’t make Myspace cool again, we’re not sure who can. The entertainer helped tout Myspace TV, an on-screen social service allowing users to chat with friends, share content and watch shows together virtually that’s set to hit Panasonic Viera Connect-enabled HDTVs this spring. -- A compatible DirecTV DVR will be embedded in Samsung’s ’12 line of smart TVs, allowing the DBS op’s subs to access live TV plus DTV’s usual interface and DVR functionality without the need for additional set-tops. -- Asked which companies will win out in the new pecking order of media consumption, Michael Pachter, Wedbush Securities’ managing dir, equity research, said content creators are at the top of his pyramid, followed by ISPs, which he specified as Comcast, Verizon and AT&T. “Comcast is going to be a winner because it has some skin on the content side,” said the video game analyst, who hosts “Pach Attack,” a Web show that tackles questions on the gaming industry from a financial perspective. Verizon and AT&T come out on top “because they are agnostic about our viewing habits. When you use your smart phone as a router—you’re going to pop smart phone into your charger—they don’t care if you get it through fiber, 4G, 5G, 6G or whatever.” -- In the most controlled of his CES fireside chats with CEA head Gary Shapiro, FCC chmn Julius Genachowski spent half the allotted time giving a prepared speech about broadband and mobile broadband auctions and took no audience questions as he has the past 2 years. Not surprisingly, he pushed the Commission’s agenda for universal broadband adoption, arguing USF reform would increase the size of the U.S. broadband market by 50% and elevate the fund from an “inefficient program focused on telephone service” to one that delivers universal broadband by the decade’s end.

Retrans: Another day, another deadline... Time Warner Cable and Bonten are negotiating for stations, including ABC and FOX affils in Eastern Carolina. Looks promising with a previous extension granted, and TWC saying it doesn’t expect any disruption of service. Meanwhile, still no deal between Verizon FiOS and Newport for stations in Harrisburg, Syracuse and Albany, with the broadcaster threatening to pull the stations Fri (Cfax, 1/10). FiOS has never had a local channel go dark. There’s a 1st time for everything, right? Verizon said it’s continuing to negotiate and that it has “repeatedly offered Newport fair fees consistent with the marketplace, but so far Newport has refused our offers.”

CBS: A bit of drama surrounding the CBS day at TCA, most notably the net’s last-minute decision to hold an exec session after critics did what they do best—criticize—following CBS’s original refusal to hold one. CBS finally relented. And what resulted was a nervous mea culpa of sorts from CBS chief Nina Tassler, who immediately told critics that she meant no disrespect but was a “nervous wreck” as she contemplated facing the critics. As it turned out, she survived intact but found herself fielding questions about whether CBS and broadcast in general was trying to be more cable-like by pushing the envelope on raunchiness, ethnic stereotypes, sexuality, etc. “Each show is separate and unique unto itself,” she said. “There is a sense of, what’s the word? They’re a little risqué, but the characters... we like to think they’re living truthfully within their

BUSINESS & FINANCE

relative situations.” Much debate focused on CBS’s Mon night comedy lineup that starts at the kids-not-in-bed hour of 8pm. The too-much-for-broad-cast theme continued through the comedy show sessions, with mega-showrunner *Chuck Lorre* (“Two and a Half Men” and “Mike & Molly”) telling reporters that “nobody really knows what’s appropriate anymore... It’s a floating target.” Later, “2 Broke Girls” creator *Michael Patrick King* defended his show against charges it’s raunchy and plays to ethnic stereotypes. “Nina (Tassler) likes to say that we’re an equal-opportunity offender,” he said, arguing that the jokes are “really classy dirty” and “high low-brow,” whatever that means. “The edge on CBS is much different than the edge was on HBO,” he said. (One exchange between King and a reporter got so ugly, we won’t rehash it here. Just **Google** it). All this begs the question: With a more cable-esque sensibility and demands for carriage fees, are broadcast nets simply becoming cable nets in disguise? And what does the FCC think, considering all that free spectrum in the name of the public interest? Don’t expect such heady questions to get resolved at TCA.

At the Portals: The FCC opened a docket on **SpectrumCo** and **Cox’s** applications to assign AWS licenses to **Verizon Wireless**. when the applications are accepted for filing, the FCC will set forth a pleading schedule. The docket number is 12-4.

CableFAX Daily Stockwatch

Company	01/11 Close	1-Day Ch	Company	01/11 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DIRECTV:	43.69	0.66	CLEARWIRE:	1.86	0.07
DISH:	28.71	(0.17)	CONCURRENT:	3.54	(0.03)
DISNEY:	38.70	(0.93)	CONVERGYS:	12.78	0.07
GE:	18.88	0.16	CSG SYSTEMS:	15.59	0.08
NEWS CORP:	19.03	0.11	ECHOSTAR:	22.68	0.44
MSOS					
CABLEVISION:	14.35	(0.05)	GOOGLE:	625.96	2.82
CHARTER:	56.15	(0.51)	HARMONIC:	5.28	(0.01)
COMCAST:	25.42	0.02	INTEL:	25.80	0.21
COMCAST SPCL:	24.89	UNCH	JDSU:	11.66	0.24
GCI:	9.86	0.19	LEVEL 3:	18.00	0.11
KNOWLOGY:	14.54	0.01	MICROSOFT:	27.72	(0.12)
LIBERTY GLOBAL:	42.68	0.17	MOTOROLA MOBILITY:	38.51	0.24
LIBERTY INT:	17.06	0.14	RENTRAK:	15.39	0.05
SHAW COMM:	20.12	(0.02)	SEACHANGE:	6.70	(0.02)
TIME WARNER CABLE:	64.49	0.19	SONY:	17.69	(0.01)
VIRGIN MEDIA:	23.43	0.58	SPRINT NEXTEL:	2.30	0.07
WASH POST:	389.27	1.14	THOMAS & BETTS:	56.85	(0.98)
PROGRAMMING					
AMC NETWORKS:	39.24	0.49	TIVO:	10.17	0.06
CBS:	28.15	(0.46)	UNIVERSAL ELEC:	18.20	0.23
CROWN:	1.21	UNCH	VONAGE:	2.19	(0.04)
DISCOVERY:	42.97	0.62	YAHOO:	15.53	0.02
GRUPO TELEVISIA:	21.50	(0.02)	TELCOS		
HSN:	36.20	0.86	AT&T:	29.99	0.23
INTERACTIVE CORP:	41.44	0.07	VERIZON:	38.90	0.33
LIONSGATE:	8.72	(0.09)	MARKET INDICES		
LODGENET:	2.73	0.09	DOW:	12449.45	(13.02)
NEW FRONTIER:	1.06	UNCH	NASDAQ:	2710.76	8.26
OUTDOOR:	7.37	0.19	S&P 500:	1292.48	0.40
SCRIPPS INT:	44.34	(0.54)			
TIME WARNER:	37.36	0.39			
VALUEVISION:	1.67	0.12			
VIACOM:	53.11	0.02			
WWE:	9.65	(0.19)			
TECHNOLOGY					
ADVANTAGE:	2.16	(0.02)			
ALCATEL LUCENT:	1.75	0.13			
AMDOCS:	28.75	(0.23)			
AMPHENOL:	47.83	(0.15)			
AOL:	16.22	(0.05)			
APPLE:	422.55	(0.69)			
ARRIS GROUP:	10.88	0.05			
AVID TECH:	9.52	(0.04)			
BLNDER TONGUE:	1.26	0.04			
BROADCOM:	31.06	(0.17)			
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CableFAX Daily WHAT THE INDUSTRY READS FIRST.



Think about that for a minute...

Numerology

Commentary by Steve Effros

We're all familiar with the old saying "figures don't lie, but liars can figure." Unfortunately, I have to trot that one out far too often in this space because folks try to make arguments, usually before the FCC, using numbers that simply don't make any sense except to support whatever it is they are trying to get the government to do. Even more regrettable, the government itself plays that game far too often when it fits the premise they are trying to support.



OK, we all know about that. But I think we are now seeing a somewhat different phenomenon. The use of numbers and poll results by folks who simply don't have a clue as to what they're talking about.

Two of them came out in the last few days, and you just have to scratch your head at the blind repetition of the numbers that is going on in the press. Both came from companies that allegedly do consulting and analysis. My only conclusion is that they certainly haven't proved their expertise by publishing this stuff.

One comes from Accenture, which says that the amount of television watched in a typical week has dropped 23 percent in the last two years! Now this is going to come as one heck of a surprise to Nielsen and all the advertisers who pay for the programming on television. It apparently comes from some polling of folks, simply asking them if they have watched television or cable. This reminds me of the polls that used to ask if folks watched "educational television": 110 percent of the people asked said yes!

But wait, while the headline in Forbes suggested the "shocker" that television viewing is "collapsing," if you read a little bit closer you found that it wasn't really that folks weren't viewing; it was just that they were using more and different ways to view. That's a whole differ-

ent story. If you watch a program at home on a "tablet" which I guess is a screen that is battery powered instead of connected to an electrical outlet, and the signal is distributed by WiFi (usually connected to a cable, I might note) as opposed to directly through a cable or "over the air" frequencies, does that mean you are not watching "television?" Nonsense.

Then there was the Deloitte study, yet another "management consultant." The headline: 9 percent of viewers have "cut the cord" and are no longer watching television via cable. Again, those who carefully follow the actual numbers, rather than do an occasional survey timed to be released just before the annual Consumer Electronics Show, might take umbrage. I'll let my friend and colleague Bruce Leichtman, of the Leichtman Research Group, who tracks these numbers all the time and is considered the "gold standard" for reliability and accuracy, speak for himself. In a research note he published just last week, he wrote:

"The Phenomenon That Still Isn't: How many subscribers did the multichannel video industry lose over the past year? The answer may be surprising to many. The top fourteen multi-channel video providers in the U.S. (representing about 94% of the industry) did not cumulatively lose any subscribers over the past year. Despite record losses in 2Q 2011, in the first three quarters of 2011, the top video providers added about 150,000 subscribers, and over the past year the industry added nearly one-quarter of a million subscribers."

When you see "studies," "polls," and numbers, especially in screaming headlines, that don't seem to add up, question them. You're probably right.

Steve

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